

## **HUMAN RESOURCE PRACTICES AND WORKERS EMPLOYABILITY IN HOTEL INDUSTRY AT PALAWAN PROVINCE AND QUEZON CITY PHILIPPINES, AND KUALA LUMPUR WITH KOTA KINABALU, MALAYSIA**

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### **ABSTRACT**

This paper provides an insight on the human resource practices and workers' employability in hotel in the Philippines and Malaysia. Turnover rate was reported being relatively high in the hotel industry of Malaysia, and employee retention is a major concern amongst the hoteliers in Malaysia especially the absence of local workforce with less willingness and not attracted to work in the hotel industry. This paper in general seeks to clarify and explain the different human resource practices in employing workers and their employability sampled. The objective of the paper is to clarify the human resource practices that are practiced in the organization in recruiting local and foreign workers, and its relations to the employability of the foreign workers. The sampling size involved more than six hotels in Kota Kinabalu, four hotels in Kuala Lumpur, and three hotels in Palawan, and one hotel in Quezon City. The selected locations are based on the locations that the researchers have travelled and stayed in. Respondents involved are employees working in the hotels, with minimum six (6) months working experience in the hotel, and also involved or/and knowing the human resource procedures in recruitment and selection. The findings from these four (4) locations suggested that locality plays an important role in engaging and retaining employees, and foreign workers are capable to socially adjust and are fast-learners. Local workers are also able to absorb the working environment with foreign workers and benefitting from it, rather than having promotion dis-opportunity. The study concluded that succession planning and promotion opportunity with career advancement are highly recommended to retain employees in hotel industry.

**Keywords:** HR Practices, HR employability, and foreign workers

### **1. INTRODUCTION**

1990-1997 was the period Malaysia had an impressive and sustained high growth (Ministry of Finance, 2004/2005). The growth had actually surpassed the local labour force growth. Of all the industries in Malaysia, tourism and hospitality industry is seen as fast growing and demanding for human capital development and infrastructure supply. In response to that, total employment of foreign workers increased from 4% to 10.7% within the period (Datu Razali & Izyanti 2013).

The recruitment of foreign workers to Malaysia is from Indonesia, Nepal, Bangladesh, India, and Myanmar. Normal condition for employment on foreign workers in Malaysia is the paid up capital of the company must be at least RM100,000 and with a total sales of RM2 million, in condition with the ratio of 1 foreign worker for 1 domestic worker. For services, foreign workers are employable for the sectors of laundry and cleaning, charity houses, golf clubs and resorts, (Janie et al. 2012). For the record of foreign employment movement, Ajis et al. (2010) stated that Philippines and Indonesia encourage their citizens to migrate to other countries, as part of the strategy to reduce unemployment rate. As such, both countries are recorded to be the contributors of foreign workers not only to Southeast Asia region, but also to other parts of the world. While on the other hand, Malaysia and Thailand are the main importers for semi-skilled and unskilled workers. In comparing with Singapore, the latter prefers professionals and expatriates with higher work and career specifications. The scenario stated above has led to the following research questions:

- What is traded here other than just the HR employability across the borders?
- What is the circle of the talent development amongst the workers of hotels in the countries?
- What are the informal elements that affect the environment of talent development?

## **2. LITERATURE REVIEW**

### **2.1 Human Resource Practices**

Employee talent development is always influenced by career development of personnel where ideas and aspirations are nurtured, with independent knowledge well enhanced, leading to the enhancement of productivity and increased job satisfaction (Chen, Chang & Yeh 2003). Attraction at workplace, staff development, and the retention of human resource are the major factors in talent development as mentioned by Jackson, Mathis & Lim (2010) that affect the work and life balance of the employee.

Patterns of individuals work lives are becoming more freely and freelancing, work station at home, with more frequent job changes and job opportunities. Employees tend to set goals for the types of work and personal lives that they would have, instead of letting the jobs limit their definition of lives either personal or at workplace. Such definition sounds difficult to dual-career couples and working women who balance the demands between work and personal and family responsibility of being a mother at home.

Coaching, mentoring, and proper assignments by employers are worthy to be focused on. Study done by Mudrack (2004) suggested that career development is consistent with job involvement to balance the work-life of an employee. However, at present, less studies were attempted on the mediating role of job involvement in career development and talent development practices. Cantrell and Benton (2007) suggested that principle practices of assigning human capital with business needs, superior execution, line management enlistment, fair, clear and consistent policies, and informative environment would be able to multiply the talent in the organization. The suggestion made by Cantrell and Benton is similar to the talent management initiative proposed by The Annual Organizational and People Resource Review by the three components: talent pipeline; talent pools; and talent review board meeting. From the models and concepts suggested by scholars and researchers, it is still unclear whether the proposition is deemed to fit

for small and medium organization, with smaller number of employee, and rather a less formal review process for the employees. Still at best to discuss talent management would be the profession of the importance of career development and personalized development. As mentioned by Drucker (2002), talent development is the most important task in business.

Hence, as a response to today's globalism and global market and business opportunity, competencies would be the essence of human capital. As proposed by Lau (1998), specialized technical and professional knowledge embarks the significance of becoming knowledgeable; soft skills compose the skills of individuals at workplace; and attribute to inclusive characteristics like being flexible, adaptable, self-confident, resilient, fast learner and learning-oriented as exclusively important as they sounded. Such taxonomy is presented to explain the essence of being a talented workman in the organization. Proposition made by Lau is in line with the idea proposed by Drucker in 1993 that skilled and knowledgeable workers are fast learners and capable to compete in global marketplace.

## **2.2 Hotel Workers and Employability in Hotels**

For HR employability in hotel industry, the management of people becomes more critical as quality is highly emphasized. Proper management will lead to the success of the company and will give the company the edge and competitive advantage. The composition of workers' competitiveness inter alia are human qualities, attitudes, and behaviour at workplace (Alleyne, Doherty & Greenidge 2006). Immigration Department of Malaysia recorded that from year 1998-2004, Indonesia was always the leading foreign employment, along with the increment of Nepalese and Indian to Malaysia. The number is about 340,900 (25% of total 1.359 million of employees). Both manufacturing and agriculture are the main contributors to the economic sustainability for service industry.

The migration of Malaysians to foreign countries is about 785,000 people, vice versa 1.8 million for foreign countries that came into Malaysia in 2010 (Karmani, Labour Department Malaysia). Highlighted by Karmani were the voluntary reasons which consists of economic status, political stability, similar socio-culture, demography, and the existence of relatives in the host countries. The highest numbers of foreign workers working in service sectors are from India (47,021), Indonesia (38,684), followed by Bangladesh (27,002), Nepal (26,901), Myanmar (22,654), and other neighbouring countries like Vietnam, Philippines, and Thailand (Immigration Department, 2010).

Seven issues mentioned by Karmani were: (1) the number of foreign workers growing from 1.6 million in 2005 to 1.8 million in 2010; (2) attitudes of the local workers, (3) Malaysia being a labour intensive than mechanization; (4) recruitment of foreign workers being a source of income for outsourcing companies; (5) the misperception on vocational education being second class; (6) wages being not attractive; and (7) foreign workers seen as cheap labours in the mindset of employers. Karmani further suggested that in order to attract the locals to work, rebranding the title of the position may be done, e.g. from driver to mechanic handler, to bring more meaningful and respected 'professionals'. StarNews (2008) reported that the Government of Malaysia encouraged more local placement in frontline jobs at airports and hotels in Malaysia, to give the tourists a "Truly Malaysian Welcome". Despite the growth of the airlines industry with

cheaper airlines that supports the tourism across nations, China, India, and Eastern Europe find it difficult to maintain high level of employment and job creation (McQuade & Maguire 2005).

These job losses led to employment migration to other countries. Migrant workers are often associated with low pay and undesirable jobs as reported by Morgan and Finniear (2009). Mincer and Jovanovic (1981) suggested that age, family unit, education, and geographical distance are the factors of consideration and the determinants for the movement of the workers. A research done by Janta (2011) suggested that foreign workers bring along with them the values and work ethics.

### **3. RESEARCH DESIGN**

The research was designed to explore the possible answer to the research questions. The modus operandi is solely based on the research objectives. A set of listed-question for interview was designed for the purpose of the research.

The first section is to identify the demographic characteristics of the respondents. Questions included gender, age group, working experience, and years of service. Second section of the structured interview question set is the previous employment history, the attraction to the employment, and involvement in HR activity and exercise. Third section was designed to determine if there is any number of foreign workers at workplace, and factors of employment and its attractive package. Fourth section was supposed to research on the work-life balance, and the performance of the respondents at workplace.

The set of question was adapted from the study attempted by Datu Razali and Izyanti (2013); Janie Liew-Tsonies, and Datu Razali (2012); Datu Razali et al. (2012).

This study applied qualitative approach for data collection. Instruments used to collect data are telephone interview, face-to-face interview, and e-mail. A set of checklist questionnaire was prepared to ensure that the flow of the questions is not deviating for the purpose of data gathering.

**Table 1 Instrumentation**

Part / No	Question / Statement
A1	Sex
A2	Age
B1	What is your perception on foreign employment in Malaysia?
B2	What do you think of foreign employment in tourism industries (Hotel sector, food and beverage sector)?
B3	What are the main factors for foreign workers to work in Malaysia?
B4	What are the skills that foreign workers have compared to the locals?
B5	What is the impact of government's minimum wage RM800-900 on foreign employment?
B6	Do you perceive locals will tend to work in hotel industry after the announcement made on the minimum wage?
C1	Which is more important between international image and local image for hotels in Malaysia?
C2	Why do the locals hardly get involved/employed in hotel industry?
C3	Do you think our hotel industry could be getting better if all workers are local?

Part / No	Question / Statement
C4	Is it important to make the image of <i>Cuti-Cuti Malaysia</i> to be exactly Malaysian workers? Or as long as people come to the hotels and stay in Malaysia?
D1	Work environment and conditions
D2	Family environment and conditions
D3	Issues in work-life balance
D4	Other issues

#### 4.1 Research Respondents

The respondents for this study were selected based on simple-random sampling technique, purposive sampling technique, and snowball sampling technique. The techniques were combined to fit it for the profile and personality of the respondents. Simple and random technique is applied at the initial contact when the researcher came to visit (stay) in the hotels. Conversations were held with the front desk workers and front liners in seeking for their mutual interest to provide information. After first contact was initiated, profile of the respondents will be filtered as the respondents should have at least six (6) months working experience, and involvement in certain HR practices in recruitment and selection. On top of that, the selected respondents will be interviewed either through face-to face or via telephone and followed up through email and *facebook*. The selected respondent assists to get more feedback and filling in the questionnaire (when possible) or to provide phone call for return call.

Data was successfully collected from five hotels in Kuala Lumpur, and more than six hotels in Kota Kinabalu with one from Labuan Territory, and few from Palawan and Quezon City, Philippines.

#### 4.2 HR Practices in Hotels at Kuala Lumpur

Five respondents from the hotels in Kuala Lumpur stated that the willingness to work with the salary offer is the main reason for the employment in the hotel industry. Their willingness is also complemented by the absence of younger generation (Gen-Y) to work in the hotel line, starting from bottom and get involved at front desk. In fact, the preference by the young locals are not only limited to the perception of gaining better (image) job, and to receive higher salary. Part-time job basis is also preferred by the locals such as caterings and by-function pay-off. The overall response from the respondents is that foreign workers are socially adjustable to environmental needs, that delimit them to gain the required skills, knowledge and attitudes in hotel industry. For example, foreign workers who are working as doormen and front liners for customer services are occasionally being asked for direction, and such information is considered important to please the guests staying in hotels, and important and near-by locations are able to be remembered by the foreign workers at workplace. Hence, the adjustment of knowledge attainment and acquisition with dissemination has resolved the issue of locality knowledge. Skills of the foreign workers seem to be fitting with their willingness to work, and it is practiced and enhanced from time to time. According to the respondents, foreign workers are able to provide the right attitude when socializing with co-workers and guests in hotels. One of the respondents also justified that general knowledge is not the main necessity for employment, where the willingness is the main criteria for selection. It is further justified that the job description and its

requirement and specifications are fitted by the foreign workers who went for screening and interview.

Perception on the salary (compensation) to the foreign workers and locals also has an impact on the employability and employment rate of the foreign workers in hotel industry. Basic salary like less than RM1000 is seem to be lucrative and considered fine to the foreign workers, that is less favoured by the locals. Announcement on minimum wage by the Government of Malaysia two to three years back that brings about RM750-850 per person attracts foreign workers more than the locals. The amount is perceived as more valuable to the foreign workers compared to the locals. One of the respondents stated that the basic salary and compensation package is seen as 'princely pay' to foreign workers.

In another perspective, attitude at workplace likely plays an important consideration for workers' employability. For instance, foreign workers that have no or less family dependence when working in Malaysia tend to be more 'present' at workplace, compared to the locals that may sometimes try to balance the need of the family during working time. Being absent at workplace for emergency matters does not really hinder their performance, but are considered as causes of them being 'sick' and on 'sick-leave.'

For the image of the hotels, the respondents reserved and provided different perceptions and angles of thoughts. The first perception is that the internationalized (lookalike) workforce with the mixture of foreign workers and local workers boosts the image of the hotels to be more international-friendly, thereby strengthening the hotel, by building up the image of the hotels. The idea perceived is that the hotels would be striving to become an international preferred hotel and that utmost importance is given to secure its services to the customers. On the same issue, other respondent stated that the hotel should preserve its local image to boost the Malaysian image to the foreign guests by lifting up Malaysian-workforce image in providing excellent services to the customers. Another respondent agreed to the former statement that an international chain hotel having a multicultural and multi-races of workers is an additional competitive advantage both to the workforce and the international guests. The idea of *Cuti-Cuti Malaysia* would rather be seen as a preferred location to be visited than localized workforce in hotels.

#### **4.3 HR Practices in Hotels at Kota Kinabalu**

In Kota Kinabalu, there is at least more than thirteen (13) three-to-five star rated hotels. A total of 14 respondents were the sample for data collection in Kota Kinabalu. Based on the data collected from the respondents, most of the foreign workers in Sabah hotels are expatriate and working for the post of middle-to-top management in the hotels. Most of the foreign workers originated from Japan, Italy, France, Taiwan, China, Indonesian, and Pakistan.

For factors of employment, one of the respondents perceived that the factor of foreign employment is affected the most by the right of individual to work freely in a free market. It is seconded by the other respondent who agreed that regardless of being foreign or local workers, all of the earnings will be contributing to the consumption of local goods and services which in return will increase the income for the nation. The respondents also agree that foreign workers in Sabah hotels are critical to have, as they possess the required skills and energy with

motivation to work. These were said to provide better endowment in economics. Some respondents mentioned that it is fine to have foreign workers since career opportunity is for everyone, and it is acceptable as long as the individuals meet the requirement to perform the descriptions of their jobs. Lastly, the mixture of foreign workers in professionals provides a great diversity in management and cultures are learned from time to time.

However, there are at least two respondents that disagreed to the foreign employment by stating that career advancement and planning is slightly affected by the presence of the foreigners, and adds up more to lower posts compared to the higher posts that has to be filled (or filled) by foreign workers. Another respondent stated that he or she is often confused with the culture at workplace since it has a great diversity at workplace, and it decreases the opportunity for promotion.

In employability and work perspective, foreign employment provides a multicultural experience that promotes better work climate in the organization, and experience is gained along the process. Another respondent stated that to have foreign workers from China will be an advantageous point to consider as Chinese would be more able to communicate to the guests from China compared to the locals. One respondent stated that the salary offered is less lucrative and less attractive to the locals. Another respondent mentioned that the work process and work standards in the organization are enhanced by the foreign workers. The advancement on work standard will help and benefit the locals to learn the cultures from their origin. Two respondents stated that foreign employment would inject new ideas, and a more systematic way of management. Two respondents stated that foreign employment would breakdown some of the communication process at the workplace. One respondent also mentioned that foreign workers in the hotel restaurant may cause less comforting feeling to the customers compared to the locals.

### **3.4 HR Practices in Hotels in Palawan and Quezon City**

Two resorts in Palawan were visited and stayed in by the researchers during the work visit this year. Respondents are locals from Palawan itself. The first respondent was a female assistant manager at the resort inn. The assistant manager herself has been working at the resort inn for quite some time. The resort inn possesses few employees for housekeeping, and a chef for cooking for its bar. The workers are locals and possess less experience in working in different sectors or industry. The second resort location is a seashore resort that has exclusive room and outdoor chalets. The main respondent for the latter is the female manager of the resort. The female manager has five year working experience with the family owner of the resort. She was then promoted to manage the resort on behalf of the owner and general manager of the businesses. The female manager acts as the cash receptionist and manages the bookings for the resort. Payment and bookings are made through her, a practice of centralization to secure financial transactions. The scenario here provides a different human resource practices if compared to the context in Sabah and Kuala Lumpur.

For Quezon City, three female receptionists and two male workers were interviewed within the two days of stay. The three female receptionists have three different background of family, projecting different career path or turnover intention. The first respondent was relatively young, unmarried, and has just started to work. Conversation was made via face-to-face interview that

was done informally. The respondent is trying to gain experience to build up her resume before transferring to another job in Makati City in order to obtain better pay by experience.

Second respondent is a married receptionist with various job experiences from a five-star cruiser and 5 star rated hotels from Makati City. The respondent originated from Quezon, worked for 5 star rated ship-cruiser for several years, gained experience and settled down for office hour work in Makati City. She has been working in a 5 star hotel in Makati City for some time before permanently moving back to Quezon City to have more time with her children who just started schooling in international school in Quezon City. She is married to a manager of a cruiser, and the husband is a foreigner that earned in USD, higher value with more purchasing power and money to spend. Hence, their children were sent to international school for better education. Apart from that, the second respondent now preferred a less-hectic work life and more relaxing in a smaller hotel.

Based on the interviews made in Quezon City and Palawan, it is observed that Philippines will have better and more talented children/youngsters in short future if they could be trained and be well educated for better achievement. Hence, the talent pipeline does not rely on the expenses of the government but on the arrangement of locals who get married to foreigners that are able to provide betterment to the children.

#### **4. CONCLUSION**

For hotels in Kuala Lumpur, the respondents stated that employment of foreign workers does provide multi-cultural experience, boosts the morale at workplace, and provides the locals learnings on their culture of origin/residence. The practice is also increasing the credibility of the hotels to provide better services, not only to the locals, but to international guests as well. Insights obtained from the respondents are similar to the research made by Jauhari (2006) which mentioned customer orientation, outstanding services, flawless operation, marketing strategy and cost management being the critical success factors for hotels. From the findings, It is strictly not fair to state that family commitment will be the hindering point for performance even if it could be the cause of symptoms to be absent or 'sick' from the workplace. Such case is highly isolated and referred by incidents that should not be generalized to the local workforce. Family and work balance is important in engaging employee to work and their retention. Reviewing the feedback and the findings, it is generally seen that the foreign workers at hotels in Kuala Lumpur and Sabah are two (2) different categories of workers. The workers in Kuala Lumpur are observed and reported to be involved in front services, while foreign workers in Kota Kinabalu are working in middle management and top management that possess the expert power over the locals. A revisit to the Sabah hotels confirmed that the foreign workers who reported at the hotels in Sabah are at top management like general manager (GM), human resource director (HR Director), and chefs for the restaurants. The different categories data provide an insight that most of the workers in Sabah hotels come from locals and the locals are willing to work with the salary offered (comparatively to the preference of the locals in Kuala Lumpur hotels). Through observation in Sabah, most of the workers at the hotels in Sabah are old and experienced workers. Younger generation in Sabah would prefer to work in part-time compared to the elder generations that made up the job in hotels as their career commitment. Front line workers are found to have originated from rural areas. From human resource



management perspective, be it foreign employment or local employment, person-to-job fit seems to be essential in the hotel industry, and work specification to fulfil the requirement of the organization as there is less preference on younger generations in Kuala Lumpur to work in hotel industry. It is slightly different than the locals in Sabah who are willing to work in hotel industry. These two perspectives provide an input that succession planning and career advancement are important in HR practices. By referring to the issue of promotion advancement and opportunity, strategic HR planning plays an important role in engaging the morale and motivation of the locals at workplace, and individuals are worried for promotion opportunity would be due to the advancement in their career in the industry. By having a comprehensive and strategic career advancement and promotion opportunity, locals in Sabah would be the good workforces to be employed for the industry. In an overall perspective, it is concluded that local workers would be able to gain knowledge transfer and sharing from the foreign workers, as they are more optimistic for the promotion opportunity compared to a certain local workers. Future study for this research purpose can be extended to be quantitative research, to establish the correlations and regression analysis. For Philippines, it is observed that youngsters with better education systems and mixed marriage with foreigners certainly help in shaping the surface of the demographics in the states.

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