“Which practical models could be implemented for human resource management to retain senior managers in the Lao financial services industry?”

By

Suksamon Sumphonphakdy

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Declaration

Name of candidate: Suksamon Sumphonphakdy

This Thesis entitled: “Which practical models could be implemented for human resource management to retain of senior managers in the Lao financial services industry?” is submitted in partial fulfilment for the requirements for the Unitec degree of Master of Business.

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Candidate signature: ............................................................... Date:..................................

Student number: 1313799
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Abstract

In today’s competitive business environment, to sustain a competitive advantage in any form of business operation, it is not only dependant on information technology; the effective management of human resources is also a critical element. This research focuses on human resource management (HRM) in the banking industry in Laos from the perception of the relationship between human resource management and organisational performance. The purpose of this study is to collect data to identify and develop a practical model for HRM processes for addressing HRM problems in Laos, specifically with an emphasis on the management level of the country’s banking and finance system. It also aims to identify better methods in selection, recruitment, retention, training and developing people with a high degree of commitment, adaptability and skills. The literature review for this research begins by considering definitions of HRM, key concepts of HRM, contemporary issues in HRM, human resource (HR) functions, the interdependency of HRM processes with HR functions and a HRM model to recruit and retain key staff.

Both a quantitative and qualitative approach were followed with the objective of gathering data from participants in three banks, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos in the field of HRM. The interviews and questionnaire focus on addressing the main research question and aim of this study. Three interviews were conducted with the HR managers of these banks. A total of 66 copies of the questionnaire were distributed in paper copy format for voluntary participation by employees of these banks. A high percentage of responses was received and the data collected from the survey about participants’ views of HRM was collated for analysis.

After analysing the results of this study, it can be concluded that although employees strongly believe that HRM departments play an important role in their bank’s performance, their HRM departments do not take part in business level strategy and decision making. It may take some time for these banks to become directly involved in business strategy based on the main
responsibilities of HRM departments, because these currently focus on traditional administration, such as payrolls, recruitment and selection of people to work, rather than being a partner in the business operations in these banks. Additionally, the study results play a critical role in contributing to HRM in Laos by developing a proposed HRM model to identify better methods for the banks in selection, recruitment and placement that would also lead to employee retention, training and developing of people.
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**Abbreviations**

ASEAN: Association of the South East Asian Nations

AFTA: ASEAN Free Trade Areas

HR: Human Resource

HRM: Human Resource Management

IT: Information Technology

SHRM: Strategic Human Resource Management

UNDP: United Nations Development Programme

UREC: Unitec Research Ethics Committee

WTO: The World Trade Organisation
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Chapter 1

Introduction

1.1 Background
Human resource management (HRM) plays a critical role in determining organisations’ success and it is a process of acquiring, training, appraising and compensating employees. According to Dessler (2011) employees are truly the most important asset an organisation has. It is the hearts and minds of people, rather than their hands, that are essential to growth and prosperity for an organisation (Cascio, 2010). Managing employees as assets that are also fundamental to the organisation to achieve competitive advantage it is stated by Rennie (2003) that employees are the lifeblood of organisations. An organisation’s workforce represents one of its most potent and valuable resources as a result the extent to which a workforce is managed effectively is a critical element in enhancing and sustaining organisational performance. Committed human resource (HR) practitioners who create new ideas, deliver value and innovate for growth in order to maximise organisational performance are key assets of organisations (Noe, Hollenbeck, Gerhart, & Wright, 2010; Redman & Wilkinson, 2009).

According to Rennie (2003) to achieve a competitive advantage in today’s global business environment, it is necessary that organisations focus on their intellectual assets, for instance, people. People are one of many new sources of sustainable competitive advantages and their creativity and talent, their inspirations and hopes as well as their dreams provide value. The organisations that thrive today will do so because they are able to provide meaning and purpose that encourage individual potential to thrive. Thus, HRM has a crucial part to play in organisations. To fulfil this role, organisations will need to evaluate their existing HR functions and adjust them to suit the needs of the present situation and the individual employees working in organisations.

Managing people is one of the most difficult aspects of organisational management; it means dealing with people who differ physically and psychologically. An HR manager should operate and behave like an employer rather than a line function. Furthermore, in order to be more
effective in the position the HR manager should act as a facilitator, a change agent and an adviser to line managers.

In today’s competitive and dynamic global business environment, it is very important for organisations to have effective HR systems that select, develop and produce a level of performance that can justify organisational investments (Rennie, 2003). According to Dessler (2011) for businesspeople, globalisation’s essential characteristic means that increased globalisation meant increased competition and increased competition meant additional pressure to be world-class with higher productivity at lower costs. HR managers who are knowledgeable in effective workforce management also play critical roles in companies, to support future competitive endeavours. It will be even more challenging for countries that for historical and political reasons have not long been engaged in the open economic market and Laos is one example of such a country.

A recent New Zealand Herald newspaper article (McIvor, 2011, January 28) emphasises that HR managers also play a critical role in companies that are knowledgeable in order to manage the workforce effectively and support future competitive endeavours. Managing a company’s human resources effectively gives the HR manager extra hands and legs. However, this is not a straightforward matter for HR at the managerial level in the financial sector of the Lao economy.

1.2 Problem description

The primary reason for this problem can be traced back to the Indochina (Vietnam) War of 1945-1975, that brought countless, unexpected, and negative impacts to the country. Laos is still the most bombed country in the world, with some 2.26 million tons of bombs of all kinds dropped on the country along its border with Vietnam (Guinness world records, 2008). Thus, for many years the country was in political turmoil, with significant loss of life, and many of the more highly educated people moved to other countries as refugees in order to pursue better lives. Hence, Laos has had to wait for a new generation of qualified employees to fill the gap (Gifford, 2003).

At the end of the Indochina War, Laos removed itself from the world and chose to maintain formal relations with only a few other countries (Gifford, 2003; United Nations Development
Programme, 2006). Until 1990, the country’s leaders focused more on political issues rather than the national economy (Bank of Laos, 2008) and there was a lack of either local organisations or foreign direct investment to facilitate the development of businesses. In short, Laos was in a very weak condition, with a dearth of opportunity, a lack of capacity, and complete isolation from the rest of the world.

From the 1990s onwards, Laos began to integrate into an open economic system, changing from a small and self-contained market into a larger economy that actively sought to trade across borders. There was a sharp increase in foreign direct investment flow into Laos and, at the same time, local banks and other financial institutions began to experience a need for knowledgeable staff in higher positions, in order to fill their employment vacancies and expand the scope of their businesses. This in turn led to an increase in demand for financial sector managers with the necessary knowledge and qualifications to take the country into this new environment. Since then, many of the existing financial institutions such as Lao Insurance and Bank of Lao Foreign Trade have revamped to meet market demand by hiring international experts to manage their businesses (United Nations Development Programme, 2006).

The development of Lao nationals to take these positions has proven to be problematic. Initially, there were insufficient teachers and finance professionals to teach and mentor students and employees in this sector, and this resulted in low numbers of graduate students in finance, as well as employees who were not suitably qualified to work for international organisations investing in Laos (Bank of Laos, 2008; United Nations Development Programme, 2006).

Although there are two universities and five financial training institutions to provide knowledge to students of financial topics, these institutions do not possess the level of skill, knowledge and capacity needed to provide relevant training for Lao students. In many cases, lecturers need to upgrade both their financial knowledge and real world experience in order to effectively apply modern study materials rather than rely on outdated resources and processes (United Nations Development Programme, 2006).

In the era of the Soviet Union, Lao students could study in other communist countries around the world because Laos followed the communist system and those students who have an educational background from Bulgaria, Poland and the Ukraine are working in senior positions. Furthermore,
even the older generation of professionals who attended school before the Vietnam War, and prior to the communist system taking power in Laos, studied French (Kunze, 2007).

After the fall of the Soviet Empire, although some organisations use HRM, HR Managers were inexperienced with bachelor degrees and only a few of them with postgraduate qualifications because of the lack of support from communist nations. The Lao national tertiary education system still has some problems with retention of qualified staff. This is the main reason why Lao does not have enough qualified human resource managers (Kunze, 2007).

Currently Lao students have to look to foreign countries such as, Thailand, Australia, New Zealand and Singapore in order to gain relevant qualifications and real world experience. Upon completion of their studies, some did not return to Laos because of more lucrative career opportunities in the countries in which they had studied. For those who did return, it is often difficult to adapt to a local system of working that is different from the countries where they had studied (United Nations Development Programme, 2006).

Laos is a small Southeast Asian nation with population 6.4 million (The British Broadcasting Corporation, 2011) and in response to its poor economic performance in the 1980s, it started liberalising the economy and turned more decisively toward a market-oriented policy under the system called the new economic mechanism. This involved a sweeping programme of privatisation of state-owned enterprises (Quang & Thavisay, 1999). From the 1990s onwards, Laos began to integrate into an open economic system, changing from a small and self-contained market into a larger economy that actively sought to trade across borders. There was a sharp increase in foreign direct investment flow into Laos and, at the same time, local banks and other financial institutions began to experience a need for knowledgeable staff in higher positions, in order to expand the scope of their businesses. This in turn led to an increase in demand for financial sector managers with the necessary knowledge and qualifications to take the country into this new environment. Since then, many of the existing local financial institutions have revamped to meet market demand by hiring international experts to manage their businesses (United Nations Development Programme, 2006).

A recent article in the “Economist” magazine claims that (Vietnam's troubled economy: Steady as she staggers, 2011) privatisation has been widely implemented rather successfully and only a few remaining state-owned enterprises were given extended operational autonomy in order to
survive in today’s market economy. The leading banks in Laos are also state-owned enterprises and according to Quang & Thavisay (1999) state-owned enterprises were considered the backbone of the country’s economy. Organisations and enterprise management in Laos are now paying more attention to improving profitability, productivity and effectiveness of their organisations by restructuring and developing human resources for long term business achievements. Despite these efforts, several structural bottlenecks related to the deeply rooted subsidy system and traditional Lao working system continue to hamper the full development of human resource potential in these organisations.

1.3 Aims and objectives of this study

An increasingly competitive nature of business today means that all managers, including HR managers must justify their plans and contributions in measurable terms in order to gain a competitive advantage (Dessler, 2011). Human resources are believed to have implications for organisational performance and present a unique source of competitive advantage that is difficult to duplicate. HRM is also more involved in big picture issues of companies and it is important for a company to have knowledgeable HR managers who can effectively manage human resources and highlight important issues in current HRM practice (Dessler, 2011). They do not just do traditional services, but also provide top management with decisions that inform and support strategic business directions.

Employers need HR managers to be the firms’ internal consultants, identifying and institutionalising changes that help employees better contribute to the company’s success and helping top management formulate and execute its long term strategies (Cascio, 2010). HR managers today have became more involved in partnering with their top managers in both designing and implementing their strategies that will be obtained through workforce. Top management, therefore, want to see how the HR plans will create the company more value through improved performance (Central Bank of Egypt, 2007). This emphasis on people as a source of competitive advantage increases the interest in collecting data to identify and develop a practical model for HR recruitment and retention at senior management level in the Lao financial
services industry in order to manage their employees. Managing employees effectively is a crucial aspect in retaining, sustaining and enhancing organisational performance.

The aim of this study is to target the importance of senior management resources in the banking industry in Laos from the perception of the relationship between human resource management and organisational performance.

The purpose of this research project is to collect data to identify and develop a practical model for HRM processes that will identify HRM problems in Laos. Specific emphasis is on the management level of the country’s banking and finance system to help identify better methods of selection, recruitment, retention, training and development of people with a high degree of commitment, adaptability, and skill.

This study will also contribute to and build on the current growing body of literature around HRM in Laos and give some suggestions for the banking sector in terms of the HRM model to recruit and retain HR in order to minimise the impact of shortages of HR at the managerial level on the banking performance. In this manner, the financial sector may improve its ability to make better business decisions on behalf of both the individual firm and the country. As Laos continues to open its economy to global competition, this is an important and useful contribution to research. Laos has been gradually opening itself up to the world, both in terms of its economy and its society, and is now fully committed to becoming an active participant in regional integration and globalisation. Human resource management at the management level in the financial sector is going to play an important part in this process (United Nations Development Programme, 2006). It is for this reason that human resource management is the focus of this research project.

This study aims to answer which of the practical models for HR functions of selection, recruitment, retention, training and development have the capability to increase HR effectiveness in the Lao financial sector. As Losey, Meisinger and Ulrich (2005) state HR practitioners can make a difference between success and failure in an organisation. The objective is identifying the shortcomings of the current HRM practices in Laos’ banking industry, and what is working well, in relation to organisational performance. This will lead to the formation of a template for the formulation of HRM practices that are particular to Laos, and to help spur the development and growth of the banking sector. It will also identify training needs, leading to the construction of an
inventory of training schemes to meet specific needs. It is important to understand what capabilities are needed in order to fulfil the expectations of the role of HRM. Furthermore, it can improve a company’s understanding of its business and more confidently manage its workers.

The study includes a comparison between Lao HRM and western HRM practices, the current knowledge on HRM concepts, HR functions and the interdependency of HRM processes to HR functions and strategies. Results will indicate a preference for the adoption of either the Lao or western approach; or the combination of the best practices of both Lao and western. The outcome will provide a template for the industry to adopt and adapt to move it forward.

1.4 Research statement

Competition in the general business environment leads to pressure on the HR function to increasingly be seen as a specialist role. Therefore the HR department must be able to recruit, select, retain, develop and train employees to enable the organisation to remain competitive.

Effective HRM plays a significant part in the development of organisations, and the financial sector of the Laos economy is currently experiencing significant difficulties in this regard. To enable the researcher to answer the research question a review of relevant literature will be undertaken. Gathering employees’ perspectives on HRM in Laos was carried out through the conducting of interviews and a questionnaire.

The research question to be explored and investigated in this thesis is:

“Which practical models could be implemented for human resource management to retain senior managers in the Lao financial services industry?”

To explore this research question further and offer a comprehensive conclusion to this research question, the following sub-questions have been developed. Throughout the planned investigation, an in-depth examination of each of these questions will uncover the data necessary to address the aim of the research. These questions are:

- What are the current practices in HRM processes in the Laos financial services industry?
• What specific challenges do HRM deficiencies pose for countries, such as Laos with rapidly expanding economies?
• How does HRM in Laos compare with other developing countries?
• What specific HR strategies should Laos adopt in order to ensure adequate human resource management at a senior level in the financial sector?
• What HRM model would be more suitable for the financial sector in Laos to retain staff at the managerial level, the traditional Laos or Western HRM?

1.5 Data collection

In order to investigate these questions this study was conducted on a sample population of employees who work in banks in Laos. A survey and In-depth interviews and a questionnaire were chosen as the most appropriate method of exploration and the questionnaire was handed out for voluntary participation by those who work in the bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos. In-depth interviews were also conducted with the HR managers of the three banks. The questionnaire contained two sections. Section one covered background demographic information from participants, gender, position classification, number of years of experience, highest education achievement and organisational size. Section two sought participants’ views on human resource management in their banks and included open-ended and closed questions. In the open-ended questions the researcher looked for and selected vital participant’s views and opinions. The in-depth interview included 13 questions beginning with the basic concept of HRM, for example, the role of HR department in organisations.

HR literature also plays an important role in the resolution of the research question and sub-questions. The literature in this research study focuses on HRM, HR functions, the interdependency of HRM processes to HR functions, and HR in Laos. Having these themes in the literature review should enable the researcher to answer the research question and sub-questions. There has been no literature addressing this specific issue in Laos.
1.6 Outline of thesis
This thesis is presented in six chapters.

Chapter One provides an introduction to the research study. It introduces the broader topic and provides background, the aim and objectives of the study; it includes the research statement.

Chapter Two establishes and analyses literature as a key component of this research to enable critical examination of the current status of knowledge on HR. Aspects discussed in this literature review are: HRM, HR functions, the interdependency of HRM processes to HR functions and HR in Laos.

Chapter Three presents the research methodology and design approach. The chapter explains the data collection and analysis method employed in this research study and it concludes by considering the ethical implications of the research.

Chapter Four lays out the findings and results drawn from the data collected and analysed in the field research study.

Chapter Five provides an in-depth interpretation and critical analysis of the results of this research study.

Chapter Six concludes this thesis and offers a synthesis of the research study. Limitations of the research, directions for further research and a closing statement are given.

Chapter summary
Chapter one provides an overview of this research to give readers direction about what they expect to read in the following chapters. It started with an introduction to the research study and this was followed by background, description, aim and objectives. The research statement is given to assist readers clarify the project aim and objectives.

Chapter two provides an in-depth literature review of HRM definitions, HRM concepts, HR functions and the interdependency of HRM processes to HR functions in order to outline current thinking on HR and relate this to the limited amount of literature that exists on Laos and other similar developing countries.
Chapter 2

Literature Review

2.1 Overview
This chapter explains literature relating to the area of human resource management (HRM) in organisations. The purpose of this literature review is to explore and help to answer the research question and sub-questions by discovering literature that connects to performance and responsibilities of HRM. The chapter gives an overview of the HRM theories to point out the significant of HRM in managing people in organisations. HR functions refer to responsibilities that are a fundamental part of HRM. The interdependency of HRM processes to HR functions includes competency-based HRM, knowledge management, high performance work systems, talent management and strategic HRM as well as an HRM model to recruit and retain HR. The last part of the literature review briefly explains HRM in Laos and compares it to Western HRM.

2.2 Human Resource Management

2.2.1 HRM Definitions
Despite there being various competing definitions of HRM, the concept is perhaps best captured by Armstrong (2009, p. 9), who observes that: “HRM is a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organisations”. According to this author, the concept also includes all of the management decisions and actions that influence the nature of the connection between the organisation and its employees.

Furthermore, Nel, Werner, Haasbroek, Poisat, Sono & Schultz (2011, p. 6) redefine HRM as “the productive use of people in achieving the organisation’s strategic objectives and the satisfaction of individual employee needs”; and Marchington & Wilkinson (2008, p. 8) posit that “human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce using an array of cultural, structural and personnel techniques”. These definitions highlight how HRM seeks to manage knowledge assets, and potential employees in organisations, in order to achieve high levels of performance.
The general purpose of HRM is to make sure that the organisation is able to achieve success through people, because people are the organisation’s key source of competitive advantage through their commitment, adaptability and high level of skill as well as performance. Organisational performance, therefore, mainly depends on them (Armstrong, 2009; Dessler, 2011; Lengnick-Hall & Lengnick-Hall, 2003). HRM also sets out a strategy that focuses on supporting plans for improving organisational effectiveness, fostering policies in areas of knowledge management, developing talented managerial staff, and making the organisation a good place to work (Dessler, 2011; Noe et al., 2010).

### 2.2.2 HRM Concepts

HRM is comparatively new to most countries. However, in North America the term of HRM has been used and developed for over five decades as an alternative name for personnel management (Beardwell & Claydon, 2007; Brewster, 2004). Our understanding of management in general and HRM in particular, has been influenced by views from the United States of America because it has been the largest economy in the world for decades. Other countries want to catch up and to do so it is often assumed that those countries need to adopt US style management practice into their organisations (Beardwell & Claydon, 2007; Byars & Rue, 2008).

HRM plays a critical role in the strategic processes of an organisation, by helping to develop specific plans, strategies, and implementation processes within specific time frames for organisations who wish to achieve high levels of performance through effective staff development (Dessler, 2011; Huntley & Kleniner, 2005; Marchington & Wilkinson, 2008). In this manner, HRM is a major force in organisational success and a key contributor to the consistent improvement of the organisation’s performance (Huntley & Kleniner, 2005; Hussey, 2002). Like many other areas of management, HRM involves setting policies, formulating plans and trying to make the best decisions possible (Brewster, 2004).

HR policy involves how people should be managed in the organisation and how employees should be treated. The policy provides guidance on how HR issues should be dealt with, for example employment issues, discipline, capability and redundancy (Noe et al., 2010). The aim of HR policy is to ensure that HR issues can be dealt with consistently in accordance with the values of the organisation in line with certain defined principles (Byars & Rue, 2008). The overall HR policy determines how the organisation fulfils its social responsibilities to employees.
and sets out its attitudes towards them, and shows its values and beliefs about how employees should be treated (Armstrong, 2009; Rodriguez & Rios, 2007).

In the new knowledge economy, employees have become a key source of competitive advantage for many organisations and this has important implications for their management. Human capital is a key resource for most organisations, regardless whether they are manufacturing or service companies, large or small domestic or international, profit or non-profit, government or non-government (Byars & Rue, 2008; Cascio, 2010; Zupan & Kase, 2007). Thus, it is critical to recruit and select the right employees who will be well integrated and contribute to their best competence (Marchington & Wilkinson, 2008; Noe et al., 2010). An HR department should prepare to recruit talented people in the labour market and then find ways to motivate, train, compensate and retain those skilled individuals (Byars & Rue, 2008; Hussey, 2002).

In today’s competitive market, organisations have to engage in strategic planning in order to survive and prosper. Strategic management is a process, a way to deal with the competitive challenges organisations face, a pattern that integrates an organisation’s crucial aims (Noe et al., 2010). It is clear that HRM plays a significant part in organisational performance. This factor indicates the transition of HRM from a traditional service to the newer service of business partner services and strategic partner (Dessler, 2011; Noe et al., 2010; Walker, 2000). Some organisations have even renamed their HR generalist to “business partner” in order to show their support and indicate a strategic working relationship between the HR department and other departments (Noe et al., 2010).

According to Noe, Hollenbeck, Gerhart & Wright (2010) many articles written in both the academic and practitioner literature have been critical of the traditional HRM function. In many organisations the amount of time HRM departments devote to traditional administrative tasks is decreasing, and they are increasing their roles as a strategic business partner. Redman & Wilkinson (2009) also agree that strategic approach might require HR functions to evolve from a simply administrative role to become a responsible strategic partner in order to contribute to the organisational achievement. The role of strategic partner focuses on processes rather than employees and this can lead to HR managers neglecting the primary role of improving employee well-being (Redman & Wilkinson, 2009). Furthermore, having new technology, the Internet for instance, can make administration of service such as, routine activities, maintaining records and providing self-service to employees, more efficient and effective. This provides more time for HR to focus on strategic issues. However, organisations need to make sure that their HRM
functions are creating value for the firm and managers should become more responsible for HRM practices (Noe et al., 2010).

2.2.3 Current practices (Contemporary issues in HRM)

In a knowledge economy, the responsibilities of HR managers have moved further from the mere traditional administration tasks, such as hiring, paying and firing roles to focus more on integration into the management and strategic planning process of the organisation (Bartol, Tein, Matthews, & Sharma, 2008; Byars & Rue, 2008). HR managers need to have the capability to successfully carry out their role in the organisational environment that has become much more diverse and complex (Byars & Rue, 2008). The organisational environment is influenced by many internal and external elements for instance, managing diversity, the ageing workforce, changes in organisational structure and technology (Bartol et al., 2008; S. Robbins, Bergman, Stagg, & Coulter, 2008).

Managing diversity is a vital and complicated issue in today’s organisations that include people of different gender, age, languages and races working together. The organisation must also find a successful way to integrate different cultures and age groups (Bartol et al., 2008; Byars & Rue, 2008; S. Robbins et al., 2008). The ageing workforce is also an issue in organisations with the of retirement of older employees who are more experienced, reliable and stable is increasing (Byars & Rue, 2008; Phillips, 2007). In Australia and New Zealand for example, where the majority of workers will be aged 65 or over in a few decades, this will be challenging (Stone, 2008). Australia and New Zealand government bodies and organisations are finding ways to encourage older employees to remain in the workforce for longer in fulltime rather than part time positions (Bartol et al., 2008).

In the fragile global economy, organisations have implemented many structural changes in order to survive in the business world. Some structural changes include downsizing, outsourcing and re-engineering; and these present difficulties for human resource managers (Byars & Rue, 2008). Downsizing is the laying off of large numbers of managerial and other workers, when an organisation has too many workers. This can happen when it is faced with declining market share or is poorly managed (Noe et al., 2010; S. Robbins et al., 2008). The aim of downsizing is to minimise the organisation’s costs and improve organisational effectiveness (Noe et al., 2010). Outsourcing is making a work contact with an outside organisation that specialises in a particular
kind of work. In some instances outsourcing of work can be done more efficiently and is less costly than being undertaken inside the organisation (Byars & Rue, 2008). Re-engineering is critical rethinking and fundamental redesign of business processes to accomplish enhancements of cost, quality and service (Byars & Rue, 2008).

New technologies and management approaches are additional challenges for human resource managers. Technology has affected human resource managers in many ways, the most obvious is in information systems and is changing almost everything businesses do (Dessler, 2011). Where previously the traditional function of accounting and payroll calculations were used these have been replaced by computerised information systems (Byars & Rue, 2008). Cyberspace and the Internet are keys in changing the traditional way many human resource managers operate. For example, the Internet can be used for engaging in valuable networking and discussion. Furthermore, some organisations establish Web-based human resource systems that allow employees to complete their human resource tasks online, and enabling them to view current and historical pay information and a range of benefits. This all means an increasing need for human managers to learn such new technology (Byars & Rue, 2008; Dessler, 2011).

With regard to sub-questions, what specific challenges do HRM deficiencies pose for countries, such as Laos with rapidly expanding economies? Changing business conditions are crucial in order to remain competitive and prosper. This creates more challenges for the businesses because they have to change the way they manage business. Diligent management plays a crucial part in the change and handling of the workforce. Laos has shortages of HR managers who have responsibilities involving both in delivering and driving HR policies. As Nel et al., (2011) point out HR professionals face some challenges in organisations to provide the valuable contributions to the leadership and bottom line. The HR managers must play an important role, along with the financial and marketing managers, and improve their quantitative skills, measurement of employees’ value as well as understand organisational structure. The HR managers must enhance their new skills and abilities around vision, organisational development and changing management.

2.2.4 Increasing capability of human resources
Although the extent of foreign direct investment flow to developing countries has increased, these inflows have been directed into a limited number of countries which have a good combination of geographical characteristics and human capital. Furthermore, they usually have
liberal economic policies, a stable macro-economic environment, and a potentially lucrative
domestic market that makes foreign direct investment attractive to investors (Noorbakhsh &
Paloni, 2001; Tanna, 2009). Laos has invested heavily in its infrastructure and human capital
over the past two decades, changing its policies in respect of the financial services industry in
order to be a magnet for foreign direct investment. However, human resource management at
management level in the financial sector is inadequate to cope with these changes, and this
deficiency will impede the growth of Laos’ economy as it further develops its association with
ASEAN Free Trade Areas (AFTA) and The World Trade Organisation (WTO) (Bank of Laos,
2008).

As the country continues to integrate into the global community, organisations in the Lao
financial sector need leaders who can make good decisions and plan good business strategies. As
Armstrong (2009) notes those people are the organisation’s key source of competitive advantage,
and an appropriate range of HR policies and processes need to be developed and implemented in
order to positively impact on firm performance. However, without such leaders, some
organisations can find themselves in difficult situations when taking part in domestic and
international trade, and a failure to take full advantage of existing and future opportunities can
often be attributed to a lack of human capital in the form of effective leadership skills.

According to Royal (2005) the concept of human capital at management level can be divided
into three main areas - competence, attitude and intellectual agility. Competence is a
standardised requirement for a person to appropriately perform in a particular job; attitude is a
striking and individual style that reflects the way a manager thinks and feels; and intellectual
agility is the ability to think and understand complex ideas and information. All three of those
are very important factors that need to be developed amongst future leaders in the Laos financial
services sector. Organisations with high levels of human capital in this regard can be relied upon
to take full advantage of future opportunity, and to return consistently higher profits. It is in order
to more effectively develop this human capital that the current project is proposed.

2.3 HR functions

Human resource functions refer to responsibilities and tasks performed in all sizes of
organisations in order to provide for and manage human resources. Human resource functions
embrace a range of activities that critically influence all parts of an organisation (Byars & Rue,
Recruitment, selection, training, motivation and termination are all fundamental HR functions.

2.3.1 Recruitment

Recruitment is the process of finding, engaging and obtaining potential job applicants to meet the organisation’s needs and is highly dependent on organisational business strategies and human resources management (Armstrong, 2009; Clegg, Kornberker, & Pitsis, 2008). Recruitment is needed when organisations want to improve their performance, fill positions vacated or replace employees who are retired, have left or have inadequate competence, and recruiting the right person for the job is a top priority (Bratton & Gold, 2007; Byars & Rue, 2008; Clegg et al., 2008). Johnston & Marshall (2003) posit that as markets expand both domestically and internationally, organisations continue to seek qualified new applicants to fill crucial positions. At the same time talented employees in the organisations are being recruited, often by competitors and leaving for other opportunities. The demand for talented and qualified employees has gone global and local companies therefore, no longer are the main rivals competing against each other for employees. They are competing against multi-international corporations and international governments that offer them the promise of higher standards of living, higher payments and career prospects (Clegg et al., 2008).

Recruitment can be conducted within the organisation (internal recruitment) or outside the organisation (external recruitment) (Milla, 2006; Nel et al., 2011; Newell & Scarbrough, 2002). Recruitment within the organisation brings positive outcomes such as a reduction in the time and costs of advertising on the media, a good knowledge of skills, competence and attitudes of the person, and familiarity of the person within the organisational culture. For the external recruitment, it will take the organisation some time to work with agencies and newspapers and when that is completed, the new employees need time to adjust to the organisational culture (Milla, 2006).

The human resources department is required to lay out a number of categories and detailed recruitment plans for applicants for example, job descriptions or role profiles and person specifications to fulfil the organisation’s requirements (Bratton & Gold, 2007; Nel et al., 2011). These will require the HR department to draft advertisements and post vacancies in the media, the Internet, newspapers or employment agencies. At the same time, employees in organisations
can spread the vacancy advertisements to their relatives, friends and people whom they know by word of mouth (Byars & Rue, 2008; Nel et al., 2011). It will be important in the recruitment stage, if the applicant is provided with a realistic job preview of the critical essential and desirable job criteria (Clegg et al., 2008). The employer should list both negative and positive aspects of the job, this is being transparent about the virtues of the job, and moreover it will ensure that the successful candidate knows what to expect (Clegg et al., 2008). See Figure 1 for the summary of a recruitment process.

In the Information Technology (IT) era, advertising on the Internet for recruitment is common and some organisations use recruitment online in order to find potential candidates (Bartol et al., 2008; Clegg et al., 2008; Jacobs, 2007). The HR department can put all the necessary tests online because they can be completed online using Web 2.0 technologies to help recruit through social networking sites for instance, MySpace. This type of recruitment brings positive outcomes for both organisations and candidates in terms of saving time and expense (Armstrong, 2009; Johnston & Marshall, 2003). Another advantage of IT for recruiting potential candidates is the possibility of placing co-workers and team photographs in recruitment advertisements. This can be done through newspaper advertisements that refer applicants to the company Web page or the Internet recruitment site where photographs of potential co-workers or the whole work team can be viewed (Burt, Halloumis, McIntyre, & Blackmore, 2010). The photographs can assist candidates to envision who they may be working with and help them to make reasonable judgments before applying for a job. However, human resource specialists should use realistic photos of employees in advertisements in order to avoid misleading potential job candidates (Burt et al., 2010).
2.3.2 Selection

According to Armstrong (2009) the purpose of selection is to assess the flexibility of candidates by forecasting their potential to carry out a role successfully. Selection includes deciding on the degree to which the characteristics of candidates, in terms of their competencies, qualifications, education as well as training, match the person specification (Dessler, 2011). It also involves
applying this assessment to make a choice among candidates. See Figure 2, for the summary of an influencing selection of a candidate.

Selection is a very crucial stage and it requires a professional HR manager who can select the right potential candidates and place them in a suitable position in the organisation in order to reveal their competence (Banks, 2007; Webster, 2011). Individual interviews can be used in the beginning stage and this is the most familiar method of selection. It includes face-to-face discussion and provides the best opportunity for both candidate and interviewer to build up some close contact and rapport. Using only one individual interview might not be enough because this may lead to a biased or superficial decision, and interviewing panels will be an appropriate method for selection process. This is very useful step allowing HR specialists and line managers to see the candidate together enabling them to share information and reduce overlaps (Armstrong, 2009).
Figure 2: Summary of the factors influencing selection of a candidate

Internal environment:
Size of organisation; job environment; type of organisation;

External environment:
Legislation; political stability; cultural background; labour market;

HR strategic planning

Organisational goals and objectives

Organisational strategic planning

Shortage of qualified workers

Internal methods

Internal selection:

External methods

External selection: external sources

Selected candidate

2.3.3 Training

Training involves the application of formal processes to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily. Training should be systematic in that it is specifically designed, planned and implemented for defined needs. According to Armstrong (2009) the concept of training consists of a simple four stage model: identify training needs, decide what sort of training is required to satisfy these needs, use experienced trainers to implement training, and follow up and evaluate training to ensure that it is effective. This systematic training explains clearly how to get from the beginning point to the end of the process.

Providing proper training for employees will bring about effective positive outcomes for organisations. Appropriate training, monitoring performance and offering constructive feedback will be good steps to follow in achieving organisation goals (Cunningham, 2007). Organisations will move into a new level of competition. Some employees’ skills might be outdated and their competence may not stay up-to-date forever, training is needed to ensure that the employees remain on the frontline (Harvard Business School, 2006; Robbin, Millett, Cacioppe, & Waters-Marsh, 1998). Employees come from different areas and bring along their skills and competencies to their new work environment. Informing them of the organisation’s purpose and providing some assistance at the beginning will give employees confidence in their new work places (Holland & Cieri, 2006; S. P. Robbins, 2005). Furthermore, this will contribute a significant part towards organisational performance and meet HR needs (Nel et al., 2011).

2.3.4 Motivation

From the HRM perspective, motivation is one of the most significant factors to recognise employees’ capability and contribution. Furthermore, it is one of many effective keys to encourage employees to devote their knowledge, experiences and efforts to the organisation (Nel et al., 2011). Motivation makes employees very willing to perform in order to pursue the organisation’s objectives and also satisfy their own needs. Employees, for instance, who are motivated will show greater performance and higher responsibility towards work plans compared to any employee who lacks motivation to achieve goals (Mescon, Bovee, & Thill, 2002; S. Robbins & Counlter, 2005; Robinson, 2011).
Employees’ motivation derives from rewards both intrinsic and extrinsic. Intrinsic rewards are a Provide for individual achievement, for example, participation in decision making, more responsibility, opportunities for personal growth and more interesting work, while extrinsic rewards include indirect compensation and non financial rewards(Zhou, Zhang, & Sanchez, 2011). Direct compensation includes basic salary or wage, performance bonus and profit sharing. Indirect is compensation and pay for time not work. Moreover non-financial rewards can be preferred furnishings, or preferred work assignments with personal secretary and private parking spaces (Robbin et al., 1998).

2.3.5 Performance management

Performance management is an ongoing communication between the manager and an individual employee to explain task responsibilities and revamp performance constantly (Armstrong, 2009; Cascio, 2010). It is focused fundamentally on performance improvement, development of control in relation to employee behaviours, motivation and loyalty in order to achieve organisational, team and individual effectiveness (Beardwell & Claydon, 2007; Stone, 2008). Managers need to make sure that employees’ activities and outputs fit well with the organisation’s goals and organisational strategic objectives (Nel et al., 2011). Performance management plays an important role in gaining a competitive advantage. In order to achieve the aims, managers should provide a clear signal to individual employees about what the company values are and what is expected of them, and that they stay focused on effective performance (Cascio, 2010; Martin, 2009; Noe et al., 2010).

Strategy, administration and development are the main purposes of performance management. The strategic purpose focuses on identifying employees’ strengths and weaknesses, connecting employees to appropriate training and development activities then rewarding high performance with pay and other incentives (Stone, 2008). Another performance management purpose is administration that includes administrative decisions, for instance, increasing salary, promotion, retention-termination, layoff and recognition of single employee performance. All decisions on employees are based on their performance, a level of achievement by an individual employee’s performance which can be measured against what they would be expected to achieve (Martin, 2009).
The developmental purpose is concerned with enhancing the skills of employees who are already effective at their responsibilities (Beardwell & Claydon, 2007). When employees do not perform as well as they should, performance management has to seek solutions in order to revamp performance. For instance, giving them constructive feedback during a performance evaluation process will identify the employees’ weaknesses (Noe et al., 2010). However, a performance management system should examine the causes of problems, for instance a skill deficiency, a motivation problem or a difficulty that is holding the employee back, rather than just the surface performance itself (Noe et al., 2010).

2.3.6 Termination

According to Bartol, Tein, Mathews & Sharma (2008) an employment relationship is a legal contract between employer and employee and it is critical to consider how the relationship is terminated. An employment relationship can be terminated either in a voluntary or involuntary way. Voluntary termination happens when an employee indicates his or her intention with a reasonable length time before leaving the employment relationship. The reasons for this termination include resignation, retirement, or an employer asking employees to leave as a result of reducing the workforce size, but always in return for an improved termination pay package (Bartol et al., 2008; Stone, 2008). Involuntary termination covers reducing labour costs in order to remain in business, or elimination of a specific position within a company because it is no longer required.

Involuntary termination can also occur if an employee breaches the employment contract for instance, significant theft or wilful damage to property (Bartol et al., 2008; Stone, 2008). An experienced HR professional should come up with reasonable explanations for employees and take responsibilities at all stages of the employment relationship, from hiring an employee to terminating the employment relationship, in order to minimise an organisation’s exposure to dispute and litigation (Stone, 2008). However, in the case of breaching the organisation’s rules there should be an informal discussion about the problem before dismissal is considered. Appropriate procedures should be executed, such as a first written warning then the final written warning before terminating the contract (Armstrong, 2009).
2.4 The interdependency of HRM processes to HR functions.

2.4.1 Competency-based HRM

This form of HRM is primarily about using the concept of competency and results of competency analysis to inform and revamp the processes of performance management (Armstrong, 2009). Performance management includes recruitment and selection, employee development and employee rewards and it plays a significant part in contributing to all the key HR activities. Competency-based HR is based on the notions of behavioural and technical competencies. Behavioural competencies can also be described as behavioural expectations; the basic competencies to perform a job for instance, team work, communication, leadership and decision-making. The results of assessments of employees’ competence will distinguish between poor performance and good performance. In some descriptions, according to Armstrong (2009) behavioural competencies are known as ‘soft skills’, while, technical competencies are defined as what people must know and be able to do in order to carry out their roles effectively.

According to McKay (2007) behavioural indicators, competencies and competency clusters are the three main elements in the competency model. Behaviour can be observed when an employee demonstrates competence, for instance, the competency of behavioural indicators of teamwork work and collaboration includes identifying when team members need support and providing that support; sharing knowledge and information willingly with others, and collaborating effectively in meetings and informal interactions. Competency demonstrates that an employee has the abilities, knowledge, skills knowledge and personal attributes to do the job effectively. Competency clusters are also essential for working with other employees, for example, influencing and persuading, building relationships as well as managing others (Mckay, 2007).

The most significant feature in implementing a competency based HRM system is that initially there must be a convincing need and readiness to change. It is necessary for the organisation’s HR or training professionals to see the need and furthermore, the organisation’s leaders must see the benefits and be willing to support the initiative. Similarly the employees must recognize how the program will benefit them both in their current jobs as well as in advancing their careers (Gupta, 2010). The priority task for the organisation is to decide what competency level will be defined in order to be achievable for every individual employee in the organisation. The role of competency based HRM is increasingly being accepted as an effective way of managing superior
performance and talent management because the employee’s performance is based on not only skills or knowledge but is also a function of the internal and external environment (Gupta, 2010).

2.4.2 Knowledge Management

According to Armstrong (2009, p. 219) “knowledge management is concerned with storing and sharing the wisdom, understanding and expertise accumulated in an organisation about its processes, techniques and operations”. Knowledge is treated as a key resource and has become a direct competitive advantage for companies selling ideas and relationships and thus, it is very important for a company to have the ability to learn and to manage knowledge in order to meet its existing and future requirements (Gloet, 2006; S. Robbins & Coulter, 2005; Stone, 2008). The purpose of knowledge management is about sharing knowledge, experience, expertise, skills and knowledge of employees with others who need to improve their organisational performance (Dessler, 2011; Foster, 2005). The main role of HR is to ensure that the organisation has sufficient intellectual capital in order to stay in the frontline (Armstrong, 2009; S. Robbins & Coulter, 2005; Stone, 2008).

As Hislop (2009) states knowledge cannot be directly managed and all attempts by organisational management to sharpen knowledge processes are doomed to failure. In order to encourage employees to share their knowledge and fully participate in organisational knowledge process, the organisation should generate an ‘enabling context’ where workers feel cared for and valued (Hislop, 2009).

Developing loyalty of employees to their organisations is a potentially critical factor to enhance the knowledge management efforts of organisations (Oltra, 2005; Redman & Wilkinson, 2009; Svetlik & Costea, 2007). Knowledgeable workers can use their hands and minds to organise, and deal in information and technology, they also have skills to analyse and work out complicated issues and tasks. When employees leave an organisation they take their knowledge with them (Foster, 2005; Nel et al., 2011; Redman & Wilkinson, 2009). Having a high turnover rate of knowledgeable employees signals a potential problem for the organisations employing them. When a knowledgeable employee leaves an organisation, there is also a risk to the employer that they will lose their customers because one key source of knowledge held by knowledge workers is social capital, their knowledge of key individuals in customers’ firms (Redman & Wilkinson, 2009).
Some organisations find retaining knowledgeable employees difficult because of labour market conditions, where the skills and knowledge of knowledgeable employees are relatively inadequate. This provides knowledgeable employees favour to move to other working places (Redman & Wilkinson, 2009). Payment and working conditions are the critical reasons knowledgeable employees give their employers for leaving. The most effective methods to solve retention problems are through offering a good work place, having a strong sense of identity as a member of the organisation. Another critical solution is the system of pay and reward, such as, the receiving of specific personal benefits (Abbas, Ashraf, Alam, & Rafay, 2011; Byars & Rue, 2008; Redman & Wilkinson, 2009).

### 2.4.3 High-Performance Work Systems

In today’s competitive environment, it is critical for every single company to design a set of HR policies and practices that understands its own strategy and situation. The aims of the HR policies and practices are to maximise the competencies and abilities of workers in the entire organisation (Dessler, 2011; Noe et al., 2010). High performance work systems assist more job candidates, screen candidates more effectively and also provide more and better training, connects pay more openly to performance, and provides a safer work environment (Dessler, 2011). In terms of measurable outputs, high performance work systems generate more qualified candidates per position; more workers are employed based on validated selection tests and provides more training time for new workers. These can result in both high individual and high organisational performance (Dessler, 2011; S. Robbins et al., 2008).

The high commitment model runs from external control via management systems, technology and supervision to individual workers or team workers. This kind of model highlights employees’ commitment to their organisations (Armstrong, 2006). Advanced technology plays an important role in a high performance work system. Computer-integrated manufacturing uses robots and computers to automate the manufacturing process (Noe et al., 2010). The computer arranges the output of different products easily by setting a functional computer. Computer integrated manufacturing needs workers to monitor equipment and troubleshoot problems with complicated equipment, share information with other workers and understand the relationships between whole components of the manufacturing process (Noe et al., 2010).
Team workers include employees with several different skills, in order to give teams the maximum flexibility to fill the roles that need to be performed in the team. Workers need to be trained in basic skills and job specific knowledge to work with the new technology equipment (Noe et al., 2010). Furthermore, it is important for employees to have the ability to listen and communicate with customers such as, interpersonal skills, problem solving because the technology is often used as a measurement of product diversification and customisation (Noe et al., 2010).

2.4.4 Talent Management

According to Blass (2009) talent management is the additional management, processes and opportunities that are made available to the employees who are considered to be talented in their work places. It is also concerned with the more general performance, for instance performance management, and it is more than just spending time looking after people and human resource management. Blass goes on to say that talent management is a strategic priority for organisations, and line managers should focus on it as the top issue. Recognition of the connection between talent management and the bottom line is increasing amongst the HR fraternity. Some companies find that results improved significantly when managers spend half of their time on employees rather than half of their time on finances (Blass, 2009; Hay, 2002). This shows that if managers manage the right employees in the right way and at the right time, the finances will look after themselves (Blass, 2009).

The impact of talent management may vary from organisation to organisation and workplace to workplace. Organisational performance outcomes are largely dependent on the employees they recruit and retain (Blass, 2009; Kahnweiler & Kahnweiler, 2005). Having a larger pool of high potential workers in the organisation will mean it is less affected by individual employee personalities. However, a solid talent is an essential base on which to build the organisation (Blass, 2009; Kahnweiler & Kahnweiler, 2005). Regardless of the sector, industry or organisation, talent management appears to be an important consideration when the future of the organisation is contemplated, but moving from this strategic realisation to an operational talent management process is something that many organisations are struggling with (Blass, 2009; Kock & Burke, 2008).
According to Storey (2007) talent management is now viewed as a key to strengthen organisational capability through individual development, performance improvement, career development and succession planning and it also plays an important role in every organisation’s success. Critical factors are to deploy and nurture top talent while proactively managing-out poor performers (Cascio, 2010; Storey, 2007). Hence, talent management can be understood as referring to the recognition, enhancement retention and deployment of those employees who are of particular worth to an organisation (Storey, 2007).

Talented employees are most likely to stay with a company when they feel the working place has the right culture and provides them with self satisfaction, a sense of achievement and emotional attachment (Redman & Wilkinson, 2009; Storey, 2007). In order to achieve this, an organisation should focus on recruitment and development of employees who share the same values, attitudes and beliefs that organisational success is built on (Redman & Wilkinson, 2009). It is very important to enhance those people who have true commitment and a sense of belonging to the organisation, while at the same time the organisation must ensure that a sense of fulfilment and accomplishment for talented individuals is achieved (Redman & Wilkinson, 2009).

2.4.5 Strategic HRM

In the globalised increasingly competitive market, it is crucial for organisations to engage in strategic planning and to maximise all of their available resources, skilful employment and co-ordination of tactics to survive and prosper (Noe et al., 2010; Sheehan, 2005). HR strategies can be thought of as the specific human resource management course of action the organisation pursues to achieve its aims (Dessler, 2011; Noe et al., 2010). Many organisations have enhanced integrated production systems, for example, advanced production technology, inventory control and total quality management, in an effort to increase their competitive position (Abbas et al., 2011; Noe et al., 2010). However, these systems are controlled by people and without people’s actions the strategic plan is just a piece of paper. Therefore it is crucial for HR managers to select, train and develop potential employees’ skills in these areas in order to attain organisational strategic goals (Delahaye, 2005; Noe et al., 2010; Rewick, 2003). HR managers are knowledgeable about strategic planning, thus their professional contribution is very important. They can pinpoint problems that are crucial to their organisations’ business strategies
and anticipate potential obstacles to success (Cabrera, 2003; Dessler, 2011; Salaman, Storey, & Billsberry, 2005).

Strategy execution and strategy formulation are two crucial strategic planning roles of HR managers. Strategy execution is traditionally the core of the HR manager’s strategic planning. An organisation’s co-operative and competitive strategies are formulated by top management, the chief executive officer, the chief financial officer and various presidents (Guthridge, Komm, & Lawson, 2008; Noe et al., 2010). The top management formulates functional strategies and policies set the wide limits that indicate what the functional manager can and cannot do (Dessler, 2011; Noe et al., 2010). However, every single part of the entire process involves people-related business issues, thus HRM functions must to be involved in every single part of those processes. HR management strategies, policies and activities must be also aligned with the organisation’s corporate and competitive strategies and the most important thing is that they must support those strategies (Delahaye, 2005; Dessler, 2011).

HR’s traditional role in executing strategy has expanded beyond working with top management to formulate the organisation’s strategic plan (Dessler, 2011). Today, HR plays an important role in organisational strategy planning meetings. This strategy formulation shows the reality most organisations face. In the global economy, there is more competition that means most organisations are aiming for enhanced performance in the entire, or in one part of the organisation, by enhancing the competence and commitment levels of their workers (Dessler, 2011; Salaman et al., 2005). The top management acknowledges that the input of HR is significant in various ways in terms of formulating strategy. For instance, formulating an organisation’s strategic plan requires identifying and analysing as well as balancing the organisation’s external opportunities and threats on the one side and on the other side, its external strengths and weaknesses (Dessler, 2011; Noe et al., 2010).

### 2.4.6 HRM model to recruit and retain HR

People are the key factor to organisational success, innovation and profitability. So Recruiting employees and maintaining the employment relationship is considered a crucial step in framing the organisational structure and the future of the organisation (Central Bank of Egypt, 2007). HR managers also make sure that employees are placed in appropriate positions with the right skills and right time. The following stage is developing and maintaining those employees (Caye et al.,
HR managers should focus on ways to build employees’ skills, motivation and commitment to meet the needs of organisations. Remuneration and benefits, training and development are the key elements to work forwards achieving those desires (Bartol et al., 2008; Caye et al., 2008; Milla, 2006).

Finding, evaluating and assigning individuals to work are all fundamental processes of staffing the organisation. Appropriate selection tests and strictly controlled recruitment will gives those employees who are selected a sense of quality, and high expectation of performance (Webster, 2011). Recruiting suitable employees is difficult, time consuming and there is no guarantee of getting the right employees, therefore, once the organisation has done it. HR managers should ensure that they stay (Caye et al., 2008; Milla, 2006). Although employees leave their jobs for many reasons, the main reason is that employees choose to leave their managers rather than their organisations because the workplace culture is driven from the top. If the management level does not perform its job properly then employees are unlikely to obtain job satisfaction and they will seek it elsewhere (Main, 2008).

HRM plays an important role in matching appropriate human resources to the strategic and operational requirements of the organisation, and making sure that the organisations has competent employees at all levels in order to meet its short and long term business goals (Armstrong, 2009; Storey, 2007). HR managers should also guarantee that those employees are assessed, appraised, developed and rewarded against appropriate competency criteria (Storey, 2007). HRM does not only focus on the overall organisational strategies, but also manages its HR in order to find and promote employees who fit the organisational culture and strategic requirements, placing the right people with the right jobs (Armstrong, 2009; Storey, 2007).

One of the main difficulties in global business today is to stay up to speed in a time of technological growth, some organisations have to spend a lot of money to keep on the cutting edge of technology (Howatt, n.d). At the same time, some organisations have problems with the increasing shortage of highly skilled employees. To retain good employees is a primary focus of human resource management practice for organisations in the fragile global economic market (Caye et al., 2008; Paull, Omari, & Beeton, 2009). Retention is mainly about keeping those employees who are producing the outcomes that the organisation requires. Talented employees have good employment opportunities, the more skilled the employees are, the bigger the demand for their services. The workforce is not growing as fast as it used to, it will cost an organisation more money and time to replace an employee (Howatt, n.d; Paull et al., 2009). As De Cieri,
Kramar., Noe., Hollenbeck., Gerhart., & Wright (2009, p. 640) point out it is well recognised that HRM strategies are able to influence the development and retention of employees.

Recognising employees’ contributions will lead to increased retention, if employees feel valued by the organisation this will help them in turn to work in a positive environment (McKeown, 2002; Paull et al., 2009). Organisations should know how to utilise their existing personnel resources, take note of the experience, skills and ambition of current employees (Caye et al., 2008; Syren, n.d). Current employees are the most valuable organisational resource and it is very important to get out and be visible among them (Caye et al., 2008; Samad, 2004). The organisation should not underestimate the power of simple recognition in retaining helpful employees. For example, rewarding employees and recognising their contributions to organisational success by organising a monthly recognition luncheon, or putting their names in the employee newsletter (Caye et al., 2008; Paull et al., 2009; Syren, n.d).

2.5 HRM in Laos

Lao culture is characterised by collectivised values, and it also values social duty and obligation loyalty. Respect for authority is highly likely to have a critical influence on managing employees in any organisation (Quang & Thavisay, 1999). The tradition of collectivism, and the ideal of focusing on hierarchy and low individualism have influenced Laos for decades. HRM in Laos has many points similar to Thai HRM because both countries share similar languages and cultures, and are overwhelmingly Buddhist countries. Lao and Thai culture, for instance, places heavy reliance on social networks, paternalistic management, deference to authority and concern for harmony and face, this has continued to play a significant part in Lao organisations (Budhwar, 2004; C. Rowley & Benson, 2004). The employees do not have chances to contribute their suggestions and opinions on the organisational business and the relationship between an employer and employee is based on loyalty and trust (Budhwar, 2004). However, since Laos emerged into the free market in the very early 1990s, and more foreign direct investment is coming into Laos, the management system has gradually changed.

There is a trend in HRM in Laos to move slightly further away from a traditional management style, labour relations, compensation and employees’ benefits, and expand its administration to other critical areas (Quang & Thavisay, 1999). HRM is increasingly involved in both the management and strategic planning process of the organisation. A reason for this trend is that
the organisational environment has become much more various and complex. Diversity in the workforce includes many factors, for instance, sex, race, age and religion and this presents challenges for all managers. Another challenge is changes in government requirements, organisational structures, technology, and management solutions. These will have a powerful impact on HR managers.

**Table 1: Shows the fundamental difference between HRM in Laos and HRM in Western context**

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<td>Cultural approach</td>
<td>Collectivism</td>
<td>Individualism</td>
</tr>
<tr>
<td>Working environment</td>
<td>Less variety</td>
<td>More variety</td>
</tr>
<tr>
<td>Influences in HRM</td>
<td>Promote employees to obtain the same ideas</td>
<td>Promote employees to create a new and different ideas</td>
</tr>
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<td></td>
<td>High hierarchy</td>
<td>Low hierarchy</td>
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<td>Indirect communication</td>
<td>Direct communication</td>
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Chapter 3
Research Methodology

3.1 Introduction

This chapter outlines the method of data collection employed in this research and the rationale behind it. Different research method characteristics are discussed in making the decision about which methods are best suited for this study. There is a summary of the approach chosen for collecting the appropriate data required to answer the research question and sub-questions mentioned in Chapter 1. This chapter describes the quantitative approach, qualitative approach and secondary data in relation to the overall research objective. It also describes the data collection employed in this research, including the questionnaire and in depth interviews. The final section of this chapter will briefly discuss the procedure of data analysis, research limitations and finally ethical implications.

3.2 Quantitative approach

When making an initial decision to undertake research, it is very important to begin with a clear idea of which methodology is going to be used. This step helps researchers to design the research in a specific way so that the requisite data can be gathered and analysed in order to meet its purpose (Sekaran & Bougie, 2010). Collis & Hussey (2009) states that when researchers start to think about their research methodology they need to think about the differences between qualitative and quantitative research. Neither qualitative nor quantitative research methodology is necessarily better than the other, for they each have their own strengths and weaknesses. When we choose a particular methodology, we should therefore be able to identify what these strengths and weaknesses are (Delahaye, 2005; Sekaran & Bougie, 2010).

According to Collis & Hussey (2009, p. 7) “a quantitative approach is objective in nature and concentrates on identifying the meaning of phenomena”. Thus, a quantitative approach involves collecting and analysing numerical data and applying statistical tests to extract meaning from that data. Some researchers avoid taking a quantitative approach because they find that it is more
complicated to begin with, but in the later stages of the research it is easier to conduct an analysis and write up the research because the quantitative approach has a good structure (Collis & Hussey, 2009). As pointed out by Saunders, Lewis, & Thornhill (2009) quantitative research generates statistics through large scale survey research using methods such as questionnaires or structured interviews. In other words, a quantitative approach allows a wider scope of study, including a greater number of subjects as well as enabling a stronger generalisation of results.

A quantitative approach implies the use of large samples that will provide an adequate number of responses to make sure there is sufficient data in order to find out workable solutions to business problems. Furthermore, the quantitative approach is also a very common method for collecting and collating data on human characteristics, and is therefore a favoured methodology among social scientists (Delahaye, 2005; Sekaran & Bougie, 2010). For the proposed research, large samples taken from staff at different banks and financial institutions nationwide can assist in confirming the major reasons for HRM deficiencies in the financial sector at the management level, and establishing the nature of relationship between HRM and organisational performance.

A written questionnaire is the most widely used data collection method in quantitative research. The questionnaire should be designed for ease of respondent use, and the explanations of what the respondent is required to do should be clear and easy to understand. Furthermore, the period of time needed to complete questionnaires should not be long, otherwise respondents may lose interest in later questions. Research objectives must be strongly connected to the questionnaire to enable effective data collection, analysis, and evaluation (Collis & Hussey, 2009; Creswell, 2003).

### 3.3 Qualitative approach

Sekaran & Bougie (2010) suggest that qualitative research methods focus primarily on the kind of evidence that people tell you and what they do, that will enable you to understand the meaning of what is going on. Their greatest strength is that they can illuminate issues and turn up possible explanations: essentially a search for meaning. Saunders, Lewis, & Thornhill (2009) also support this view, stating that qualitative research is conducted through an intense and/or prolonged contact with a ‘field’ or life situation. These situations are typically ‘banal’ or normal, reflective of the everyday life of individuals, groups, societies and organisations.
Saunders, Lewis, & Thornhill go on to say that the strength of qualitative data is that it focuses on naturally occurring, ordinary events in natural settings, so that we have a strong handle on what real life is like. They add that the strength of qualitative data is their richness and holism, with strong potential for revealing a complex emphasis on people’s lived experience (Saunders et al., 2009).

There is a common belief that qualitative research focuses on problem insight, and that it provides a deeper understanding of social and environmental phenomena. Qualitative research can get closer to interviewees’ views by applying a more detailed form of questioning (Delahaye, 2005; Ghauri & Gronhaug, 2005).

A qualitative approach will be useful in this research in order to explore the underlying reasons behind the business problem being researched. In-depth interviews with employees at senior level will be conducted, including HR managers in local financial services companies, managers in the banking industry, and senior staff in foreign direct investment companies. This kind of methodology will ensure that the problems and questions can be explored in depth before the design of a confirmatory questionnaire interview.

The main reason to conduct this type of in-depth interview is that human resource managers in the main financial institutions are best placed to understand the impacts of management skill deficiencies, for they are able to evaluate these problems through their real-life working experiences. This approach will help the research to explore more in detail how financial employees contribute to their organisations, and will enable a deeper understanding of what is expected from financial staff at management level in order to make their organisations more successful (Delahaye, 2005).

3.4 Secondary data

According to Saunders, Lewis & Thornhill (2009) secondary data includes both quantitative and qualitative data and they are used principally in both descriptive and explanatory research. Secondary data has three main subgroups that are identified as documentary data, survey-based data, and data compiled from multiple sources.

The use of secondary data has both positive and negative sides, with the main advantage being a massive saving in both time and money resources. It is obviously much less expensive to use secondary data than to collect the data yourself, and many data collected by government survey
and respected international organisations will be useful and reliable for researchers. This in turn allows researchers more time to think about aims, issues, data analysis and data interpretation (Saunders et al., 2009). However, using secondary data also has disadvantages, for example it may have been collected for a purpose that does not fit the needs of the current research. Moreover, to access secondary data might be difficult in instances where they have been collected for commercial purpose (Saunders et al., 2009).

There is some useful secondary data in Laos collected by the United Nations Development Program, international organisations, and the Lao government, and this data will help make this research easier both in terms of time and money. For example, some data can be accessed via the website http://www.undplao.org.

3.5 Questionnaires

A well-designed questionnaire is very important to encouraging respondents to participate fully and honestly as well as for collecting accurate and useful data. To achieve that aim a questionnaire should be designed carefully by ensuring that barriers, for example, whether respondents interpret the questions as intended, are overcome before conducting the questionnaire (Delahaye, 2005; J. Rowley, 2003). The structure of the questionnaire should be carefully thought through and laid out in a simple form, with use of clear and commonly understood language so that it can be understood by a target respondent (Delahaye, 2005; Sekaran & Bougie, 2010). Furthermore the questionnaire should strongly connect to the research objectives and the questions should cover the issues in order to collect and analyse the data (Sekaran & Bougie, 2010).

Following Collis and Hussey (2009) the questionnaire will be divided into three parts, moving from the easiest to the most difficult, and will therefore begin with the demographic questions, continue on into the knowledge questions, and conclude with the attitude questions. In this research, the questionnaire includes 22 questions and it is divided into two sections, background information and opinions on HRM in organisations, and two open ended questions (see Appendix 2).

The background information focuses on each employee’s age, gender, position, education achievement, working experience and organisations. Another main part of the questionnaire is opinions on HRM in their own organisation; this part concentrates on views of employees
towards organisations. This section begins with question about whether the term of HRM is familiar to them, what the function of the HR department is, and the reasons why Laos has shortages of HR managers in the financial sector. Next they are asked whether HRM plays an important part in organisations’ outcomes and which HRM model, between Lao and western model should organisations in Laos implement in order to retain and recruit key employees. The last two questions are open-ended questions to find out from employees what specific challenges HRM face in their organisations. The overall purpose of the questionnaire is to gather employees’ opinions from different banks and different perspectives towards HRM in order to meet the primary objectives of the research.

3.6 Interviews

An interview is a focused debate among two or more people and using the interview in research can assist the researcher to gather valid and reliable data pertinent to the research questions and objectives (Saunders et al., 2009). Interviews focus on qualitative research in a specific field and they are concentrated on investigating interviewees’ perspectives. This can support the research aim in a more useful way compared to using only a questionnaire (Bryman & Cassell, 2006). It is significant to consider what types of interviews, for example, semi structured, structured, in-depth or group interviews to implement for the research in order to effectively answer the research questions and objectives (Saunders et al., 2009; Stokes & Bergin, 2006). In-depth interviews will be employed in this research, because its functions give the interviewees the opportunity to talk freely about the issues, behaviours and beliefs in relevant to the topic (Saunders et al., 2009).

In finding out the impact of shortages of HR at managerial level in the financial sector of the Lao economy, in-depth interviews within qualitative approach should bring positive outcomes. Although in-depth interviews have a different structure for instance, compared to structured interviews that have a predetermined list of questions to work through, the researcher has a clear idea about features that the researcher wants to discover (Saunders et al., 2009). The HR managers and deputy managers are the interviewees for this research because these people can deeply understand the issues regarding their working positions and number of years of experience in the HR profession. The interviews focus on HR functions, performance management in the banks, some key challenges the banks have faced in recent years since the
country has emerged to the free market, and what type of HRM models should be implement in the organisations in order to retain and recruit HR (see Appendix 1).

3.7 Sample selection

The scope of this research focuses on HRM in the financial sector and the shortages of HR at managerial level in Laos. The banking sector plays an important part in the Lao economy and therefore, the survey was conducted on a sample frame population of the leading banks in Laos. After several contacts to the banks in Laos, the researcher received permission to conduct the questionnaire and in-depth interviews in three banks in Laos, one is a locally state owned bank, the second is a joint venture bank between Laos and Vietnam, and the third a foreign direct investment bank. The target population of banking employees, HR department, administration and tellers were chosen in order to collect their views and opinions to support the research study.

The sampling technique for this research is representative sampling and thus offers the entire population of employees an equal opportunity to get involved. Another reason for choosing representative sampling is that it is commonly used for surveys and allows for statistical analysis and summarised characteristics of the population from the sample (Saunders et al., 2009). The key selection and participation condition for this study was respondents who work in the banks. As of 10 October 2010, the total number of banking employees in the three banks was 626. It was believed this sample size was sufficient for this study purpose as Leedy and Ormord (2005) point out that the larger the population, the smaller the percentage required to have a representative sample.

3.8 Pilot study

It was very useful to conduct the pilot study because it provided opportunities to examine every single aspect of the survey, for example, grammar, wording, and translation. De Vaus (2002) states that the wording in a questionnaire can have a big impact on the results of a study. Before conducting the survey, 7 fellow students who had not seen this survey instrument before were invited to be involved in the pilot study. These fellow students were asked to give constructive feedback on the questionnaire in terms of amount of time taken to complete, clarity, spelling
mistakes and general ideas on how the instructions could be enhanced. According to Delahaye (2005) a questionnaire should be tested with an appropriate sample of respondents who come from the target population or who are closely similar to the target population in order to get the wording of the questions clear and understandable.

After finishing translating the questionnaire and in-depth interview questions into Lao the researcher also conducted a pilot study in Laos. Six banking employees who worked in the Indochina Bank in Laos were invited to be involved in this study. Before distributing the questionnaire of the survey these employees were asked to give constructive feedback on translation in order to avoid losing any concepts in translation.

After finishing the pilot, constructive feedback was received from the respondents for instance, removing some complicated words and reducing some questions down because it took them over 15 minutes to complete the questionnaire. Based on pilot respondents feedback, some points were made in order to minimise problems, non-response bias and ambiguities and issues, such as a particular question in the questionnaire had a large number of non-responses which can impact on participant response rate and representation (Collis & Hussey, 2009; Leedy & Ormrod, 2005).

3.9 Data collection

The primary data collection for this project was gathered in Laos, obviously a considerable distance from New Zealand, and a country in which not many local people speak English. The initial quantitative process therefore featured a bilingual questionnaire in which questions are firstly presented in the Lao language before an English version is supplied on the following line.

Before the process of the questionnaire survey distribution and in-depth interviews, the researcher initially contacted the Bank of Lao Foreign Trade, Lao-Viet Bank and ANZ Bank in Laos by email and the researcher also followed up the process in order to help conduct the research study. These organisations accepted the researcher’s suggestion and agreed the researcher can conduct the research study in their organisations (see Appendix 6). The researcher went to Laos and distributed 66 copies in total of the questionnaire and held 3 in-depth interviews in those banks.
At this stage the questionnaire was hand delivered by the researcher to every 10th administrative staff member on the payroll database who worked in HR Department, tellers and marketing department in the Bank of Laos Foreign Trade, Lao-Viet Bank and ANZ Bank in Laos. Following the questionnaire stage, the researcher asked 3 respondents who are senior employees to indicate whether they were willing to take part in a follow-up face-to-face interview. For the respondents who indicated their availability for a follow-up interview, a date was arranged for a face-to-face conversation on site in Laos. Appointments were made with only 3 staff members in senior and influential positions, in terms of their position in the organization, period of time working in organisation and their responsibilities in HR, or in other words, the appointment was made only with HR managers. The main reasons for conducting three in-depth interviews were to find out their reactions, their attitudes to HR, and to go deeper inside the issues.

3.9.1 Questionnaire data collection

The questionnaires were collected by the researcher on 24 November, 26 November and 30 November in the banks of Lao Foreign Trade, Lao Viet bank and ANZ bank in Laos respectively.

The reasons for choosing these organisations are Bank of Lao Foreign Trade is the biggest state owned bank enterprise and also the leading bank in Laos, having over 420 employees. Lao-Viet Bank is a joint venture bank between Laos and Vietnam and it has branches both in Laos and Vietnam with over 130 employees. ANZ Bank in Laos employs more than 106 staff and it is a foreign direct investment bank.

Before the process of questionnaire survey distribution, the researcher organised the process with HR managers of these banks to use every tenth worker on their database on different days to get 42, 13 and 11 from the Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos respectively, in order to get respondents randomly selected. HR managers in each bank organised a small meeting room for respondents to complete the questionnaire. In the meeting room, the HR managers also introduced the researcher to respondents and the researcher explained the objectives for conducting the questionnaire to respondents. Just before the respondents started to answer the questionnaire the researcher also confirmed that they were voluntarily completing the questionnaire and they did not need to complete the questionnaire if they did not wish to. The respondents were neither identified by names nor by payroll numbers, in the questionnaire sheet.
The respondents were told they did not have further responsibility for any information they have written down. After explaining about the objectives of the questionnaire the researcher and HR manager left the meeting room and gave the correspondents time to finish the questionnaire independently then to put in the supplied box. The researcher collected the questionnaires in the final stage.

3.9.2 Interview data collection

The researcher visited the HR managers in three banks to conduct three pre-arranged interviews. The interviews took about 40 to 60 minutes for each interview with the HR manager from the three banks. The researcher asked the HR managers 13 main questions during the interview. Two interviews were recorded while the one HR manager did not feel comfortable to make audio recording while the interview was in progress and preferred the researcher take notes. The entire interview process was conducted with confidentiality and in a highly respectful way from both sides. After finishing the interviews both parties still carried on some discussion on HR issues, this shows that the HR managers were interested in these issues.

3.10 Data analysis

A quantitative methodology was utilised to analyse the all completed questionnaires and responses data from the survey was entered into a programme called Statistical Package for Social Science (SPSS). This programme utilises quantitative analysis in terms to manage, analyse and present the data. The researcher chose this program because of its useful functions in analysing large amounts of quantitative data and it also facilitated the researcher to carry out several statistical tests precisely and swiftly. For example, presenting graphs, tables and charts. Graphical presentation is a helpful technique for presenting basic descriptive statistical data that will helps readers understand the entire survey more easily. The researcher used a descriptive method to analyse the survey results, for instance, frequency distributions, standard deviations and mean in order to examine the data in more detail.
**Interviews**

The interviews, which are a part of the qualitative aspect of the research, were audio recorded, and the researcher used both Sony USB and Sony IC Recorders. The reason for using both types of equipment was to prevent unexpected technical problems. When the researcher finished each interview it was transcribed into written content as soon as possible, this helped the researcher recall all important points during the interview. It then was translated from Lao into English by the researcher. After analysing the three interviews, the researcher identified common concepts and grouped the data together.

**3.11 Ethical considerations**

A description of the research project and a completed application (Form A) were submitted to the Unitec Research Ethics Committee (UREC), New Zealand and approval was obtained, for the period of time from 18 November 2010 to 17 November 2011. The file number of this application is 2010-1122. The Bank of Lao Foreign Trade, Lao-Viet Bank and ANZ in Laos allowed the researcher to conduct the questionnaire survey and the in-depth interviews in their respective banks (see Appendix 6).

The application for the UREC included a completed application Form A. It included fundamental information about who the researcher was, specific detail of the research project, the aim and objectives of project study, detail of participants, how the data was to be collected and stored. The researcher also attached some documents–questionnaire, interview questions, and the granted permission letters from the three banks in order to conduct the study.

Participant consent forms (interviewees), information for potential participants for the interviews, information for potential participants for the questionnaire, were required for this research study (see appendix 3). These consent forms also informed clearly that the data collected would be stored securely, confidentially and only used for this study, no participant personal contact detail were asked for. In the final paragraph of the consent forms the respondents were informed that if they had any queries or concerns regarding the nature of the conducting of the survey to contact the researcher, UREC Secretary, or the researcher supervisors directly. During the research project conducted from 20 November 2010 to 19 December 2010, no issues arose, nor were comments made by any of the participants.
3.12 Summary

Chapter three defined and discussed the methodological approach taken for this research project with the rationale of discovering what is best suited to answering the research questions. After reviewing various methodologies the researcher decided to combine a quantitative approach, using a survey questionnaire and a qualitative approach using in-depth interview as they were most appropriate to answer the research questions.

The questionnaire design chosen for this study was assessed, then it was piloted and adjustments were made before being distributed. This research project involved human subjects and it was necessary to ask permission for ethics approval. After submitting the ethic application form to the Unitec Research Ethics Committee approval was granted. SPSS was employed as the main tool for data collection and technical analysis in this research project. Of the total population of 656 banking employees in the three banks 66 employees were selected as the representative sample for this research study.

The following chapter presents the research results and overview of relevant data collected and analysed by using a combination of qualitative and quantitative methods.
Chapter 4

Findings

4.1 Introduction

This chapter provides a description and analysis of the data that was collected in this research study. The purpose of this study is to collect data in order to identify and develop a practical model for human resource recruitment and retention at senior management level in the Laos financial services industry. The chapter is divided into two sections; the first section presents the research results and findings of the study project based on three in-depth interviews with the HR managers from three banks: Bank of Lao Foreign Trade, Lao Viet bank and ANZ bank in Laos. These interviews with the HR managers not only helped the researcher to answer the sub-questions but also discovered their perspectives and attitudes concerning their banks’ HRM practices. Their answers to the sub-questions included both similar and different opinions on HRM and are grouped in tables 1 and 2 at the end of this chapter.

The following section presents the completed questionnaire that explored the opinions of HRM employees from the three banks. A total of 66 copies of the questionnaire were distributed to the three banks, but only 59 copies of the questionnaire were returned. A number of questions in the beginning section of the questionnaire survey asked about individual demographic characteristics of the respondents and the position they held. Individual demographics included gender, job titles, the highest education achievement and number of years of working experience. These data are displayed in tables, graphs and bar charts.

4.2 Interviews

The section of this survey was concerned with HRM practices and asked a set of 13 lead questions that were all of a closed ended nature and required in-depth description. The questions were designed to explore participants’ understanding of basic concepts of HRM, current
practices in HRM process, specific challenges HRM faces, comparing Lao HRM with other countries and what kind of HR model would be more suitable for the financial sector in Laos.

4.2.1 Respondent 1: Bank of Lao Foreign Trade

Main question
When you hear the words ‘human resources’ what does that conjure up for you? Image, associations, meanings?

Response from the respondent
HR means how to manage and treat employees in working places.

Main question
What do you think about the role of the HR department in your organisation?

a) Do you think HRM practices are new for the organisation?

b) Do you agree that your organisation practices full functions of HRM?

c) Do the line managers and the CEO regard the role of HR important in the success of the organisation?

Response from the respondent
HRM plays an important role in the organisation.

a) No, it does not

b) No, I don’t agree with that, we don’t have qualified human resource managers and we also have a shortage of human resources.

c) Yes, the CEO sees that the HRM plays a fundamental part in the success of the bank.

Main question
What do you think were the challenges your organisation has faced in terms of HR in recent years since the country has opened its doors to the free market?

Response from the respondent.
Our bank has good policies on employees compared to other banks in the country, Laos and lots of employees prefer to stay, however there were some key employees who left for other banks for better working conditions.
Main question

Laos gets much foreign direct investment coming to Laos, for example in the banking, insurance and finance sectors that will challenge your organisation in terms of recruitment and retention.

a) Can your organisation come up with specific strategies in order to recruit enough qualified managers to meet the organisation’s requirements? (Are there specific strategies that your organisation has put together, to recruit qualified managers to meet the organisation’s requirement?)

b) Do you have any strategy to retain the key managers in your organisation? (Can you please elaborate on any retention strategies that you have in place for the key managers in your organisation?)

Response from the respondent

We have no problems in terms of recruitment and retention.

a) In our bank we do not recruit qualified managers we only recruit technical staff and train them from the beginning.

b) We have a good policy to maintain key staff in our bank which is a fair policy.

Main question

Are you satisfied with your employees’ educational level and their competence?

Response from the respondent

No, I am not

Main question

Does your organisation arrange training for the employees?

Response from the respondent

Yes, it does.

We asked some organisations to organise training for our staff and sometimes we asked overseas companies to organise the training.

Main question
Does your organisation send key managers to be trained overseas in developed countries? If so, how often? (If so, how often and in what areas would the organisation emphasise on?)

Response from the respondent

Yes, it does

We sent some technical staff to be trained in Thailand, Vietnam and Singapore. We focused on an international task, swift, money transfer and IT.

Main question

Do you think your organisation has enough senior managers who can make good decisions?

Response from the respondent

Yes, I do but sometimes the senior managers cannot make good decisions.

Main question

Do you think HR managers play an important role in organisational performance?

Response from the respondent

Yes, I do because HR managers can understand employees better compared to other departments.

Main question

What are your long-term expectations for HRM in your organisation?

Response from the respondent

I personally would like to enhance all weak points and make HRM be better compared to the present time.

Main question

What do you think about HR in Laos compared to neighbouring countries or the Western style?

Response from the respondent

I think the Western style of HR system is much more organised and they are more experienced.

Main question

What practical model of HRM do you think your organisation should follow in order to achieve high performance? For example, traditional Lao HRM practices which focuses on hierarchy and
bureaucracy or Western HRM practices that focuses on communication, participation as well as involvement of its employees.

Response from the respondent

It is hard to tell but I prefer to implement a combination of the traditional Lao HRM practices and the Western HRM practices.

Main question

What specific challenges do you think HRM faces in your organisation while the country is rapidly expanding its economy?

Response from the respondent

We cannot train enough new staff to replace the old staff. We have expanded our business recently but we have a shortage of qualified employees who can fill important gaps.

The main reasons why we do not have enough qualified employees in management levels is that we only recruit those positions in our bank.

4.2.2. Respondent 2: Lao Viet Bank

Main question

When you hear the words ‘human resources’ what does that conjure up for you? Image, associations, meanings?

Response from the respondent

Managing, training people and exploring are most the advantage from employees.

Main question

What do you think about the role of the HR department in your organisation?

   a) Do you think HRM practices are new for the organisation?
   b) Do you agree that your organisation practices full functions of HRM?
   c) Do the line managers and the CEO regard the role of HR important in the success of the organisation?

Response from the respondent
HR department is a very important part in the bank.

a) It is not new for our bank.

b) I do not think our bank practises the full functions of the HRM, we have a shortage of qualified HR managers.

c) The CEO sees that the HR department plays an important role in the success of the bank.

**Main question**

What do you think were the challenges your organisation has faced in terms of HR in recent years since the country has opened its doors to the free market?

**Response from the respondent**

We have faced some difficulties in recent years in terms of finding qualified employees because Lao society still has a strong nepotism. It, therefore, is hard to find and maintain key staff. Some key employees have moved to better working places.

**Main question**

Laos gets much foreign direct investment coming to Laos, for example in the banking, insurance and finance sectors that will challenge your organisation in terms of recruitment and retention.

a) Can your organisation come up with specific strategies in order to recruit enough qualified managers to meet the organisation’s requirements? (Are there specific strategies that your organisation has put together, to recruit qualified managers to meet the organisation’s requirement?)

b) Do you have any strategy to retain the key managers in your organisation? (Can you please elaborate on any retention strategies that you have in place for the key managers in your organisation?)

**Response from the respondent**

a) We only train our staff to replace senior employees in our bank. We have not recruited qualified managers from outside our bank.

b) We tried to provide fair policy for employees in order to retain them.

**Main question**

Are you satisfied with your employees’ educational level and their competence?

**Response from the respondent**
At some level, but not overall.

Main question
Does your organisation arrange training for the employees?

Response from the respondent
Yes, it does

Main question
Does your organisation send key managers to be trained overseas in developed countries? If so, how often? (If so, how often and in what areas would the organisation emphasise on?)

Response from the respondent
We always send our employees to be trained in Vietnam and sometimes we invite lecturers from Vietnam to train them in Laos.

Main question
Do you think your organisation has enough senior managers who can make good decisions?

1. Do you think HR managers play an important role in organisational performance?

2. What are your long-term expectations for HRM in your organisation?

Response from the respondent
Yes, I do. Sometimes they make good decisions. I can say that the managers have improved themselves as it can be seen from the outcomes of the bank.

Yes, HR manager plays an important role in the bank performance.

The long-term expectations for HRM in the bank should be focused more on improving employee competence.

Main question
What do you think about HR in Laos compared to neighbouring countries or the Western style?

Response from the respondent
I think HR in Laos is using traditional style rather than the modern one. It will take a long time to implement the Western style of HR.

Main question
What practical model of HRM do you think your organisation should follow in order to achieve high performance? For example, traditional Lao HRM practices which focuses on hierarchy and bureaucracy, or Western HRM practices which focuses on communication, participation as well as involvement of its employees.

**Response from the respondent.**

I think we should implement the Western HRM practices which work well in many countries.

**Main question**

What specific challenges do you think HRM faces in your organisation while the country is rapidly expanding its economy?

**Response from the respondent**

We have faced some difficulties in terms of maintaining key staff who often look for better work places.

4.2.3 **Respondent 3: ANZ Bank in Laos**

**Main question**

When you hear the words ‘human resources’ what does that conjure up for you? Image, associations, meanings?

**Response from the respondent**

I think about staff, people policies, pay, compensation and benefits.

**Main question**

What do you think about the role of the HR department in your organisation?

a) Do you think HRM practices are new for the organisation?

b) Do you agree that your organisation practice full functions of HRM?

c) Do the line managers and the CEO regard the role of HR important in the success of the organisation?

**Response from the respondent**
The HR Department is like the other departments, units in organisation. When I first started working in this bank, people called HR as people capital but now we have changed it back to HR.

Within a great ANZ definitely, I think it is big comprehensive packages and we practise the full functions of HRM, however, there are some local levels which we might not practise some functions.

I agree that the line manager and the CEO see the important role of HR in the success of the bank.

**Main question**

What do you think were the challenges your organisation has faced in terms of HR in recent years since the country has opened its doors to the free market?

**Response from the respondent**

We are talking about financial and banking sector in Laos, it is crowned between 23 to 24 banks and the country has only around 7 million people. Competitions for staff, retention high performance and sometimes even medium to low performance is necessary because we do not have enough key staff and led to a war for talent.

**Main question**

Laos gets much foreign direct investment coming to Laos, for example in the banking, insurance and finance sectors that will challenge your organisation in terms of recruitment and retention.

a) Can your organisation come up with specific strategies in order to recruit enough qualified managers to meet the organisation’s requirements? (Are there specific strategies that your organisation has put together, to recruit qualified managers to meet the organisation’s requirement?)

b) Do you have any strategy to retain the key managers in your organisation? (Can you please elaborate on any retention strategies that you have in place for the key managers in your organisation?)

**Response from the respondent**

I think we have some mechanism for improving while we have credit in the past which we have been doing I think there are overall talent pool within the past which was quite limited, but you know then people get education from overseas countries not only in Laos and they come back
and re-enter the market. So it is not stagnant market place for talent, it is about how to set an expectation about what kind of staff you are targeting, have a place framework around finding individual, interesting to work for. Then you need to understand the local culture.

**Main question**

Are you satisfied with your employees’ educational level and their competence?

**Response from the respondent**

In Laos, we would say definitely not

**Main question**

Does your organisation arrange training for the employees?

**Response from the respondent**

Yes, it does

**Main question**

Does your organisation send key managers to be trained overseas in developed countries? If so, how often? (If so, how often and in what areas would the organisation emphasise on?)

**Response from the respondent**

Yes, it can depend on those factors what courses are on, part of people development. Targeting on specific common at somewhere.

**Main question**

Do you think your organisation has enough senior managers who can make good decisions?

**Response from the respondent**

Can I say yes or no. I think we do have quite a few that they can and do so but that independent problems solving initiative should be developed further.

**Main question**

Do you think HR managers play an important role in organisational performance?

**Response from the respondent**

Yes, they do
What are your long-term expectations for HRM in your organisation?

Response from the respondent

To provide value to the bank to help the bank to reach its goals, right now its goal is to become a super regional bank.

Main question

What do you think about HR in Laos compared to neighbouring countries or the Western style?

Response from the respondent

I would not necessarily think of HR has any differences from any others, may be just along the line like I said before general education level, cultures. I would say probably the talent pool is available here at the moment. I would say to compare with other places where I used to work it is less and that is nothing with HR but in general which I think we have to do with general education level, where the country’s history comes from. It will take years for changing the education system, like from high school.

Main question

What practical model of HRM do you think your organisation should follow in order to achieve high performance? For example, traditional Lao HRM practices which focuses on hierarchy and bureaucracy, or Western HRM practices which focuses on communication, participation as well as involvement of its employees.

Response from the respondent

I think in banks there is a bunch of hierarchy. You might not like a bunch of yahoo individuals, a hierarchical system which will hamper the development. You do not want to be hampered by hierarchy way in which people do not feel having the power to make decisions to solve problems. Otherwise you cannot address customers’ issues if we implement a bunch of hierarchy.

Main question

What specific challenges do you think HRM has faced in your organisation while the country is rapidly expanding its economy?

Response from the respondent
The war for talent will be the main issue, and hopefully more people come through the education system. I think many students have opportunities to study overseas through schools and university, they can provide more people with high potential to be groomed.

The following tables summarise main similarities and differences based on the interviews with HR managers in the three banks, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ in Laos.

Table 2: Similarities in these three banks

<table>
<thead>
<tr>
<th>Bank of Lao Foreign Trade</th>
<th>Lao Viet Bank</th>
<th>ANZ in Laos</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM is not new for the bank</td>
<td>HRM is not new for the bank</td>
<td>HRM is not new for the bank</td>
</tr>
<tr>
<td>The bank does not practice full function of HRM.</td>
<td>The bank does not practice full function of HRM.</td>
<td>The bank does not practice full function of HRM.</td>
</tr>
<tr>
<td>The line managers and CEO see the role of HR department play an important role in the bank success.</td>
<td>The line managers and CEO see the role of HR department play an important role in the bank success.</td>
<td>The line managers and CEO see the role of HR department play an important role in the bank success.</td>
</tr>
<tr>
<td>The HR manager was not really satisfied with the bank employees’ educational level and their competence as well as their motivation.</td>
<td>The HR manager was not really satisfied with the bank employees’ educational level and their competence as well as their motivation.</td>
<td>The HR manager was not really satisfied with the bank employees’ educational level and their competence as well as their motivation.</td>
</tr>
<tr>
<td>The bank often holds training sessions in the bank and sometimes sends some staff to train</td>
<td>The bank often holds training sessions in the bank and sometimes sends some staff to train</td>
<td>The bank often holds training sessions in the bank and sometimes sends some staff to train</td>
</tr>
</tbody>
</table>
overseas countries.
- HR manager plays an important role in banking performance.
- A long term of HRM is to help the bank meets its goals.
- The bank does see HRM as a business partner

overseas countries.
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overseas countries.
- HR manager plays an important role in banking performance.
- A long term of HRM is to help the bank meets its goals.
- The bank does see HRM as a business partner

Table 3: Difference in the banking research

<table>
<thead>
<tr>
<th>Bank of Lao Foreign Trade</th>
<th>Lao Viet Bank</th>
<th>ANZ Bank in Laos</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A traditional Lao practical HRM model and Western HRM model should be combined and implemented in the bank.</td>
<td>• Western HRM model should be implemented in the bank.</td>
<td>• HR manager did not decide clearly which practical HRM model should be implemented but the manager did not like hierarchal and bureaucratic styles.</td>
</tr>
<tr>
<td>• The bank has shortages of key staff to replace in important positions.</td>
<td>• The bank has some difficulties retaining key staff.</td>
<td>The key challenge for the bank is to find skilled employees in the competitive environment.</td>
</tr>
<tr>
<td>• I think the Western HR system is much better organised and experienced compared to Lao HR system.</td>
<td>• I think HR in Laos is using traditional style rather than modern one. It will take a long time for Laos to implement HR Western style.</td>
<td>• I would not necessary to think of HR has any differences from any others, may be just along the line, for example, general education level, cultures.</td>
</tr>
</tbody>
</table>
4.3 Response to questionnaire.

The designed questionnaire includes 22 questions that were divided into two sections. Section one includes six questions that asked respondents about their individual demographic characteristics while section two includes 16 questions that asked respondents about their views on HRM in their organisations. The aim of this questionnaire is to obtain an accurate picture of the respondents’ demographic characteristics, positions, working experience and their opinion on HRM for this project study. A total 66 copies of the questionnaire were distributed in three banks, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos, 42, 14 and 10 respectively. However, only 59 copies of the questionnaire were returned from those banks.

4.3.1 Demographic Data

In this section respondents were asked to identify their general demographic information and the positions that they held in order to enable readers to get an overall picture of the respondents.

Question One.

Question one asked respondents to state their gender. The results of this question are displayed in Figure 1 and reveal the gender ratio in this research study to be 23.7% male and 76.3% female. Figure 1 appears to show a disproportionate representation of female respondents, but it is representative of the three banks gender distribution that comprised 66.5% female and 33.5% male at the time doing the survey.

Figure 3: Gender ratio
Question Two

In this question participants were asked to state their age range in one of four categories; 18-29 years, 30-39 years, 40-49 years and 50-60+ years. The outcomes of this question are displayed in Table 1 and show that the highest frequency of participants is age of between 18 -29. The second highest of frequency of participant is age of between 30 -39. These two group categories accounted for 79.6% of the reported ages and are representative of the average age of respondents of 23.5 years of age.

<table>
<thead>
<tr>
<th>Age range options</th>
<th>Frequency of respondents in age range</th>
<th>Percent of Respondents in age range</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>31</td>
<td>52.5%</td>
</tr>
<tr>
<td>30-39</td>
<td>16</td>
<td>27.1%</td>
</tr>
<tr>
<td>40-49</td>
<td>10</td>
<td>16.9%</td>
</tr>
<tr>
<td>50-60+</td>
<td>2</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Question Three

Question three asked respondents to identify their job titles in one of four ranges, business (line manager), human resource manager, technical employee and other positions. The result of this question are displayed in Figure 2 and presented a summary of title variations and by percentage. The most frequent title was technical employee, 74.6% and the following most common title was others, 13.6% included chief operating officer, sales and marketing capability leader. The remaining titles were the same percentage 5.1% of business (line manager) and HR manager.
In Question Four participants were asked about their highest education achievement within one of four ranges; junior high school, high school, certificate/diploma, undergraduate (bachelors) degree, post graduate degree and other. The results of this question are displayed in Figure 3 and demonstrate that the highest frequency of respondents has an undergraduate degree, 67.8%, with other participates ranging from diploma 23.7%, postgraduate 6.8%, and junior high school 1.7%.
Question five

In the fifth question participants were asked to identify their organisational size within one of four ranges; 1-60 employees, 61-99 employees, 100-499 employees and 500+ employees. The results of this question are displayed in table 2 and as can be seen that the highest frequency of participants from organisation had 500 up employees, 57.6% and following with participants from organisation had 100 – 499 employees, 42.4%.

### Table 5: Organisational size

<table>
<thead>
<tr>
<th>Organisational range options</th>
<th>Percentage of respondents in organisational range</th>
<th>Frequency of respondents in organisation range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-59</td>
<td>none</td>
<td>0</td>
</tr>
<tr>
<td>60-99</td>
<td>none</td>
<td>0</td>
</tr>
<tr>
<td>100-499</td>
<td>42.4%</td>
<td>25</td>
</tr>
<tr>
<td>500+</td>
<td>57.6%</td>
<td>34</td>
</tr>
</tbody>
</table>
Question Six

Question six, the final question of the demographic section of this questionnaire asked participants to identify number of years of experience in their positions within one of four ranges, 0-2 years, 3-5 years, 6-10 years and 10+ were on offer to choose from. The results of this question are displayed in table 3

Table 6: Working experience

<table>
<thead>
<tr>
<th>Number years of working experience</th>
<th>Percentage of respondents in working experience range</th>
<th>Frequency of respondents in working experience range</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>39</td>
<td>23</td>
</tr>
<tr>
<td>3-5</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>6-10</td>
<td>10.2</td>
<td>6</td>
</tr>
<tr>
<td>10+</td>
<td>28.8</td>
<td>17</td>
</tr>
</tbody>
</table>

4.3.2 Questionnaire responses

The questions in this section of the survey are focused on participants’ attitudes towards HRM in their organisations. It consists of 16 questions and two open ended questions. The participants were asked to mark duties of their HR department and what their organisation could do in order to retain and recruit key employees. The participants were also asked to rank, scale and justify their answers and in some questions the participants were encouraged to mark more than one answer.

Question One.

In Question one the participants were asked to identify whether HRM is a familiar term to them. Responses to this question are displayed in Figure 4 and indicated that 92.9% of participants are familiar with HRM term, while only a few participants are not 5.4% and 1.8% do not know.
Question Two.

Question Two asked respondents to tick as many options as they want in order to find out their understanding on HR duties in their organisations, for example, junior recruitment, personal records and payrolls. The results of this question are displayed in Table 4 and indicate that the highest percentage of the respondents believe that HR departments are responsible for rotating staff, the same percentage of junior recruitment and personal records, performance appraisal, organising training and development, 44.1%, 42.4%, 39.0% and 37.3% respectively. All above options are also among highest percentage of respondents chosen. No participants chose for “other” option and the remaining responsibilities are shown below.
Table 7: HR department is responsible for

<table>
<thead>
<tr>
<th>What is human resource (HR) department in your organisation responsible for? (please mark as many as you want)</th>
<th>Frequency of Respondents</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior recruitment</td>
<td>25</td>
<td>42.4%</td>
</tr>
<tr>
<td>Personal records</td>
<td>25</td>
<td>42.4%</td>
</tr>
<tr>
<td>Payrolls</td>
<td>1</td>
<td>1.7%</td>
</tr>
<tr>
<td>Organising training and development</td>
<td>22</td>
<td>37.3%</td>
</tr>
<tr>
<td>Rotating staff</td>
<td>26</td>
<td>44.1%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>14</td>
<td>23.7%</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>23</td>
<td>39.0%</td>
</tr>
<tr>
<td>All above</td>
<td>21</td>
<td>35.6%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>none</td>
<td>0</td>
</tr>
</tbody>
</table>

Question Three.

In Question Three of this research the participants were asked whether Laos has a shortage of HR managers in the financial sector. The results of this question are displayed in Figure 5 and reveal that 55.2% of the respondents understand that Laos has a shortage of HR managers, while only 32.8% and 12% of the respondents stated Laos has not and do not know respectively.

Figure 7: Shortage of HR managers in the financial sector in Laos
Question Four.

Question Four asked respondents some key reasons why Laos has shortages of HR managers in the financial sector. Six options were provided for the respondents to choose from. The results of this question are displayed in Table 5 and revealed that a high percentage, 54.2% of the respondents believe that insufficient educational training is key to the shortage of HR managers followed by 27.1% who believe that there were unqualified lecturers, while 13.6% believe that Laos has a long duration of the war and 13.8% not sure. It is interesting to see one respondent gave “other” as a reason, HRM is new for Laos.

Table 8: Reasons Laos has shortages of HR managers

<table>
<thead>
<tr>
<th>Why Laos has shortages of HR managers in financial sector (you can mark more than one)</th>
<th>Frequency of Respondents</th>
<th>Percent of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long duration of the war</td>
<td>8</td>
<td>13.6%</td>
</tr>
<tr>
<td>Insufficient educational training</td>
<td>32</td>
<td>54.2%</td>
</tr>
<tr>
<td>Unqualified lecturers</td>
<td>16</td>
<td>27.1%</td>
</tr>
<tr>
<td>Long time use of close economic system</td>
<td>5</td>
<td>8.5%</td>
</tr>
<tr>
<td>Not sure</td>
<td>8</td>
<td>13.8%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
<td>5.1%</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>1</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Question Five.

In Question Five the participants were asked to mark how adequate the currently HRM departments is in their workplaces considering its functions, for example, recruitment, selection, training, payrolls, compensation and rewards, performance appraisal, employees’ benefits and health and safety. The results of this question are displayed in Figure 6 and demonstrate that the highest number of participants, 73.2% believe that they currently have adequate HRM department, while 17.9% and 8.9% of participants think that they do not have and do not know respectively.
Question Six

Question Six asked respondents to mark whether their HRM departments play a role in strategic planning of the organisation. The results from this question are displayed in Figure 6 and reveal that 78.9% of respondents consider that their HRM departments play a role in strategic planning of the organisation, while 14% and 7.1% of respondents believe that it does not, and do not know respectively.
Question Seven.

In Question Seven respondents were asked to answer what level of management should be involved in the strategic planning of the organisation. The participants were offered within one of five options, top management, middle management, line management and unit management as well as unit group leader. The participants can mark more than one, the results of this question are displayed in Table 6 and reveal that the highest percentage of respondents, 64.4% and 35.6% think that middle management and the top management should be involved in the strategic planning of the organisation respectively, while 18.6% of the respondents believe that line management level also should get involved.

Table 9: Level of management get involved in organisational strategic planning

<table>
<thead>
<tr>
<th>What level of management should be involved in the strategic planning of the organisation (you can mark more than one)</th>
<th>Frequency of Respondents</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>21</td>
<td>35.6%</td>
</tr>
<tr>
<td>Middle management</td>
<td>38</td>
<td>64.4%</td>
</tr>
<tr>
<td>Line management</td>
<td>27</td>
<td>45.8%</td>
</tr>
<tr>
<td>Unit line management</td>
<td>11</td>
<td>18.6%</td>
</tr>
<tr>
<td>Unit group leaders</td>
<td>9</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

Question Eight.

Question Eight asked respondents’ opinions about whether their organisations put outcomes before HRM function. The results from this question are displayed in Figure 7 and reveal that 50.9% of the respondents in this survey believe that their organisations put outcomes before HRM function, while 19.3% and 29.8% of the respondents think no and do not know respectively.
Question Nine.

In this question respondents were asked whether they think top management supports the HRM department organisation to be removed in their organisations. The results from this question are displayed in Figure 8 and demonstrate that 62.1% of the respondents consider top management supports the HRM department organisation to be removed, while 13.8% and 24.1% of the respondents think no and do not know respectively.
Question Ten

Question Ten asked respondents to answer which HRM model they prefer. The participants were offered one of five options, traditional Lao HRM, Western HRM, a combination of both models, not sure and do not know. The results of the question are displayed in Figure 9 and reveal that 59.3% of the respondents preferred to have a combination of traditional Lao and Western HRM model, 15.3% of the respondents preferred traditional Lao HRM model, 13.6% of them preferred Western model while 8.5% and 3.4% of the respondents were not sure and do not know respectively.
Question 11

Question 11 asked respondents their opinions on what their organisations could do to retain key employees. The respondents were offered a range of options, for example, better working conditions, bonus schemes and career development. The results of this question are displayed in Figure 10 and reveal that 27.6% of the respondents believe that better working conditions is the highest percentage following by bonus scheme 20.7%, better salaries 19%, both better benefits such as medical fund and career development including promotion 6.9%, compensation 1.7% and all above options were 8.6%.
Question 12 asked respondents to state where organisations should recruit people from. The respondents were offered one of four options, internally, externally, promotion by promoting within the organisation and other organisations or tertiary institutions. The results of this question are displayed in Figure 11 and reveal that 41.8% of the respondents believe that organisation should recruit people by promoting within the organisation, internally 34.5%, externally 14.5% and other organisations of tertiary institution 9.1%.
Question 13

Question 13 required participants to rate the statements using a scale from 1-5, with 1 indicating a strongly agree, 2 agree, 3 neither agree nor disagree, 4 disagree and 5 indicating strongly disagree. Question 13 was designed to establish the views of respondents on the impact of HRM on organisational performance in achieving organisational goals. Findings from this question are presented in Table 7. Results varied considerably between the statements, when questioned on HRM contributing to business performance 34.0% of the respondents strongly agree, 26% agree and 10% opted for neutral, while 18% and 12% disagree and strongly disagree respectively.

When asked to indicate HRM aligned business to meet its goals, 22.5% strongly agree, 16.3% agree, 26.5% opted for neutral, while 20.4% and 14.3% disagree and strongly disagree respectively. HRM influences board of directions’ decisions, 25.0% of the respondents were strongly agree, 18.8% agree, 19.2% opted for neutral, while 12.5% and 14.6% disagree and strongly disagree respectively. When asked the respondents about the impact of HRM towards developing employees’ skills, 49.0% of the respondents strongly agree, 12.2% agree, 12.2% opted neutral, while 10.2% and 16.3% disagree and strongly disagree respectively.
The respondents were also asked about retaining experienced employees and HRM, the findings revealed that 36.0% of the respondents strongly agree, and 20.0% agree. Eighteen per cent opted neutral, while 8.0% and 18.0% disagree and strongly disagree. The last statement in question 13 had 45.1% of the respondents strongly agree, 15.7% agree, 5.9% opted neutral, while 15.7% and 17.6% disagree and strongly disagree respectively.

**Table 10: The impact of HRM on organizational performance**

<table>
<thead>
<tr>
<th>What do you think is the impact of HRM on your organisational performance in order to achieve organisational goals (Mark one is strongly agree – 5 is strongly disagree)</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributing to business performance</td>
<td>34.0%</td>
<td>26.0%</td>
<td>10%</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td>Meeting business strategy and business goals</td>
<td>22.5%</td>
<td>16.3%</td>
<td>26.5%</td>
<td>20.4%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Influencing board of directors’ decisions</td>
<td>25.0%</td>
<td>18.8%</td>
<td>29.2%</td>
<td>12.5%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Developing employees’ skills</td>
<td>49.0%</td>
<td>12.2%</td>
<td>12.2%</td>
<td>10.2%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Retaining experienced employees</td>
<td>36.0%</td>
<td>20.0%</td>
<td>18.0%</td>
<td>8.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Recruiting key staff</td>
<td>45.1%</td>
<td>15.7%</td>
<td>5.9%</td>
<td>15.7%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

**Question 14**

Question 14 required participants to rate the statement on a scale from 1 to 5, where 1 indicates the most important, 2 is important, 3 neither important nor unimportant, 4 unimportant and 5 the least important. This question was designed to ask the participants to indicate the most important functions that apply to HR in their organisation to enhance retention of key staff. Results varied considerably between the statements and the results of this question as displayed in Table 8. When queried on HRM duty to meet day-to-day functions in their organisations, 28.6% of the respondents stated that this was most important, 14.3% important, 30.6% opted neutral, while 8.2% and 18.4% stated that it was unimportant and the least important respectively.
When the respondents were asked about the HR function on developing employees’ careers, 33.3% agreed this is most important, 15.7% important, 25.5% opted neutral, while 9.8% and 15.7% of the respondents stated that it was unimportant and the least important respectively. The HR function on recognition of employees’ contribution to organisational success got the second highest percentage of the respondents who agree that it was most important, 18.0% important, 14.0% opted neutral, while 12.0% and 10.0% of the respondents stated that it was unimportant and the least important respectively.

Securing compliance with employment regulation as one of the HR functions, 39.1% of respondents agreed that it was the most important, 13.0% important, 15.2% opted neutral, while 13.0% and 19.6% stated that it was unimportant and the least important respectively. The last statement in question 14, improving employees’ competencies to achieve business targets, has the highest percentage of responses – 46.7% most important, 13.3% important, 11.1% opted for neutral, while 6.7% and 22.2% stated that it was unimportant and the least important respectively.

Table 11: HR functions for enhancing key staff retention

<table>
<thead>
<tr>
<th>Table 11: HR functions for enhancing key staff retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please indicate the most important functions that apply for HR in your organisation to enhance retention. Rank the important from 1 for the most important to 5 for least important.</td>
</tr>
<tr>
<td>The most important</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Meeting day to day function in your organisation</td>
</tr>
<tr>
<td>Develop employees’ careers</td>
</tr>
<tr>
<td>Financial reward for employees</td>
</tr>
<tr>
<td>Recognition of employees’ contribution to organisational success</td>
</tr>
<tr>
<td>Secure compliance with employment</td>
</tr>
<tr>
<td>regulation</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Improve employees competencies to achieve business targets</td>
</tr>
</tbody>
</table>

**Question 15 and 16**

Nineteen respondents wrote their comments on the last two open ended questions to express their perspectives and suggestions on what specific challenges HRM faces in their organisations and what do they think about HRM processes in their organisations. Some comments and suggestions overlap between answers to question 15 and 16 and they can be summarised as below:

**Opinions on challenges HRM**

- HR managers do not have adequate knowledge and experience on HRM (7 respondents)
- Some employees who work in the HRM department have no specialised knowledge or qualification on HRM.
- HRM department has difficulties recruiting new employees
- HRM department needs to improve the relationship between HRM department and individual employees.
- Talent attraction and development

**Opinions on HRM processes**

- HRM department sometimes cannot place employees in appropriate positions (2 respondents).
- Nepotism (3 respondents)
- HR managers should pay more attention to communicating with employees and providing them with training opportunities.
- HR managers should be trained in HRM
- HRM department does not often organise training.
- Too many manuals
4.4 Summary

This chapter presented an analysis of the raw data collected through the survey questionnaire and in-depth interviews constructed for this study project. The main part of the analysis of this study includes in-depth interviews and conducting the survey questionnaire, the data was collected from three banks, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos. The interview section, the questions were designed to explore participants’ understanding of basic concepts of HRM and their perspectives towards HRM in their organisations. The questionnaire divided into two parts, part one involves demographics data, while part two of the survey questions are focused on participants’ attitudes towards HRM in their organisations. The collected information and data were also presented in descriptions, figures, tables and graphs.

The findings presented in this chapter are discussed and investigated in more depth in Chapter Five.
Chapter 5

Discussion

5.1 Introduction

Chapter Four presented the findings from collected data and analysed data results. The discussion in Chapter Five is based on the findings of the interviews and questionnaire and is also connected to relevant theories literature review in Chapter Two.

To recap, the purpose of this study has been to investigate and collect data to identify and develop a practical model for HRM processes in order to understand what capabilities are important in achieving the expectations of HRM. The study also may contribute to improving HRM problems in Laos, specifically the management level of the country’s banking and finance systems, and may help to identify improved options in the selection, recruitment, retention, training and development of people with a high degree of commitment, adaptability, and skill. The research question is “Which practical model could be implemented for human resource management to retain senior managers in the Lao financial services industry”

This chapter considers the results of the interviews and survey questionnaire in light of the literature on this issue, and analyses the findings in order to answer the research question and sub-questions that are presented in Chapter One. This Chapter includes two main sections one of which discusses the interviews and the other the questionnaires.

5.2 Discussion of interviews

5.2.1 The importance of HRM practices

At the beginning of each interview the HR manager from the three banks: Lao Foreign Trade Bank; Lao Viet Bank; ANZ Bank, was asked a simple question, for example, “What image and associations come to your mind when you hear the words ‘Human Resources’”. The purpose of this question was to warm up the discussion in order to elicit perspectives on HR. The three HR managers all proffered similar answers. They said HR offers the methods of managing employees in work places, training people and dealing with their competencies. HR also relates
to payment, compensation and benefits. The HR managers viewed the concept of HRM as being about employment relations, performance management, employee motivation and communication between employees and employers. These were perceived as the main HR functions.

All the three HR managers expressed the view that HRM practices were not a new term for their organisations; however, their HRM departments cannot practise the full functions expected of HRM because of lack of capacity and knowledge of modern HRM concepts. Only ANZ Bank gave any further comment about the practice of the full functions of HRM by stating that it depended on organisational size, and the locations of ANZ branches. Despite practising only some HRM functions, their line managers and managing directors still regard the role of HRM as an important factor in the success of organisational performance. It was very interesting to find out during the in-depth interviews that among those responsible for HR functions two of them had a limited general knowledge about the ‘modern’ concept of HRM.

Making HRM more strategic and business-related is still new to Bank of Lao Foreign Trade and Lao Viet Bank. Most traditional Lao organisations understand HRM to be about recruitment and selection, salary administration, training and development and performance appraisal as the main responsibilities, rather than a strategic business partner in the business operations. In sharp contrast, an organisation’s business development is understood to be the main task of the top management of that organisation. According to Dessler (2011) a key point which reflects any kind of development in the organisation is both related to, and undertaken by people. He goes further saying that people are the most important asset an organisation has; thus, HRM plays a critical role in determining organisations’ successes by connecting appropriate people to implement their organisation’s business development.

Managing people effectively is necessarily positive in assisting the banks to achieve high performances; employees undertake activities to influence an organisation’s performance and development. According to the HR manager from Bank of Lao Foreign Trade, that although, the bank has not integrated HR strategy and practices to business in order to create more benefits, the HR manager strongly believes that such a process will bring highly positive outcomes. In this perspective, the HR manager went further, saying that it will take the bank a while to develop a good understanding about HRM strategy and align it with the direction of business development.
Challenges faced by HRM

Recruitment is one challenge HRM departments of the three banks have faced recently. See Figure 5.3 on page 94. The HR managers from Bank of Lao Foreign Trade and Lao Viet Bank said that the banks only recruited internally qualified manager candidates from their own bank. These banks select qualified managers from technical staff who have presented outstanding performance at their positions and have been employed for a long time. However, the HR manager from ANZ Bank said that the bank is new in Laos and therefore, in order to recruit qualified managers to meet the bank’s requirements it is necessary to find external candidates. To attract the right talent to work for ANZ Bank, the bank has to provide reasonable policies based on the local market conditions and understand what candidates need. For example, providing employees with training and development opportunities and better working conditions for employees will be good strategies. The two HR managers went further and commented that the pool of talent is limited in Laos and the bank sometimes has to employ workers because they need a person to fill a certain position, even if that person is not the right person for the job.

This finding supports the ideas of recruitment (New Zealand Management, 2011) that in terms of employing the right talent it is important that the businesses understand their unique offering to candidates in an increasingly competitive market, then effectively promote that unique offering to ensure the reality lives up to the promise. During the recruitment process how candidates are treated will also shape their views of the work environment they may be moving into. An effective selection also contributes to better staff retention because the information gathered at the selection stage is the starting point for an ongoing development programme that will be, after remuneration, the key driver of retention (New Zealand Management, 2011).

Since Laos has opened its doors to the free market, the main challenges the HR departments of Lao Foreign Trade Bank, Lao Viet Bank and ANZ Bank in Laos have faced are retention of key managerial and technical performers. Retention of high performance employees is a primary focus of HR management practice and it becomes more challenging in today’s competitive market. The HR managers stated that most of their employees left for better working conditions and too often, they did not give any warning signs before leaving. The HR manager from ANZ Bank said that the bank has to retain low performance staff because it does not have enough key staff and this leads to ‘a war of talent’. However, Bank of Lao Foreign Trade is in a better position compared to Lao Viet bank and ANZ in Laos in terms of retention. According to the HR manager the bank often improves its policies in order to respond to employees’ changing needs.
The policy includes both monetary rewards and non-monetary rewards in order to help the bank reduce the turnover rate and motivate and retain employees.

This finding supports the idea of retention referred to in a recent New Zealand Herald newspaper article (Hueber, 2011, February 15, ) and emphasises that employers need to come up with new strategies to deal with retention of the best people: for example, employers would need specific types of business talents to enable growth and also keep a low rate of turnover. Hueber goes on to say that if employers do not treat their employees well, the best employees will have lots of options and be the first to leave. Monetary rewards are not always the only option for retaining key staff, employees often consider the experiences they can gain from the non-monetary rewards, such as the organisational culture and the management style, along with thinking about their own long term career outcomes.

**Training and development**

The HR manager from Lao Viet bank was satisfied with the educational level of employees and to varying degrees, their competence, while the respondents from Bank of Lao Foreign Trade and ANZ Bank were not satisfied with their employees’ educational level and their competence. Therefore, training and development were necessary for them to enhance their capabilities in order to meet the business goals. The three banks sometimes arrange training in their premises by inviting specialists from other institutions or from overseas countries as facilitators. However, the three banks also send their staff to train in overseas countries if necessary and this all depends on which areas the banks emphasise. At the Bank of Lao Foreign Trade for example, they have focussed on international tasks, swift money transfer and Internet online banking.

According to Dessler (2011) training and development are crucial for employees, and once employees are on board the employer must train them. Carefully selecting employees alone does not guarantee they will perform effectively; even high-potential employees cannot do their jobs if they do not know what to do or how to do it. HR departments should make sure that employees do know what to do and how to do it in order to achieve this purpose. Thus, the HR managers should design the training programmes; starting from the beginning, such as orientation training, and implement ongoing training programmes. Furthermore, HR managers should make sure that their training programmes are supporting their firms’ strategic goals (Dessler, 2011). From this research study it was found that the HR managers see training and development as being very
important for organisations to achieve business goals and therefore, the banks organise training for their staff when it is necessary.

**Senior managers**

The HR managers of the Bank of Lao Foreign Trade and Lao Viet Bank stated that, although they have sufficient senior managers who can make some good decisions, such managers do not make good decisions on every daily business activity. HR managers from these two banks also gave the further comments that, if they look further at the final processes they could say that the top managers have improved themselves as can be seen from the outcomes of the banks. For example, the benefits to staff within the banks have increased recently. However, the HR manager from ANZ Bank questioned whether they have enough senior managers, but the HR manager thought they do have quite a few that can and do make correct decisions but independent problem solving initiatives should be developed further.

When the HR managers from the three banks were asked about their roles in organisational performance all of them posited that HR managers play an integral role in organisational success through his or her knowledge, particularly about advocacy and people. Such advocacy includes expertise in how to create a work environment in which people will choose to be motivated. The HR manager also contributes to the banks by constantly evaluating the effectiveness of the HR functions. In addition, the HR manager also helps establish the organisational culture, provides employee development opportunities and employee assistance programs. The HR managers went further, saying that in today’s organisations, to guarantee their viability and ability to contribute to the organisational success, HR managers have to think of themselves as strategic partners and assist the organisations to re-examine business plans constantly. According to Moore (2010) it is necessary for HR leaders to be business professionals and an HR specialist must become fluent in the language of business. This means that HR managers have to understand basic concepts of business finance and accounting.

**HR managers’ Expectations**

A long-term expectation of the ANZ Bank HR manager is to provide value to the bank to help the bank to reach its goals. Right now its goal is to become an excellent regional bank. In order to achieve this aim the bank needs to improve its employees’ capabilities. However, Bank of Lao
Foreign Trade and Lao Viet Bank would like to enhance all weak points, for instance, employees’ attitudes, integrating them into their system business development, and changing managerial styles to make HRM better compared to the current situation. This may take a long time, but this can be achieved by organising training for employees.

According to the HR manager of ANZ Bank in Laos, once employees are selected, training and development should be immediately considered to make sure that the employees have the knowledge and skills needed to accomplish their tasks. After the top banking management outlined its visions and objectives the remaining processes were left to the line managers and employees. Thus, the HR manager needs to come up with good strategies to meet the goals and improve employees’ competencies. Working as a team is the best direction in which to move, in order to achieve the business goals. The HR manager explained that the bank had to begin with orientation and training, analysing the bank’s training needs and designing the training programme before implementing and evaluating it.

The HR manager from Bank of Lao Foreign Trade was also interested in the long-term expectations of employees in the bank which concerned HRM; for example, job satisfaction, commitment and engagement, mainly because of the relationship between attitudes and behaviour. She went further, saying that employees who are satisfied with their jobs and who are engaged at work or committed strongly to their employers will tend to be positive and this should lead to higher productivity and organisational performance. However, those whose attitudes are negative, dissatisfied with their jobs, not committed strongly to their employers will tend to be late for work and to place less emphasis on customer satisfaction. The HR manager believed that there is strong connection between outcomes and employee attitudes: for instance, profits, productivity, employee retention and customer loyalty depends on employee attitudes.

It was interesting to hear from the HR manager at Lao Viet Bank about long term expectations for HRM within the bank. The HR managers would like to see the HRM department extended beyond its traditional administration tasks - keeping employees’ records and salary administration - to focussing more on becoming a strategic business partner. If the bank’s HRM practices and strategy can integrate with the business development, this will help the bank achieve consistency in managing employees and improving production effectively and efficiently. The HR manager went further, saying that it will be useful if the bank was able to implement an advanced technology, such as the Intranet, to help the HRM department manage traditional tasks and give HRM more time to work on a business strategy.
HRM in Laos compared to other countries

The respondents from Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank believe that their HR departments still take responsibility for traditional administration, such as, recruitment, selection, keeping personnel records, salary administration, training and development and performance appraisal. These HR departments do not have long term HR plans reflecting the business vision of the banks. The in-depth interviews also found a general lack of knowledge about the ‘modern’ concept of HRM among those who are responsible for this function. This hampers the HRM departments in becoming fully involved in the business vision of the banks.

The perspective of the HR managers of Bank of Lao Foreign Trade and Lao Viet Bank is that Western HRM practices are much more organised and have more experience compared to Lao HRM practices in terms of management. In contrast, the HR manager from ANZ Bank believes that their HR practices are not different to any others, may be just varying because of education level, and cultures. He went further, explaining that ‘Lao HRM model’ and ‘Western HRM model’ just have different emphases due to different education systems and cultural backgrounds. In the Lao ‘HRM model’ organisational culture is the main factor in influencing employees’ behaviour and attitudes. The organisational culture in Lao is created by a large number of workers; hence, such a group of people has the power to influence others as a type of collectivism culture. In contrast to collectivism, ‘Western HRM model’ favour the individual and is more fixed on employees’ new competencies and persuades them to make positive changes in the workplace.

The HR managers of the three banks were asked about what practical model of HRM they would like their organisation to follow in order to achieve high performance by correct recruitment and selection. The options were offered to the HR managers during the interviews to assist the decision. For example, the traditional Lao HRM practices that focus on hierarchy and bureaucracy, or the Western HRM practices that focus on communication and participation as well as involvement of its employees, or a combination of the two practices. The HR managers from Bank of Lao Foreign Trade and ANZ Bank would like to implement a combination of the traditional Lao HRM practices and the Western HRM practices. The two HR managers went further, saying that to implement both HRM practices we need to understand the cultural backgrounds in order to manage diverse employees. The banking policies should also be
carefully designed to suit the local employees’ culture because some Western HRM practices might not work well with a local culture.

The HR manager from Lao Viet Bank would support the bank in implementing Western HRM practices for recruitment and selection if the opportunity arose. The current HRM styles need to change and develop in order to enhance banking performance. She also expected that in the process of changing, the bank might face some challenges in the beginning, but the changes would be effective and bring about positive outcomes. It was interesting to find out during the interview that, the top management level did not fully support the change to a new HRM style, giving some irrelevant reasons such as shortages of employees who have a clear understanding of HRM concepts. In addition, interestingly the top management level lack of knowledge about the ‘modern’ concept of HRM was the main reason for the resistance to change. The HR manager went further, explaining that, the Western HRM practices for recruiting and selection have worked well in many countries and there is no point not to implement it.

See new proposed Lao HRM model in on page 94, Figure: 17.

5.3 Discussion of the questionnaire

5.3.1 HRM practices and policies

In the first question of the survey respondents from the three banks, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ bank in Laos, were asked to identify whether HRM was a familiar term to them. This question was intended as a starting point leading on to other questions about HRM practices and to make sure that the questionnaire began with a simple question. Furthermore, the term ‘personnel department’ was in common use in many organisations in Laos before the term was changed to HRM department and there may be some respondents not familiar with the HRM term. It was interesting that 92.9% of the respondents stated that HRM was a familiar term to them, while 7.1% of the respondents were not familiar. The result shows that HRM concept is not new for the respondents in the three banks and it was also a good sign for finding out the remaining questions.

The majority of the correspondents were familiar with HRM terms and the following question asked them to tick as many options as they wished in order to find out their understanding on HR responsibilities in their workplace. Rotating staff, junior recruitment, personnel records,
performance appraisal as well as organising training and development are the highest percentage of the respondents chosen, while payroll is lowest percentage. The results from the finding shows that most respondents understood HR responsibilities in their organisation and focused more on traditional administration rather than the ‘modern HR’ concept. The concept of the ‘modern HR’ includes institution HR policies and practices that support the companies’ strategic objectives. In a globally competitive business environment, it will be effective for any forms of businesses if their HR departments extend beyond their traditional tasks that include hiring and firing employees and running the payroll administration, to get more involved in business strategies and development.

The respondents were also asked whether Laos has shortage of HR managers in the financial sector and to find out the main reasons that cause Laos lack HR managers. Over half of respondents (55.2%) believed that Laos has a shortage of HR managers in the financial sector, while a small number of respondents understood that Lao does not have a shortage of HR managers. A high percentage (81.3%) of respondents believed that the main reasons for shortages of HR managers are insufficient educational training and unqualified lecturers. The purpose of this question is to examine employees’ perspective on shortages of HR managers in order to support the thesis title that stated Laos has a shortage of HR at management level in the financial sector.

Participants from the three banks were asked to provide perspectives about how adequate the currently HRM departments is in their organisations. The highest percentage of respondents (73.2%) believed that they have an adequate HRM department, while 27.8% thought that their HRM department is in need of improvement. This suggests that their HR departments do well on their own obligations in the banks and also treat their employees appropriately. Having an adequate HRM department is crucial to influence employees’ working attitudes and it is also significant to place employees in the right positions. The HRM department has important responsibilities for any organisation in terms of managerial functions and policies. The employees can benefit from implement their HRM practices and policies. The main tasks of HRM practices involve recruitment, selection, training and development, remuneration, termination, while HRM policies are including health and safety, good working conditions and performance management.

In a study done by Sun, Du Plessis & Beaver (2009) regarding HRM practices in China it was found that in the internationally Chinese owned organisation, 76% of the respondents strongly
agree that their organisation has an effective HRM department; 10% of the respondents agree; 6% of the respondents disagree and 8% strongly disagree. A total of 86% of the respondents think their organisation has an effective HRM department.

Sun, Du Plessis & Beaver (2009) research revealed that HRM practices including recruitment, selection, training and development, remuneration, termination and staff motivation. HRM policies including health and safety, good working conditions, and performance management are implemented completely in organisations. Employees also benefit from utilising their HRM practices and policies effectively.

This study also found that designing HRM practices and policies should consider the cultural background of various employees and the main environment in the market. China has a collectivism culture; a ‘Western HRM model’ to manage Chinese employees as well as accepting and integrating the cultural background in their managerial activity. HRM is dealing with people and their performance, creating an understandable environment is a way to implement HRM practices successfully. From this study it can be deduced that HRM practices play a critical role in the organisational performance and therefore, the local cultural background of employees should be a main factor to be considered carefully before designing HRM practices and policies.

### 5.3.2 HR integration

The respondents from the Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos were asked whether HRM departments play a role in strategic planning of the organisations. The results of the survey revealed that 78.9% of the respondents consider that their departments should have a crucial part in a strategic planning of the banks. From this percentage, it can be seen that the respondents have a good understanding of how important it is for HRM departments to play a role in strategic planning of the banks to obtain the business goals. This finding supports that of Sun, Du Plessis & Beaver, (2009). The joint venture and the locally owned organisation both have 88% of the respondents agreeing that their organisations’ HR strategy is integrated with the business strategy for achieving their organisations’ goals.

As Dessler (2011) posits strategic HRM means formulating and executing HR policies and practices that produce the employee competencies and behaviours that organisations require to
obtain their strategic aims. In the competitive business environment the organisations need to use all their available resources in order to survive and succeed. Therefore, having an effective HRM department is crucial for any forms of businesses to achieve high financial performance because HRM is concerned with a range of possible policies, practices and structure for managing people (Cascio, 2010; Sheehan, 2005).

However, and somewhat surprisingly, the results from the three banks in which the research carried out in-depth interviews with the HR managers, the HR managers all said that HR integration is still new and unfamiliar in Lao organisations based on currently practical responsibilities. They went further, saying that HRM still has a long way to go before achieving the integration of HRM strategy with the organisation’s business strategy. The HRM department does not take part in the organisation’s business level strategy and decision-making. The main responsibilities of the HRM department focus only on basic administration, recruitment and selection of people. It is also worth noting from the HR managers that new HRM concepts are still new for them to implement into practical management. It will be of critical importance if top management can encourage, implement and allow new HRM concepts to be strategic in supporting the organisations’ businesses in achieving their goals. HR integration can bring organisations benefit and provide employees the opportunity to understand their organisations requirements.

5.3.3 Involvement in HR strategies

Question Seven asked respondents to give their opinions about the level at which management should get involved in the strategic planning of the organisation. It is interesting to note that over half of the respondents from the three banks strongly believed that middle management and top management should get involved in the strategic planning of the banks. Being involved in the strategic planning process is vital. It is an opportunity to influence the whole business strategy so that it reflects the business needs. Top managers and middle managers play an important role in the organisational performance. Although top managers do not direct the day-to-day activities of the organisations, they make decisions that can affect the whole organisational performance. The top managers are also responsible for setting goals for the organisations and direct the organisation to achieve them. Middle managers are responsible for carrying out the goals that are
set by top management. Middle managers can also motivate and support first-line managers to attain business objectives and offer suggestions and feedback to managers. In addition, the middle managers are in the best position to provide precious feedback to top managers because their responsibilities are more focused on the day-to-day working of organisations.

Question Eight asked respondents about their opinions on whether their organisations focus on outcomes more than developing HRM practices. There was a small different between respondents who believed that their banks put outcomes before HRM practices and those who did not think so. HRM practices play an important role in these three banks. Good HRM practices are instrumental in helping the banks meet their objectives and enhance effective production. The three banks focus on creating good working conditions for their staff in order to achieve high performance. Having a good working environment is a critical factor for the banks in helping employees to retain their identities and provide for themselves as well as growing along with the banks.

It is interesting to note that, a high percentage of respondents (62.1%) understood that their top management supports the HRM department organisation to be moved into a better working position in the organisation. It can be seen that respondents believed HRM departments play an important role in managing people in any forms of companies and therefore, it is very necessary to get support from the top manager. As Dessler (2011) states HRM is important to all managers because its concepts and techniques relate to helping to hire the right person and reducing high turnover as well as motivating employees to perform their best. He goes further, saying that to manage employees effectively the managing process should include five main functions; planning, organising, staffing, leading and controlling.

5.3.4 HRM’s important role

Recruitment and Retention

Recruitment and retention are important HRM processes and having right people filling the right positions from the beginning will help the organisations save both time and money. It is interesting to note that respondents (41.8%) from the three banks understood that the banks should recruit people from promotion by promoting within the organisation. Retention of high
performance employees is the primary focus of the HRM practices. However, it becomes more challenging for employers in a competitive market today and organisations should provide good working conditions and motivate employees to reduce turnover. Retention is about keeping the employees who are producing the results that the organisation needs (Frank, Finnegan, & Taylor, 2004). With employees being acknowledged as valuable assets and a competitive advantage of organisations employers are facing more challenges in the competitive market environment in not only looking to retain high performance people, but all those employees who are meeting organisational needs (State Training Board, 2007).

Respondents, (48.3%), from this study suggested that better working conditions and bonus schemes are the best methods to retain high performance people. The results show that HR managers have the ability to attract, develop and retain individuals who can contribute the most valuable outcomes to the organisations by providing good working conditions and appropriate remuneration. In question 14 respondents were asked to provide an evaluative rating of the HR functions to enhance retention that apply for HR in their organisations. Respondents from the three banks revealed that in general this is viewed as positive (all the ratings were between strongly agree to neutral). This suggests that all of the aspects; for instance, meeting day-to-day functions in respondents’ organisations, developing employees’ careers, financial reward for employees, recognition of employees’ contribution to organisational success, securing compliance with employment regulation and improving employees competencies to achieve business targets, are key dimensions for enhancing high performance employee retention.

In study done by Pain (2009) recruitment and retention is identified as the most commonly cited priority in the HR function, i.e. to recruit and retain key staff (91.6%). Clearly, HR practitioners in her survey are preoccupied with this activity. The intensifying competition for talent makes recruitment and retention a key priority for organisations, and it is imperative for HR practitioners to rethink their organisations’ plans to attract and retain employees. This research found that recruitment and retention are significant parts of the HRM process and are key contributors to organisational performance in achieving fruitful outcomes.

The impact of HRM on organisational performance

Participants were asked to provide an evaluative rating of the impact of HRM on organisational performance in order to achieve organisational goals. Respondents from the three banks revealed
that it is in general viewed as positive (all the ratings were between strongly agree to neutral). This suggests that all of the factors, such as contribution to business performance, meeting business strategy and business goals, influencing board of directors’ decisions, developing employees’ skills and retaining experienced employees as well as recruiting key staff, play important roles in achieving high organisational performance. From these results, it can be deduced that participants in the three banks have a very clear understanding that HRM practices play an important part in obtaining the organisation goals.

Comments from respondents contribute to enhance HRM system

A total of 19 respondents from the three banks wrote their comments on the last two open-ended questions to express their perspectives and suggestions on what specific challenges HRM faces in their organisations, and what do they think about HRM processes in their organisations. Some comments and suggestions overlap between answers to question 15 and 16 and as they are listed in Chapter Four, they can be summarised below:

Opinions on challenges faced by HRM

- Respondents would like to see their banks have HR managers who have adequate knowledge and experience on HRM. To be precise the respondents expect to have HR managers who are business professionals and HR specialists.
- Respondents also would like to see their HRM departments having some employees who work in the HRM department having specialised knowledge, or a qualification in HRM.
- Respondents would like to see their HRM departments recruit and select new employees transparently and effectively.
- Respondents would like to see their HRM departments having a good strategy in terms of attracting talented people, and training and developing employees’ skills.

Opinions on HRM processes

- Respondents expect to see their HRM departments place employees in appropriate positions.
- Respondents would like to see their organisation to avoid nepotism.
- Respondent would like to see their HR managers pay more attention to communication and to finding out employees’ requirements as well as providing them with training opportunities.
- Respondents would like to see their organisations having clear and fair HR policies.

Respondents expect their banks to have HR managers and HR staff that have adequate knowledge, specialist knowledge and experience of HRM. HR managers play an important role in all organisations and they should not only focus on traditional administration, but also concentrate on business strategies. To develop a successful HR integration, HR managers need to design good quality HRM practices and policies. HR managers play an integral role in organisational success through knowledge and about advocacy of people. The advocacy includes expertise in how to create a work environment in which people will choose to be motivated. The HR manager also contributes to the banks by constantly evaluating the effectiveness of the HR functions. In addition, the HR manager also helps establish the organisational culture, provides employee development opportunities and employee assistance programmes. Therefore, it is crucial for banks to have HR managers who are both business professionals and HR specialists.

The respondents have expectations concerning recruitment and selection of new employees. The main HRM responsibilities are to recruit and select new employees to meet the organisations needs (see Figure 17 page 94, the new model developed by the researcher). Recruitment is needed when organisations want to improve their performance, fill positions vacated or replace employees who have retired, or have left, or have inadequate competence. It is important for HRM departments to have a transparent policy on recruitment and selection in order to have the right person for the job. Advertising on media and word of mouth will attract more talented employees to apply for the job. HRM departments should establish an adequate interviewing panel to select the right potential candidates. Once employees are on board it is also important for the HRM department to provide them with training opportunities. The HRM department should provide equal opportunities for every single individual employee enabling them to be trained and developed. Having adequate training and development will contribute a key factor for high performance.

It is interesting to see comments from the respondents about nepotism. Based on the interviews with the HR managers in the banks where the researcher conducted the interviews, the HR managers said that nepotism is a big problem for them in the process of recruitment and
selection. One of the three HR managers went further to say that it was hard to expect nepotism to be solved in a short time because of the cultural background and small society where everyone knows everyone.

Employees need organisations to have fair and transparent HRM policies, and to treat every individual employee the same. This is a good reason to establish effective HRM in order to create a positive working environment, and also build on people’s loyalty to their work place. Performance appraisals, recognition and rewards are reasonable methods to make people aware of the transparency and equality of HRM policies. These factors will also motivate employees to produce good performance for the organisation.

Respondents would like to see their HR managers pay more attention on communication and finding out the needs of their employees. Having effective communication between managers and employees is very important because it creates a good understanding and improves the quality of performance. Furthermore The HR managers should provide employees with good working conditions by using a better technology communication that can contribute to employees’ positive attitudes towards their work.

5.3.5 Proposed new HRM process

Over half of the respondents (59.3%) from the three banks preferred to implement a combination of both traditional Lao HRM and Western HRM. This reveals that the respondents understood that the traditional Lao HRM does not work as effectively as it should. The results of this questionnaire support the idea of the HR manager from Bank of Lao Foreign Trade who would like to combine the two HRM models into the workplace. She went further, saying that the process of the combination may face some difficulties because of the different cultural background and education system. The Lao culture is collectivism and the organisational culture is created by a group of people who have power to influence others. In contrast, the Western HRM model is more focused on employees’ innovative competency and encourages them to make optimistic changes in workplace.

The following Figures show the current Western HRM process model and a current Lao HRM process model to select and recruit employee which could also lead to employee retention.
Figure 15: The Western HRM model


Figure 16: The current Lao HRM model

Source: Developed by the researcher from information received in the research project.
The current selection processes in Lao organisations mostly involve both HR managers and line managers. The most popular recruitment sources are walk in applications, followed by employee referral and newspaper advertisements. The interview is also the most frequently used selection device.

**Benefit of the model**

It would be useful if Lao organisations were to implement proactive recruiting strategies, for example, campus recruiting: with the advent of the information technology, organisations should also start to implement E-recruitment by posting their job vacancies on websites. The crucial goal of electronic advertising is to get the best candidates from any talent pool. Additionally, according to Byars and Rue (2011) E-recruitment is a good way to be more cost effective as prices for the technology continue to fall, E-recruitment will become more prevalent.

This proposed HRM model is developed to fulfil the objective of this research by offering a practical model for HRM processes in order to understand what capabilities are significant for fulfilling the expectations of the role of HRM. It also may help to identify better options in selection, recruitment, retention, training and development of people with a high degree of commitment, adaptability and skill.

The following model could be used by Lao HR managers to select and recruit employees which could also lead to improved employee retention.
Figure 17: Recruitment, Selection and appointment model

Job analysis in Lao Banks includes:
Job description; Person specification; Job context; Job evaluation; Job redesign

Workforce planning: HR and Banking Sector demands

Recruiting includes: methods; for what level; what category; to fill current vacancies in management; to supply future demands in management;

Recruitment process for banking includes sources, methods, policies, procedures, techniques

Recruited talent

Unacceptable candidate

Reject
Inform applicant
Process ends

Initial screening

Acceptable candidate
Selection process begins

First interview face to face (local applicant)
Second interview
Job offer
Appointment of manager

First interview (telephonic / video conference)

Induction process begins

Source: Based on the model of Du Plessis as cited in Nel et al. (2011) and re-developed as an HRM model for the Laos Banking industry.
5.4 Chapter summary

This chapter discusses findings from collected data and analysed data results from Chapter Four. The research focused on interviews with HR managers from the Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos and they all were explicit that their banks still have a distance to go before achieving HR integration as the main HR strategy in their current HRM system. The HR managers went further to say that HRM is new for their banks and there are a limited number of HR managers who can understand new HRM concepts. Although these issues hamper progress, the HR managers realise that HRM plays a critically important role in their banks in terms of keeping a competitive advantage and obtaining the business goals. The research also discusses the implementation and development of HRM practices and policies in terms of the HRM model with a view to recruit and retain HR in order to help to identify better methods of selection, recruitment, retention, training and developing people in organisations.

The following section will present the conclusion that includes findings, limitations and future research opportunities.

In this final section of this study, a summary of findings is provided along with an interpretation and synopsis as perceived by the researcher from the interviews and the questionnaire. This section concludes key aspects revealed by this research project and their relevance to HRM practices in the banking system in Laos. Furthermore the section also explains limitations of this research project and recommendations for further study involving HRM practices and finally, it presents a closing statement.

5.5 Research Conclusions

The research focuses on investigating HRM practices in three banks in Laos, Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos. Collecting data and studying the current HRM practices in these banks was carried out in order to identify and develop a practical model for HRM processes to manage the HRM problem in Laos. Specific emphasis is helping to identify better ways for selection, recruitment, retention, and training and development of people with a high degree of commitment.
The research executed interviews with the HR managers from these banks and also conducted a questionnaire survey of employees. The researcher achieved expected results from these banks. In analysing the results, the researcher observed that an increasingly critical role of HRM is to influence the banks’ management in order to enable these banks to remain competitive. The investigated issues from the research of the three banks show major similarities with only a few differences in their HRM practices, models and policies. These banks have various understandings for implementing (operating) their HRM practices. The banks have differing issues, working conditions and different working environments with a variety of cultures and diversity. At the ANZ Bank in Laos for example, the majority of employees who work at management level come from Western countries with only a few local people working at this level. Therefore, HRM is a necessary managerial function for providing effective and fair policies to create and control relationships in the work place.

Referring to the first sub-question concerning the currently practices of HRM process involvement in Laos, it is interesting to see that the results from the questionnaire reveal 78.9% of respondents consider their HRM departments currently play a role in strategic planning in the organisation. However, after having interviews with the HR managers of the three banks they all said that the key responsibility of HRM departments in the banks is still focused on recruitment, selection, developing employee competencies and retention. However, having HRM departments engage in managing strategic business plans and business competition has not yet started. This outcome also raises a major concern when compared with the modern concept of HRM responsibilities in the global economic situation today where the market needs to have effective and supportive HRM departments.

Recruitment and retention are key challenges faced by HRM practices in Laos while the nation is expanding its economy; these challenges can be referred back to the answer to the second sub-question of this study. According to the HR manager at the ANZ Bank, recruitment is a real problem for his bank because there are about 10 different banks operating in Laos at the moment and to attract the right talented people is very important. To attract potential candidates, every bank has to provide reasonable policies based on the local market conditions and understand what candidates need, for example, providing employees with training and development opportunities and better working conditions. The HR manager of ANZ Bank in Laos went on to say, despite offering good options, the pool of talent is limited in Laos. Therefore, the bank sometimes has to employ workers because they need a person to fill a certain position, even if that person is not the right one for the job. This clearly shows that shortages of HR people have
impacted on banking recruitment and these banks have to come up with good strategies to attract potential candidates in their workplaces.

Retention is another challenge for Laos and these banks have to take retention of high performance employees as a primary focus of HR management practice and it is becoming more challenging in today’s competitive market. The HR managers from these banks stated that most of their employees left for better working conditions and to often, they did not give any warning signs before leaving. The response of the HR manager in the Bank of Lao Foreign Trade it is identified that in order to help the bank reduce the turnover rate and motivate and retain high performance employees the bank has to improve its policies to respond to employees’ changing needs. The policy includes both monetary rewards and non-monetary rewards. The results from this research also indicated that 48.3% of respondents from the three banks understand that better working conditions and an effective bonus scheme are the main factors for employee retention. This is a clear indication that if the organisations do not treat their employees properly, the best will have lots of options and be the first to leave.

In sub-question three concerning Lao HRM practices compared to developing countries the HR function of organisations in Laos has experienced a rather slow growth and development compared to developing countries. HR departments in Lao organisations still take responsibility for traditional administration as a priority task, for example, recruitment, selection, keeping personnel records, salary administration, training and development and performance appraisal. The departments do not have long term HR plans reflecting the business vision of the banks. In contrast, other developing countries see the HR department playing a critical role in organisational performance, for example, strategic HR management formulating and executing human resource policies and practices that produce the employee competencies and behaviours the firm needs to achieve its strategic aims.

This study also found that a general lack of knowledge about the ‘modern’ concept of HRM among those who are responsible for the functions is a key factor in hampering the HRM departments to become fully involved in the business vision of the banks. The HR managers from the Bank of Lao Foreign Trade and Lao Viet Bank said that the HRM practices in developing countries are much more organised and more experienced in terms of management compared to Lao HRM practices. However, the HR manager from the ANZ believed that HR has few differences, for example in the educational level, and cultures. He went further, explaining that ‘Lao HRM’ and ‘Western HRM’ just have different emphasis due to different education
system and culture background. In the Lao ‘HRM model’ organisational culture is the main factor in influencing employees’ behaviour and attitudes. The organisational culture in Lao is created by a large number of workers; hence, the group of people have power to influence others as collectivism culture. In contrast to collectivism, individualism is the ‘Western HRM model’ that is more determined on employees’ new competency to persuade them to make positive change in workplaces.

Referring to sub-question number four concerning what specific HR strategies Laos should adopt in order to ensure adequate HRM at senior level in the financial sector. Since Laos has integrated into an open economic system, the HRM issues have emerged as being important. The Lao education system is being developed under the reform programme and implementation of the education system can be fully integrated to allow more efficient and effective use of the national resources. It is hoped that the system of education will be able to produce the basic skills and enhance the potential workforce to meet the requirements of HRM at senior management level. Providing formal training programmes for supervisory and management level is a critical factor to contribute positive outcomes and in making certain of having adequate HRM at senior level.

HRM models are discussed in the final sub-question five concerned which HRM model between the traditional Laos and the Western HRM, or a combination of two models, would be more suitable for the financial sector in Laos. Foreign direct investment has arrived in Laos recently with different forms of businesses. Some businesses not only bring along with them the investment capital but also the ways they manage the business. Day by day, the style of their running businesses has influenced local people and this leads to some Lao organisations preferring to implement the approach to their own businesses. The HR manager of the Bank of Lao Foreign Trade said that a combination of the traditional Lao and Western HRM model will be an effective method for the bank. 59.3% of respondents from the three banks also preferred to have a combination HRM model. From this result it can be deduced that not all Western working conditions will fit local business well and it is essential to choose what will work best for the local culture and combine them with the local one in order to rule relationship in work places effectively.

The main research question that focused on which practical model could be implemented for HRM to retain senior managers in the Lao financial service industry has been answered (see Figure: 17 on page 94) along with the sub-questions. Figure 17, the new proposed HRM model,
that has been developed by the researcher in order to identify better options for the banking sector in Laos in selection, recruitment could lead to employee retention.

5.6 Recommendations for Lao HR managers

- Lao banks should ensure that their HR managers have a sound knowledge of diverse cultures because they recruit globally.
- Lao HR managers should use the model (Figure: 17, page 94) as development by the researcher in this research study.
- Assessment of the organisational HR policies and employee guidelines to make sure that these are transparent, open, fair and equal to individual employee.
- The HR managers should provide clear expectation from the bank’s HRM department in order to get employees involved in the organisational HRM plan and what contribution they can make to the bank.
- Evaluation (assessment) the organisation’s HRM model frequently and make some changes when it is necessary in order to enhance the organisation performance.
- HR managers should implement maintaining competitive pay practices and benefit programmes to foster a motivational climate for employees.

5.7 Limitations

All research has limitations associated with the processes involved and this applies to this study as well. During the research process the study revealed several limitations, though both qualitative and quantitative approaches were chosen for this study utilising the Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos. For the qualitative approach, the researcher only conducted in-depth interviews with the HR managers of these banks because of the limited time frame. It would be useful if the researcher could have conducted some interviews with production managers and chief executive officers, as such results would have brought different perspectives about the HRM practices and policies in these banks.

According to Collis and Hussey (2009) a quantitative approach may make it difficult to identify whether a question has been misinterpreted or ambiguous because the researcher is separate from
the subject being researched. As a result, this researcher may have collected some inaccurate data. In conducting the questionnaire in Bank of Lao Foreign Trade, Lao Viet Bank and ANZ Bank in Laos, some questions had not been answered, for example, open-ended questions were left out by respondents in these banks. This missing information affects the analysis outcomes.

5.8 Future research opportunities

The research has identified certain areas for further research to investigate the HRM practices in these banks and suggestions are made in this section to improve the study of HRM practice in different areas of business in Laos.

The literature review is focused on the discussion of HRM definitions, HRM concepts, HR functions, the interdependency of HRM processes to HR functions and HRM in Laos. It summarises the implementation of HRM practices in the banks’ efforts to sustain effectiveness in using and developing people as a valuable resource in the banks’ success.

For further research, there is some concern regarding the part HRM responsibilities play in these banks. HRM particularly is recognised as one of the most important factors contributing to firms’ overall competitiveness and long standing organisational achievements. However, the HRM model in Laos still takes traditional tasks as a key role, such as the payroll function, rather than to be a business partner in the business operations in a country such Laos that is still struggling to achieve a sustainable economic development. There is a need for further research to find out what makes HRM in Laos remain focused on traditional administration.

The researcher would like to suggest in the research methodology that interviews should also be conducted with production managers and the chief executive officers to achieve different perspectives of HRM practices from the managerial level. This sample size would also provide a much deeper understanding of the issue investigated in this study and the quality of research outcomes.
5.9 Closing statement

It can be concluded that, HRM practices play critical roles in any form of business operation in terms of improving a beneficial aspect to manage relationships among managers, employees and the organisation. Since Laos integrated to the emerging market and a large amount of foreign direct investment flowed into Laos this also brought different working styles that are beginning to influence the traditional business operations. However, HRM in Laos has a long way to go to move from traditional HRM to modern HRM concept such as the Western HRM model that goes beyond traditional tasks to be a business partner in operation in organisations.

The new proposed HRM model (Figure: 17 on page 94) developed by the researcher is to identify better options for the organisations in selection and recruitment that could lead to retention, training and development of people with a high degree of commitment, adaptability and skill. Furthermore, it is hoped by the researcher that this study will be useful information to build on this knowledge base for creating additional new knowledge of HR practices to have a positive impact on organisational performance.
References


cussion%20Model.pdf

Hueber, A. (2011, February 15, ). Skilled staff have upper hand: Many businesss are having to pay top dollar to recruit and retain the best people. The New Zealand Herald, p. 56 Business.


Vietnam's troubled economy: Steady as she staggers. (2011, 8-14, Jan 2011). The Economist. The battle ahead: Confronting the public-sector unions


Appendix 1: The interview questions

1. When you hear the words ‘human resources’ what does that conjure up for you? Image, associations, meanings?

2. What do you think about the role of the HR department in your organisation?
   d) Do you think HRM practices are new for the organisation?
   e) Do you agree that your organisation practice full functions of HRM?
   f) Do the line managers and the CEO regard the role of HR important in the success of the organisation?

3. What do you think were the challenges your organisation has faced in terms of HR in recent years since the country has opened its doors to the free market?

4. Laos gets many foreign direct investment comes to Laos, for example in the banking, insurance and finance sectors, that will challenge your organisation in terms of recruitment and retention.
   a) Can your organisation come up with specific strategies in order to recruit enough qualified managers to meet the organisation’s requirements? (Are there specific strategies that your organisation has put together, to recruit qualified managers to meet the organisation’s requirement?)
   b) Do you have any strategy to retain the key managers in your organisation? (Can you please elaborate on any retention strategies that you have in place for the key managers in your organisation?)

5. Are you satisfied with your employees’ educational level and their competence?

6. Does your organisation arrange training for the employees?

7. Does your organisation send key managers to be trained overseas in developed countries? If so, how often? (If so, how often and in what areas would the organisation emphasise on?)

8. Do you think your organisation has enough senior managers who can make good decisions?

9. Do you think HR managers play an important role in organisational performance?

10. What are your long term expectations for HRM in your organisation?
11. What do you think about HR in Laos compared to neighbouring countries or the Western style?

12. What practical model of HRM do you think your organisation should follow in order to achieve high performance? For example, traditional Lao HRM practices which focuses on hierarchy and bureaucracy or Western HRM practices which focuses on communication, participation as well as involvement of its employees.

13. What specific challenges do you think HRM faces in your organisation while the country is rapidly expanding its economy?
Appendix 2: The research questionnaire

Background information.

Please tick the appropriate box for each question.

1. Please indicate your gender

☐ Male
☐ Female

2. Please indicate your age

☐ 18 - 29
☐ 30 - 39
☐ 40 - 49
☐ 50 - 60+

3. Position classification – job title

☐ Business (line manager)
☐ Human resource manager
☐ Technical employee
☐ Other (please specify) __________________________

4. Highest educational achievement

☐ Junior high school
☐ High school
☐ Certificate/diploma
☐ Undergraduate (bachelors) degree
☐ Postgraduate degree
☐ Other (please specify) ________________________________

5. Size of organisation.

Please tick total number of employees in your organisation (including part time and full time staff)

☐ 1 – 60
☐ 61 -99
☐ 100 – 499
☐ 500 +

6. Number of years of experience in your occupation/job

☐ 0 – 2
☐ 3 – 5
☐ 6 – 10
☐ 10 +

This section covers your view on Human Resource Management (HRM) in organisations
1. Is “Human Resource Management” a familiar term to you?

☐ Yes
☐ No
☐ Don’t know

2. What is the human resource (HR) department in your organisation responsible for? (Please tick as many as you want)

☐ Junior Recruitment
☐ Personal records
☐ Payrolls
☐ Organising training and development
☐ Rotating staff
☐ Health and Safety
☐ Performance Appraisal
☐ All above
☐ Other (please specify) ________________________________

3. Do you think Laos has a shortage of HR Managers in the financial sector?

☐ Yes
☐ No
4. If you have answered yes in 3 then select the main reasons why Laos has shortages of HR managers in financial sector (you can mark more than one)

- Long duration of the War
- Insufficient educational training
- Unqualified lecturers
- Long time use of close economic system
- Not sure
- I don’t know
- Other (please specify) ____________________________

5. Does your organisation currently have an adequate HRM Department? Consider its functions, such as recruitment, selection, training, payrolls, compensation and rewards, performance appraisal, employees’ benefits, and health & safety.

- Yes
- No
- Don’t know

6. Does your HRM department play a role in strategic planning of the organisation?

- Yes
- No
- Don’t know
7. What levels of management should be involved in the strategic planning of the organisation (you can mark more than one)

☐ Top management
☐ Middle management
☐ Line management
☐ Unit line management
☐ Unit group leader

8. Does your organisation put outcomes before HRM function?

☐ Yes
☐ No
☐ Don’t know

9. Do you think that top management supports the HRM department organisation to be removed in your organisation?

☐ Yes
☐ No
☐ Don’t know

10. The traditional Laos HRM model is group focused while the Western HRM model is more individually focused and more human oriented. Which HRM model do you prefer?

☐ Lao model
☐ Not sure
11. In your opinion what would your organisation do to retain employees? (you can mark more than one)

☐ Better working conditions
☐ Better salaries
☐ Bonus scheme
☐ Better benefits, such as medical fund
☐ Better work/life opportunities
☐ Career development including promotions
☐ Compensation

12. In your opinion, should your organisation recruit people from:

☐ Internally
☐ Externally
☐ Promotion by promoting within the organisation
☐ Other organisations or tertiary institutions

13. HRM has an important role in organisations, what do you think is the impact of HRM on your organisational performance in order to achieve organisational goals (1 is strongly agree – 5 is strongly disagree)
### Contributing to business performance
1. Meeting business strategy and business goals
2. Influencing board of directors’ decisions
3. Developing employees’ skills
4. Retaining experienced employees
5. Recruiting key staff

14. Please indicate the most important functions that apply for HR in your organisation to enhance retention. Rank the importance from 1 for the most important to 5 for least important.

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### Meeting day to day function in your organisation
1. Develop employees’ careers
2. Financial reward for employees
3. Recognition of employees’ contribution to organisational success
4. Secure compliance with employment regulation
5. Improve employees competencies to achieve business targets

15. What specific challenges do you think HRM faces in your organisation?
16. What do you think about HRM processes in your organisation?


Thank you very much for your time.
Appendix 3: Consent forms

Participant consent form (interviewees)

Title: “Which practical models could be implemented for human resource management to retain of senior managers in the Lao financial services industry?”

Aim: The aim of this project is to collect data to identify and develop a practical model for human resources recruitment and retention at senior management level in the Laos financial services industry.

I have had the research project explained to me and I have read and understood the information given to me. I have had an opportunity to ask questions and have them answered.

I understand that I do not need to be a part of this research if I wish not to. Participating in this research is voluntary and there are no obligations attached.

I understand that every word I say is confidential and all information I provide will not identify my name or be reported back to my organisation as individual feedback. The only persons who know what I have said will be the researcher and his supervisors.

I understand that the in-depth interview will be recorded then transcribed into written content by the researcher.

I understand that I can ask the researcher to give me a copy of the transcript of my interview to check.

I understand that I can ask the researcher to send me a soft copy of the finished research document.
I have had time to consider this research in detail and I give my consent to be a part of this research.

Please return them in a sealed box that the researcher will have in the staff room which the researcher will collect later.

Participant signature:

Date,

Project researcher:

Date,

UREC REGISTRATION NUMBER: 2010 1122. This study has been approved by the UNITEC Research Ethics Committee from 29th August 2010 to 29th August 2011. If you have any complaints or reservations about the ethical conduct of this research, you may contact the committee through the URE Secretary by phone: 09 815 4321 ext 6162. Any issues you raise will be treated as confidential and investigated fully and then you will be informed of the outcome.
Appendix 4: Information for potential participants for the interviews

Title: “Which practical models could be implemented for human resource management to retain of senior managers in the Lao financial services industry?”

Aim: The aim of this project is to collect data to identify and develop a practical model for human resources recruitment and retention at senior management level in the Lao financial services industry.

My name is Suksamon Sumphonphakdy and I am the researcher for this project. I invite you to participate in this research which is in partial fulfilment for the requirement of the Master of Business programme for the final year at Unitec, New Zealand.

What am I doing?

I want to find out some impact of shortages of human resources at the managerial level in the financial sector of the Laos economy on organizational performance and I also collect data to develop a practical model for human resource recruitment and retention. Taking part in this project you will help me to understand how important human resources play a role in the organizational performance.

What it will mean for you

I would like to interview you and ask some questions. I would appreciate it if you could meet with me for about one hour to discuss about questions on the interview schedule. I will visit your organization at reasonable time for you as pre arranged between us.
All responses will be treated confidentially and your comments will not be personally identified or reported back to your organisation. Thank you for participation to complete this survey which will take no longer than one hour.

If you agree to participate in this study please complete the consent and return it to a sealed box that the researcher will have in the staff room which the researcher will collect later. This does not stop you from changing your decision if you wish to withdraw from the project.

If you have further queries about the research please feel free to contact my primary supervisor at Unitec, New Zealand, Dr Andries Du Plessis, telephone is +64 98154321 (Ext 8923) or email aduplessis@unitec.ac.nz and my secondary supervisor James Oldfield, telephone number is + 64 98154321 (Ext 8035) or email joldfield@unitec.ac.nz.

UREC REGISTRATION NUMBER: 2010 1122. This study has been approved by the UNITEC Research Ethics Committee from 29th August 2010 to 29th August 2011. If you have any complaints or reservations about the ethical conduct of this research, you may contact the committee through the URE Secretary by phone: 09 815 4321 ext 6162. Any issues you raise will be treated as confidential and investigated fully and then you will be informed of the outcome.
Appendix 5: Information for potential participants for the questionnaire

Title: “Which practical models could be implemented for human resource management to retain of senior managers in the Lao financial services industry?”

Aim: The aim of this project is to collect data to identify and develop a practical model for human resources recruitment and retention at senior management level in the Lao financial services industry.

My name is Suksamon Sumphonphakdy and I am the researcher for this project. I invite you to participate in this research which is in partial fulfilment for the requirement of the Master of Business programme for the final year at Unitec, New Zealand.

What am I doing

I want to find out some impact of shortages of human resources at the managerial level in the financial sector of the Laos economy on organizational performance and I also collect data to develop a practical model for human resource recruitment and retention. Taking part in this project you will help me to understand how important human resources play a role in the organizational performance.

What it will mean for you

I would like to invite you to answer questions in the questionnaire. This is voluntary process and this does not stop you from changing your decision if you wish to withdraw from the project.
All responses will be treated confidentially and your answers comments will not be personally identified or reported back to your organisation. Thank you for participation to complete this survey which will take no longer than 15 minutes.

If you have further queries about the research please feel free to contact my primary supervisor at Unitec, New Zealand, Dr Andries Du Plessis, telephone is +64 98154321 (Ext 8923) or email aduplessis@unitec.ac.nz and my secondary supervisor James Oldfield, telephone number is + 64 98154321 (Ext 8035) or email joldfield@unitec.ac.nz.

UREC REGISTRATION NUMBER: 2010 1122. This study has been approved by the UNITEC Research Ethics Committee from 29th August 2010 to 29th August 2011. If you have any complaints or reservations about the ethical conduct of this research, you may contact the committee through the URE Secretary by phone: 09 815 4321 ext 6162. Any issues you raise will be treated as confidential and investigated fully and then you will be informed of the outcome.
Appendix 6: Permission letters from the conducting survey banks

Suxamom Sumphonphakdy
Unitec
Auckland,
New Zealand

Dear Sumphonphakdy,

Re: Confirmation of approval to conduct questionnaire survey and in-depth interviews on "The impact of shortages of human resources at the managerial level in the financial sector of the Lao economy"

I confirm our recent email exchanges that I am prepared to assist you with your research and participate in a questionnaire survey and interview on the above topic as a part of your studies at Unitec.

Kind Regards,

signature

Vankham Voravong
Deputy Managing Director
Bank of Lao Foreign Trade

01 Pangkham Street, PO Box 2925
Vientiane, Lao PDR

Phone: + 856 21 213200
Fax: + 856 21 213202
Email: bcelhqv@bcelaos.com

You can put address if you have at the end of letter
Suksamon sumphonphakdy
Unitec
Auckland
New Zealand

Dear sumphonphakdy

Re: Confirmation of approval to conduct questionnaire survey and in-depth interviews on “The impact of shortages of human resources at the managerial level on the financial sector of the Lao economy”

I confirm our recent email exchanges that I am prepared to assist you with your research and participate in a questionnaire survey and interview on the above topic as a part of your studies at Unitec.

Kind Regards.

[Signature]

Mrs Pa LOBLIAYAO
Chief of Administration Dept.
Lao – Viet Bank

44 Lanexang Avenue, Vientiane Lao P D R
Tel: (00-856-21) 251418, 216316, 214377 Fax: (00-856-21)212197
Telec: (00-856-21)4330 LVBS
E-mail: lvdyho@laotel.com Swift code LAOVLALA
website: www.lao-vietbank.com
Mr. Suksamon Sumphonphakdy  
Unitec College  
Auckland,  
New Zealand  

Dear Mr. Sumphonphakdy,

Re: Confirmation of approval to conduct questionnaire survey and an in-depth interviews on "The impact of shortages of Human Resources at the managerial level in the financial sector of the Laos economy"

I confirm our recent email exchanges that I am prepared to assist you with your research and participate in a questionnaire survey and interview on the above topic as a part of your studies at Unitec College.

Kind Regards,

Kerrod Thomas  
Managing Director  
ANZ (Laos)  

33 Lane Xang Avenue, PO Box 5001,  
Vientiane, Lao PDR  

Phone: + 856 21 222 700 ext 101  
Mobile: +856 20 550 9766  
Fax: +856 21 213 513  
Email: kerrod.thomas@anz.com