



DEPARTMENT OF MANAGEMENT AND MARKETING

STRATEGIC HUMAN RESOURCE MANAGEMENT IMPACTS ON LOCAL
MANAGERIAL EMPLOYEES' CAPACITY BUILDING IN FOREIGN
COMPANIES IN LAOS PEOPLE'S DEMOCRATIC REPUBLIC

SONETHAVY VILAYVONG

2016

Strategic human resource management impact on local management employees' capacity building in foreign companies in Laos PDR

BY

SONETHAVY VILAYVONG

A thesis submitted in partial fulfilment of the requirements for the degree of

Master of Business

Department of Management and Marketing
Unitec Institute of Technology, New Zealand

Principal supervisor: Prof. P.S. Nel
Associate supervisor: Mr. Alan Lockyer

2016



Declaration

Name of candidate: Sonethavy Vilayvong

This thesis entitled: **“Strategic human resource management impact on local managerial employees’ capacity building in foreign companies in Laos PDR”** is submitted in partial fulfilment of the requirements for the Unitec degree of Master of Business.

Candidate’s declaration

I confirm that:

- This thesis project represents my own work.
- The contribution of supervisors and others to this work was consistent with the Unitec regulations and policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has fulfilled any requirements set for this project by Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2015-1044

Candidate signature:..........Date: 07/07/2016

Student number: 1434209

ABSTRACT

To succeed in today's competitive business environment, Strategic Human Resource Management (SHRM) should be integrated with the organisational strategic plan. Particularly, SHRM in capacity building should be taken into account. This is because SHRM in capacity building can enhance the capabilities of the organisational workforce which is a key value of the organisation in performing better work, as well as increasing the productivity of the organisation. In Laos, there are high numbers of foreign investments, thus investors require a competent local workforce to operate their businesses, especially at the management level. Therefore, if business firms wish to survive in the competitive environment, they should implement the right SHRM in capacity building for their local managerial workforce which is a key success factor for organisations.

This research project employs a qualitative approach to study some research questions in capacity building of local managerial employees. The main objective is to examine whether foreign companies in Laos possess the appropriate SHRM in capacity building for their local managerial employees. If they do not possess it, what is the effective SHRM in capacity building for the local managerial employees that should be designed and implemented? This research study also applies the semi-structured interview as the main data collecting technique with twelve participants from seven foreign companies in Laos.

The findings revealed valuable perceptions of HR professionals toward the SHRM in capacity building which provide positive answers to the research questions. All of the participants from foreign firms in Laos possess SHRM in capacity building for their local managerial employees but its implementation was not executed effectively. From the findings, the effective implementation of outstanding SHRM in capacity building, the so-called localisation strategy, was reported by three participants, whilst nine participants said that there were some obstacles that prevented the implementation and practice of SHRM in capacity building, namely limited budget, less important roles of HRM in strategic level, not sufficient qualification of local managerial employees and unsuitable specific development programmes. Therefore, to conclude the finding of the research, there is a model of 'SHRM in capacity building for the local managerial employees in Laos' which has been developed by the researcher. This model aims to guide the suitable steps and implementation of the SHRM in capacity building of the local managerial employees for foreign firms in Laos, to assist them to improve their performance and productivity.

ACKNOWLEDGEMENT

This master's thesis could not possibly have existed without the helpful and supportive assistance from the relevant firms and all the people involved. Therefore, I would like to express my sincere thanks to all of them.

First of all, I would like to express my appreciation to my principal supervisor, Professor Pieter Nel, for his guidance as an academic teacher - supervisor and his supportiveness as a friend during the long journey at Unitec and this meaningful thesis. Besides, I also would like to sincerely thank my co-supervisor, Alan Lockyer for his dedication and contributions regarding my thesis. In the absence of their valuable encouragement, advice and comments, I could not have accomplished this thesis.

Furthermore, a thousand thanks to the scholarship provider, the New Zealand ASEAN Scholars Awards (NZAS). Without this once-in-a-lifetime opportunity that NZAS provided, I would not have been able to have a chance of experiencing the wonderful country, New Zealand. Additionally, I would like to express my gratitude to the Unitec Institute of Technology and especially to the Department of Management and Marketing as well as all the staff for all their support in this world-class academic institution.

Moreover, this thesis would not have been completed if there had not been excellent cooperation from foreign business firms in providing meaningful information to generate the outcomes of this thesis. Hence, I would like to thank all of the participants for their voluntary and participative kindness.

Finally, I would like to give all my heart to my family, including my parents, my parents in-law, my wife, my son, my brothers and my sister who acted as the pillars in sustaining me from falling and encouraging me all the time throughout my whole life.

Table of Contents

Declaration	I
ACKNOWLEDGEMENT	III
LIST OF TABLES AND FIGURES	VIII
LIST OF ABBREVIATIONS	IX
Chapter one: Introduction	1
1.1 Background.....	1
1.2 Problem description	2
1.3 Research aim and objectives	4
1.3.1 Research aim	4
1.3.2 Research Objectives	5
1.4 Research questions	5
1.5 Hypotheses.....	6
1.6 Data Collection	6
1.7 Outline of thesis	7
Chapter two: Literature Review	9
2.1 Introduction	9
2.2 Human Resource Management (HRM)	9
2.2.1 HRM roles.....	10
2.2.2 HRM system	14
2.3 Strategic Human Resource Management (SHRM)	15
2.3.1 The Difference between HRM and SHRM.....	16
2.3.2 Resource based view (RBV) Theory and SHRM	19
2.3.3 Best practice approaches and SHRM.....	20
2.3.4 Contingency approaches (Best fit) and SHRM.....	21
2.3.5 Configurational approaches (Bundles) and SHRM	22
2.3.6 The links between SHRM and organisational performance	23
2.3.7 Criticism of SHRM	25
2.4 Capacity Building	26
2.4.1 Human resource capacity building.....	27
2.4.2 Capacity Building Strategy	29

2.5	Specific SHRM in capacity building	30
2.5.1	Talent management strategy	30
2.5.2	Learning and development strategy	31
2.5.3	Knowledge management strategy	33
2.6	Summary	34
Chapter Three: Research Methodology		36
3.1	Introduction	36
3.2	Methodology	36
3.2.1	Research Methodology	36
3.2.2	Research Paradigms	37
3.2.3	Quantitative and Qualitative approach.....	41
3.2.3.1	Quantitative approach	41
3.2.3.2	Qualitative approach.....	42
3.2.4	Rationale for a qualitative approach to the research project.....	43
3.3	Sampling designs.....	44
3.4	Scope of the research project.....	45
3.5	Research Method.....	46
3.5.1	Research method: Semi-structured interviews	47
3.5.2	Data collection	48
3.5.3	Selection of participants.....	49
3.5.4	Pilot Study.....	50
3.6	Data analysis.....	51
3.7	Validity of results	54
3.8	Ethical considerations.....	57
3.9	Summary	58
Chapter Four: Findings		60
4.1	Introduction	60
4.2	Interview results and findings:.....	60
4.2.1	Research question one:.....	62
4.2.2	Research question two.....	66
4.2.3	Research question three.....	69

4.2.4 Research question four	72
4.2.5 Research question five.....	77
4.3 Summary	80
Chapter Five: Discussion of the findings	83
5.1 Introduction	83
5.2 Discussion of the interviews.....	83
5.2.1 Research question one	83
5.2.2 Research question two.....	88
5.2.4 Research question four.....	99
5.2.5 Research question five.....	105
5.2.6 Research question six.....	108
5.3 Summary	111
Chapter six: Conclusions and Recommendations	112
6.1 Introduction	112
6.2 Research conclusion	112
6.2.1 Research question one	112
6.2.2 Research question two	114
6.2.3 Research question three	115
6.2.5 Research question five	117
6.2.6 Research question six.....	118
6.3 Recommendations	119
6.3.1 Recommendation one.....	119
6.3.2 Recommendation two.....	120
6.3.3 Recommendation three.....	120
6.4 Strengths and limitations	123
6.4.1 The strengths of the research study	123
6.4.2 The limitations of the research study	123
6.5 Future research opportunities	124
6.6 Summary	125
References:	127
APPENDICES	135

Appendix 1: Semi-structured interview questions..... 135
Appendix 2: Information for participants..... 137
Appendix 3: Participants Consent Form..... 139
Appendix 4: Organisation Consent Form..... 140

LIST OF TABLES AND FIGURES

Tables

Table 1: The differences between traditional HRM and strategic HRM.....	18
Table 2: The fundamental beliefs of research paradigms.....	40

Figures

Figure 1: HRM system	15
Figure 2: Resource based view model of the firms' strategy for achieving competitive advantage ...	20
Figure 3: HR scorecard.....	25
Figure 4: The competencies of HR professionals in formulating the SHRM in capacity building for local managerial employees	88
Figure 5: The relevant key strategies of SHRM in capacity building for local managerial employees.....	99
Figure 6: The key benefits for implementing SHRM in capacity building for local managerial employees.....	111
Figure 7: The prototype model of SHRM in capacity building for local managerial employees in Laos	122

LIST OF ABBREVIATIONS

AEC	ASEAN Economic Community
ASEAN	Association of South East Asian Nations
BTI	Bertelsmann Stiftung's Transformation Index
CBS	Capacity Building Strategy
FCI	Foreign Company Industry
FCL	Foreign Company in Laos
GDP	Gross Domestic Product
HR	Human Resource
HRM	Human Resource Management
HRP	Human Resource Professionals
KMS	Knowledge Management Strategy
KSAs	Knowledge Skills and Abilities
Lao PDR	Lao People's Democratic Republic
OCDS	Organisational Change and Development Strategy
OD	Organisation Development
RBV	Resource-Based View
SHRM	Strategic Human Resource Management
TMS	Talent Management Strategy
Lao PDR	Lao People's Democratic Republic

Chapter one: Introduction

1.1 Background

Human resource management (HRM) is not just an administrative job in managing employees' well-being. It is, however, also aligned with organisational strategies as a business partner to formulate effective strategic human resource management for gaining a competitive advantage in today's complex business environment (Mello, 2014; Nel et al., 2012). Ulrich, Younger, Brockbank, and Ulrich (2012) indicate that HR practitioners are able to assist the organisation to produce a desirable and effective outcome of business performance if they are involved in the organisational strategic planning process in a business partner role. In relation to that, Noe, Hollenbeck, Gerhart, and Wright (2014), also state that HRM must be involved internally in the strategic management process of organisations in order to attain competitive advantages for the businesses. This process is successfully carried out through effective HR practitioners who add value to organisational strategies, acquire adequate knowledge of the organisational strategic objectives, are able to foresee the potential workforce's capabilities to support the strategic plan of the organisations and can formulate suitable training programmes to enhance employees' capabilities; namely skills, behaviour and attitudes (Dessler, 2014; Nel et al., 2014; Noe et al., 2014). Therefore, it is essential for organisations to integrate HRM into their strategic business plan in order to sustain organisational competitive advantage in the long-term through effective SHRM and a competent workforce.

Motivated by the rapid change and increased business competition, the government of Laos strives to enhance foreign investment to boost their economy, as well as developing the country. However, the lack of a skilled workforce led to importing foreign workers, but this lack is one of the main obstacles that prevent investors from running their businesses productively (Hatthachan, 2012; United Nations, 2010). Particularly if there is a paucity of a capable workforce in foreign firms, this can have negative effects on economic transactions and the country's development (Southiseng & Walsh, 2013; World Bank Group, 2014). This is because foreign investment is the key factor that contributes to greater income for improving the development of Laos (Southiseng & Walsh, 2013; Welford, 2006;

World Bank Group, 2014). Thus, it is crucial for foreign firms to establish effective SHRM in capacity building to avoid these hindrances. Therefore, the researcher of this project intends to study whether foreign companies in Laos have acquired the appropriate SHRM in capacity building and regard them as a strategic tool to improve their organisations properly. This led to the research project topic formulated as: “Strategic human resource management that impacts on local managerial employees’ capacity building in foreign companies in Laos PDR”

1.2 Problem description

Since obtaining independence in 1975, Lao People’s Democratic Republic (Lao PDR) has commenced and implemented strategic reform of the country progressively, particularly in respect of economic development. Due to the inefficiency of centrally planned economic management, the Lao government reformed its economy in 1986 by implementing new economic mechanisms which turned a centrally planned economy into a market oriented economy (Hatthachan, 2012). Recently, this new reform changed the business atmosphere in Laos positively, in terms of opening the free-market system and attracting more foreign investment, both direct and indirect, which very positively improve the Lao economy. For instance, according to the economic report of Bertelsmann Stiftung’s Transformation Index (BTI), the growth of Laos’ GDP increased from 7.2% in 2009 to 8.2% in 2012. (Bertelsmann Stiftung’s Transformation Index, 2014). Since implementation of the new economic mechanism, the foreign trade and Foreign Direct Investment (FDI) have increased significantly which can enhance the flow of investment in Laos, both in domestic and international trade (Hatthachan, 2012; Investment Promotion Department, 2014). In relation to this positive economic change, there is a vast number of foreign investors who have discovered the investment opportunity and invested in several business areas in Laos, particularly in areas such as the hydropower, mining, agriculture and forestry industries. (Hatthachan, 2012; Schoenweger & Üllenberg, 2009). According to the statistics of the Investment Promotion Department, the volume of foreign direct investment contributes enormous trade value to the domestic economy and covers several sectors. For instance, from 1989 to 2014, the highest investment value was in the electricity generation sector which contributed US \$ 6,671,407,159 to the Lao economy (Investment Promotion Department, 2014). Hence, the new economic mechanism is more favourable to the Lao economy.

However, there are some drawbacks that can slow down the progress of investment, namely the lack of a skilled workforce and the high migration rate of foreign labour from neighbouring countries. One of the main problems that foreign firms have to cope with in their operation in Lao is the lack of qualified human resources in comparison to other countries in this region (Hatthachan, 2012; United Nations, 2010). Due to the limitations of an inadequate workforce, caused by poverty, an ineffective educational system and the lack of qualified teachers or trainers, this skill shortage is one of the significant problems for investors (Southiseng & Walsh, 2013; World Bank Group, 2014). Although the government invests more of their fiscal budget in development of the education system in Lao by increasing the number of higher educational level students, both at undergraduate and graduate level, by improving the quality of teacher training colleges and vocational schools, some of the students who graduate are not sufficiently competent and skilled to fulfil the needs of the labour market (United Nations, 2010; World Bank Group, 2014). Besides, there are many students who graduated abroad at postgraduate level, but who do not contribute enough knowledge and skills to their organisations because of an uncertain career path and low salary (Kunze, 2007). In addition, at management level, some of the middle managers who are between 30 and 40 years of age and who have masters degrees, are not able to take top management positions due to a lack of capabilities and inadequate skills to contribute to achieving organisational goals (Kunze, 2007 ; Nordin & Öberg, 2012; World Bank Group, 2014). Thus, the Lao workforce, at both senior and junior level, do not have adequate knowledge and skills to deliver capabilities incumbent on their duties.

Consequently, business firms must recruit foreign labour from other countries to fill the gaps in the workforce which leads to a lack of job opportunities for local labour (Schoenweger & Üllenberg, 2009). According to the National Statistic Bureau's report, the number of foreign labourers increased significantly from 1,747 people in 2003 to 20,942 people in 2012 (Laos Statistic Bureau, 2012, 2014). If we identify the number of foreign labourers in each sector in 2012, the highest number of foreign labour was in the 'industry' sector which totalled 12,441 people, the next was the 'service' sector 6,733 people and the 'agriculture' sector 1768 people respectively. These statistics demonstrate the high requirement for labour in Lao which reflects the shortage of skilled labour in the Lao business environment. Even though investors obtain permission to hire skilled labour for their operations, it should be aligned with Lao labour law and foreign investment law. Additionally, investors must prioritize job opportunities to Lao candidates, and must provide training and develop Skill, Knowledge

and Abilities (SKAs) of their local workforce (United Nations, 2010). Hence, it is essential for business firms to consider the workforce planning and resourcing as one of the organisational strategies to ensure the growth of their businesses when operating in Laos.

Another problem facing foreign business firms in Laos is the challenge of business competition when Laos became a member of ASEAN Economic Community (AEC) at the end of 2015. The aim of the AEC is to provide integration and regional cooperation of member countries in building a single market and production base, a competitive economic region and a region of equitable economic development and a region integrating into the global economy (ASEAN Secretariat, 2014). This strategic transformation will allow this region to enjoy free movement of merchandises, services, potential investments, flow of capital and migration of skilled workers which provides a more competitive market for business firms (ASEAN Secretariat, 2014; The ASEAN Secretariat, 2014). However, if the foreign business firms in Laos do not establish effective strategic business plans nor a competent workforce, at both senior and junior level, it will be more difficult to sustain their growth regionally and globally.

Taking everything into account the lack of a skilled workforce is one of the prime obstacles to the foreign business firms gaining a competitive advantage over their rivals in both the regional and international market. In order to succeed in building the capacity of the organisational workforce and ensuring the growth of firms, HR leaders or managers should be involved in their organisation's strategic management board to help design the most appropriate and effective strategies. However, some of the business firms do not fully implement the right strategies to enhance their workforce's capacities, particularly at the management level where there is a paucity of competent local managers or leaders.

1.3 Research aim and objectives

1.3.1 Research aim

Due to the lack of a skilled workforce at management level, organisations have to recruit expatriates to fill the gaps in managerial positions which leads to high financial expenditure for organisational budget planning. Although the current pools of managerial labour in each Lao organisation have acquired good education backgrounds and experience, they require more support from organisations to increase their hidden competencies in order to improve the quality of work and organisational productivity. Hence, the HR department plays a vital

role in implementing the best SHRM to enhance the local managerial employees' competencies.

In view of the exposition of the problems outlined above, the aim of this research is: **“To determine the proper SHRM in building the capacity of local managerial employees in foreign companies in Laos to increase organisational productivity and performance”**.

1.3.2 Research Objectives

According to the aforementioned research aim, this research focuses on the following objectives:

- To identify the main role and appropriate competencies of HR professionals in formulating SHRM in capacity building of local managerial employees in foreign companies in Laos.
- To investigate whether foreign companies understand the term ‘SHRM’ in respect of capacity building of local managerial employees.
- To assess the current practices of SHRM in capacity building of local managerial employees in foreign companies.
- To determine hindrances that might impact on the implementation of SHRM in capacity building of local managerial employees.
- To determine the key benefits of SHRM in capacity building of local managerial employees’ implementation to foreign companies in Laos.
- To investigate whether the implementation of SHRM in capacity building of local managerial employees can increase organisational performance and productivity.

1.4 Research questions

Referring to the research aims and objectives identified above, the key research question is:

“What are the best practices of SHRM in capacity building of local managerial employees in order to fulfil organisational requirements?”

In answering the research question, sub-questions also need to be asked to reveal the key answers for this research namely:

1. What are the main responsibilities of HR managers on SHRM in capacity building of local managerial employees?
2. What perspectives do HR managers have regarding the role of SHRM in capacity building of local managerial employees?
3. What are the existent applications of SHRM in capacity building of local managerial employees in foreign companies in Laos?
4. What are the main obstacles that prevent HR managers from practising the SHRM in capacity building of local managerial employees?
5. What are the key benefits for organisations to implement SHRM in capacity building of local managerial employees?
6. To what extent would SHRM in capacity building of local managerial employees assist in increasing organisational performance or productivity?

1.5 Hypotheses

Regarding to the aforementioned research aim and its objectives, this research adopts three primary hypotheses as follows:

H₀₁ : HR managers are competent to create SHRM in capacity building of the local managerial employees.

H_{a1} : HR managers are not competent to create SHRM in capacity building of the local managerial employees

H₀₂ : Foreign firms execute appropriate implementation of SHRM in capacity building of local managerial employees.

H_{a2} : Foreign firms do not execute appropriate implementation of SHRM in capacity building of local managerial employees.

H₀₃ : Active SHRM in capacity building of local managerial employees is used to increase organisational productivity and better performance

H_{a3} : Active SHRM in capacity building of local managerial employees is not used to increase organisational productivity and better performance

1.6 Data Collection

The data collection technique of this research project employed the semi-structured interview which is a technique of the qualitative research method. Primarily, this method

allows the researcher to attain insight into the perspectives, perception and attitude of HR managers or leaders in foreign firms toward the issue of SHRM, particularly in respect of the capacity building of local managerial employees which is a brand new topic for Lao HR professionals. Furthermore, by applying this method, the researcher will have a great opportunity to enjoy bilateral conversation with participants regarding complicated and thoughtful issues of SHRM and avoid misunderstanding the context of the questions. Also, the interview technique enables the researcher to obtain additional useful information which enhances the validity and worthiness of data provided by the participants. There are 12 interviewed participants who contributed to this research project all of whom are HR managers, HR leaders and HR experts from seven foreign firms in Laos.

1.7 Outline of thesis

Chapter one presents the introduction to the research project. This chapter outlines the background and the problem description regarding the research topic which focuses on SHRM in capacity building. The first chapter thus addresses the foundation of the research namely the research aims, objectives, questions and hypotheses and the problem-solution identification.

Chapter two provides the relevant literature associated with the research topic. Basically, four main concepts are covered, namely: human resource management, strategic human resource management, capacity building, and specific SHRM in capacity building, in order to provide a broad perspective of the research's framework and its solution for the research study. Those concepts are essential to clarifying the research problems and its findings in further steps.

Chapter three outlines the method that the researcher utilised in this research study. The primary aim was to present the research methodology, research paradigms and its approach. Particularly, the qualitative approach and semi-structured interview technique are introduced, as well as the rationale for adopting this method for data collection. Furthermore, the sampling design, research paradigm, the data analysis and ethical considerations are also outlined in this chapter in order to illustrate clearly the method for this research topic.

Chapter four highlights the results of the interviews. By the process of coding and the

thematic techniques of data analysis, the data is presented properly for discussion after themes have been identified. In addition, the research findings are outlined into five parts based on the five research questions. This chapter also presents the opinions and comments of the participants toward each question.

Chapter five entails a discussion of the results of the findings which address the main five research questions. Moreover, the related theory and literature are also referred to in order to clarify and provide evidence to support the research results.

Chapter six finalises all the findings and discussions which form the basis for the recommendations of this research study. The recommendations are provided as a guideline for the foreign firms in Laos to implement effective SHRM in capacity building, in order to ensure that the organisations are successful and prosper. Finally, the strengths and limitations of this research project are addressed as well.

Chapter two: Literature Review

2.1 Introduction

The aim of this chapter is to outline the relevant essential literature that is associated with this research in order to establish the framework to answer the research question: **“What are the best practices of SHRM in capacity building of local managerial employees in order to fulfil the organisational requirements?”**. Basically, this chapter focuses on four sections: firstly, the HRM concept is presented as a background of HR, secondly the relevant theories of SHRM are outlined for this research. Thirdly, capacity building is also presented as the concept of this topic and finally, specific SHRM in capacity building is provided as explicit strategies utilized for this research.

2.2 Human Resource Management (HRM)

Fundamentally, the term HRM development should be discussed in order to provide the basic concepts for SHRM and lead to more specific SHRM in capacity building profoundly. According to Taylor (1911), as cited in Nel et al. (2012), HRM was developed as the term for personnel management or managing people in the workplace, regarded since 1912 as a scientific management approach. Due to the industry evaluation and development of personnel management in Europe and USA from 1912 to 1946, the personnel department was introduced in many organisations and personnel management also was acknowledged as a professional career (Nel et al., 2012; Tyson, 2014). In the 1980s, personnel management was transformed to HRM by the broad demand from the organisations in terms of a higher strategic perspective and the more essential role of human resources in each organisation. Beer et al (1984) asserted that people were seen to be a valuable asset, rather than just a variable cost, for which organisations required a long term approach and effective tools to manage in order to attain the organisational objectives (as cited in Armstrong (2010). Similarly, to Fombrum et al (1984) and Legge (1989), HRM refers to the HR systems and policies that aim to underpin the organisational structure and strategies in order to gain a competitive advantage through effective HR practices (Nel et al., 2012). During the 1990s, the term ‘personnel management’ became unpopular while the notion of ‘people management’ or ‘human resource management’ has been adopted instead

(Armstrong, 2010). In the 2000s, the aim of HR management or people management has not altered dramatically from personnel management; only the new methods and practices have been embraced in order to provide effective and proactive HR approaches for supporting organisational business strategy (Armstrong, 2010; Nel et al., 2012; Tyson, 2014). In essence, HRM strives to focus on the practice of managing work and employees in alignment with organisational objectives.

Regarding the aforementioned revolutions and development of Human Resource Management, there are many experts who define the term HRM in broad contexts. Armstrong (2010) defines HRM as the approach that enhances the organisational achievement by their available resources (Human as people in the organisations) and effective business tools (management). HRM is a system and practice that assists organisations to gain competitive advantage and build up their capacity through their valuable assets. Alternatively, Boxall and Purcell (2011), refer to HRM as all the activities that correlate the task of management with people in the organisation. The management includes policies and practices utilised for monitoring the designed work as well as employing the people to achieve the job's objectives. The HR activities and practices are intended to manage the task and the people through HR approaches namely recruitment, selection and deployment, motivation, training and development, retention programmes, disciplinary action and retrenchment (Boxall & Purcell, 2011; Härtel & Fujimoto, 2015). Besides, Härtel and Fujimoto (2015) also state that HRM is the involvement of the HR process in developing, analysing and reinforcing the HR procedures, policies and systems in order to ensure the attainment of the organisation's goals by monitoring, innovating, planning and evaluating the employees' performance.

2.2.1 HRM roles

To evaluate the accountabilities of the HRM, HR practitioners or professionals are the essential key persons who implement the effective HRM approach for the organisations. Thus, the HR practitioners' or professionals' roles are scrutinized and examined in order to provide in-depth insight into their responsibilities. According to Armstrong (2010), there are two main roles of HR practitioners, namely the transitional role and the strategic role. The transitional role deals with providing HR activities or services according to the requirement of the management or the front line manager in daily work. Those HR services or activities consist of administrative jobs such as recruitment, compensation and benefit,

or acting as organisational advisors regarding HR and employees' issues which are concerned with the delivery of solutions for the organisational administration (Armstrong, 2010; Darwish, 2013; Martin, 2010). The strategic role focuses on assisting management or line managers to establish practical business strategies by executing HRM processes, practices and systems aimed at achieving the business goals properly and proactively (Armstrong, 2010; Stone, 2013).

In today's contemporary HR perspective, the terms of HR professional roles differ widely between scholars. Ulrich et al. (2012) state that there are six essential capabilities for HR roles.

Firstly, the HR practitioner performs as *a credible activist* who assists the firm's achievement by providing prudent ideas, being an effective coordinator with other departments and contributing professional credibility through results based on integrity of services.

Secondly, HR professionals are the *strategic positioners* for which modern HR practitioners possess expansive business context perspective. This can reinforce the favourable HR practices that can underpin the development of their resources in order to be integrated with organisational business strategies.

Thirdly, HR practitioners play a crucial role as *capability builders*. By the robust insight of their own organisation, HR practitioners are able to develop the competencies and capabilities of their organisations through a valuable workforce which, via its capabilities, which comprise organisational initiative and innovation, rapid and effective work processes, and organisational and individual systems.

Fourthly, HR professionals act as *a change champion*. HR professionals underpin organisational capacity in order to support the productive change of systematic procedures in their organisations. With proactive HR processes, it can ensure the success of the business objectives by integrating their available resources namely; good timing, a valuable workforce, available capital and informative capabilities with effective change procedures and structures.

Fifthly, HR practitioners play a crucial role as *human resource innovators and integrators*. To attain the organisational goal, HR practitioners possess the critical ability to innovate and integrate HR practices, procedures and policies and align them with organisational

business issues for achieving business desired outcomes.

Lastly, HR practitioners must be *technology proponents*. A manageable HR information system ensures the efficient HR practices that increase communication clarity with both internal and external stakeholders (between employees inside the organisations and between customers or suppliers and organisations). This technological HR application can deliver competent and efficient operation and add more value to the organisational success (p.61-183).

In relevance to the points of Ulrich et al., 2012, Vogelsang et al. (2012) also state that there are four basic roles of HR namely *champion of the employees, expert administrator, partner in strategy and the professional HR manager*.

Champion of the employee role means HR act as a representative of employees in managing and developing compensation and benefits packages for employees, as well as improving their skills in order to support business requirements.

Expert Administrator is another important role of HR in terms of accurate and precise compensation, systematic calculators, labour relations advisors and manager of the in-house developers. By employing their administrative skills, HR practitioners are able to manage the daily benefits and pay to support line management, deal and negotiate with employees' issues or grievances regarding work conditions and prepare an effective training programme to develop their workforce SKAs.

Partner in Strategy is a vital role of the HR professionals. To implement the long-term business plan strategy effectively, HR professional should provide effective HR systems and practices that are aligned with the organisational strategy in planning, recruiting, employing, developing, retaining and evaluating talented and potential employees for critical positions.

Finally, the *professional HR manager* is also a vital role for HR practitioners. To enrich the strategic business agenda on the macro level, HR professionals must be equipped with broad HR knowledge and change agent skills in order to provide a broad perspective in strategic discussions (p.10-12).

Furthermore, Reilly and Williams (2012) emphasise that the key characteristics of HR practitioners' roles consist of *strategist, change manager, professional and regulator*.

The first role of the *strategist* means HR professionals join the top management as a key decision maker for strategic business plans. This key role does not just require administrative and professional HR abilities to support other functions but must also have extensive vision and comprehension about their organisation to visualise efficient HR strategies for developing their organisation, as well as obtaining a desired outcome.

As the *change manager role*, HR professionals are the key to success of the organisation in implementing change processes for improving their performance. Particularly in the diverse organisations where HR practitioners act as a change agent to communicate, advise, guide and support both employees and management to reach a consensus toward critical business issues.

In relation to that role, HR practitioners are also seen to be a *professional* in an organisation in terms of being the administrative champion in HR system (payroll, HR record and other HR administrative issues), providing crystal-clear information to all organisational members about organisational updates, policies or people issues (via internal communication tools) and acting as an advisor for other departments (opinion toward managing people). With expertise on people management, HR practitioners can provide support and guidance to dysfunctional departments where they lack those skills for ensuring the success of daily tasks and reaching effective organisational performance.

Lastly, HR professionals play a crucial role as a *regulator*. To safeguard the workplace harmony and organisational discipline, HR professionals take a lead in monitoring inappropriate behaviour in their workforce, by implementing disciplinary action and managing the workforce with relevant law. This role aims to maintain and protect the value and interests of their organisations (p.50-61).

In essence, the roles of HR professionals or practitioners are dealing with people management while the main purpose of their role is to assist management at both micro and macro level as a strategic partner, change agent, internal expert or advisor (Armstrong, 2010; Reilly & Williams, 2012; Ulrich et al., 2012). To attain organisational goals effectively, the top management level should recognise and acknowledge the HR's role as a part of being an organisational capacity builder.

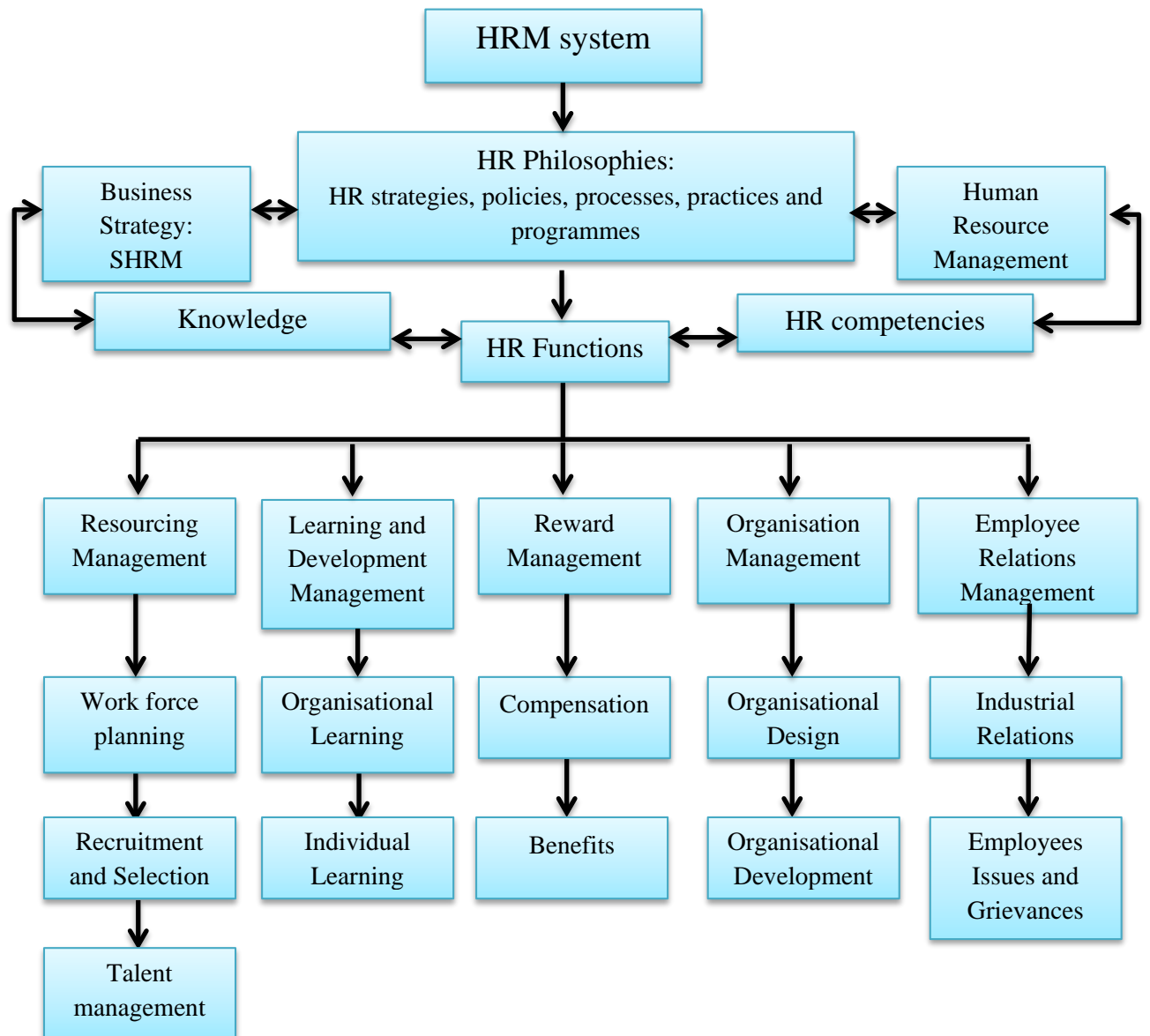
2.2.2 HRM system

Despite the HRM role, HRM systems should be discussed and deliberated on in order to gain in-depth insight regarding the HR function in organisations. Fowinkel (2014) defines the HRM system as a framework of HRM, accumulating HR functions in a set of strategic structures in broad view. There are three essential components of a HRM system namely system architecture, HR policies and HR practices. Firstly, system architecture refers to the standard HR regulations functioning as a strategic tool when performing systematic tasks. Secondly, HR policies are defined as a bundle of policies that integrate and support the system architecture. Lastly, HR practices characterise the implementation and technique of HR strategies adoption.

Moreover, Armstrong (2010), describes the HRM system as a combination of cohesive HR philosophies that aim to increase connection internally, establish constructive and harmonious consequences for organisational results and gain a competitive advantage. Basically, HR philosophies consist of five vital components namely HR Strategies, policies, processes, practices and programmes (Armstrong, 2010). While HR strategies act as guidance to lead HRM into the correct pathway, HR policies provide the guiding principles and values of organisations to implement effective strategies by HR processes which encompass productive HR procedures and methods (Armstrong, 2010). In conjunction with those HR systems, HR practices and HR programmes, this enables organisations to utilise the proactive approach for managing their workforce, as well as ensuring that their implementation is aligned with the organisational business plan (Armstrong, 2010).

All in all, the HRM system aims to assist the organisation in implementing an efficient HR framework or method to manage their valuable assets (people) and strive to increase the desired outcome for their organisations (organisational performance).

Figure 1: HRM system



Sources: Developed by the author, based on Armstrong (2010), Fowinkel (2014) and Nel et al. (2014)

2.3 Strategic Human Resource Management (SHRM)

In recent decades, the evolution of HRM has evidently been shifted from the micro level, as administrative function, to the macro level as a strategic partner in order to assist their organisation in achieving desired objectives effectively and efficiently (Armstrong, 2011; Nel et al., 2014). Therefore, SHRM is mirrored and captivated as a strategic tool for organisations to focus on their competitive business environment.

The term 'SHRM' has been defined widely by many experts since its development. According to Boxall (1996), SHRM refers to the association between HRM and strategic management. To support Boxall's point of view, Armstrong (2011) emphasises that SHRM is an approach or a method that develops an execution of HR strategies to align with business strategies for attainment of goals. Similarly, Martin (2010) highlights that SHRM is the alignment of the HR approaches to organisational directions, purposes and objectives which aim to gain competitive advantages over their rivals.

Furthermore, Schuler (1992) asserted that SHRM encompasses entirely the HR's practices and functions which encourage and develop the workforce's behaviour to contribute to organisational need and support its strategies (Armstrong, 2011). From a different point of view, Dessler (2014), claims that SHRM defines as the formulation and execution of HR's practices and policies aiming to develop employees' capabilities and manners in order to attain the organisational strategic goals. From another perspective, Holbeche (2009) also indicated that SHRM was based on resource based on a view of the organisations which can sustain competitive advantage by effective and efficient human resources. To gain this competitive advantage, organisations must apply HR practices and strategies to provide sufficient information support internally, develop the workforce's skills and motivate and empower employees (Holbeche, 2009).

In essence, Armstrong (2011) defines SHRM as the approach or method that integrates HR's policies, strategies and practices to manoeuvre their workforce for achieving the organisational goals through capable and competent human resources. Therefore, there are many definitions of SHRM but the common core definition is 'HR Action focused on reaching organisational goals through the implementation of HR strategies and practices to manage a competent and skilful workforce.'

2.3.1 The Difference between HRM and SHRM

To reinforce the obvious definition of SHRM, the disparity between HRM and SHRM should be evaluated and scrutinised. Although, the terms HRM and SHRM have several similar elements which strive to integrate HR practices for supporting organisational strategy in order to achieve desired goals. However, there are many distinctions between HRM and SHRM, particularly the notions of SHRM that are more engaging and sophisticated than the terms of HRM.

Härtel and Fujimoto (2015), point out that HRM establishes and executes HR philosophies which aim to support decision making for functional strategic implementation and obligatory integration with the organisational strategies. Nevertheless, SHRM is the process of incorporating HRM into an organisation's strategic decision-making process in order to increase organisational effectiveness through a competent workforce. Therefore, while HRM is primarily focusing on practice, SHRM is considered to be a main focus in managerial decision making at this stage.

Redman and Wilkinson (2013), distinguish HRM and SHRM in two aspects. Firstly, HRM focuses on the micro level whereas the main role of the HR department is to provide advisable guidelines and services to support the organisational direction. The value of HRM is based on the individual's knowledge and capabilities. On the other hand, SHRM mainly focuses on the macro level which integrates HRM into the organisational corporate strategic directions in order to gain a competitive advantage in the long-term and broad perspective. The variety of knowledge in the workforce and their behaviour in the organisation are regarded as the main value of SHRM. In particular, SHRM considers people as valuable, rare, un-substitutable and inimitable assets that ensure the organisational prosperity and sustainable competitive business environment effectively.

Hollenbeck, Wright, Gerhart, and Noe (2014) also point out that HRM mainly support organisations as an administrative task provider in managing people via HR systems, practices and procedures. On the other hand, HRM is a process of engaging the workforce's behaviour, attitude to performing desired tasks through effective HR practices or people practices. Whilst SHRM plays a vital role as a business partner, change catalyst and advisor for assisting top management in dealing with strategic issues, as well as meeting competitive challenges. The role of SHRM is more favourable for organisations in terms of providing strategic decisions for competitive advantage over their rivals and enhancing effective HR systems to deliver better service for their organisations through strategic vision.

In essence, HRM is focusing on supporting functional requirements toward people issues and administrative tasks, while SHRM is predominantly focusing on extensive perspective for long-term organisational strategies by integrating HRM with business strategies (Armstrong, 2011; Nel et al., 2014; Rees & Smith, 2014).

Table 1: The differences between traditional HRM and strategic HRM

	Traditional HRM	Strategic HRM
Definition	HRM refers to approaches of managing, employing, developing and retaining people in organisations	SHRM is defined as approaches to integrate HR strategies, practices, systems and approaches with business strategies in order to gain competitive advantage through capable workforce.
Roles	<ul style="list-style-type: none"> • Employee's Administrator • Recruiter • Compensation and benefit calculator • Trainer 	<ul style="list-style-type: none"> • Strategic partner • Administrative expert • Capabilities builder • Change catalyst • Employee champion • Regulator
Level of accountabilities	<ul style="list-style-type: none"> • Micro level 	<ul style="list-style-type: none"> • Macro level
Relevant theories	<ul style="list-style-type: none"> • Motivation • Commitment • Organisational behaviour 	<ul style="list-style-type: none"> • Resource-based view • Human capital • Contingency theory • Behavioural theory
Focus	<ul style="list-style-type: none"> • HR Practice, Policies and Procedures • Individual performance level • Managing people in daily tasks 	<ul style="list-style-type: none"> • HR Strategy • Organisational performance level • Establishing and implementing strategic contribution to tasks
Objectives	<ul style="list-style-type: none"> • Achieve organisational success through a capable workforce • Evaluate workforce performance 	<ul style="list-style-type: none"> • Develop organisational performance in long-term through SHRM approaches • Gain competitive advantage over rivals through a capable, competent, committed, motivated workforce

Performance evaluation	<ul style="list-style-type: none"> • Individual performance assessment through job satisfaction, employees' turnover rate, retention and employees' commitment report • Utilise single HR practice 	<ul style="list-style-type: none"> • Organisational performance assessment through productivity, financial and marketing indicator such as 360 degree report and HR balance scorecard • Utilise various HR practices or bundles HR practices
------------------------	--	--

Sources: Developed by the author based on Armstrong (2011), Becker, Ulrich, and Huselid (2013), Redman and Wilkinson (2013), Tyson (2014), Nel et al. (2012), Beardwell and Claydon (2010), Darwish (2013), Rees & Smith, (2014) and Phasathane (2015), Rees and Smith (2014)

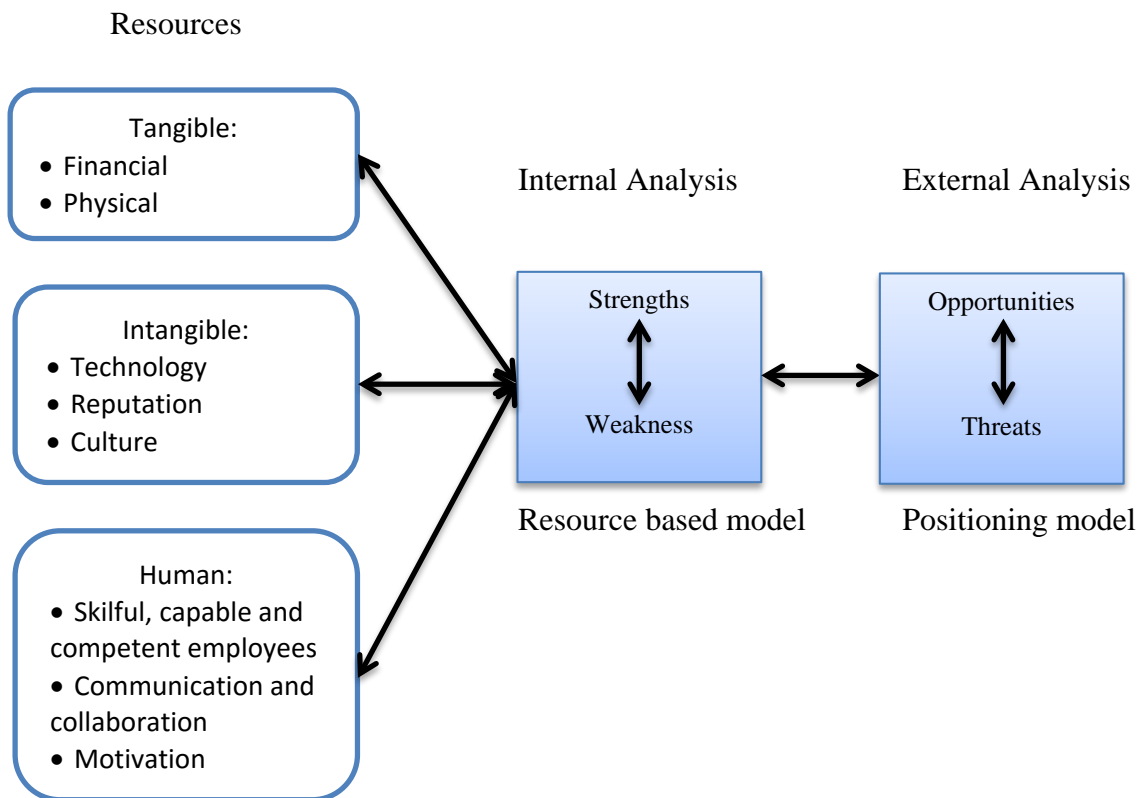
2.3.2 Resource based view (RBV) Theory and SHRM

The developments of SHRM have been originally established from the RBV theory where SHRM is the integration between strategic management and HRM (Barney, 1991; Wernerfelt, 1984). Barney (1991) states that the acknowledgements of the valuable internal resources are crucial for attaining organisational competitive advantage. Based on the work of Barney, Armstrong (2011) also supports the idea that there are four components of internal resources namely value, scarcity, inimitability, and non- substitutability which ensure the achievement of the organisations' desired strategy. To achieve the organisational competitive advantage, Martin (2010) outlines that it should not focus only on the integration of HR strategies and business strategies, but the development of their human resources or human capital should be considered as well. Human resources are also a vital part of firms' resources which are contributing to the sustainable competitive advantage of the organisations, if they are included in those four components (Barney, 1991, 1995; Martin, 2010).

According to Armstrong (2011), RBV enables firms to acquire a practicable HR basis for pivotal aspects namely human capital management, talent management, knowledge management and learning and development management in order to sustain a competitive advantage over their rivals. Kamoche (1996) explains that RBV is mirrored by the internal tangible and intangible resources and capacities of firms in which the implementation of RBV can establish a unique and practical integration of SHRM via their human resources. Boxall (1996) explains that RBV provides key strategies that enhance the creation, intelligence and flexibility of the organisations by recruiting, employing, developing,

compensating and retaining their capable workforce in order to sustain a competitive advantage. All in all, the notion of RBV is to furnish the broad views of organisational SHRM aspects as an inside-out perspective which aims to maintain and implement the effective and efficient strategies in managing their people for attaining the desired goal (Boxall & Purcell, 2011; Rees & Smith, 2014).

Figure 2: Resource based view model of the firms’ strategy for achieving competitive advantage



Source: Adapted by the author based on Barney (1991), Barney and Clark (2007) and Boxall and Purcell (2011).

2.3.3 Best practice approaches and SHRM

Best practice approach is one of the fundamental concepts of SHRM which many experts have revealed in various ways. Armstrong (2011) states that the best practice approach is the so-called ‘Universalist’ approach where there is a specific set of optimal HR practices solving entire situations. This school of thought mentions that this is the outstanding approach and is suitable for dealing with holistic circumstances which will contribute to optimising organisational performance. Rees and Smith (2014) state that this approach is

dependent on the various assumptions of stakeholder-oriented approaches and that there are two aspects of this belief. Firstly, the objectives of the firms are to increase the shareholder benefits by employing and managing a capable workforce to optimally meet this organisational requirement. Secondly, to ensure the achievement of the firm's aims, it is essential to develop and empower their workforce. This is because a more competent and capable workforce can contribute more valuable efforts to attaining a competitive advantage over the firms' rivals. Similarly, Boxall and Purcell (2011) outline that this approach improves the organisational performance if they are able to identify and implement the most suitable best practice for their firms. The concepts of cooperating HRM and business strategies are foreseen from the top management perspective on selecting the best practice, disseminating its procedures and processes to organisational members, evaluating its progress and compensating the workforce who implement them consistently. Hence, the best approach is a concept of SHRM that aims to improve and develop the organisation's desired results (Armstrong, 2011; Boxall & Purcell, 2011; Martin, 2010).

2.3.4 Contingency approaches (Best fit) and SHRM

The fundamentals of inaugural SHRM studies interact with contingency theories and fit between SHRM and organisational business strategies (Armstrong, 2011; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). Armstrong (2011) emphasises that the best fit approach is the alignment and integration of HR strategies and business strategies which are based on the subjective situation, organisational conditions and characteristics. Martin (2010) also points out that this is the most applicable approach for confronting with holistic circumstances. Basically, there are two features, namely the level of fit between HR and business strategies and the level of fit between HR integration of policies and practices. Boxall and Purcell (2011) illustrate that by implementing this approach, the firms are empowered to design and establish unique and specific HR strategies that are suitable for the firms' business environment. There are three analytical factors that should be taken into account in order to identify the options and select the most favourable choice of HRM for supporting corporate business strategies. The first analytical factor of the best fit approach is the societal fit which involves the alteration and adaption of the firm toward its social environment where the business should comply with the legitimacy, social norm and value. The second factor is the industrial environment where the organisation should conform specifically to the economic, technological and social-political environment. By

acknowledging these environments, firms are able to acclimatize themselves to a certain industry and survive in a competitive market. Lastly, organisational fit is the factor that allows firms to lay out HR strategies complying with its organisational structure, as well as be aligned with critical business issues to be effective in generating better implementation of HR systems. In essence, Werbel and DeMarie (2005) state that the contingency approach depicts the concept of how person–environment fit relates to organisational competencies and supports corporate strategy. This fit is a linking clue between vertical and horizontal alignment in SHRM. The vertical alignment links HR systems with corporate strategies through organizational competencies, while horizontal alignment links HRM practices to promotion of those distinct organisational competencies for enhancing performance.

2.3.5 Configurational approaches (Bundles) and SHRM

Configurational or bundle approaches refer to a process of accumulating the development and implementation of numerous HR policies and practices which comply with business context in order to achieve better organizational performance (Armstrong, 2011; Kramar & Syed, 2012; Rees & Smith, 2014). Instead of utilising only a single HR practice, this approach combines several HR practices (so-called HR bundles) by integrating simultaneously both horizontal and internal fit that are interrelated, coherent and supportive of each other (Armstrong, 2011; MacDuffie, 1995; Rees & Smith, 2014; Stavrou & Brewster, 2005). There are many scholars who agree to the benefits of implementing this approach.

Richardson and Thompson (1999) illustrate that to gain sustainable competitive advantage and optimal performance, the bundles of HR practice combining vertical fit (external) and horizontal fit (internal) should be implemented in an organisation. MacDuffie (1995) also points out that the concept of bundling assists organizations to improve their performance optimally, through the multiple bundling HR practices which are cohesive, interrelated and consistent. According to the same author, bundling practices establish multiple guidelines and support to motivate and assist the workforce which equips them with the necessary knowledge and skills in order to establish their careers. In relevance to that concept, Stavrou and Brewster (2005) explain that the implementation of HR bundles enables the firms to perceive a wider perspective on organisational impacts both positive and negative than an individual HR practice. Similarly, the point of view of Beardwell and Claydon (2010) is

that by utilising consistent HR bundle practices, the integration of horizontal fit will improve the capacities of the workforce to meet a specific level of the organisational corporate strategies through HR systems. Conversely, the vertical fit focuses on organisational level context integrating with HR practices that improve internal performance. All in all, the configurational approach considers both internal conditions and external factors through the integration of horizontal and vertical fit as holistic strategies in order to maximize organisational performance and achieve a sustainable competitive advantage (Armstrong, 2011; Delery & Doty, 1996; Kramar & Syed, 2012; MacDuffie, 1995; Stavrou & Brewster, 2005).

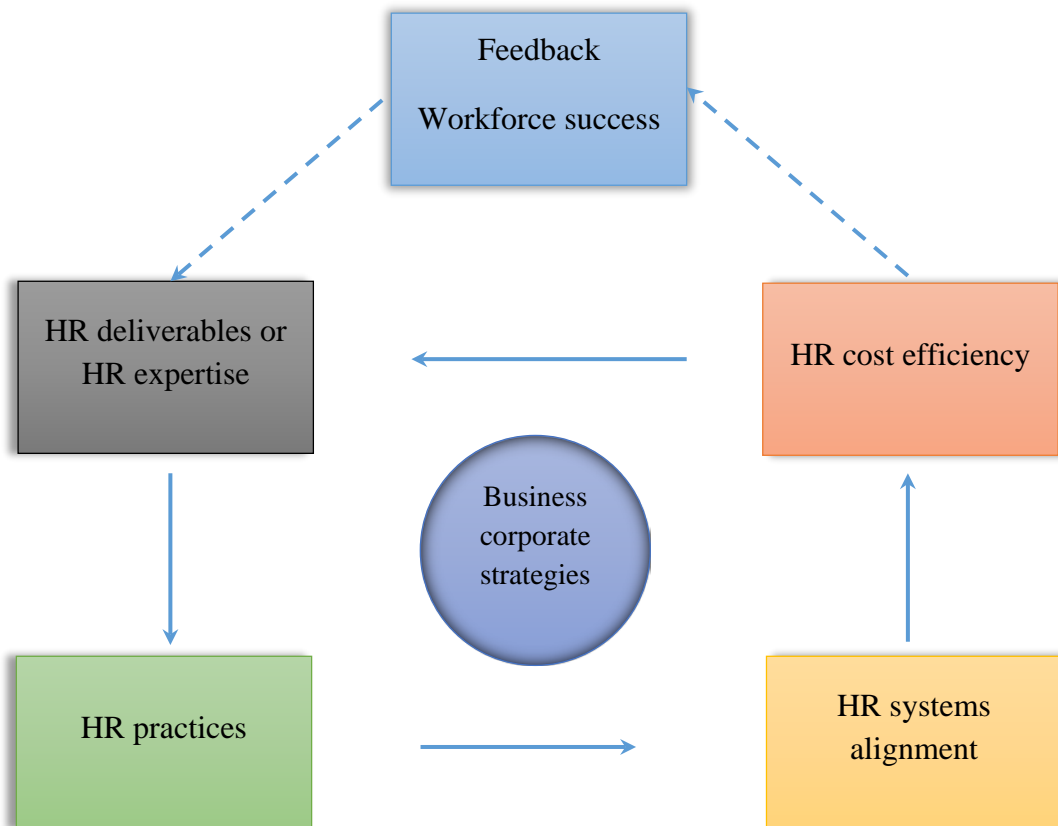
2.3.6 The links between SHRM and organisational performance

In the last two decades, researchers have conducted numerous academic researches addressing the strong relationship between SHRM and organisational performance. According to Harney and Monks (2014) the implementation of SHRM, particularly its practices and designs, contribute positively to the organisational performance. There are two outstanding practices of SHRM, for instance, the so-called 'high performance work system' and 'high commitment management' that are employed in order to increase the workforce's capacities, commitment and productivity in which the employees are regarded as the key mechanism for enhancing and sustaining organisational competitive advantage (Harney & Monks, 2014; Wall & Wood, 2005). Those aspects also link to the work of Darwish (2013) who also asserts that the key to gaining competitive advantage is the thoughtful selection of SHRM practices that are suitable for their industries. In some circumstance, it is not only one specific SHRM practice that is adequate and suitable for a situation, but a bundle of various SHRM practices are also crucial to contributing to sustained competitive advantage or to gaining desired business outcomes (Darwish, 2013). For instance, the implementation of sets of practices together such as strategic recruiting, strategic learning development and strategic empowerment, will provide more positive effects to organisational performance than utilising a single practice to develop only a narrow section of the workforce (Darwish, 2013; Wall & Wood, 2005). In addition, Reilly and Williams (2012) highlight that the SHRM practices generate desired results for organisational effectiveness such as increasing productivity and improving internal resources for supporting business corporate strategies. The same authors also indicate that organisational effectiveness is achieved by effective organisational structures, working processes designs and a competent workforce which result from implementation of SHRM.

However, to explicitly address the positive effects of the implementation of SHRM to organisational performance, HR practitioners should utilise a precise indicator or a measurement tool. As suggested by Becker, Ulrich, and Huselid (2001), the top management of the firms are always sceptical about the contribution of HR practices and its systems, which are difficult to measure, to organisational performance.. The same authors also assert that according to the new role of HR manager as a strategist who assists organisations in attaining competitive advantage through SHRM, a creative, precise and systematic measurement tool is needed in order to assess the explicit value contribution of SHRM to the top management. According to Kaplan and Norton (1996), as cited in Nel et al. (2014), the balanced scorecard was invented as an effective tool to assist management to make vital decisions regarding their business strategies implementation. From HR perspective, the HR scorecard was also developed as the HR measurement system which is derived from good insights of organisational strategies and workforce's SKA's and behaviour development to cope with organisational corporate strategies (Nel et al., 2014). As pointed out by academic HR experts, Becker et al. (2001) and (Rees & Smith, 2014), the HR scorecard aims to investigate two primary components namely managing HR as a strategic asset and demonstrating HR's contribution to a firms' financial success. Basically four areas, namely HR deliverables or HR expertise, HR practices, HR systems alignment and HR cost efficiency, are employed and demonstrated in the HR scorecard (Becker et al., 2001; Nel et al., 2014; Rees & Smith, 2014).

All in all, there is a positive relationship between SHRM and organisational performance which results from suitable and practicable HR strategies selection. Furthermore, the HR measurement as HR scorecard should be taken into account by HR professionals in order to assess the value of HR's contribution to management.

Figure 3: HR scorecard



Source: Adapted by the author based on Becker et al. (2001), Nel et al. (2014) and Rees and Smith (2014)

2.3.7 Criticism of SHRM

Despite the advantage of SHRM and its development, there are some criticisms that outline weaknesses of this concept. Darwish (2013), argues that the fundamental establishment of SHRM theory and its formulation are critiqued; scholars should scrutinise and execute more precise and modern formulations of SHRM theories. The same author also points out that the criticisms are based on two justifications. Firstly, the theoretical establishments of SHRM are weak, as its theoretical basis is formulated by HRM theories. Secondly the scope of SHRM is developed from numerous theories namely the resource-based view, human capital theory, contingency theory, and behavioural theory whereas the disparities between these theories have not been formulated precisely (Darwish, 2013; Delery & Doty, 1996).

Furthermore, Armstrong (2011) also claims that the SHRM formulation and implementation will not achieve its objectives if its concepts are not formed clearly. This is because the

concepts are sophisticated and severely influenced by contextual and extensive components and there are no exact shortcuts for transforming or interpreting business strategies to HRM strategies effectively. Redman and Wilkinson (2013) also debate that in certain situations, the SHRM formulation and its implementation can be problematic because of the matching fit between business strategy and the workforce's attitude and behaviour regarding organisational norms. The same authors explain that the formulation and implementation of SHRM is executed and designed from the business management perspective which, in some implementations of the fit, can disregard social and organisational norms, legal regulations and the attitudes of employees in the organisation. These factors intensely influence the achievement of integration and application between SHRM and business strategies.

In relation to that point, Harney and Monks (2014) also claim that there are some limitations of SHRM implementation which are caused by three aspects namely: (1) imbalance of organisations and employees' interests, (2) financial constraints and (3) employee behaviours. Regarding the first aspect; the organisations always focus their interest by utilising a hard approach of HRM rather than considering a soft approach of HRM in managing their employees' benefits. Second aspect; the majority of organisational strategies are only concerned with the financial outcome which aims to satisfy investors or stake holders without considering their employment relations value. Lastly, there are inexplicit indicators of employee behaviours in contributing to the business corporate strategies fulfilment and their behaviours are difficult to motivate and control through intrinsic or extrinsic incentives. These aspects are disastrous and the main constraints for the implementation of SHRM.

In essence, to ensure the effective implementation of SHRM, the strategic selection should not be focused only on the organisational financial outcomes or performance desires but the top management should involve all stakeholders in the selection process, for their mutual benefit (Armstrong, 2011; Du Plessis et al., 2015; Nel et al., 2014).

2.4 Capacity Building

Capacity building is one of the essential concepts in integrating SHRM and business strategies for developing optimal performance. Its formulation and its terms will be examined. Basically, the term 'capacity building' is developed from the NGO perspective who utilise this concept widely (Eade & Ireland, 1997; James, 1998). Eade and Ireland

(1997) state that Oxfam, one of the outstanding NGOs, developed the term ‘capacity building’ from their principles and beliefs through their vision of their mission and their organisational mandate. The same author also points out that capacity building was shaped by the interaction between organisational factors such as members of the organisations and external factors namely society and politics. Cornwall (2007) also outlines that the term ‘capacity building’ is one of the terms used about international and community development where its roles are relevant to the developmental framework (as cited in Kenny & Clarke, 2010). The primary concept of capacity building focuses intensely on two factors namely human resources and organisational improvements (Eade & Ireland, 1997; Kenny & Clarke, 2010).

The definition of capacity building has been defined by various scholars. Eade and Ireland (1997) call capacity building ‘the approach of developing human capital at three levels namely at individual, institutional and societal level. The aim of this approach is to enhance skills and knowledge of organisational members for achieving sustainable optimal performance and measurable results’. Blumenthal (2003) formulates capacity building as ‘processes in enhancing capabilities of their human resources which aim to develop the workforce capacity to attain a desired outcome’. Kenny and Clarke (2010) state that ‘capacity building is a systematic mechanism of improving individual, functional and organisational performance favourably by designing specific tasks that can adjust to the environmental change successfully’. In essence; capacity building consists of systematic and strategic actions that underpin personnel at functional and organisational level to establish outstanding results that benefit the holistic aims and objectives of the organisations (Blumenthal, 2003; Eade & Ireland, 1997; Judge, 2011; Kenny & Clarke, 2010).

2.4.1 Human resource capacity building

Human Resource Capacity Building (HRCB) is one of the SHRM concepts, which encompass many terms. The concept of HRCB was first introduced by Kaplan and Soal, and initially linked the concept of capacity building to organisations in 1995 (Krishnaveni & Sripirabaa, 2008). According to Blumenthal (2003), as cited in Krishnaveni and Sripirabaa (2008), he defines HRCB as ‘the approach that enhances the organisational and individual capabilities which intend to improve and develop their performance’. This approach concentrates on two levels, namely macro level, focusing on organisational capacity building, and at the micro level, focusing on individual capacity building. In

addition, Groot and Molen (2000), as cited in Krishnaveni and Sripirabaa (2008), and (Yamoah, 2014) assert that HR capacity building is the process that develops the knowledge, skills and attitudes of individual and groups of people in organisations which relate to the establishment, management, development and maintenance of the organisational system and operational procedures. Furthermore, Ulrich et al. (2012), also point out that HR professionals are key components to establishing effective and robust organisations as capability builders. HR practitioners execute HRCB to scrutinize and analyse their organisational capabilities, which demonstrate the institutional strengths and weaknesses (Ulrich et al., 2012). This does not just reflect the capability of the organisations but also reveals the valuable contribution of the workforce (Ulrich et al., 2012). Based on the definitions above, HRCB, therefore, is an effective HR practice aiming to improve the performance of the organisations through capability building of the employees' knowledge and skills.

Significantly, many researchers assert that HR capacity building plays a crucial role in improving and developing an effective performance for the organisations. Yamoah (2014), states that HR capacity building equips a workforce with greater capabilities, skills and personal development; this influences directly on organisational performance. To succeed in organisational goal attainment, the workforce should obtain suitable training programmes and educational practices, which will enable them to achieve satisfactory results, as well as high work performance. To support that point Krishnaveni and Sripirabaa (2008), assert that by implementing the HR capacity building concept, HR practitioners can deliver better service to improve and monitor the development of their workforce in the working process. The effective HR capacity building functions allow the organisations to identify and create the right strategy to develop the workforce's capacity. For instance, by adopting the right SHRM in HRCB, the Department of the Registration of Persons in Nakuru County (the public service in Kenya) found that their quality of service improved and can deliver better service to satisfy their clients (Gekonde, Nyamboga, & Nyarohoo, 2014). Furthermore, Ashkenas and Schaffer (2007), state that organisations will achieve business competitive advantages and better business results when they build the organisational capacity through capable leaders or managers and a competent workforce. Particularly, the management level is the key to the success of capacity building strategy. The leaders or managers engage with and lead their staff to create the working process and system for producing a positive business outcome. Thus, building capacity at management

level is the core value for organisations to increase their organisational capacity and performance (Ashkenas & Schaffer, 2007). All in all, to succeed in improving and developing organisational performance, the HRCB strategy should be formulated and implemented, especially in capacity building at managerial level.

2.4.2 Capacity Building Strategy

Capacity Building Strategy (CBS) is defined as a method of integrating the capacity building process and organisational strategy with the main purpose of enhancing the organisational members' capabilities to achieve organisational objectives (Cousins & Bourgeois, 2014; Honadle & Howitt, 1986). According to Honadle and Howitt (1986) capacity building refers to a process consisting of activities that aim to increase organisations' and individuals' abilities in order to ensure the survival of the business, as well as attaining organisational goals. To add to that point of view, Maconick (2002) also states that capacity building is defined as an approach that enables organisations to develop their performance effectively through a skilful and capable workforce by implementing applicable SHRM of attracting, developing, using, motivating and retaining the competent workforce. The capacity building consists of two levels namely, institutional level and individual level. Firstly, the institutional level focuses on improving or developing the competencies and performance of organisations through a skilled workforce's efforts to accomplish organisational goals. Secondly, the individual level focus on improving the workers' competencies (human development) that aim to enhance their capabilities, skills and behaviour in order to contribute to effective work performance (Maconick, 2002; Vernis, Iglesias, Sanz, & Saz-Carranza, 2006). Therefore, capacity building strategy is a method of improving the competencies at the organisational and individual level in order to gain an effective outcome.

To achieve organisational goals, it is essential to embrace CBS as one of the organisational strategies for ensuring the survival of the business. Judge (2011) asserts that it is vital for organisations to implement the right CBS to be prepared for any unexpected situations or dilemmas. The CBS focuses on three main components namely developing human skill set (particularly, utilising available resources), improving organisational systems and procedures and building up an effective organisational culture, values and norms. The CBS enables organisations to increase the capabilities of their existing resources, as well as seeking new available competencies that ensure the growth of the organisations (Gwin,

2005; Judge, 2011). In addition, Gwin (2005) also states that capability building optimizes individuals' skills and abilities, which enables them to analyse problems effectively for accomplishing organisational objectives. The capacity building can address specific management problems such as financial management, human resource management, production management or other management issues that relate to the operational goals (Gwin, 2005; Honadle & Howitt, 1986). Enhancing leaders' or managers' capability is an essential part of business strategy. Those roles are the key to the success of a business, which involves the capacity building development of themselves, as well as their team members. It does not only improve the skills at management level to confront the operational difficulties but also increases subordinates' competencies to develop the best operative outcomes (Ashkenas & Schaffer, 2007; Judge, 2011). Taking everything into account, CBS is an essential tool for organisations to build up their workforce's capabilities, especially the leaders or managers' capacity which assists them to produce best performance, as well as increase organisational productivity. This can ensure the survival and development of organisations.

2.5 Specific SHRM in capacity building

To succeed in achieving a sustainable competitive advantage, each organisation has to execute robust SHRM. It should also be integrated with the business's mission. There is no 'one fit' strategy that can apply to every organisation, each firm must establish and implement the most practicable SHRM that fits their business strategies and objectives (Armstrong, 2011; Beardwell & Claydon, 2010; Darwish, 2013). According to Armstrong (2011), by implementing SHRM, which is based on RBV theory, there are three essential strategies that enable firms to build their capacity and capabilities effectively, namely talent management, learning and development and knowledge management, and discussed below.

2.5.1 Talent management strategy

Talent Management Strategy (TMS) refers to the strategic management aiming to recruit and manage distinctive high potential employees in order to support the organisations' workforce need and employee acquisition process (Nel et al., 2014). To support that point of view, Holbeche (2009) defines talent management as "The systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organization" (p 166). By

acknowledging their current pool of skilful and capable workers, organisations are able to identify the gaps in the workforce requirement, prepare a suitable training programme for those with talents and make accurate decisions concerning recruitment (Holbeche, 2009; Nel et al., 2014). Furthermore, Sparrow, Scullion, and Tarique (2014) also assert that talent management focuses on seeking people who represent a unique skill set. This kind of skill unit is rare and difficult to discover and imitate, but which can contribute high value to organisational competitive advantage. To achieve today's high competition in business, the war for talent is one of the contemporary issues that ensure the sustainability of organisations (Nel et al., 2014; Sparrow et al., 2014).

As the essential role of TSM, the pool of talents ensures an effective strategy for organisations to enhance their capability. According to Majeed (2013), TMS is one of the pivotal components for making strategic decisions which directly influence the organisational performance. If organisations change their process of work or business structure, it is required of TSM to seek the potential talents among the candidates to the gaps of positions needed, especially, when organisations re-engineer their business process by introducing new technologies. In addition, De Vos and Dries (2013) state that TSM is an HR approach to career management for being prepared for the war about talent, particularly when organisations confront such high competition nowadays. It is crucial for an organisation to apply the right strategies to attract, utilize, train and retain a valuable pool of talents (Varelas, 2014). Workforce (2015), also asserts that the key component of a talent pool is engaging and training managers who play a prominent role in managing their team members. The managers are the key persons in leading, monitoring, coaching, and assessing their teams performance which aim to increase their quality and so accomplish organisational goals. In essence, seeking the key talents among their employees internally and externally is an essential issue for business firms to enhance organisational competitive advantage and capacity. Therefore, talent management strategy is a significant strategy for HR professionals in terms of recruiting, employing, developing and retaining a capable workforce who can contribute and support the organisational goals.

2.5.2 Learning and development strategy

According to Armstrong (2010), Learning and Development Strategy (LDS) refers to an adoption of organisational learning and development activities that support the organisational objectives through augmentation of the workforce's skills and capacities. In

relations to LDS, Harney and Monks (2014) state that 'learning' defines the process of increasing the development of perception, morale, intelligence and behaviour for increasing individuals knowledge, skills and perspective. Martin (2008), also points out that development refers to the long-term approach of the organisational process for supporting the requirement of organisational behaviour change. In essence, learning and development strategy are intended to support organisational achievement by enhancing human resource capacity through suitable strategy, but it must be based on the need and interest of the workforce to ensure their growth and development in their careers (Armstrong, 2010).

To achieve business goals and increase HRCB, HR practitioners should execute LDS as an essential SHRM practice. Mukherjee (2012), claims that LDS is an essential element of capacity building in which all members of the organisations must be involved to ensure the success of LDS. The designing of training and development programmes should be aligned with business goals by cooperation of all stakeholders such as employees, department heads and top management in order to support the workforce with the appropriate knowledge and skills for performing their work and producing performance effectively. Redman and Wilkinson (2013) also illustrate that LDS can guarantee the increase of organisational productivity and better performance by supporting a skilful workforce sufficiently. The organisations will be less affected by skill shortages and will not take the risk of outsourcing labour, if available positions can be filled by internal candidates who are capable and competent. In addition, Ropes and Thölke (2010) assert that learning and development processes improve the employees' behaviour in problem solving skills, which can contribute to an in-depth comprehension of organisational learning, as well as improving the work results. Particularly, the training and development programme for the managerial level should be prioritised as a key to success in enhancing the organisations' performance. Managers or leaders are the crucial part of managing the work process. By implementing the right training and development programmes for them, those managers can be equipped with effective skills, which will enable them to lead their team members and change the work process in an effective direction (Human Resource Magazine, 2008). Therefore, to gain a competitive advantage in today's business competition, LDS should be implemented and aligned with SHRM for building up workforce capacity.

2.5.3 Knowledge management strategy

Knowledge Management Strategy (KMS) is defined as an organisational approach of managing and controlling the knowledge of their workforce by detecting and transferring the available information for improving the organisational learning process (Armstrong, 2011; Redman & Wilkinson, 2013). To add to this point, Armstrong (2011) also asserts that knowledge management is “a practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations”.

(p. 213). Since KMS had been developed, this complex strategy can be categorised into two strategies namely personalisation and codification. Firstly, personalisation strategy emphasises allocation of knowledge among team members in organisations, which aims to enhance knowledge creation. Secondly, codification strategy focuses on synthesising available knowledge for reusing knowledge as a business strategy (Redman & Wilkinson, 2013). The main objective of KMS is to pass on the existing pool of knowledge from their human resource experts to the other in the workforce who require to learn those useful skills and knowledgeable experience. The process of transferring knowledge, including the sharing of working processes and operational techniques, aims to improve the performance of the organisation and increase productivity (Armstrong, 2011).

Effective knowledge management is vital to improving organisational productivity and performance, which enhances the quality of decision making by organisational members' capabilities. Tubigi, Alshawi, and Alalwany (2013) state that by implementing knowledge management, organisations can improve their performance positively and significantly. In relevance to that point, the knowledge processes, namely knowledge creation, knowledge allocation and knowledge contribution, are the key processes of delivering positive effects on organisational performance. These processes enable firms to perform activities smoothly through knowledge mechanisms, which improve organisational results directly. Further to this, Cao, Thompson, and Triche (2013) assert that the knowledge management process enables all members of the firm to strengthen the internal collaboration that leads to the effective enhancing of organisational performance and productivity. By utilising and sharing the pool of knowledge, firms can recognize their own capacity to plan and implement the appropriate strategic knowledge management to confront the obstacles that may occur. This leads to better decision making by accumulating organisational and individual contribution on developing effective knowledge and proper practices to gain a competitive advantage (Gekonde et al., 2014; Pugna & Boldeanu, 2014). Additionally,

knowledge sharing also enlightens and changes the attitude of organisational members to realizing the common goal of the firm rather than just accomplishing their personal goal. This can increase a team's harmony and improve the organisational productivity (Newman, Newman, & Tuggle, 2015; Weinberg, Tuggle, & Hsu, 2015). In relation to that point, Scully, Buttigieg, Fullard, Shaw, and Gregson (2013) state that knowledge management allows management to share their knowledge, skills and experiences with their subordinates which can augment trust and cooperation among their team members. This can create innovation and brilliant ideas that can add value to the organisational performance. Therefore, KMS is a prominent tool to improve the organisational performance and attain the desired outcome through the appropriate process of transferring knowledge and skills from experts to where it is needed in the workforce.

2.6 Summary

Chapter two introduced four primary concepts constituting the formulation of SHRM in capacity building. The first part of this chapter focused on the fundamental concept of HRM as a basic insight of managing people in organisations by implementing its HRM systems and its role becoming more strategic when it was incorporated with business management strategies.

The second part focussed on the establishment and evaluation of SHRM and deliberated on its supporting theories namely the resource-based view, contingency theory, and configuration theory. The notion of the SHRM concept is to offer better comprehension of the SHRM foundation and its strategic role in assisting organisations to gain a competitive advantage.

The third part conceptualised the concept of capacity building and discussed the notion of human resource capacity building and capacity building strategy. The key concept of capacity building in organisations was clearly explained to increase more understanding of its notion.

The fourth part outlined relevant SHRM in capacity building of the workforce in organisations. There are three strategies involved namely talent management, learning and development management and knowledge management. To increase workforce capacities, those strategies should be addressed and executed.

In chapter three the research methodology and methods utilised in this research thesis are discussed.

Chapter Three: Research Methodology

3.1 Introduction

The aim of this chapter is to decide upon the adoption of a research methodology and research method for this research project. Firstly, the methodology will be addressed in order to clarify the research methodology and research paradigm that were adopted by the researcher. Secondly, the two research methods, namely quantitative and qualitative approaches, are outlined. However, the qualitative approach appears to be more suitable for this research with the rationale also provided to elucidate the reason for this decision. Thirdly, sampling design and the research process are also described for more insight into research procedures. Fourthly, the process of collecting data and data analysis are deliberated to gain more comprehension on analysing the information collected. Lastly, the quality and ethical issues of the research project will be articulated as well.

3.2 Methodology

3.2.1 Research Methodology

The research methodology is described as the knowledge of various methods that influences the approach of conducting the research in scrutinizing the problems from the appropriate direction and by correct techniques (6 & Bellamy, 2011; Dhawan, 2010). Furthermore, the research methodology is the approach used to unravel the problematic issues logically which researchers should be aware of, and then to select certain approaches and explain clearly the way in which they investigate the problems (Dhawan, 2010; Gorman, 2014). According to Hammersley (2010), there are three categories of research methodology; namely methodology as technique, methodology as philosophy and methodology as autobiography.

Firstly, methodology as technique refers to the process that strives to systematise social scientific method's implications, especially in selecting the appropriate techniques which comply with various methods' objectives, background of researches and distinct methods choices (Hammersley, 2010). The research methodology for this research project is quantitative approach oriented. Secondly, methodology as philosophy is defined as a

process that supports a technical approach for its scientific development and also employs philosophical ideas (Hammersley, 2010). While the former methodology just focuses only on scientific approach, rules and procedures, this process employs philosophical assumptions to design research practices, namely adding values of research creativity, imaginative literature and art and flexible philosophical and political implications (Hammersley, 2010). This approach combines both the quantitative and qualitative approaches. Lastly, methodology as autobiography is an approach of revealing information through studying methodological literature such as textbooks or a form of writing work and interacting with experienced people. This approach is qualitative method oriented which mirrors the researchers as the key components of research process in examining the contingent research adoption, learning from experts and adapting with complex perspective, emotion and attitude over time (Hammersley, 2010).

In addition, there are some distinctions between methodology and research method. 6 and Bellamy (2011) explain that 'methodology' is the more comprehensive designs and frameworks used in research investigation and solving the research questions, whereas 'method' is the kinds of tools and techniques used to collect data in studies, conduct coding and analyse the relevant information for underpinning solutions to answer research queries. To support that point, Dhawan (2010) states that methodology is the process of developing a relationship between researchers' knowledge or insight and methods or techniques that are employed for unravelling research problems systematically and logically. In contrast, research method is the utilisation of research techniques which aim to conduct the research process effectively. Fundamentally, there are three groups of research methods for proceeding and conducting the research process. Firstly, The methods involving data collection which will be employed in order to detect available data or information for research analytical purposes. Secondly, The application of statistical techniques aim to formulate connections between the current data and anonymous answers for research problems. Lastly, the employment of methods intended to assess and determine the truthfulness or accuracy of research outcomes (Dhawan, 2010). Hence, research methodology is the ideological and theoretical framework used in establishing and employing the proper practical application for conducting research effectively and efficiently.

3.2.2 Research Paradigms

Johnson and Christensen (2010) state that the research paradigms are processes of evaluating

and conducting research operations which are based on the researchers' perspective through shared assumptions, concepts, values and practices. According to Creswell (2013) and Neuman (2012) who recommend that the researchers should consider the initial research paradigms before conducting the research in order to obtain appropriate guidelines and effective practices on conducting a research project. In contrast, the result of the research will be invalid and biased because of the wrong adoptions of research paradigm and utilisation of improper methods from the beginning of the research process.

According to several perspectives of authors namely Cassell, Buehrins, and Symon (2006); Kalof, Dan, and Dietz (2008); Saunders, Lewis, and Thornhill (2012) and Wahyuni (2012), the research paradigms are distinguished into three main types namely; positivism, interpretivism and pragmatism and these paradigms are categorised by four research dimensions, namely ontology, epistemology, axiology and methodology. Wahyuni (2012) emphasizes that ontology is defined as 'the view of researchers to perceive or comprehend the nature of reality which is based on the external, independent social factors and their interpretation as objectivist or realist and subjectivist or nominalist'. The same author also asserts that epistemology refers to the researchers' perception of the process of generating, perceiving and utilising the available, acceptable and valid knowledge. While axiology is seen as the ethics and stance of researchers in accordance with their research studies and their phenomena, methodology refers to the research practice model adoption that facilitates the research process by a unique technique for certain research studies namely collecting and analysing data (Wahyuni, 2012).

Based on the ontology aspect, a positivism paradigm refers to the fundamental concept of facts that are existing and researchers must seek the nature of the facts objectively and externally (Saunders et al., 2012). Normally, positivist researchers take the position of an external observer of research phenomena on which they epistemologically employ scientific practices by a numeric system, collective findings and statistic information to solve the problems and figure out the truth for their initial hypothesis (Saunders et al., 2012; Wahyuni, 2012). In accordance with that belief, Creswell (2013) and Neuman (2012) assert that by utilising statistical tests and numeric measurement, positivist researchers are able to generate and constitute the acceptable knowledge and data from a specific social phenomenon for testing or solving their hypotheses and research phenomena theoretically and generally. Hence, the quantitative technique is preferred by researchers to be utilised in this kind of research because researchers are not involved in the data collection (Gupta & Awasthy,

2015; Hallebone & Priest, 2008; Hennink, Hutter, & Bailey, 2010; Saunders et al., 2012).

Besides, the interpretivist paradigm or the so-called constructivism paradigm defines how the facts are constituted socially and subjectively (Wahyuni, 2012). This kind of research requires researchers to be involved in the process of data collection because the facts and phenomena are more complex and complicated, being based on the various social factors and varied experts' perspectives and experience in each arena (Hennink et al., 2010). Contrary to that belief, interpretivists or constructivists deny the concept that a single reality can generate acceptable knowledge to answer the problematic phenomena as seen by positivists (Wahyuni, 2012). Therefore, interpretivists apply the qualitative technique to conduct the research in order to interact with the participants' discussion for perceiving rich information and data from multiple perspective of people perception (Gupta & Awasthy, 2015; Hallebone & Priest, 2008; Hennink et al., 2010; Neuman, 2012; Saunders et al., 2012).

On the other hand, the pragmatism paradigm is another research paradigm type which differs from the former and the latter paradigms (Tashakkori & Teddlie, 2010). Instead of taking a single stance on ontology or epistemology, pragmatists favour employing mixed methods of these research dimensions in order to obtain better comprehension of the social reality (Collins, Onwuegbuzie, & Jiao, 2010; Tashakkori & Teddlie, 2010). Collins et al. (2010) indicate that the pragmatism paradigm enables researchers to utilise powerful mixed methods for obtaining informative, complete, balanced and useful research outcomes. Consequently, the pragmatists favour a mixed method of quantitative and qualitative approaches to attain logical, valid and usable research findings for better solutions of the social phenomena and research problems (Collins et al., 2010; Gupta & Awasthy, 2015; Tashakkori & Teddlie, 2010; Wahyuni, 2012).

In considering the aforementioned research paradigm, this research study employed interpretivism as the research paradigm. As regards the complex issue of SHRM in capacity building of local managerial employees and the number of participants, the qualitative technique or interpretivism research paradigm is more suitable for this research topic.

Table 2: The fundamental beliefs of research paradigms.

	Research Paradigms		
Fundamental Beliefs	Positivism	Interpretivism	Pragmatism
Ontology: the position on the nature of reality	External, objective and independent of external actors	Socially constructed, subject may change multiple	External, multiple view chosen to best achieve an answer to the research question
Epistemology: The view on what constitutes acceptable knowledge	Only observable phenomena can provide credible data, facts. Focus on causality and generalisations, reducing phenomena to simplest elements	Subjective meanings and social phenomena. Focus upon the details of situation, the reality behind these details, subjective meanings and motivating actions	Either or both observable phenomena and subjective meanings. Focus on practical applied research, integrating different perspectives to help interpret the data
Axiology: the role of values in research and the researcher's stance	Value-free and etic Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Value-bond and emic Research is value bond, the researcher is part of what is being researched, cannot be separated and so will be subjective	Value-bond and etic-emic Values play a large role in interpreting the results, the researcher adopting both objective and subjective points of view
Research Methodology:	Quantitative	Qualitative	Quantitative and Qualitative (mixed or multi-method design)
Approach	Objective	Subjective	Both objective and subjective
The stance of the researcher	Researcher is distant.	Researcher is close.	Researcher can be distant or close upon each condition.

Source: Adapted by the author based on Guba and Lincoln (1989), Gupta and Awasthy (2015), Hallebone and Priest (2008), Saunders et al. (2012) and Wahyuni (2012)

3.2.3 Quantitative and Qualitative approach

3.2.3.1 Quantitative approach

The quantitative approach refers to the method of study clarifying the realistic nature of the problems and the subject matter which aims to interpret the phenomena and seeks the exact meaning of the problem (Glenn, 2010; Saunders et al., 2012). Saunders et al. (2012) state that the quantitative approach is also a study that quantifies the problems or determines the focused outcome of a large population or targeted group, which associates with the interpretation and presentation of the numerical information by using data collection techniques and data analysis procedures mathematically. Glenn (2010) also emphasises that the quantitative approach is hypothesis testing research that designs the experiment from an initial hypothesis, then conducting the test statistically by dependent and independent variables from the survey, questionnaires, structured interviews or structured observation. This research can reflect the relationship of variables and numeric explanation of the opinions, attitudes and trends of the population and target group (Creswell, 2013; Glenn, 2010).

It is undeniable that the quantitative approach provides a lot of advantages for researchers. Firstly, the findings and results of the data are addressed precisely and accurately. The data collection covers a large number of samples, which entirely reflects the opinion of a population or target group for the research. Secondly, evaluation results of this method are reliable and effective because of using the mathematical software and statistical programmes to analyse the data and information. Lastly, this approach is cheaper and less time consuming in comparison with the qualitative approach in which the steps of data collection or gathering is conducted by questionnaires' dissemination (Adams, Khan, & Raeside, 2014; Creswell, 2013; Saunders et al., 2012).

However, there are some limitations to using the qualitative method. The first is that the findings of the research possibly contain risky errors and biased information due to the large number of participants who have influences on the process of data entry and incorrect information analysing. Second, this approach is not able to determine in-depth contexts or complex matters of participants' opinion, attitude or behaviour effectively (Glenn, 2010; Walliman, 2010).

3.2.3.2 Qualitative approach

Unlike, the quantitative approach that focuses only on statistical and numerical measurement, the qualitative method mainly focuses on the specific contexts and peoples' perspectives and experiences. According to Tracy (2012), the qualitative approach refers to the emic perception to comprehend the nature of the reality through the interpretation of peoples' behaviour, their experience and their knowledge which are subjectively perceived, while a quantitative approach belongs to etic perception that the aim is to seek reality through generalisation of the numerical data. In accordance with that point, Cooper and Schindler (2013) state that in the process of collecting and analysing data, the qualitative research method mainly focuses on conversation or writing contexts in order to understand the reasons for phenomena or problematic issues, rather than scrutinizing in numbers as in the quantitative research approach. This approach aims to interpret and comprehend the situation, reason, attitude and behaviour delivered by people through various tools such as interviews, observation, conversation, filed notes or recording (Braun & Clarke, 2013; Cooper & Schindler, 2013; Glenn, 2010). In addition, Glenn (2010) emphasises that the qualitative method produces more in-depth comprehension of complex issues, without using numerical measurements for the experiment, which realities of participants' opinion are depended on different situation.

There are a lot of significant advantages to the qualitative approach in which the process of conducting research is more flexible than in the quantitative method. Tracy (2012) illustrates the first advantage that the qualitative approach is the best studying context that enables researchers to examine specific issues for clarifying problematic phenomena. In accordance with that point, Saunders et al. (2012) indicate the second advantage, i.e. that researchers are often able to adjust or alter the research procedures or design more when new information or data can be collected and updated. The last advantage of this approach is that researchers will get better insight on complex problems by direct communication with participants who provide more information or data for further potential research (Denzin & Lincoln, 2011; Tracy, 2012).

In spite of the advantages, there are some limitations to this approach. Firstly, this approach focuses on a small group of participants or small samples for research which samples cannot represent a generalisation. Another weakness is that the finding results are ineffective due to the fact that the information or data that we collect, might contain biased or misinformed

information due to participants' negative attitudes or misunderstanding regarding each issue (Cooper & Schindler, 2013; Creswell, 2013; Glenn, 2010; Tracy, 2012).

According to the limitations and advantages of both qualitative and quantitative approach, the researcher concluded that the qualitative approach would be adopted for the research study of the SHRM in capacity building of local managerial employees. The rationale for this adoption will be outlined as follows.

3.2.4 Rationale for a qualitative approach to the research project

By scrutinizing and analysing critically both quantitative and qualitative methods' pros and cons, the decision of the researcher is that the qualitative methods are appropriate for this research. There are four reasons that influence the selection of this approach.

- Firstly, this research topic is a phenomenology research which is mirrored by an interpretivist perspective. The topic of this research primarily focuses on SHRM in capacity building of local managerial employees which involves a subjective perspective and phenomenological approach. By this type of research, the researcher is able to recognise and investigate the nature of the research facts that are socially constructed through the lens of participants' views, knowledge and experiences in order to solve the research questions and objectives (Saunders et al., 2012; Tracy, 2012; Willig, 2008).
- Secondly, as the complex and complicated issues of SHRM, particularly in respect of the capacity building strategy, the interview technique of qualitative approach will obtain more useful information from participants. By implementing the qualitative approach through an interview technique, the researcher will be able to be involved in the process of data collection, which provides a chance to perceive, observe, examine and comprehend in-depth insights of the HR professionals' perception, attitude and opinion in the foreign companies clearly (Denzin & Lincoln, 2011; Tracy, 2012).
- Thirdly, the quantitative approach utilises a small number of samples which is associated with targeted number of this research's participants. Mainly, the targeted participants are HR professionals in foreign companies in Laos, of which there are a small number in a high position in each company. Thus, the limitation of the participants' numbers renders the quantitative method inappropriate due to an insufficient number of samples (Cooper & Schindler, 2013; Creswell, 2013; Glenn, 2010; Tracy, 2012). Therefore, applying the

qualitative tool of data collection as the interview technique is more suitable for the situation in this case.

- Lastly, the interview technique can save more time than the survey technique of the quantitative method. Because of the high cost and low speed of the Internet service in Laos, e-surveys will not fit into the research. Also, completing the hard copy of a questionnaire survey could possibly contain biased and mistaken answers due to misunderstanding of the questions. By implementing the interview technique which is a tool of qualitative approach, the researcher can effectively explain and elucidate the unclear questions with participants during the interview which saves time for gaining precise information (Hennink et al., 2010; Saunders et al., 2012; Tracy, 2012).

3.3 Sampling designs

In order to gain valid and reliable results of the research, sampling designs should be scrutinised critically. Sampling designs are defined as the process of selecting the representative population or the samples for the purposive research and obtaining information from them by examining a part of it (Gupta & Awasthy, 2015; Hennink et al., 2010; Merriam, 2014). As suggested by Merriam (2014), the sampling selection is the process by which the researchers have to consider their research questions. They must consider what the main research questions are, where can we get the data and when do we start the research project and who should attend the interviews in order to gain sufficient data and information? Primarily, the quantitative approach focuses on utilising numerical data and systematic samples to generalise its findings, while qualitative research concentrates on improving and expanding theories through analytical generalisation in which the actions and behaviours of sampling population are examined (Merriam, 2014; Tracy, 2012; Wahyuni, 2012). Based on the view of Babbie (2016) there are two basic types of sampling, namely probability sampling and non-probability sampling. The former is the sampling method that prefers the numeric system to generalise results of research for a large population in which the samples selected are involved by random sampling process (Babbie, 2016). The latter focuses on scrutinising and perceiving the behavioural phenomena and meaning of the samples' actions through a subjective analytical system (Lapan, Quartaroli, & Riemer, 2011).

Non-probability sampling is a useful tool for the qualitative research, particularly for this research study. As suggested by Merriam (2014), the non-probability sampling is a more favoured method for the majority of qualitative researchers because it can provide more thoughtful data and insight filled works for effectively comprehending the circumstances and behavioural actions of the targeted population. This is unlike the probability sampling (quantitative method) that focuses only on measuring the frequency and quantity of the samples. The same author also asserts that primarily the non-probability sampling method employs purposeful sampling as the common form of sampling strategy which is the most effective method for non-probabilistic researchers. Tracy (2012) also suggests that good qualitative research favours utilising purposeful sampling which allows researchers to purposefully gain appropriate data from the samples that match the project's research scope, objective and aim. Furthermore, the aim of purposeful sampling is to determine, recognize and perceive more in-depth insight on a situation from samples or participants in which the rich information and data are able to fill the gaps and clarify the research questions, objectives and purposes (Merriam, 2014; Tracy, 2012). Therefore, this research study employs the non-probability sampling method and purposive sampling as the sampling design. This is because this research topic focuses on SHRM in capacity building of local managerial employees which is a complex management issue which requires a research tool that can discover the in-depth reasons, deep insight and rich information and data of the research phenomena in order to clarify this research topic questions and its aims.

3.4 Scope of the research project

The scope of this research study focuses and deliberates in the arena of strategic human resource management (SHRM), particularly in respect of capacity building of local managerial employees in foreign companies in Laos. There are four main reasons influencing the decision of the researcher to conduct this research study namely:

- Firstly, foreign companies are a robust factor that can strengthen the Lao economic development to help compete with other countries in this region. Since Laos has become a member of the Asian Economic Committee recently, there is a lot of labour movement from other countries which is a primary issue for the business sectors to consider. Particularly foreign companies, who are one of the main factors to accelerate national economic development, have to deal with this trend with effective strategies, especially

SHRM in managing their people at the management level. Capacity building is an agenda that they have to consider in order to utilise the right SHRM, as well as HRM systems in order to improve their internal capabilities as well as the organisational competence.

- Secondly, this research project deals with one of the brand-new topics within the area of Human Resource Management. In Laos, the field of HRM is considered to be a minor subject in the management area in which there is a small number of research resources about HRM on the tertiary level. In addition, there is a limited amount of research focusing on Strategic Human Resources Management (SHRM), especially in capability building of local employees on management level, thus the researcher aims to explore this topic deeply in order to provide more insight and useful information concerning this area for the national education.
- Thirdly, the information from this research can generate more knowledge and be a lesson learnt for the area of HRM. This research aims to contribute value and benefits to Lao HR professionals or interested readers who are working in the HRM arena for capturing and recognising the concepts and the importance of SHRM in capacity building of local employees at management level in foreign companies in Laos. Besides, the HR practitioners can employ this research project as a guideline, as well as a reference for educational purposes.
- Finally, this research project also enables the researcher to increase the fund of knowledge about HRM and SHRM, as well as recognise the situation of SHRM in business sectors widely. By conducting this research, the in-depth knowledge of this arena will equip the researcher with vital abilities, skill and new knowledge in order to take up new challenges for his career growth in future. This does not only enhance the researcher's personal capabilities but also make the best contribution to the organisation the researcher works for, as well as the country development.

3.5 Research Method

Primarily, the research method is the crucial tool that enables researchers to gain effective data collection and analysis in order to produce good results for the research study. As suggested by Wahyuni (2012), the research method is an applied bundle of research techniques and its tools to facilitate the research process namely data collection and

analysis. 6 and Bellamy (2011) and Dhawan (2010) also state that the research method is a set of research practices, procedures and approaches used to collect the data and information for the research study that aims to answer the research questions and objectives in order to gain effective results for the research project. Therefore, the process of research method design is a vital step for the researcher to consider. This is because the research method is a navigator to assist researchers to conduct the research study in the right way at the beginning of the process by implementing effective research techniques and investigating the useful data and information for assessing and clarifying the research purposes and questions (6 & Bellamy, 2011; Dhawan, 2010; Saunders et al., 2012; Wahyuni, 2012).

3.5.1 Research method: Semi-structured interviews

The semi-structured interview will be adopted as the main method to conduct the data collection process for this research project. Saunders et al. (2012), define 'semi-structured interview' to be the key interview questions or theme questions that allow researchers to explore the ideas of participants widely through a list of theme questions and an open space for broad discussion. This type of interview is more flexible in comparison with other interview techniques. By implementing the semi-structured interview, this tool allows researchers to have two way conversations with participants, in order to obtain meaningful data and information, rather than interviewers leading the discussion by structured questions (Barbour, 2013). The semi-structured questions encompass open-ended questions which enable interviewees to have a chance to express their perspective and their reflection regarding each issue prudently and in varied discussion with interviewers (Braun & Clarke, 2013). In addition, Saunders et al. (2012) also claim that semi-structured questions are utilised as the main data collection for data analysis in the qualitative method, which is associated with a case study or strategic grounded theory. The data is used to depict the in-depth reason for the issues, instead of seeking only their nature. Hence, this research employs the semi-structured interview as the primary data collection technique for accumulating information and data in order to gain profound insight and various perspectives of interviewees.

Besides, the interview questions were formulated in English then translated into the Lao language for use in the interview stage, because the majority of interviewees are Lao. During the interview stage, the interviews are captured by audio-recording by the

interviewer. After the data collection process was completed, the transcripts were translated back into written texts in the English language for further stages of data analysing and findings.

3.5.2 Data collection

To gain accurate and precise data and information for answering the research questions, the appropriate method of data collection should be conducted. As suggested by Merriam (2014), the interview technique is the most common form of data collection in the qualitative research approach because this tool directly solicits the perspective and experience of the targeted samples for answering the research questions. Tracy (2012) also asserts that the interview approach enables researchers to better understand the process of the complex phenomena and meaning of the situations on which the qualitative research or narrative research focuses to investigate the peoples' actions and the complexity of issues. Thus, the researcher prefers to utilise the interview technique as the main data gathering technique for this research. This is because the nature of this research topic is complex and it also requires in-depth perspective of HR professionals regarding SHRM in which this tool can reflect their individual experiences and varied perspective prudently (Lapan et al., 2011; Merriam, 2014; Tracy, 2012). Furthermore, the researchers independently selected the most suitable technique that matched the research type. Thus by adopting the interview technique without mixing with other techniques such as observation only, the researcher believes that the one data collection method is sufficient to answer the research questions effectively (Flick, 2014; Saldana, 2011; Tracy, 2012). Specifically, this research study will employ semi-structured interviews as the primary interview technique for which the rationale of this technique adoption has already been mentioned as the aforementioned in section 3.5.1.

The data collection process would be conducted in Laos which is the home country of the researcher. Once the approval from the Ethic committee and organisational consent forms from foreign companies, who voluntarily agreed to participate in this research project, had been received the researcher had contacted the interviewees for interviewing and arranging the available place and time at their convenience. There were 12 participants who have worked as HR professionals at management level of HR department in seven foreign companies who would attend these interviews. Normally, the interview lasted only 30 to 60 minutes – which is based on the real situation of each interview. When the interview was taking place each time, the researcher briefly explained the objectives of the research in

order to ensure the participants' understanding of the purposes of the research project and obtained the participants consent form at the same time. There were only 11 participants allowing the researcher to record their interviews while one HR manager declined to this process. However, all interviews were noted by the researcher in order to add more precise information from the participants. Then, all records were transcribed into English for further data analysis and findings. The data collection process took three months from August to October of 2015 in order to take the next step of the research project.

3.5.3 Selection of participants

The selection of the participants for the research project plays a vital role in terms of ensuring the appropriate samples to get rich data for answering the research questions and recruiting a sufficient number of targeted participants for the research. As suggested by Creswell (2013), the process of recruiting the participants is very crucial for the researchers in order to determine the most suitable individuals or the most focused population for the research by considering their background, experience and perspectives that are relevant to the research purposes. Normally, the participants' selection are determined by professionalism of the focused participants which, by comprehending their expertise, knowledge, perspective and attitude, can enable researchers to gain precise and accurate data and information for answering the research questions effectively (Lapan et al., 2011; Sargeant, 2012; Saunders et al., 2012). Hence, the planned participants for this research project were 12 HR professionals or practitioners who have achieved a high position in a HR department such as HR manager, HR superintendent, HR specialist or HR executive from seven foreign companies. Basically, all the sampling headquarters are located in Vientiane but their operation could be separately performed in another province. These companies were randomly selected by their type of organisation and voluntarily participation. Two participants were initially expected from each foreign company to attend this research project and all participants are Vientiane based.

However, the number of participants and companies were slightly changed due to the reality of the interview process and convenience of the researcher. Basically, the initially selected companies were six but only two of them voluntarily accepted to participate in this research project which meant that the researcher had to recruit new companies. Moreover, in the real situation, the number of participants per company was changed; there were three companies that had only a single participant who attended the interview, while for three other companies, there were two people and lastly only one company had three participants who voluntarily

attended the interviews. Finally, the researcher could reach the number of 12 participants from seven foreign companies. Moreover, one foreign company offered an exciting opportunity to the interviewer to have a chance to interview an extra participant who is at the top management level of the company. Thus, the researcher added his opinion and perspective in the conclusion part of this research project. With 12 participants, the researcher believes that all data and information received were sufficient for the data analysis and produced effective results in this research project. As suggested by Mason (2010), the suitable sample size for phenomenological qualitative research should be at least six to five people in order to provide adequate data and information for the research study. Furthermore, Lapan et al. (2011) also indicates that in the world of in-depth interviews by semi-structure interview technique, the number of individuals who participate in the research should be at least 12 to 15 people but usually this number should not exceed 90 people. However, Merriam (2014) asserts that there is no exact number of participants for the qualitative research; the researcher must recruit the participants until the point of saturation or redundancy is reached. That statement was supported by Lincoln and Guba (1985), "In purposeful sampling the size of the sample is determined by informational considerations. If the purpose is to maximize information, the sampling is terminated when no new information is forthcoming from new sampled units; thus redundancy is the primary criterion" as cited in (Merriam, 2014). Therefore, the researcher strongly believes that the 12 participants were sufficient as data resources for the next step of this research project. Lastly, the names of participants and their companies were kept anonymous which is aligned with the ethical considerations, in order to avoid any negative effects on business security and the confidentialities of participants.

3.5.4 Pilot Study

To ensure an effective interview for this research project, a pilot study was conducted prior to the process of the main interview. According to Wilson (2014) the pilot study is a small scale study that aims to conduct the pre-test and refinement for their research study before the primary study commences. Yin (2015) also indicates that the pilot study should enable researchers to identify the potential drawbacks or mistakes at an early stage which will give researchers adequate time to refine and alter those issues in advance. Moreover, the commencement of the small scale study also increases the levels of reliability and validity by measuring the tools and techniques that researchers will use to investigate the research phenomena prior to the main study (Bhattacharjee, 2012; Wilson, 2014).

The process of pilot study for this research was conducted with four HR professionals who work for different companies and all of them were not selected for the main research project. The aim of this pilot study was to examine the semi-structured interview questions to determine whether they were well constructed before commencing the main interviews. As a result of the pilot study, a lot of positive feedbacks from the participants were deliberated, namely the repeated questions that should be changed, the structure of the questions that should be rearranged in order to ensure the logic and the flow of the discussion, the correction of question contexts were made in order to certify the accurate and precise meaning of the questions and grammatical mistakes were also detected and corrected in order to avoid using the wrong language. For instance, (1) the repeated question: number three was deleted because it had the similar idea to number six. (2) Question number six was checked and a grammatical mistake and word order error was detected. The change was ‘From your opinion, is the implementation of SHRM in capacity building of local managerial employees in your organisation appropriate?’ to ‘Do you think that your organisation has implemented an appropriate SHRM in capacity building of local managerial employees?’. Lastly, (3) there was a change in the order of questions 11 and 10 in order to get answers from general to specific benefits. Therefore, by the adoption of a pilot study, this research project ensured that the correctness, preciseness and accuracy of the interview questions would provide positive answers and sufficient data for the next research process.

3.6 Data analysis

Data analysis is an approach of converting fundamental data or information into the final results of research through analysis techniques. Fundamentally, the data analysis process in qualitative research involves three steps: firstly, the raw data will be prepared and organised for analysis. Secondly, the data will be transformed into the theme model by a method of coding. Lastly, the data will be represented in a discussion, with concluding tables or figures (Creswell, 2012). In relation to that point, the qualitative data analysis consists of various patterns, based on analytic method namely thematic analysis, interpretative phenomenological analysis, grounded theory and pattern based discourse analysis (Braun & Clarke, 2013; Creswell, 2012). These analytic methods possess similar procedures such as choosing, disassembling and reassembling raw data by themes for developing and finding results. To succeed in data analysis, this research will employ a thematic analysis method as

data analysis technique. This kind of technique is conducted by organising thematic outlines and patterns of wording data or information for determining profound insight of phenomena issues (Braun & Clarke, 2013; Creswell, 2012).

Besides, coding is another substantial technique of thematic analysis that will be utilised for analysing data. According to Braun and Clarke (2013) coding is defined as the process of classifying and categorising the segment of data to seek the answers for further analysis. Basically, coding consists of two types, namely open coding or primary cycle coding and secondary cycle coding or axial/hierarchical coding. Open coding or primary cycle coding is the first stage of analysing data which captures or labels the main meaning of the data by textual words. Meanwhile, secondary cycle coding or axial/hierarchical coding is the second stage of examining the focused codes (main code from first stage) thoughtfully in order to categorise, reassemble and label them into more robust concepts in the interpreting and concluding stage. Particularly, axial/hierarchical coding is the process of unifying and reassembling the divided data from the open coding into the united groups analytically for precise interpretative concepts in further steps (Tracy, 2012). Hence, coding is the primary key analysis method for this research to comprehend in-depth insights of the research topic. For this research project, for instance, HRP 1 - HRP 2 were utilised as the codes for the 12 participants/ interviewees while FCI 1- FCI 2 were utilised as the codes for 7 foreign companies in different industries namely energy and mineral resources, tourism, consulting services, telecommunication and heavy manufacturing.

Moreover, memoing technique is also used for the analysing process in order to increase the credibility and trustworthiness of qualitative research. According to Creswell (2012), memoing is a technique of utilizing written notes or records that consists of useful data and information for finding results. Normally, memoing is formed as writing data such as field notes from observation or interview transcripts, which consist of short words or sentences, key ideas or concepts aiming to help researchers to investigate subjects effectively. Moreover, memoing supports researchers to have analytic memos as a tool to discover the relevant structure of the data in written form. This does not only remind researchers about key conceptual data but also avoids duplicating connection of information and conversation (Tracy, 2012). Therefore, to analyse data effectively, the researcher will employ those key techniques such as thematic analysis, coding and memoing technique for this research.

To ensure the effectiveness of data analysis for this research, the Step-By-Step process of

analysis was adopted. As suggested by Merriam (2014) this analytical process assists researchers to effectively analyse data for qualitative approach and it is most commonly utilised when research studies are dealing with texted data analysis. Hence, this research project will employ five steps of data analysis, namely transcribing the data, generating initial codes, developing themes and category, reviewing themes, and writing a report, as follows:

- First step: This process consisted of the recording of both Lao and English answers from participants and then transcribing all semi-structured interviews into written English texts. Basically, the 11 interviews were recorded as voice files while only one interview was jotted down as written texts because the interviewee declined voice recording. In this process, the researcher was able to be familiar with initial data by listening to the voice recording, reading the written notes and transcribing from Lao to English (Wilson, 2014). It is undeniable that this process was time consuming and needs full attention from the researcher to investigate the raw data (Bird, 2005; Saldana, 2011; Sargeant, 2012). However, this process played a crucial role in terms of enabling the researcher to interact with data more often by rereading and rewriting data notes and re-listening to voice recording and providing more opportunities to organise, amend and improve some outstanding aspects of the information that related to the research study (Bird, 2005; Tracy, 2012; Wahyuni, 2012; Wilson, 2014).
- Second step: All data were systematically identified regarding the key points and relevant aspects that formed the so-called formal coding process. Basically, coding is based on the key contents that were relevant and engaged to the research questions (Flick, 2014; Lapan et al., 2011; Saunders et al., 2012). The code is categorised by the key words, themes or categories which aim to identify the main elements for reassembling into similar information and reorganising the different patterns or removing irrelevant elements (Merriam, 2014; Trainor & Graue, 2013; Wilson, 2014). Thus, the coding option for this research was descriptive coding which in this approach aimed to recapitulate the topic of the data by a different type of data collection such as interview transcribing, written field notes and relevant documents (Merriam, 2014; Saldana, 2011; Saunders et al., 2012).
- Third step: In this process, the coding data was sorted into categories in order to identify the relationship between codes and the set of data and establish the research themes. At

this stage, the codes were collated into themes by utilising the visual aids such as highlighting pencils, colour notes or papers for investigating the relationship and developing effective categories of the data (Merriam, 2014; Saldana, 2011; Tracy, 2012). Then, from the labelled and sorted codes the links were formed to design themes for categorising similar codes with suitable themes and systematically deriving categories scientifically from the set of data (Merriam, 2014; Saldana, 2011; Tracy, 2012; Yin, 2015). Thus, the research gained the main concepts of data categories for the next steps.

- Fourth step: The examination of second level codes was conducted for converting to interpretative concepts. As suggested by (Tracy, 2012) this process transferred from primary cycle coding which were the descriptive codes or sorted codes to the analytical and interpretative second level codes which were the so-called focused codes. The same author also asserts that the latter aims to interpret and identify the patterns of codes theoretically and synthetically. This process was conducted at two levels: first level and second level. At first level, the researcher checked the logic of the sorted codes and the themes or patterns, i.e. whether they got along together. If confirmed, the sorted codes and the themes moved to the second level which was the process of interpreting and theorising the meaning of data sets. However, if there were any unallocated codes and themes, the amendments were conducted by establishing a new theme for unallocated or removing them from unsuitable themes. Finally, all themes were named based on the data features.
- Last step: Lastly, the final report of the finding was written in order to synthesis the concepts from codes and themes into theoretical explanations. In this process, the researcher addressed available information from codes and themes for presenting the logical narrative of the research findings (Merriam, 2014; Tracy, 2012; Wilson, 2014; Yin, 2015). Besides, the researcher also utilised the findings to test the possibility of the initial hypothesis for accumulating interpretative explanation, theories and concepts that can lead to drawing the conclusion of the research report (Sargeant, 2012; Saunders et al., 2012; Tracy, 2012; Wilson, 2014; Yin, 2015).

3.7 Validity of results

To ensure the trustworthiness of the research report, the validity of results was established

and this issue should be kept in mind by the researcher. Based on Yin (2015) the validity of results is defined as the process of assessing and controlling the quality of the research study and its findings. The same author also asserts that a valid study strives to investigate the proper data collection and interpret their findings in order to indicate the precise and accurate conclusions which are suitable for the investigated or studied issues. As suggested by Merriam (2014), to produce a valid and reliable research ethically, the validity and reliability of the research should be taken into account by the research practitioners. Thus, for this research project, the validity and reliability of the research has been considered and borne in mind.

According to 6 and Bellamy (2011), the validity of the research means the process of indicating its reflective trustworthiness through research tools. This process involves the construction of validity and conclusion validity. The former is the process of measuring the codes, themes or categories used, that firmly establish appropriate and logical concepts that the researcher is aiming to focus on, while the latter is the process of investigating the correction of concluding statements which are related and reliable from addressed data (6 & Bellamy, 2011; Merriam, 2014). The validity process draws the attention of researchers to examine the process of data collection, data analysis and data interpreting critically and logically which leads to the measurement of how research finding is matching the reality or purpose of the research (6 & Bellamy, 2011; Merriam, 2014; Trainor & Graue, 2013).

Furthermore, the research reliability is also conducted in order to utilise reliable tools or systems in measuring the consistency of the research results. In the qualitative approach, the reliability is conducted to assess the research coding process by the trustworthy instruments (6 & Bellamy, 2011; Merriam, 2014; Sargeant, 2012). According to Merriam (2014) the reliability is the process of replicating the research findings critically in order to test the process repeatedly to see whether the results are still be the same. The same author also points out that since the behaviour of human actions are not static, the reliability should be based on the situation that can assist in replicating the research process. Hence, it is crucial for the researcher to test the reliability to increase the reliability and consistency of research results.

All in all, in this research project, the researcher considered the issues of validation and reliability for the whole research process to ensure its validity and reliability. For instance:

➤ Data collection:

- The sampling process was very carefully conducted by the researcher. The sampling process is the essential step to provide rich information and useful data for the research. As this research is a purposed qualitative approach, the recruitment of participants is based on the participants' experience and their expertise. Thus, the researcher selected carefully the HR professionals on management level such as HR manager, HR executive or HR specialist.
- To ensure the reliability of data instrument, the pilot study was conducted to test the semi-structured interview questions. This process enabled the researcher to gain opportunity to refine, adjust and delete some mistakes, biased errors or grammatical issues that might have had negative effects during interviews.

➤ Data analysis:

- The detail of the data analysis that was mentioned in section 3.6, was also utilised for ensuring the validity of the analytical process. By implementing this process, the researcher was able to analyse and examine data systematically and scientifically in order to gain logical relationships between the sets of data codes and themes.
- In addition, memoing technique was also applied to this process. To safeguard the flow of ideas and capture the essential points, memoing notes were employed to reflect the thoughtful information between those data.
- Coding and thematic peer check was another technique that the researcher used for this research. That technique allowed the researcher to avoid a biased perspective and assisted him to seek unseen, useful links of the codes, themes or categories.

➤ Research findings and results:

- In the assessment of the research process, triangulation was applied for this research project. According to (Yin, 2015) triangulation is a set of navigation tools to assess whether the data are reliable by three different sources. To ensure valid and reliable assessment, the research utilised information from experienced participants in HR expertise, academic theories and personal HR experience to manipulate the research results.

- Another instrument assisting in quality establishment was the constructive validation and conclusive validity processes. The former and the latter are useful tools in measuring and assessing the analytical statements or structures of the research, whether they were correct, logical and linked to the objectives of the research project.

3.8 Ethical considerations

Research Ethics is a vital issue for researchers to take into account in order to avoid negative effects during the research process. According to Cooper and Schindler (2013), ethics refer to a standard of behaviour or appropriate manner of people in interacting with others in an appropriate way. The aim of the research ethic is to prevent unethical effects of researchers while conducting the research such as immoral behaviour, invading of participant privacy and confidential information (Saunders et al., 2012; Tracy, 2012). Therefore, the researcher took ethical considerations to be highly important issues during the conducting of this research project.

The first consideration of the research ethics was the approval procedures which aimed to ensure that the official research project was conducted under an educational institute (Yin, 2015). At this stage, this research project followed the guidelines and recommendations of the Unitec Research Ethics Committee which ensured that the commencement of conducting research would be started with the permission and approval of the URE Committee. (UREC, 2014). Once the approval had been received, the official request letter was officially disseminated to key contacts of foreign business firms in order to get approval and to ensure cooperation from them. However, the researcher would respect their right regarding the acceptance or rejection of this research project. After that, the researcher contacted participants in order to greet them and provide information and consent forms. The appointments for interviews were arranged by agreement between the researcher and participants, based on their convenience both in regard to time and place.

The second consideration of the ethics is the confidentiality and privacy of participants. As suggested by Tracy (2012) the participants have the right to protect their confidentiality and privacy from a mistrusted relationship during the conduct of the research. In accordance with those issues, all information and data were kept confidentially, only the researcher and the

supervisor of this research project know the information from interview in order to protect participants' right and privacy. In the process of writing the thesis and its presentation, the names of participants and organisations will remain anonymous in order to safeguard sensitive data or confidential information that could have harmful effects on their business subjects. For instance, the names of companies and participants were coded by alphabet and number.

In addition, the data management was also a crucial concern for this research. According to Yin (2015), the data collecting process and management must be seriously taken into account as top secret for avoiding the disclosure of confidential information and data. The entire data set of information received during the data collection process has been stored in a safe place such as placing the hard copies in lockers or safety archive or the soft copies in the computer' hard disk drives of the researcher for five years. The data gathering was only executed for the research and is kept secure from unauthorised access, which is not revealed to any third party (Saunders et al., 2012).

Lastly, justice is an essential issue of ethical consideration. Lapan et al. (2011) assert that justice is defined as the process addressing the relevant benefits and burdens for the research participants. The researcher carefully explained to the participants that this research project was conducted fairly and lawfully. There were not any negative issues that affect their jobs or business matters. All data collected were solely utilised for educational purpose and there is no unauthorised access to the obtained data and information. In essence, the ethical issues were borne in mind by the researcher in order to avoid inappropriate behaviour that could affect this project.

3.9 Summary

Summarily, this chapter outlined the entire research process from the perspective of the researcher regarding the research phenomena and purpose. This chapter also addressed the research methodology, research paradigm and relevant issues regarding the conduct of the research process.

Firstly, the chapter deliberated the research methodology and research paradigm adoption for this research project. Primarily, the interpretivist approach was adopted as the main research paradigm which explains that the facts were constituted socially and subjectively and require

researchers to investigate the problematic phenomena through peoples' knowledge, experience, behaviour, particularly in regard to the complicated issues. This led to the selection of the qualitative approach as the main method for this research process in which the rationale for this decision was highlighted.

Secondly, the data collection process was outlined in order to clarify the whole process of this research project. The first component was the sampling design and this research employed non-probability and purposive sampling design as the main tool to recruit the participants. This is because this research topic involved the complex issues of SHRM in capacity building of the local employees at management level which required in-depth information and perspective from HR professionals. Thus, the targeted sample was HR managers, HR specialists or HR executives in foreign firms. The second component was the collecting data tool for the researcher who used semi-structured interview questions to interview 12 interviewees who were from 7 foreign companies. The final component was the data analysis process which entailed coding, themes and a memoing approach which were adopted for the analytical procedure.

Lastly, the validity of results and ethical issues were referred to in order to ensure that this research was trustworthy and was considering research ethics as an essential issue. The validity of results pointed out the validity and reliability of the entire process of this research to increase the credibility of the research project. Furthermore, the ethical issues were also addressed which aimed to avoid unexpected and improper behaviour of the researcher during the research process, as well as ensuring the confidentiality and privacy of the participants and their companies by managing information and data confidentially and prudently.

The next chapter outlines the analysis of the results of the research findings which is based on five research questions.

Chapter Four: Findings

4.1 Introduction

This chapter involves a discussion of the data collection findings of the semi-structured interviews. There are 12 interviewees voluntarily participating in this research project from seven foreign companies. The research questions and objectives were answered by experienced and skilful HR professionals so that the findings highlighted critical and useful points of view toward each issue. Additionally, this chapter indicates the analytical themes in the context from general to specific key aspects for responding to the hypothesis and research questions. The participants provide valuable information and data for this research thesis which is subsequently discussed in chapter 5.

4.2 Interview results and findings:

According to the ethical considerations about the confidentiality and privacy of the participants, all information from them and their organisational identification were anonymously addressed by unique codes. The twelve participants were introduced by coding as HRP 1, HRP 2, HRP 3, HRP 4, HRP 5, HRP 6, HRP 7, HRP 8, HRP 9, HRP 10, HRP 11, and HRP 12 respectively. These abbreviations stand for Human Resource Professionals that include two levels of HR management; namely HR manager or HR superintendent, and HR expert (HR specialist, HR executive). Furthermore, the researcher also coded seven foreign companies based on the industries namely manufacturer, energy and mineral resources, tourism, consulting services, telecommunication and trader respectively as FCI 1, FCI 2, FCI 3, FCI 4, FCI 5 and FCI 6. Hence, it is essential to code the identification of participants and their industries in terms of safeguarding ethical issues and providing benefits for further analytical steps (Merriam, 2014; Saunders et al., 2012; Tracy, 2012; Wahyuni, 2012).

In order to gain precise and accurate answers for this research thesis, the research questions were critically and logically designed. The research questions deliberated the primary ideas of SHRM in capacity building of local managerial employees in Laos's context. Additionally, the sub-research questions were also formed in order to attain the perception

and perspective of experienced HR professionals toward SHRM in capacity building of local managerial employees from general to specific aspects. To assist the research questions seeking precise and accurate answers, semi-structured interview questions were employed as the main tools for this research. By mean of face to face interviews, the researcher was able to make the meaning of the questions clear when the participants did not understand the question, in order to obtain relevant and accurate information from them. Lastly, the data findings were structured by thematic categories which lead to identifying the main discussion issues. Therefore, to answer the research questions successfully, the systematic research questions designs and the practical analytical process namely codes and themes should be employed. The identifications of the themes were categorized on the main ideas of interviewees and grouped according to the similar criteria.

Industries	Participants	Gender	Age	Education	Experience
FCI 1	HRP 1	Female	30-40	Bachelor	2-3 years
FCI 1	HRP 2	Male	30-40	Bachelor	3-4 years
FCI 3	HRP 3	Female	39-49	Bachelor	3-4 years
FCI 5	HRP 4	Male	35-45	Master	3-4 years
FCI 5	HRP 5	Female	30-40	Master	3-4 years
FCI 6	HRP 6	Male	30-40	Master	4-5 years
FCI 6	HRP 7	Male	40-50	Master	7-8 years
FCI 2	HRP 8	Male	60-70	Master	>25 years
FCI 2	HRP 9	Male	40-50	Bachelor	5-6 years
FCI 2	HRP 10	Male	40-50	Bachelor	5-6 years
FCI 4	HRP 11	Male	40-50	Bachelor	5-6 years
FCI 2	HRP 12	Male	30-40	Master	2-3 years

4.2.1 Research question one:

What are the main responsibilities of HR managers on SHRM in capacity building of local managerial employees?

The first research question is focused on the responsibilities and roles of a HR manager in an organisation that implemented SHRM in capacity building. The acknowledgement of HR managers' responsibilities provided more insight to HR manager duty types that related to the formulation of SHRM in capacity building, as well as providing a chance for participants to present their roles as the first step for the interviews. As suggested by Armstrong (2011) HR roles play a vital part in assisting organisations to implement effective strategies to manage their workforce in order to maintain a competitive advantage. Therefore, the roles and responsibilities of the HR managers were identified.

What are the main responsibilities of HR managers in your organisation?

- By utilising this sub-question in the interviews, the answers were divided into two key themes namely administrative HR role and strategic HR role. The findings found that the majority of the participants' responsibilities were administrative HR roles that include seven participants, whilst there were five participants who were responsible for strategic HR roles. However, the latter participants have also been in charge of general HR issues as part of their responsibilities. **Theme one: Administrative HR role**

The main responsibilities of the administrative HR role were focused on HR functions namely recruitment, compensation and benefits, training and development and employees' relations. Under this theme, seven participants were categorised in this role and responded as follows:

Basically, my main responsibilities are supervising the HR team and looking after the general HR functions such as recruitment, budget planning, salary payment, rewarding, performance review, training and development programmes, disciplinary action and other HR issues that are relevant to people management (FCI1-HRP6), (FCI2-HRP12), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP4)

However, there are a few HR professionals who are in charge of specific ranges of HR functions. These participants specifically take responsibility for a unique HR function in

the training and development area.

My main responsibility is providing training and skill matrix plans and human resource development programmes to employees, as well as following up and assessing the results of training programmes (FCI1-HRP2).

I am taking care of three areas namely training programmes, employees' activities and employee surveillance (FCI5-HRP5).

- **Theme two: Strategic HR role**

The scope of strategic HR role is focussed on taking part in top management to formulate business strategies regarding people management. In other words, the participants are taking a seat at the top management meetings as strategic planners in HRM to support business corporate strategies. The strategic role was the main responsibility of five participants as follows:

Besides taking responsibility for HR functions like in other organisations, I am also responsible for strategic planning in assisting the top management regarding HR issues (FCI1-HRP1).

My main tasks are to ensure that our company applies effective HR strategies, policies and programmes which should be aligned with our parent company's business strategies. The adoption of HR strategies should also comply with local business objectives (FCI2-HRP8).

As the HR manager, I have to be responsible for formulating the departmental strategies and setting up of department objectives. Mainly, my responsibilities aim to ensure the right vision of the HR department regarding which department strategies should be aligned with organisational business requirements (FCI2-HRP9)

Primarily, my responsibilities are establishing and executing departmental strategies in order to support other departments in motivating their employees to understand their job and perform their work better. (FCI2-HRP10)

For me, as HR manager and strategic leader, my main roles are to provide guidance or advice and support to other managers to manage their people ethically so that they can profitably run the business (FCI6-HRP7).

From your perspectives, what are the key competencies that HR managers should have in order to assist your organisation in creating effective SHRM?

From this sub-question, the responses were divided into three themes: Technical HR competency, management competency and leadership competency. The findings revealed that six participants agreed that they should have technical HR competency in order to manage the workforce successfully, while four participants asserted that management competency should also be taken into account. Interestingly, two out of twelve participants added a more important point that leadership competency was one of the keys to success of the HR managers as well.

- **Theme one: Technical HR competency**

Under this theme, the participants agreed that being HR managers, they must champion the HR technical knowledge and skills. Their experience should be familiar with all HR functions and the HR managers must specialize in some areas.

HR managers play a crucial role in implementing HR function strategies which need strong skills in recruiting potential employees and developing those who are competent (FCI1-HRP2).

As the HR manager, you must have a good fundamental knowledge of employment conditions, a strong sense of incentive processes, a good understanding of capabilities development and of HR systems and procedures development (FCI2-HRP8).

HR managers must have a strong knowledge of labour law in order to implement the right strategies in managing employees and make sure that they work in alignment with the companies' policies (FCI2-HRP10).

A competent HR manager should have a strong knowledge of HR functions and the capabilities in executing HR practices in order to have a broad vision in managing their employees (FCI3-HRP3).

This position must be competent at executing recruitment plans, formulating organisational development programmes, acknowledging labour law and being familiar with governmental and industrial relations (FCI5-HRP4 and FCI5-HRP5).

Basically, HR managers should gain a lot of HR knowledge and skills, this is because they can formulate and execute effective departmental plans for managing their workforce (FCI5-HRP10).

- **Theme two: Management competency**

Besides the basic skills and knowledge of the HR area, this group of participants revealed that other knowledge of management skills was also vital for managing their people in the organisations.

As HR manager, you must also have knowledge of general business management in order to assist the companies in formulating and implementing the organisational strategies that should be aligned with business objectives (FCI1-HRP1).

In terms of being a HR manager, you need to have good managing experience across a numbers of industries. This is because your varied experience in different environments will equip you with diverse HRM skills that can fix holistic business situations in each industry (FCI6-HRP7).

In relation to HR skills, the HR managers should also have high communication skills and be open-minded. This is so that when employees confront any problems, they will dare to discuss them with us directly (FCI4-HRP11).

From my perspective, a HR manager must have people management and general management skills because our job is dealing with people which is different from working with machines. Thus we must understand our people; how they foresee themselves in our business, how satisfied they are with working conditions. This is utilised to form a practical SHRM for our business (FCI6-HRP6).

- **Theme three: Leadership competency**

Leadership is another important competency that HR managers should have. The participants revealed that with this skill and competency, an HR manager is able to gain accurate and broad visions in formulating and implementing effective strategies.

From my point of view, a key success of HR managers in leading their department is in their leadership skills. This competency enables a HR manager to have a broad vision to lead their team to perform better work (FCI2-HRP9).

Besides the other key competencies of HRM such as consultation skill and HR technical skill, leadership skill should be borne in mind by HR managers. This can assist them to manage their workforce effectively (FCI2-HRP12).

4.2.2 Research question two

What perspectives do HR managers have regarding the role of SHRM in capacity building of local managerial employees?

The primary purpose of this question was to investigate the comprehension of participants regarding the term 'capacity building'. Gauging how well HR professionals understand the term is a vital part in terms of discovering their perception and insight about SHRM in capacity building.

Being familiar with the term 'capacity building'

For this question, the findings were grouped into two themes: 'Being familiar with and able to explain broad aspects' and 'being familiar with but can explain partially'. The majority of the participants (nine people) were classified in the first theme and the other three participants were categorised in the second theme.

- **Theme one: Being familiar with and able to explain broad aspects**

It can be seen that nine participants were familiar with the term and broadly explained the term's meaning. The explanation was theoretically and practically deliberated by deep insight of participants.

I am familiar with the term 'capacity building'; this term means the process of improving and developing the skills and competencies of our workforce through specific programmes. This aims to ensure that they can move up to a higher position when there is an available position on management level (FCI1-HRP1), (FCI4-HRP11), (FCI6-HRP6) and (FCI6-HRP7).

The term 'capacity building' is defined as the planning and approach of developing the

knowledge, skills and abilities of the workforce at different levels. Basically, the step of identifying capability was made in order to provide adequate and necessary training for employees. This does not just improve individual skills but also ensures the competence of the workforce to perform better (FCI2-HRP8), (FCI2-HRP9), (FCI2-HRP10), (FCI2-HRP12) and (FCI5-HRP4).

- **Theme two: Being familiar with but can explain partially.**

It was observed that three participants were familiar with the term, but they only narrowly explained the meaning of the term. They, mainly, focused on the training issues only.

The meaning of capacity building is about establishing the employees' competence through training systems such as providing training programmes, building capacity by mentoring and coaching programmes, seeking training gaps through skill matrix (FCI1-HRP2), (FCI3-HRP3) and (FCI5-HRP5).

What is your perception of SHRM in capacity building of local managerial employees?

This question was raised to investigate the perception of all HR professionals toward SHRM in capacity building of local managerial employees. The findings for this question were classified into two themes: general perception in capacity building of local managerial employees and specific perception in capacity building of local managerial employees.

- **Theme one: General perception in capacity building of local managerial employees**

For this theme, five participants reported that from their perspective the SHRM in capacity building of local managerial staff focused on recruiting and developing the potential of local employees who are able to become a leader or a manager in the future. This process included utilisation of training tools such as skill matrix, succession planning and on the job training.

From my point of view, the function of SHRM in capacity building of local managerial employees is a process of developing the talent or potential of local employees who are

able to take higher positions in management level namely a manager or a supervisor. To ensure the success of this approach, the training tools should be employed such as skill matrix, succession planning and some training programmes in order to complete the capabilities gaps (FCI1-HRP2), (FCI2-HRP12), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP5).

- **Theme two: Specific perception in capacity building of local managerial employees**

Under this theme, seven participants revealed that the role of SHRM in capacity building of local managerial employees is strategic planning for building the capabilities of local employees who are talented. This plan requires some instruments to assist namely, cooperation from top management, development tools and detail and time frame of the plan.

From my perspective, the place of SHRM in capacity building is the broad view of HR strategies implementation. The HR strategies in capacity building should be aligned with business objectives. Then, our strategies were driven by accurate plans in recruiting talented and potential workers to attend the capacity building programmes with specific development plans. The development plans consist of particular training programmes in leadership, coaching and mentoring programmes from experienced assessors or a delegation from management team. These plans do not only improve the skills and knowledge for local talented leaders but are also seeking the appropriate workforce to fulfil business requirements (FCI1-HRP1), (FCI2-HRP7), (FCI2-HRP8), (FCI2-HRP9) and (FCI6-HRP7).

SHRM in capacity building is an essential part of HRM strategies in developing the local managerial employees' capabilities. To ensure the implementation of SHRM in capacity building for local employees on management level, the top management level must recognise the importance of capacity building concepts and top management or investors must have the courage to invest in this strategy because this is a long term investment in which the return of investment will be apparent in the next 3 to 5 years. The process of developing a talented employee takes at least a few years (FCI5-HRP4) and (FCI6-HRP6).

4.2.3 Research question three

What are the existent applications of SHRM in capacity building of local managerial employees in foreign companies in Laos?

To assess the current situation of the practices of SHRM in capacity building of local managerial employees in foreign companies, there were two sub-questions that mentioned during the interview. The aim was to find out the real implementation of SHRM in capacity building for their local management level.

Do you think that your organisation has implemented appropriate SHRM in capacity building of local managerial employees?

This question focussed on assessing the opinion of HR professionals toward the implementation of SHRM in capacity building of local managerial employees of their firms. It appeared from the findings that the majority of participants (nine people) reported that their organisation did not implement appropriate SHRM in capacity building of local managerial employees because of some drawbacks, while three participants said that their firms already implemented the appropriate SHRM in capacity building of local managerial employees. There were two main themes that could be extracted namely ‘appropriate implementing SHRM in capacity building’ and ‘not appropriate implementing SHRM in capacity building.’

- **Theme 1: Appropriate implementing of SHRM in capacity building**

Under this theme, the participants said that their firm implemented accurate SHRM in capacity building but there were some areas of possible improvement. That improvement would assist organisations to achieve better performance.

From my perspective, our firm has appropriately implemented the SHRM in capacity building of local managerial employees which we can assess from the successful local employees. Those successes are able to step up to the managerial roles and can run the business effectively, with the same quality as expatriate employees. This is a great support from top management in executing effective planning (FCI2-HRP8).

There is a lot of effort in formulating and implementing HR strategies in capacity building of local employees, both in junior and senior positions. These efforts aim to support the parent company business objectives in localisation, our development plan and improvement of the local skills or capabilities. However, the SHRM in capacity needs to be reviewed to ensure that the strategy is aligned with the operation performance and qualifications of our potential employees, as well as the cooperation from their department managers (FCI2- HRP9) and (FCI2-HRP10).

- **Theme 2: Inappropriate implementing of SHRM in capacity building**

Nine participants said that SHRM in capacity building in their organisations were not formulated and implemented accurately.

Our organisation is in the starting journey, especially in establishing SHRM in capacity building. We have already built up strategic plans but the implementation is still in the progress of developing. Therefore, the assessment of the results would take a few years (FCI1-HRP1), (FCI1- HRP2), (FCI6-HRP6) and (FCI6-HRP7).

During the implementation process, we lacked the supporting budget for running our specific training plans for local managerial employees. Thus we need the collaboration of the line managers to provide backup plans. However, sometimes they do not fully cooperate because they focus only on the main operation (FCI2-HRP12) and (FCI5-HRP5).

The SHRM in capacity building is not implemented accurately in our firm because of the lack of attention from management. The role of the HR department is solely seen as an administrative and supportive department and we cannot get a seat at top management level in formulating business strategies (FCI3-HRP3), (FCI4-HRP11), and (FCI5-HRP4).

In your opinion, should your organisation implement other HRM strategies for capacity building of local managerial employees?

Obtaining more comprehension of HR professionals' perception towards additional HRM strategies for capacity building of local managerial employees was the purpose of this question. The findings reveal that there were four themes for this questions namely learning

and development strategy, talent management strategy, knowledge management strategy and organisational change and development strategy.

- **Theme one: Learning and development strategy**

Under this theme, five participants reported that the training and development strategy should be reinforced in order to provide skilful abilities for targeted local employees at management level to possess better performance and succeed in capacity building regarding strategy implementation.

In order to ensure the success of SHRM in capacity building of local managerial employees, the firms must identify, customize and formulate suitable strategic training and development programmes in different aspects in order to be appropriate for each level of local employees in management level such as supervisor programmes, superintendent programmes or leadership programmes (FCI1-HRP2), (FCI3-HRP3) and (FCI6-HRP6).

One of the priority strategies for building the capabilities of local managerial employees is the strategic competencies training programme. This strategy will provide specific development plans to build up the capabilities of the potential local employees which it is including, bringing in technical expatriate advisors or utilising domestic trainers (FCI2-HRP8) and (FCI6-HRP7).

- **Theme two: Talent management strategy**

The findings revealed that three participants said the strategy in recruiting local talented managerial employees is a vital step to seek the potential employees among the numbers of their workforce to fulfil the SHRM in capacity building. If the appropriate strategies in recruiting talent are not employed, the firm will waste their time and budget by choosing the wrong talents.

The talent management strategy is granted to be the capacity building strategy to recruit, use and develop talented local employees. This process is crucial to finding the suitable person for a critical role on management level because the firms have to spend lots of money and a lot of time for this strategic process. Furthermore, this can engage talents with the company thereby ensuring their growth with the company and their further development process (FCI1-HRP1), (FCI2-HRP12) and (FCI4-HRP11).

- **Theme three: Knowledge management strategy**

The knowledge management strategy was also addressed by two participants. This was another strategic tool in developing local employees in which they had opportunities to learn new experiences from the expatriate workforce. However, the firms must state the expatriates' roles explicitly.

The firms should implement the knowledge management strategy alongside the SHRM in capacity building of local managerial employees in order to improve the areas in which the local workforce is lacking. However, the firms must apply the right strategy in utilising expatriate employees. It is essential to formulate the transfer of knowledge and skills process explicitly. This is because if there are not obvious details of expatriates' roles in transferring the knowledge to local talents, the knowledge and skills transfer process will be implemented ineffectively and will take a long time (FCI2-HRP9) and (FCI2-HRP10).

- **Theme four: Organisational change and development strategy**

Remarkably, two participants revealed that organisational change and development strategy should be aligned with strategic capacity building for local managerial employees in order to be prepared for unexpected internal situations that can affect SHRM in capacity building.

We are not able to effectively implement the SHRM in capacity building for local managerial employees if the HR department does not consider the organisational change and development strategy. Even though our firm perceives effective strategies in capacity building for local employees, a change of organisational structure will directly affect its strategic plans. For instance, if there is a change of CEO, the organisational strategies also change which might lead to capacity building's budget reduction (FCI5-HRP4) and (FCI5-HRP5).

4.2.4 Research question four

What are the main obstacles that prevent HR managers from practising SHRM in capacity building of local managerial employees?

Apart from the perception of HR professionals toward SHRM in capacity building of local managerial employees, the challenging issues that have prevented HR managers from

practising SHRM in capacity building should be addressed in order to contribute to the improvement of capacity building strategies. Therefore, from the research findings' results, the sub-question was also asked as below.

Do you think that are there any difficulties or obstacles to implementing SHRM in capacity building of local managerial employees in your organisation?

From the research findings, participants reported that there were four main obstacles that prevented them from practicing the capacity building strategy for local managerial employees. Namely, there were budget management, competency of potential employees, perception of line managers and specific detail of development programmes which were identified as shown below:

- **Theme one: Budget management**

Three out of twelve participants strongly admitted that budget management was the obvious obstacle in implementing the capacity building strategies for local managerial employees.

Although HR department formulated an effective strategy of capacity building for local talents, the process of implementation is not successfully practiced due to the lack of budget or reduction of budget. This effect is based on the final decision making of the project managers or the top management level (FCI4-HRP11).

Obviously, budget is the main burden that impedes the process of implementing capacity building strategies. This is because the capacity building strategies consume large amount of money which is different from soft skill training programmes (FCI5-HRP4) and (FCI5-HRP5).

- **Theme two: Competencies of potential employees**

From this theme, four participants reported that the personal competencies of targeted employees did not match the criteria or standard of the strategies in building the capacity of local managerial employees.

Although we have the strategic programme and tools in building capacity for talented local employees, the competencies of talents in learning are not matched to the criteria of strategies. Thus, we have to postpone the programmes and provide basic training for

them in order to enhance their general skills such as foreign language courses, communication skills courses and computer skills courses (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3).

- **Theme three: Perception of line managers**

Under this theme, four participants reported that the perception toward SHRM in capacity building of local managerial employees by line managers was one of the issues affecting the implementation of SHRM in capacity building of local managerial employees.

To ensure the success in implementing strategic capacity building for local employees at management level, the attitude of the line managers should be positive and they should understand deeply the concepts of this strategy (FCI1-HRP2).

From my point of view, it is crucial to ensure the understanding of the line managers because they are the key persons who assist, coach and mentor talented employees. Thus, their attitude is very essential. Their roles do not just ensure the effective performance of a department but also build up capabilities of their subordinates for supporting capacity building strategies programme (FCI2-HRP8), (FCI2-HRP10) and (FCI6-HRP7).

- **Theme four: Specific detail of development programmes**

Interestingly, only one person out of twelve participants urged that the formulation of specific detail for development programmes was another obstacle in implementing the capacity building strategies.

*In my opinion, the design of development programmes, especially the specific details of capacity building strategies are the most difficult issues for our firm. This is because our company is a multi-business company in which each business industry is totally different. For instance, we have dealer operations, heavy & agriculture equipment, and rental and food services business divisions. The formulation of the appropriate strategies in capacity building, which can apply across all business, is very challenging (FCI6-HRP6). **Do you have any suggestion to avoid the obstacles of the implementation of SHRM in capacity building of local managerial employees?***

This sub-question was aimed at obtaining suggestions from HR professionals to finding solutions for obstacles to the implementation of SHRM in capacity building for local employees on the management level. It could be seen that there were four themes namely ‘emphasise the importance of capacity building strategies to top management’, ‘bringing in foreign technical advisors’, ‘reinforcement of the cooperation from line managers’ and ‘utilisation of the existing tools in designing the capacity building strategies for local employees’.

- **Theme one: Emphasis on the importance of capacity building strategies to top management**

For this theme, two participants reported that emphasising the importance of capacity building strategies to top management could significantly assist in enhancing their understanding of capacity building strategy and avoiding budget reduction.

If we can address the benefits and importance of capacity building strategies for local managerial employees to the top management, it will open their mind-set regarding the SHRM in capacity building implementation. An important aspect of that strategy is to provide skilful talents for supporting the critical positions that can enhance the competitive advantage of the company (FCI4-HRP11).

From my perspective, if HR practitioners are able to take a seat in the top management meeting, they can emphasize the importance of capacity building strategies to the management level which could lead to avoiding unexpected action regarding our strategic plans for instance budget reduction (FCI5-HRP4).

- **Theme two: Bringing in foreign technical advisors**

Interestingly, two participants revealed that if the firms brought in foreign technical advisors to develop local managerial employees’ skills that they lacked, by coaching and mentoring programmes, they could significantly improve their capabilities and give them a broader perspective on technical skills.

In order to improve the specific area of local employees’ abilities, the firms can bring in foreign technical advisors to assist with the development programmes. With the varied experience and new ideas of the foreign technical advisors, the local managerial

employees who are in the capacity building plans, can learn a lot (FCI2-HRP8) and (FCI6-HRP7).

- **Theme three: Reinforcement of the cooperation from line managers**

Under this theme, three participants reported that the reinforcement of the line managers' cooperation was obligatory to strengthen the implementation of strategic capacity building for local managerial employees.

To ensure the effective implementation of capacity building strategies for local employees, HR department compulsorily requests the cooperation of line managers in terms of recruiting potential local employees for the development programmes, brainstorming and designing the specific programmes and facilitating the leadership development programmes (as a mentor and assessor) (FCI1-HRP2) and (FCI2-HRP10).

In order to formulate the precise and effective strategies for capacity building of local managerial employees, HR departments strongly need the excellent collaboration from line managers. This is because they are the key persons who perceive the exact needs of the development programmes for their people, as well as acting as coordinators to identify the suitable development programmes for building capacity for their local talents (FCI6-HRP6).

- **Theme four: Utilization of the existing resources in designing the capacity building strategies for local employees.**

Lastly, there were four participants who indicated that the utilization of the firms' existing resources to design the detail of capacity building strategies for local employees was needed.

To effectively design the detail of capacity building strategies for local talents, the firms must survey the need of capacity building's core value from line managers and employees and ensure that the strategic capacity building plans are aligned with business objectives and organisational policies (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3).

4.2.5 Research question five

What are the key benefits for organisations to implement SHRM in capacity building of local managerial employees?

Basically, this research question aimed to investigate the key benefits for Lao business firms in implementing SHRM in capacity building of local managerial employees. The findings clearly demonstrated that all participants agreed that if the business firms applied SHRM in capacity building for local managerial employees, a bundle of benefits were obtained. Four themes, therefore, were identified from the findings.

- **Theme one: Better performance**

From the findings, four participants stated that one of the key benefits of the implementation of SHRM in capacity building for local managerial employees was providing better performance by the firms.

By implementing the SHRM in capacity building for local managerial employees, the employees' abilities and skills will certainly improve. That improvement will lead to assisting the workforce in performing better work and achieving tasks' objectives effectively (FCI2-HRP10), (FCI2-HRP12) and (FCI3-HRP3).

In my view, if the company is run by a capable local workforce, the business also can have a long life. This is because the business belongs to the locals for the locals; that means the business will have a long life if run by competent local employees (FCI6-HRP7).

- **Theme two: Effective cost management**

For this theme, five out of twelve participants revealed that the firms can have effective cost management if they apply SHRM in capacity building of local employees at management level.

If the firms hire capable local employees, of course they can manage their cost more effectively in terms of reducing salary cost, for instance due to the different levels of pay scale between foreigner and Lao (FCI4-HRP11).

From my perspective, if Lao people can work in the management level, we will be able to reduce the number of foreign employees which will lead to reducing expenses. The

expenses include salary, accommodation, fuel, visas, and their family's expenses in case they bring their dependents (FCI2-HRP9), (FCI2-HRP10), (FCI5-HRP5) and (FCI6-HRP6).

- **Theme three: Improvement of workforce competencies**

From another point of view, three participants stated that the improvement of workforce competencies offered benefits for the firms regarding the implementation of SHRM in capacity building of local employees at management level.

If our firm implements effective SHRM in capacity building for local managerial employees, the advantage that we gain is to obtain a capable and competent workforce to support the business plan. This advantage will lead to the improvement of our performance automatically. For instance, Lao is going to be a member of ASEAN Economic Community at the end of December 2015, thus, to be competitive over the rivals, we must improve our performance for which the key is the possession of a competent and capable workforce (FCI1-HRP1).

An outstanding benefit for a firm when applying the capacity building strategies for local managerial employees, is improving the SKAs of their workforce for performing better work. (FCI1-HRP1) and (FCI2-HRP12).

- **Theme four: Retention of a capable workforce**

From the research findings, there were two participants who reported that the retention of a capable workforce was another benefit of implementing SHRM in capacity building of local managerial employees.

In the long-term vision, the firm can retain those competent talented workers with them when employees realize that they always have a chance to develop and move forward to the higher positions (FCI1-HRP2) and (FCI5-HRP4).

- **Theme five: Good reputation**

Under this theme, four participants reported that the implementation of SHRM in capacity building for local managerial employees could build a good reputation for their firms.

Beside the improvement of organisational performance, the capacity building strategies for local employees at management level can also build a good reputation for the company (FCI2-HRP8).

By implementing the SHRM in capacity building, the firms can build a good reputation when they prove that the companies' commitments on developing the local employees' capabilities are achievably and strategically implemented (FCI2-HRP5).

If the company can run their business by capable local employees who attend the strategic programmes of capacity building, this will increase the good reputation of the company (FCI2-HRP10).

Regarding long-term benefits, the firm can sustain their business success through the implementation of strategic capacity building, as well as a good reputation for developing their employees' SKAs (FCI6-HRP6).

4.2.6 Research question six

To what extent would SHRM in capacity building of local managerial employees assist in increasing organisational performance or productivity?

The purpose of this research question was to explore the perception of HR professionals regarding the specific benefits, such as organisational performance or productivity, when applying SHRM in capacity building for local managerial employees. From the findings, the majority of participants definitely agreed that by implementing SHRM in capacity building of local managerial employees, the organisational performance and productivity could be improved. In this regard, one sub-question was asked.

From your perspective, do you think SHRM in capacity building of local managerial employees can assist organisations to increase better performance or productivity?

The purpose of this question was to find out the perspective of HR professionals specifically on the benefit of applying SHRM in capacity building for local managerial employees in increasing the organisational performance or productivity. All participants agreed that the firms could enhance better performance which could lead to the increase of productivity when applying capacity building strategies.

Definitely, the firm can increase their organisational performance and productivity if they apply the capacity building strategies for their local employees who are at the managerial level. Local employees have a better understanding of their country in terms of the current situation of the local market, the trend of customers and culture. Furthermore, if the firm is managed by local employees, the systematic management can communicate effectively because we can use local language. To the contrary, if we hire foreign employees, it takes a long time for them to adapt and learn the local situation (FCI1-HRP1), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP5).

It is undeniable that SHRM in capacity building can improve the capabilities of local managerial employees. If they are capable and competent to manage the work, of course it is not necessary to hire more staff, particularly not the expatriates. This leads to better cost management and increases more income for the company, as well as effective work performance done by a competent Lao workforce (FCI2-HRP8) and (FCI6-HRP6).

The organisational performance and productivity will absolutely improve when the firms apply the appropriate capacity building strategies for the local workforce. When employees possess competent skills and knowledge, they can perform better, these efforts contribute to the increase of organisational productivity (FCI1-HRP2), (FCI2-HRP9), (FCI2-HRP10) and (FCI4-HRP4).

In my opinion, the capacity building strategies can facilitate and deliver valuable knowledge and useful skills for local employees. This leads to obtaining a capable and competent workforce who can run a business effectively. Therefore, building up local workforce capacity is necessary for the firm to have the right people supporting their business objectives and strategies (FCI2-HRP12) and (FCI6-HRP7).

4.3 Summary

The main purpose of this chapter was to outline the keys findings from the data collection process. The finding results were categorised based on five research questions which were aimed at obtaining appropriate answers to the research objectives. Therefore, the research findings were classified as outlined below:

Firstly, the research question one, ‘What are the main responsibilities of HR managers on

SHRM in capacity building of local managerial employees?’ This question aimed to investigate the responsibilities and roles of a HR manager in an organisation that implemented SHRM in capacity building. There were two themes namely Administrative HR roles and Strategic HR role. The former consisted of seven participants and the latter had five participants.

Secondly, the research question two, ‘What perspectives do HR managers have regarding the role of SHRM in capacity building of local managerial employees?’ It was aimed to explore the understanding of HR professionals toward the term ‘capacity building’. Under this question, two themes were identified namely ‘being familiar with and able to explain broad aspects’ and ‘being familiar with but can explain partially’. Nine participants reported that they were familiar with the term and can broadly explain its meanings. Only three people explained it in narrow terms.

Thirdly, the research question three, ‘What are the existent applications of SHRM in capacity building of local managerial employees in foreign companies in Laos? This question was mainly focused on assessing the current situation of the practices of SHRM in capacity building of local managerial employees. Based on the research finding, there were two themes as ‘appropriate implementing of SHRM in capacity building’ and ‘inappropriate implementing of SHRM in capacity building. Interesting that only three participants in an organisation said that their organisation have been implementing the appropriate SHRM in capacity building, whilst nine of twelve participants said that their organisation have not implemented appropriate SHRM in capacity building for their employees.

Fourthly, the research question four ‘What would be the main obstacles that prevent HR managers from practising SHRM in capacity building of local managerial employees?’ This question intended to address the challenging issues that have prevented HR managers from practising SHRM in capacity building. From the research findings, there are four themes namely ‘budget management’ for which there were three participants in this theme, ‘competencies of potential employees’ were revealed from four participants, ‘perception of line managers’ was also reported from four participants and lastly ‘specific detail of development’ was mentioned by one participant.

Fifthly, the research question five, ‘What are the key benefits for organisations to implement SHRM in capacity building of local managerial employees?’ This strived to

diagnose the key benefits for Lao business firms in implementing SHRM in capacity building of local managerial employees. From the findings, there were five themes as 'better performance', 'effective cost management', 'improvement of workforce competencies', 'retention of capable workforce' and 'good reputation'. Interestingly, four participants said that one of the key benefits of the implementation of SHRM in capacity building for local managerial employees was providing better performance to the firms, while five participants reported that those strategies could also provide effective cost management. On the other hand, three participants admitted that the capacity building strategies could improve the workforce competencies and two participants said the retention of capable talents was another benefit. Finally, a good reputation was mentioned by four participants who said that it was another benefit of the implementation of capacity building strategies for local employees in management position.

Lastly, the research question six, 'To what extent would SHRM in capacity building of local managerial employees assist to increase organisational performance or productivity?' This question aimed to discover the perception of HR professionals regarding the specific benefits such as organisational performance or productivity when applying SHRM in capacity building for local managerial employees. All participants agreed that if the firms implemented effective capacity building strategies for local managerial employees, their organisational performance and productivity would improve.

Chapter five discusses the key results that emerged from the findings in chapter four and attempts to explain why the particular answers were given by interviewees.

Chapter Five: Discussion of the findings

5.1 Introduction

The previous chapter depicted some key aspects of the findings based on each research question. Chapter five aims to scrutinize more in-depth key features from participants' answers and discuss the important points of view that were given by the participants in the data analysis section included in chapter four. The discussion also addresses connections of main features from finding themes to answering the research's objectives and questions respectively. Furthermore, the research hypotheses are tested as well in order to find out suitable explanations for research aims and objectives. To ensure the validity and relevancy of the discussion, literature from chapter two is utilized. In essence, the purpose of this chapter is the analytical discussion based on the research questions, themes and hypotheses and the literature to respond to the research's objectives and research questions.

5.2 Discussion of the interviews

5.2.1 Research question one

What are the main responsibilities of HR managers on SHRM in capacity building of local managerial employees?

From the new perspective of HRM roles, HR practitioners do not focus only on the HR administrative tasks but also execute more strategic jobs such as planning and assisting management to formulate business strategies regarding people management (Mello, 2014; Nel et al., 2012). Since the last decade of the 20th Century there has been a fair amount of evidence addressing the dramatic shift of the HRM administrative roles to strategic partner roles for attaining better business results (Armstrong, 2010, 2011; Becker et al., 2001). From business firms' views, HR managers or HR professionals play a crucial role in implanting the most appropriate and effective SHRM for their firms. Therefore, it is necessary to establish the main responsibilities of the HR professionals in implementing the SHRM in capacity building for local managerial employees in seven foreign companies in order to prudently answer the research questions.

Main responsibilities of HR managers in foreign companies in Lao P.D.R

According to the findings, there were two primary themes namely administrative HR roles and the strategic HR roles. From the findings, all participants revealed that their main responsibilities involved the administrative HR functions, while some of them were additionally responsible for strategic planning roles. Specifically, it could be seen that the majority of the participants (seven participants) were solely responsible for administrative HR functions. Interestingly, two out of seven participants said that their responsibility focused only on a specific HR function namely the training and development area which was also aligned with administrative HR roles. It was found that those HR professionals were administrative experts who provided all the necessary HR services to support line managers and departments such as managing daily benefits and payment, dealing and negotiating with employees' issues or grievances, and preparing effective training programmes (Vogelsang et al., 2012). As suggested by Armstrong (2010) the HR services that consist of administrative jobs to fulfil the requirements of management as front line managers, are played as transactional roles. Furthermore, Reilly and Williams (2012) emphasise that HR practitioners are also seen to be professionals in being administrative champions in HR systems namely; payroll, HR records, training records and other HR administrative issues. However, from the findings, those HR professionals agreed that they only played a supportive role to other departments but were not able to take a seat at the top management level as a strategic partner for assisting in formulating business strategies regarding people management. This is aligned with the work of Becker et al. (2001) that in a large number of companies, the HR people are practicing administrative roles but they are not capable of shifting to the broader strategic roles. This is because there are not exact measurement tools to gauge the links of HR values that contribute to organisational performance improvement (Becker et al., 2001). As well as this, the managements are sceptical about HR roles and how HR practices can add value to the business performance and convert theoretical strategies into practical ones (Armstrong, 2011; Becker et al., 2001).

In contrast to the administrative HR roles, which are the fundamental or traditional roles of HR practitioners, five HR professionals were found to play strategic HR roles. Apart from their normal administrative HR roles in supervising their HR team, being a strategic practitioner was another core responsibility for these HR professionals. The scope of strategic HR roles had been focused on taking a part of management level to design and

formulate business strategies regarding people management. In other words, the participants had been taking a seat at the top management meetings as a strategic planner in HRM. According to Ulrich et al. (2012), from the contemporary HR point of view, HR professionals possess extensive business context perspectives which can reinforce the favourable HR practices to underpin the development of their human resources in order to be integrated with organisational business strategies. Furthermore, Armstrong (2010) and Reilly and Williams (2012) indicate that HR practitioners act as strategists to assist top management in establishing practical business strategies regarding people management and being key decision makers to implement those strategies in order to effectively achieve the business goals. From the results of the findings, those five HR professionals were strategic positioners in assisting their firms to formulate essential strategic human resource management in which fundamental HR processes and practices were aligned with HR strategies and business strategies. This action aims to establish robust strategic practices in recruiting a competent workforce, employing the right person to the right job, developing the talents to deliver effective tasks, ensuring good relationships with employees and government and retaining those competent workforces. This concept is also allied with the work of Vogelsang et al. (2012). As a strategic partner, the HR practitioner ensures that the long-term business strategies are effectively implemented by providing effective HR systems and practices including HR planning, recruiting, selecting, developing, retaining and evaluating talented and potential employees for the critical positions that are aligned with the organisational strategy (Vogelsang et al., 2012).

Perspectives of HR managers regarding the key competencies that HR managers should have in order to assist their organisations in creating effective SHRM.

- **Hypothesis one:** Under this section, hypothesis one was presented and will be tested.

Ho₁: HR managers are competent to create SHRM in capacity building of the local managerial employees.

Apart from the roles of HR professionals, the competencies of HR managers were also required to scrutinise and to measure whether those HR practitioners were equipped with suitable competences to implement the SHRM in capacity building for local managerial employees. The findings revealed that three themes were categorised namely technical HR competency, management competency and leadership competency.

The majority (six participants) reported that the technical HR competency was the primary aspect that HR managers should possess for formulating and implementing the appropriate SHRM, particularly in capacity building of local employees at management level. The participants agreed that capable HR managers must champion HR technical knowledge and skills in effectively managing daily HR tasks. According to Armstrong (2010), HR practitioners are the key to formulating HR systems and practices which aim to attain the business's achievement through a capable workforce. Those HR practitioners must be experienced and familiar with HR's functions and practices such as recruitment, training and development, compensation and benefits, employee relations and employment law in order to establish effective SHRM for gaining a competitive advantage over their rivals (Armstrong, 2010, 2011; Vogelsang et al., 2012). The explicit evidence was from the participant FCI3-HRP3 who said that *'The competent HR managers should have a sound knowledge of HR functions and the capabilities of executing HR practices in order to have a broad vision in managing their employees'* Participant FCI5-HRP4 also revealed that *'This position must be competent at executing a recruitment plan, formulating organisational development programmes, acknowledging labour law and being familiar with governmental and industrial relation.'* The information was also aligned with the work of Vogelsang et al. (2012) and Ulrich et al. (2012) who said that in order to reinforce the effective SHRM at macro level for business enrichment, HR professionals should possess broad HR knowledge about HR practices, HR systems and HR functions.

Furthermore, management competency played an essential role for HR managers in implementing effective SHRM because that competency was revealed by four participants. Besides the basic skills and knowledge of HR functions, systems and practices, the knowledge of management skills were also vital for managing their people in the firms. The first management skill that HR managers should be equipped with for enhancing effective implementation of SHRM was communication skills. According to Martin (2010), communication skills involve having the ability to listen and to transfer the information from internal sources (colleagues, employees or members of the firms) and external sources (customers, suppliers and competitors) in order to be effective in decision making when solving problematic issues. To support that point of view, a participant (FCI4-HRP11) reported that *'In relation to HR skills, the HR managers should also have high communication skill. This is because when employees confront any problems, they will want to discuss them with us directly.'* The second management skill that HR professionals should possess was the

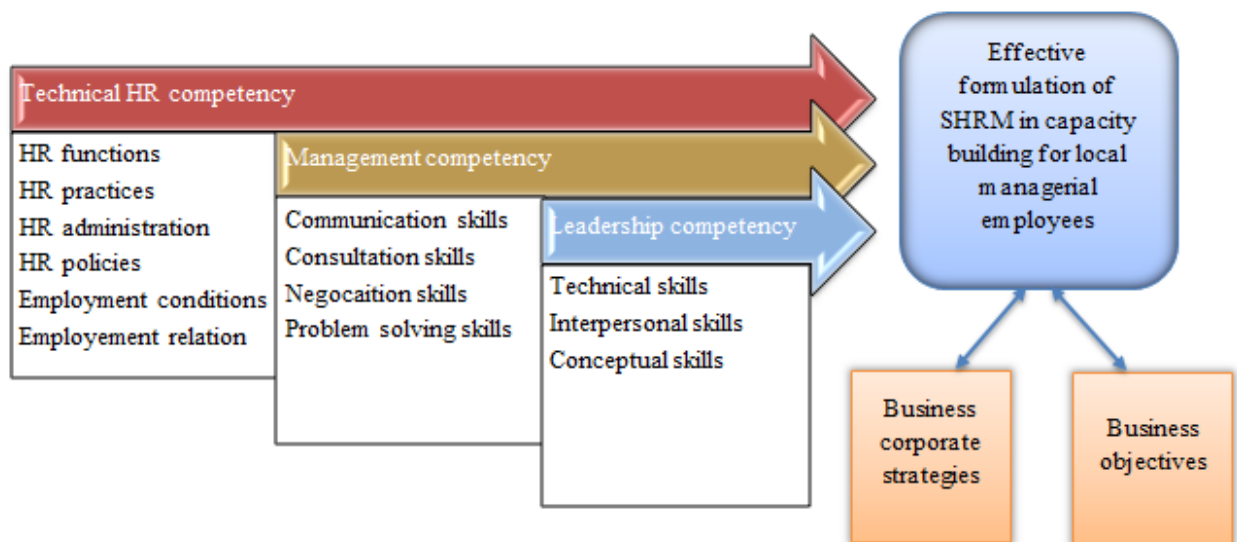
consulting skill. Based on the work of Du Plessis et al. (2015), consulting skills are the vital abilities for HR practitioners in providing useful advice to management for supporting the key decision making process which aims to enhance the organisational performance. Participant (FCI6-HRP6) supported that aspect and admitted that *'As being HR professionals we must obtain consulting skills because our tasks are dealing with various characteristics of people which they need different advice for solving their burdensome personal and professional difficulties. That skill enables HR professionals to formulate effective SHRM to assist the firms in performing better work.'* Lastly, having broad managing skills and wide industry perspective definitely permits them to assist their firms as a business partner to properly formulate diverse effective SHRM including HR practices, functions and systems for managing their people. This was supported by two participants (FCI1-HRP1 and FCI6-HRP7), as well as the work of Reilly and Williams (2012) who asserted that HR professionals who acquire varied managing skills namely, communication skills, interpersonal skills, coaching and negotiating skills, are more able to assist management level to have a wider perspective in terms of balancing the needs of the workforce and the firm, mentoring top management regarding people skills and supporting critical issues of managing the workforce.

Leadership competency was also a crucial element to ensure the effective implementation of SHRM in capacity building of local managerial employees which was disclosed by two participants. Participants agreed that the role of Leadership Competency was fascinating and prominent in leading the HR department onto the right track regarding effective SHRM implementation, particularly the capacity building of local managerial employees. Based on the work of Lussier and Achua (2015) and Northouse (2012), fundamentally the managerial leadership skills consist of three features namely (1) technical skills which involve methodical and technical capacities to accomplish their work through suitable sets of tools and techniques, (2) interpersonal skills or people skills which is the capacity to understand, communicate and handle with organisational members and (3) conceptual skills or decision making skills which consist of appropriate capacities to confront a situation through concepts and ideas. These skills enable HR professionals to employ the individuals' abilities and capabilities to successfully manipulate organisational challenges and achieve organisational objectives and goals. The findings were supported by two participants (FCI2-HRP9 and FCI2-HRP12) who mentioned that: *'Leadership skill was another competency that equips HR professionals with adequate abilities and broad perspective to formulate visionary decision making on SHRM. This could contribute to effectively taking the lead of the team and perform better work.'*

Leadership skills aim to form long-term vision, formulate strategic development and create initiative direction in order to assist organisations in attaining their business goals (Härtel & Fujimoto, 2015; Hollenbeck et al., 2014; Nel et al., 2014).

Considering previous discussions therefore, it can be said that the findings support hypothesis one which stated that *H₀₁: HR managers are competent to create SHRM for capacity building of the local managerial employees*. *H_{a1}* is thus rejected because all participants were able to assert the key competencies that should be possessed as HR professionals in effectively implementing the SHRM, particularly for capacity building of local managerial employees.

Figure 4: The competencies of HR professionals in formulating the SHRM in capacity building for local managerial employees



Source: Developed by the researcher based on this research study.

5.2.2 Research question two

What perspectives do HR managers have regarding the role of SHRM in capacity building of local managerial employees?

Primarily, the purpose of this research question was aimed at exploring the understanding of HR professionals toward the term ‘capacity building’. To measure the HR professionals’ comprehension of the term, it is crucial to investigate their perception and insight toward SHRM in capacity building. Overall, the term ‘capacity building’ was extensively deliberated by HR professionals while their discussions indicated that their comprehension

reflected into two different points of view. Hence, there were two themes categorised from the research findings namely being familiar and can explain broad aspects and being familiar but can only explain narrow aspects respectively.

Being familiar with the term ‘capacity building’

From the finding results, most of participants (nine people) were familiar with the term ‘capacity building’ which they had additionally studied to acquire deeper insights of the concepts of capacity building. Participants asserted that they have recognised this term since starting the professional life of a HR career but they have had a chance to work with this concept when working as a HR manager (FCI1-HRP1). However, all participants (FCI1-HRP1), (FCI2-HRP8), (FCI2-HRP9), (FCI2-HRP10), (FCI2-HRP12), (FCI4-HRP11), (FCI6-HRP6), (FCI5-HRP4) and (FCI6-HRP7) who were classified in this group expressed adequate cognisance of the term of capacity building as in this statement: *‘I am familiar with the term ‘capacity building’. Basically this term means the process of improving and developing the SKA’s of our workforce through specific programmes and by implementation of capabilities need measurement tools such as skills’ matrix. This concept aims to ensure the development of workforce capacities to perform better work, as well as to assist business corporate strategies in terms of capabilities needed at management level. Those with talent can move up to a higher position when there is an available position.* Those findings suggest a high comprehension by HR professionals regarding the term ‘capacity building’ and are directly associated with the literature. According to Eade and Ireland (1997), the term capacity building is an approach for developing human capital that consist of three levels namely individual, institutional and societal levels. The aim of this approach is to enhance skills and knowledge of their organisational members for achieving sustainable optimal performance and measurable results. Blumenthal (2003) also asserts that capacity building concepts are the processes of enhancing the capabilities of their human resources which aim to develop workforce capacities to attain an organisationally desired outcome. Kenny and Clarke (2010) state that capacity building is a systematic mechanism to favourably improve individual, functional and organisational performance by designing specific tasks that can adjust to the environment successfully.

There were three participants in this research thesis who are also familiar with the term ‘capacity building’ but the concepts were discussed by them narrowly in some areas of capacity building. From the point of view of those participants, capacity building mainly

focuses on the establishment of employees' competencies through training systems such as providing the necessary training programmes, building workforce's capacity by mentoring and coaching programmes, seeking training gaps through skill matrix (FCI1-HRP2), (FCI3-HRP3) and (FCI5-HRP5). Those statements partly discussed the capacity building concepts which were different from the fundamental concepts from various scholars. According to Eade and Ireland (1997) and Kenny and Clarke (2010), the key concepts of capacity building profoundly focus on two factors; human resources development and organisational improvement, in order to gain a competitive advantage for their organisations. Krishnaveni and Sripirabaa (2008), also formulate the term of capacity building as an approach to enhance capabilities of the organisational competence and its members' capacities which involves the development of two aspects, namely macro level that increases the organisational capabilities and micro level that improves the workforce's competencies. The literature points out the complete concept of capacity building concentrates both on the development of organisational competencies and their employees' knowledge, skills and abilities for attaining business desired outcomes (Eade & Ireland, 1997; Kenny & Clarke, 2010; Krishnaveni & Sripirabaa, 2008).

Perceptions of HR managers regarding SHRM in capacity building of local managerial employees.

From the research findings, it appears that most of the participants (seven people) had a specific perception toward SHRM in capacity building of local managerial employees. Five out of seven participants (FCI1-HRP1), (FCI2-HRP7), (FCI2-HRP8), (FCI2-HRP9) and (FCI6-HRP7) commented that their perspective of SHRM in capacity building of local managerial employees was the systematic and broad process of implementing strategic HR planning to recruit local employees at the management level who were foreseen as potential talents and should develop their own capabilities. These talents could contribute greatly to achieving the organisational objectives, once they were equipped with appropriate KSA's through training and development programmes. To ensure the success of a capabilities development plan, there are requirements of instruments and collaboration from top management and line managers, development tools and systematic and precise development framework planning. The most important aspect from the findings was the positive opinion of participants regarding SHRM in capacity building of local managerial employees. Participants believe capacity building strategy to be an essential part of improving the

individual's work performance and organisational results.

This aspect is supported by numerous scholars' works, who reveal the advantage of SHRM in capacity building strategies (CBS), particularly for managerial level employees. As suggested by Cousins and Bourgeois (2014) and Honadle and Howitt (1986) CBS is one of the SHRM concepts that aims to enhance the organisational members' capabilities to achieve organisational objectives in order to ensure the survival of the business. Maconick (2002) also indicates that the approach of CBS is to implement the applicable SHRM for attracting, developing, using, motivating and retaining a competent workforce at the institutional level and individual level. The institutional level focuses on improving or developing the organisational competencies and performance through the skilled workforce's efforts to accomplish organisational goals, whilst the individual level focuses on improving the workforce's capabilities, skills and behaviour in order to contribute effective work performance. Interestingly, Ashkenas and Schaffer (2007) and Judge (2011) point out that enhancing managerial employees' capability is an essential part of business strategy. Those roles are the key to success of business, which involves the capacity building development of themselves, as well as their team members. It not only improves the skills of management level employees to confront the operational difficulties but also increases subordinates' competences to develop best operative outcomes. To ensure the success of SHRM in capacity building, particularly for managerial employees, the requirement of collaboration from top management, line managers and employees in the firms are needed, as well as specific and practicable planning (Ashkenas & Schaffer, 2007; Cousins & Bourgeois, 2014; Judge, 2011). In essence SHRM in capacity building for managerial employees is vital to ensure the success of organisational goals, especially for foreign firms who require a competent local workforce to support their business assignments.

In contrast to the specific perceptions as mentioned above, five participants revealed some general opinions about SHRM in capacity building for local employees at management level. Generally, those participants commented that SHRM in capacity building of local managerial employees was the process of developing the potential of local employees who would be able to step up to the higher positions such as a supervisor, a leader or a manager in the future (FCI1-HRP2), (FCI2-HRP12), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP5). Additionally, the development process utilised training tools such as skill matrix, succession

planning and on the job training in order to ensure the effective implementation of SHRM in capacity building. One of participants (FCI5-HRP5) said that *'the strategies in capacity building for local managerial employees started from providing on the job training to all employees and assessing their performance. Once we saw potential of an employee who could be a leader or manager, the succession plan would be employed, alongside with skill matrix used for capturing the skills gaps and organise the suitable training programme for them'*. The findings revealed the general concepts which are a part of SHRM in capacity building for local managerial employees. The participants only mentioned individuals' capabilities training and development functions. This was in contrast to the literature from various scholars who point out the completed aspects of SHRM in capacity building. As suggested by Maconick (2002), the capacity building strategies do not only focus on the micro level as individual KSA's development but also require improvement of the organisational capabilities at the macro level. By integrating the elements, the desired business objectives will be attained. Cousins and Bourgeois (2014) and Honadle and Howitt (1986) also state that the primary concepts of capacity building strategy is to enhance workforce' competencies in order to contribute better performance to gain desired outcomes which lead to the improvement of organisational performance. Therefore, from the information from the participants, the main ideas of SHRM in capacity building solely discussed individuals skills and abilities improvement, without deliberating the development of organisational effectiveness and efficiency.

5.2.3 Research question three

What are the existent applications of SHRM in capacity building of local managerial employees in foreign companies in Laos?

The understanding of current practices of SHRM in capacity building in foreign companies is highly significant. This is because the assessment of implementation of SHRM in capacity building and other SHRM in capacity building should be addressed in order to improve the implementation of SHRM in capacity building for managerial employees in foreign companies in Laos.

Do you think that your organisation implements appropriate SHRM in capacity building of local managerial employees?

- **Hypothesis two:** In this section, the hypothesis two was addressed and is tested.

Ho₂ : Foreign firms execute appropriate implementation of SHRM in capacity building of local managerial employees.

Perceived views of the HR managers toward the appropriate implementation of the SHRM in capacity building for local managerial employees in their firms.

From the findings results, the majority of the participants (nine people) admitted that in their firms, the implementation of SHRM in capacity building was not executed appropriately. Although the management allows HR professionals to formulate the SHRM in capacity building of local managerial employees, in practice the implementation does not fit the strategic corporate objectives. It is suggested by Armstrong (2011) and Rees and Smith (2014) that in order to gain competitive advantages for business purposes, the integration of HR strategies and business strategies must be executed. This aspect includes the alignment of HR practices, HR systems and HR procedures with organizational corporate objectives. From another lens, Martin (2010) asserts that besides those alignments, the workforce capacity building development strategies should be executed because the workforce is the key element that can contribute to the sustainable organisational competitive advantage. To support the success of SHRM, Werbel and DeMarie (2005) indicate that the contingency approach is utilised for capturing the concept of how the person-environment fit is related to organisational competencies and supported cooperate strategies through the horizontal and vertical alignment. The vertical alignment or fit links the HR systems with corporate strategies through organisational competencies which focus on organisational level context integration. Whist the horizontal alignment links those HR practices to promote organisational competencies in broad strategic vision which improve the capacities of the workforce to meet specific objectives of the organisational cooperative strategies (Beardwell & Claydon, 2010; Werbel & DeMarie, 2005). To explicitly deliberate, from finding results, nine participants revealed that the formulation and implementation of SHRM in capacity building were ineffectively executed because of the unmatched alignment of SHRM in capacity building and business objectives, particularly regarding the lack of attention from top management about HR attribution and the business financial and operational priority. Four participants (FCI1-HRP1), (FCI1-HRP2), (FCI6-HRP6) and (FCI6-HRP7) reported that: *‘Our organisation is at the first stage of establishing the SHRM in capacity building because our HR team has just formulated new HR strategies to serve the management teams to fill the gaps in capacities need.*

Therefore, they did not exactly see the contribution of these strategies to business performance like other departments which are easier to introduce to the financial or operational results.’ In addition, five participants (FCI2-HRP12), (FCI3-HRP3), (FCI4-HRP11), (FCI5-HRP4) and (FCI5-HRP5) also disclosed that ‘SHRM in capacity building is not implemented accurately in our firm because of the lack of attention from top management. The top management team regard production departments like sales and marketing department as the first priority because they can provide financial results easily and have more power on the strategic board meeting, while the role of HR department is solely regarded as an administrative and supportive department which does not get a seat at top management level in formulating business strategies.’ To ensure the achievement of the firms’ goals, SHRM in capacity building should be aligned and fit with business corporate objectives through the workforce capacities building development strategies, as well as enhancing the strategic role of HRM in top management level (Armstrong, 2011; Beardwell & Claydon, 2010; Werbel & DeMarie, 2005).

However, there were three participants who reported that their firms appropriately implemented SHRM in capacity building for local managerial employees. The parent company of those participants employs precise SHRM in capacity building, which it specifically terms ‘localisation’ strategies. The improvement of local employees has been introduced to local business companies through HRM strategies, these strategies aim to improve the capabilities of their local staff in order to be able to take higher critical positions for which the top management values the competent workforce as the key to success of the organisational performance. Those aspects were supported by the findings from one out of three participants (FCI2-HRP8) who said that: ‘The top management of the parent company has made outstanding efforts in formulating and implementing SHRM in capacity building for local workforce in both senior and junior positions. The company vision supports the business objectives in strategic development plans or localisation strategies which aim to improve the capabilities of the workforce.’ This organisational vision depicts the integration of horizontal fit between business corporate objectives and SHRM which aims to enhance organisational performance development (Armstrong, 2011; Boxall & Purcell, 2011; Stavrou & Brewster, 2005). Furthermore, these participants also pointed out that to ensure the success of SHRM in capacity building for local employees, there also should be a vertical fit of SHRM, HR systems and practices with line management and employees. This is relevant to the suggestion of two participants (FCI2- HRP9) and (FCI2-HRP10) who

reported that: *'In order to ensure the successful implementation of SHRM in capacity building, the HRM strategies should be aligned with the organisational operation performance and qualification of our potential employees, as well as cooperation from their department managers.'* This key component is technically linked to the work of Beardwell and Claydon (2010) who asserted that the vertical fit focuses on integrating the internal management level or organisational contexts with HR systems and practise which aim to improve performance regarding strategic implementation. In essence, to gain a competitive advantage and achieve organisational success, the firms must execute both horizontal and vertical fit as the primary strategies of implementation in capacity building for their local workforce (Armstrong, 2011; Delery & Doty, 1996; Kramar & Syed, 2012; MacDuffie, 1995; Stavrou & Brewster, 2005).

Therefore, it could be concluded that the findings negatively support hypothesis two: **Ho₂ that foreign firms execute appropriate implementation of SHRM in capacity building of local managerial employees.** Ha₂ is thus accepted. This is because the constraints of a lack of fit in SHRM and business corporate objectives in financial and operational issues exist, as well as the uncertain cooperation from top management and line managers.

Opinion of the HR professionals toward the implementation of other HRM strategies for capacity building of local managerial employees.

The results illustrate that there are four HRM strategies that a firm should be employing namely training and development strategy, talent management strategy, knowledge management strategy and organisational change and development strategy in order to reinforce the implementation of SHRM in capacity building of local managerial employees.

From the findings, five participants reported that the learning and development strategy (LDS) should be utilised for providing suitable strategic training and development programmes to potential talented local employees at management level. This strategy was essential for delivering the effective implementation of SHRM in capacity building for local managerial employees in terms of enhancing their abilities, competencies and knowledge, as well as leading to performing better work. As suggested by Armstrong (2010), the LDS is a systematic approach which aims to execute strategic learning and development activities for supporting the organisational success through a competent and capable workforce. Harney and Monks (2014) and Martin (2008) point out that the process of LDS

involves providing strategic training programmes that aim to improve the employees' capabilities, perception, morale, intelligence and behaviour in order to support organisational corporate strategies. Those strategic training programmes must be suitable for the career needs of the workforce to ensure the right development and also these strategic training programmes must align with the organisational goals and strategies (Harney & Monks, 2014; Martin, 2010). These points were in line with participants' responses in which they reported that: *'In order to ensure the success of SHRM in capacity building of local managerial employees, the firms must identify, customize and formulate suitable strategic training and development programmes in different aspects in order to be appropriate for each level of local employees in management level such as supervisor programme, superintendent programme or leadership programme (FCI1-HRP2), (FCI3-HRP3) and (FCI6-HRP6). In essence, LDS is a useful HRM strategy that HR professionals should bear in mind in order to ensure the development of workforces' KSAs that can assist organisations in performing more effectively.*

In addition, the talent management strategy (TMS) was also mentioned by three participants as being able to assist with the implementation of SHRM in capacity building for local managerial employees. According to Nel et al. (2014), the TMS is the strategic approach that aims to recruit and manage the distinctive talented employees in order to support the organisations' workforce acquisition process. To add to that point, Holbeche (2009) also indicates that TMS is "The systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organization" (p 166). To contribute value to the organisational competitive advantage, this strategy strives for competent employees who represent a unique skill set that is rare and difficult to discover and imitate (Sparrow et al., 2014). Another key component of TMS is the retention of those talents which De Vos and Dries (2013) assert that, nowadays, due to the high level of competition in seeking the talented workforce, is also known as 'war on talent'. TMS is employed as a SHRM tool to strategically attract, utilise, train and retain their valuable pool of talents. Particularly, the retention of talented managers or leaders who are foreseen to be the key contribution toward improving organisational performance by taking a lead, monitoring, coaching and assessing their subordinates to perform better (Oladapo, 2014). In support of the literature, the comments from three participants revealed that: *The talent management strategy is supported and the capacity building strategy used to recruit, use and develop talented local*

employees. This process is crucial to finding the most suitable person for critical roles at management level because the firms have to spend lots of money and a lot of time on this strategic process. Furthermore, this can engage talents with the company in terms of ensuring their growth with the company and their further development.' (FCI1-HRP1), (FCI2-HRP12) and (FCI4-HRP11). If appropriate strategies in recruiting talented workers are not employed, the firms will waste their time and budget by choosing the wrong talents. Therefore, TMS is an essential strategy in recruiting, employing, developing and retaining the talent among the numbers of their workforce to fulfil their business strategies (De Vos & Dries, 2013; Oladapo, 2014; Sparrow et al., 2014).

Furthermore, another key component of SHRM in capacity building of local managerial employees which was addressed by two participants was the knowledge management strategy (KMS). Those participants reported that the KMS should be employed in order to ensure the effective knowledge and skills transfer from foreign experts to unskilled workforce at management level. As suggested by Armstrong (2011), KMS is the strategic approach of establishing, capturing, sharing and using the available knowledge pool in their firms in order to increase organisational learning and development that leads to the improvement of organisational performance. Redman and Wilkinson (2013) also state that the aim of KMS is to transfer the existing pool of knowledge from their experts to the others in the workforce who require to learn those useful and knowledgeable skills. By utilising the appropriate KMS process, the organisational performance and its productivity will increase through the knowledge pool exchanged (Armstrong, 2011). This strategy was associated with the comments of two participants who revealed that: *The firms should implement the knowledge management strategy alongside the SHRM in capacity building of local managerial employees in order to improve the areas that local workforce lacked. However, the firms must apply the right strategy on utilising expatriate employees. It is essential to formulate the transfer of knowledge and skills process explicitly. This is because if there are not obvious details of expatriates' roles in transferring the knowledge to local talents, the knowledge skills transfer process will be implemented ineffectively and take a long time.'* (FCI2-HRP9) and (FCI2-HRP10). To be specific in knowledge management in foreign firms, most of the expatriate advisors or managers did not effectively transfer their knowledge and skills to local employees because they were afraid that they would lose their job and there is no mention of the role of transferring knowledge to local employees in their job description, as reported by those two participants. Hence, to

ensure the effectiveness of the implementation of SHRM in capacity building for local managerial employees, knowledge management strategy should be utilised in order to ensure that the local workforce would receive useful knowledge from experts.

Lastly, the organisational change and development strategy (OCDS) was reported to be one of the vital strategies that enhanced the effectiveness of the implementation of SHRM in capacity building for local employees at management level. Two participants revealed that the HR professionals should take the OCDS into account in order to reinforce the effective implementation of SHRM in capacity building for local managerial employees, particularly to be prepared for an unexpected internal dilemma that could affect SHRM in capacity building. As suggested by Nel et al. (2014) and Waddell, Creed, Cummings, and Worley (2014), from HR perspective the organisational change and development strategy is systematic approach that aims to formulate the HR strategic planning including managing human resource allocation, forming and implementing HR policies, practices, systems and procedures to support the change management such as transformation, organisational structuring or dealing with organisational crisis issues. This approach aims to improve the organisational development when dealing with any chaotic or dilemma situations. Daft (2014) also asserts that the strategic change management can establish effective decision making for management level staffs in formulating and executing business strategies that fit with organisational objectives during the changing process through strategic objectives planning, HRM practices and managers' contributions. This strategic change management focuses on improving the organisational development and its behaviour during organisational transformation or the existing changing process in order to enhance workforce and organisational effectiveness and efficiency (Jones, 2010; Nelson & Quick, 2013; Waddell et al., 2014). The aforementioned literature is associated with the findings from two participants who said that: *We are not able to effectively implement the SHRM in capacity building for local managerial employees if the HR department does not consider the organisational change and development strategy. Even though our firm employs effective strategies in capacity building for local employees, the change of organisational structure directly affects its strategic plans. For instance, if there is a change of CEO, the organisational strategies also change which may have the effect of leading to capacity building's budget reduction (FCI5-HRP4) and (FCI5-HRP5).* Most notably, this strategy was not initially stated in the literature chapter but should now be considered as a new issue for this research study and should be added to SHRM in future capacity building strategy. In

essence, the organisational change and development strategy should be employed and aligned with SHRM for executing effective implementation of capacity building, especially for local employees in management level.

Figure 5: The relevant key strategies of SHRM in capacity building for local managerial employees



Source: Developed by the researcher based on this research study.

5.2.4 Research question four

What are the main obstacles that prevent HR managers from practising SHRM in capacity building of local managerial employees?

This research question aims to investigate the perception of HR professionals toward the obstacles or any difficult issues that affect the implementation of SHRM in capacity building of local managerial employees. The obstacles or difficulties that have prevented HR professionals from practising SHRM in capacity building should be addressed in order to contribute to the improvement of capacity building strategies. From the research findings, four themes were categorised namely budget management, competency of potential employees, perceptions of line managers and specific details of development programmes.

Perspective of HR professionals regarding the difficulties or obstacles in implementing SHRM for capacity building of local managerial employees in firms.

Firstly, budget management was reported by three participants as the main obstacle that has impeded the practice and implementation of SHRM in capacity building of local managerial employees. The implementation of SHRM in capacity building, particularly, for local managerial employees was costly when compared with other soft skills training programmes (FCI5-HRP4) and (FCI5-HRP5). In addition, the budget reduction or insufficient budget was another main issue of ineffective implementation of SHRM in capacity building. This is because the final decision making regarding budget allocations was under the project managers or the top management responsibilities (FCI4-HRP11). Those issues were associated with the work of Harney and Monks (2014), One of the limitations of ineffective or inappropriate SHRM implementation is the financial constraints. The same author asserts that most organisational strategies are formulated by top management whose only concern is the financial outcome in the aim to satisfy the investors or owners of the firms without considering the effects on the well-being of the workforce.

Secondly, the competency of potential local employees was another obstacle that prevented the practising of SHRM in capacity building for local employees at management level. Four participants reported that even though their firms have strategic training programmes and tools in building capabilities for talented local employees, the competencies of those talents were not qualified to meet the criteria or standard of strategic development programmes. Hence, the postponement of capacity programmes and the basic training programmes that aimed to improve their general skills such as foreign language courses, communication skills courses and computer skills courses, were needed (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3). For instance, a participant (FCI1-HRP1) reported that: *'The potential local employees need to improve their English and computer skills because all of the specific development courses are in English and run on the intranet computer system as online self-learning systems.'* Those findings were linked to the work of Redman and Wilkinson (2013) who asserted that SHRM formulation and its implementation can be problematic because of the matching fit between business corporate strategies and workforce attitudes and behaviour. The workforce's behaviour and attitudes is a key issue to support the implementation of SHRM which include the qualification, the characteristic, the culture and the beliefs of individuals who contribute to the organisations' performance and its strategies (Armstrong, 2011; Jones, 2010; Nelson & Quick, 2013).

Thirdly, four participants admitted that the perception of line managers was one of burdens that

slow down and prevent the implementation of SHRM in capacity building for local managerial employees. To ensure the success in implementing strategic capacity building for local employees at management level, the attitude of line managers should be positive and understand the concepts of this strategy well (FCI1-HRP2). Furthermore, apart from the deep understanding toward the concepts of SHRM in capacity building for local managerial employees, the line managers were the key to success of the capacity building strategies. The line managers did not only focus on the effective performance of their department but also acted as advisors, mentors and assessors in building up capabilities of their subordinates in capacity building strategies programmes. This is because they are equipped with useful technical skills and knowledgeable experiences that they could share with their teams (FCI2-HRP8), (FCI2-HRP10) and (FCI6-HRP7). As suggested by Mukherjee (2012), Armstrong (2011) and Darwish (2013), to ensure the effective implementation of SHRM in capacity building, especially for local managerial employees, the requirement of cooperation from all stakeholders, namely employees, line managers and top management is demanded. Blumenthal (2003), Molen (2000) and Maconick (2002) also point out that the SHRM in capacity building focuses on the development and improvement of workforces' competencies and capabilities which aim to enhance their work performance, as well as their departmental outcomes. The line managers play a crucial role in ensuring the success of the SHRM in capacity, particularly for local managerial employees in terms of transferring their skills, expertise and experience to support their team members through the role of advisors, facilitators and assessors (Daft, 2014; Harney & Monks, 2014; Human Resource Magazine, 2008).

Lastly, the specific detail of a development programme was urged by one out of the twelve participants and this was another difficulty for the implementation of SHRM in capacity building for local managerial employees. The design and formulation of SHRM in capacity building, particularly the strategic development programmes that were suitable to the organisational behaviour and characteristics, should be realised by HR professionals (Armstrong, 2011; Harney & Monks, 2014; Jones, 2010; Nelson & Quick, 2013). Interestingly, a participant mentioned those aspects during the finding process as: *In my opinion, the design of development programmes, especially, the specific details of capacity building strategies are the most difficult issues for our firm. This is because our company is a multi-business company in which each business industry is totally different. For instance, we have dealer operations, heavy & agriculture equipment and rental and food services*

business divisions. The formulation of the appropriate strategies in capacity building, which can apply across all businesses, is very challenging (FCI6-HRP6). Each organisation had a typical behaviour and characteristic, similarly to the formulation of SHRM in capacity building of each firm that were different. According to Armstrong (2011), who states that the alignment and integration of SHRM and business strategies is based on the subjective situation, organisational conditions and characteristics. By the contingency approach, the HR professionals are able to implement SHRM practices to confront organisational circumstance effectively (Armstrong, 2011; Boxall & Purcell, 2011; Martin, 2010).

Views of HR professionals toward suggestions to avoid the obstacles to the implementation of SHRM in capacity building of local managerial employees.

From the findings, emphasising the importance of capacity building strategies to top management was the first aspect that two participants stated as a suggestion to reinforce the implementation of SHRM in capacity building of local managerial employees. The HR professionals play a crucial role in making the benefits and the importance of the implementation of SHRM in capacity building clear to top managements. This strategy did not only improve the capabilities of their workforce but also led to better performance which led to attaining organisational competitive advantage (FCI4-HRP11). Furthermore, as a business partner, HR practitioners could address and emphasise the importance and benefits of the implementation of SHMR in capacity building of local managerial employees to the top management. This could contribute to a change in management's attitude and prevent the unsupportive action namely budget reduction (FCI5-HRP4). To be successful on that suggestion, the HR professional should be in a top management seat as a strategic partner. According to Armstrong (2011) and Ulrich et al. (2012) being in the strategic partner role, HR professionals could be equipped with broader business perspectives which were able to formulate and execute effective SHRM. This strategic role could assist the management team to achieve business goals through the integration of HRM processes, practices and systems and business corporate strategies. To formulate and implement the long-term strategic business plan effectively, an HR professional could advise top management regarding planning, recruiting, employing, developing, retaining and evaluating talented and potential employees for this critical position to support business objectives (Vogelsang et al., 2012). The strategic partner role also addresses and enhances the importance of human resource development, particularly in capacity building, at the management level and where human

resource development can contribute to gaining organisational competitive advantage through a capable workforce (Armstrong, 2011; Darwish, 2013; Reilly & Williams, 2012).

Besides, bringing in foreign technical advisors was also a solution for assisting the effective implementation of SHRM in capacity building for local managerial employees. Two participants revealed that in case the talented local managerial employees needed specific knowledge and skills that linked to their future work and capacity building strategy and its development programmes, by bringing in the foreign technical advisors from the parent company or expertise institution should be taken into account (FCI2-HRP8) and (FCI6-HRP7). Those foreign technical advisors were equipped with broader experience, new knowledgeable ideas and skilful backgrounds that could be transferred to the talented employees using capacity building development programmes (FCI2-HRP8) and (FCI6-HRP7). Those suggestions were linked to the knowledge management strategy that was aimed at improving the skills and knowledge of the workforce through expertise. As suggested by Tubigi et al. (2013), the knowledge attaining processes consist of knowledge creation, knowledge allocation and knowledge contribution from experts to knowledge receivers in which this process provides the opportunity for people who lack adequate knowledge and skills to learn and improve themselves. Once local managerial employees gain knowledgeable skills, they are able to share knowledge with their subordinates which assists in increasing the cooperation, trust and harmony among their team members (Scully et al., 2013). These processes provide positive advantages to the firms in terms of performing activities smoothly through knowledge mechanism and improving directly on organisational results (Scully et al., 2013; Tubigi et al., 2013).

On the other hand, reinforcing the cooperation from line managers was also a vital solution to enhancing the effective implementation of SHRM in capacity building for local employees at management level. To ensure the effective implementation of capacity building strategies for local employees, HR professionals must address and deliberate the benefits and the importance of SHRM in capacity building in order to have effective cooperation from line managers (FCI6-HRP6). This was so because they are the key persons in formulating capacity building programmes in their department and fitting employees' needs, as well as facilitating the programmes as a mentor, an advisor and an assessor (FCI1-HRP2), (FCI2-HRP10) and (FCI6-HRP6). To support those aspects, Harney and Monks (2014) state that the implementation of SHRM in capacity building will not function effectively if the sole focus is on organisational interest rather than on considering the

subordinates' development, especially at departmental level. Line managers tend to concentrate on productivity, instead of simultaneously focusing on improving the workforce's capacity. The line managers are the key to success of SHRM in capacity building because they are equipped with effective skills and knowledgeable technique, which enables them to lead their team members and change the work process in an effective direction (Armstrong, 2011; Harney & Monks, 2014; Härtel & Fujimoto, 2015; Human Resource Magazine, 2008). Therefore, to ensure the effective implementation of the SHRM, all stakeholders such as employees, line management and top management should collaborate in selecting the appropriate SHRM implementation. (Armstrong, 2011; Du Plessis et al., 2015; Nel et al., 2014).

Interestingly, the utilization of the existing tools in designing the capacity building strategies for local employees was addressed by four participants that could assist the implementation of SHRM in capacity building for local managerial employees. An internal survey for designing the critical features of capacity building strategy and its development programmes should be executed in order to ensure the effectiveness of the implementation of SHRM in capacity building (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3). This survey should aim to finalise the key issues of core value of SHRM in capacity building for the department and the workforce and needs to be aligned with business corporate objectives and organisational desire (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3). Furthermore, implementing the existing development tools such as on the job training, job secondment or job rotation are also an optional back up plan in case the main capacity building strategy was not executed as planned (FCI1-HRP1), (FCI2-HRP9), (FCI2-HRP12) and (FCI3-HRP3). According to (Armstrong, 2010) and (Harney & Monks, 2014) firms can attain effective implementation of SHRM in capacity building through the right measurement of development programmes' needs from the organisational and individual lens. The development programme formulations should be aligned with organisational corporate strategies, as well as training needs that are related to the employees' jobs in order to ensure the effectiveness of SHRM in capacity building (Armstrong, 2011; Darwish, 2013; Härtel & Fujimoto, 2015; Hollenbeck et al., 2014). In addition, the active internal training resources utilization, a so-called in house training tool, is one of the alternative solutions that assists the capacity building strategy implementation to function effectively (Harney & Monks, 2014; Redman & Wilkinson, 2013; Reilly & Williams, 2012).

5.2.5 Research question five

What are the key benefits for organisations to implement SHRM in capacity building of local managerial employees?

From the research findings, all seven foreign business firms admitted that the implementation of SHRM in capacity building for local managerial employees provided holistic benefits to their organisations. The perception of HR professionals revealed five primary benefits when there was an implementation of capacity building strategy for local employees in management level.

Most importantly, the first benefit when firms implemented the SHRM in capacity building of local managerial employees was attaining better performance. As suggested by Harney and Monks (2014) and (Wall & Wood, 2005), the active implementation of SHRM contributes positively to the organisational performance through effective practices and formulations used. The same authors also assert that the workforce's competencies, commitment and productivity that arise from active capacity building strategy, can lead to enhancing and sustaining organisational competitive advantage (Harney & Monks, 2014; Wall & Wood, 2005). In addition, Reilly and Williams (2012) also indicate that the SHRM practices generate desired results for organisational effectiveness such as increasing productivity and improving internal resources for supporting business corporate strategies. Those aspects were linked to four participants' statements which revealed that the SHRM in capacity building for local managerial employees aimed to improve and develop the workforce's KSA's through specific development programmes. This development enhanced the employees' capabilities that contributed to the tasks achievement and performing work better (FCI2-HRP10), (FCI2-HRP12), (FCI3-HRP3) and (FCI6-HRP7). Furthermore, in the long run, a business could survive through the capable and skilful workforce which was the result of effective capacity building strategies (FCI6-HRP7).

Moreover, by implementing the SHRM in capacity building for local managerial employees, the firms could improve effective cost management. According to Gwin (2005), Armstrong (2011) and Blumenthal (2003) the capability building strategy optimizes individuals' skills and abilities, which enable them to perform work effectively for accomplishing organisational objectives. Additionally, the capacity building strategy also facilitates the firms to address specific management problems such as financial management, human

resource management, production management or other management issues that relate to the operational goals (Gwin, 2005; Honadle & Howitt, 1986). These positive effects assist firms to reduce their costs in terms of gaining a competent and capable workforce who have the ability to multitask and so decrease the number of unnecessary employees (Armstrong, 2011; Blumenthal, 2003; Darwish, 2013; Gwin, 2005; Harris, 2003). These aspects were associated with the information from five participants that when the firms could promote local employees to higher positions in the management level, the number of expatriate employees would definitely decrease. This could have positive effects on organisational cost management as firms were able to reduce some expenditure on expatriate workers such as salary, vehicles, accommodation, fuel, family expenses (in case their dependents followed them) and fees of relevant documents (FCI2-HRP9), (FCI2-HRP10), (FCI4-HRP11), (FCI5-HRP5) and (FCI6-HRP6). In reality, there is a huge difference in the pay scales between local employees and foreign employees. Rather than hiring expensive foreign employees, the firms could reduce their costs of salaries by employing qualified local employees (FCI4-HRP11).

In addition, the improvement of workforce competencies was an essential benefit of implementing SHRM in capacity building for local managerial employees. This aspect was disclosed by two participants who said that the outstanding benefit for the firm when executing SHRM in capacity building for local employees in management level was the acquisition of a capable and competent workforce through effective development programmes that aim to enhance the capabilities and skills of their workforce. These benefits are linked to the improvement of organisational performance (FCI1-HRP1) and (FCI2-HRP12). Nevertheless, if our employees were competent and capable, they would deliver better performance that would lead to a substantial improvement of the firms' effectiveness and maintaining a competitive advantage over their rivals. For instance, as Laos became a member of the AEC at the end of December 2015, the improvement of products is the key issue to staying competitive over opponents which is the essential aspect of having a competent and capable workforce (FCI1-HRP1). There is literature that relates to these aspects. As suggested by Kenny and Clarke (2010) the capacity building strategy which is derived from SHRM is a systematic mechanism to improve and develop individual, functional and organisational performance constructively by designing specific tasks that can adjust to the environmental change successfully. Blumenthal (2003) and Armstrong (2011) also state that SHRM in capacity building is a process of enhancing capabilities of

their workforce which aims to develop their KSA's to produce a desired outcome and gain competitive advantage. By implementing applicable and appropriate SHRM to develop a competent local workforce, the firms are able to improve and underpin their performance effectively through having a skilful and capable local workforce (Armstrong, 2011; Boxall & Purcell, 2011; Darwish, 2013; Harney & Monks, 2014).

Further to this, two out of twelve participants said that the retention of a capable workforce was also a vital benefit for implementing the SHRM in capacity building for local managerial employees. As suggested by Maconick (2002) through the implementation of active SHRM in retaining a competent and capable workforce, the organisations can benefit from possessing adequate human resources to support corporate organisational strategies. A pool of competent workers obviously ensure the competitive advantage of the firm in dealing with changing environment and strategic planning (Armstrong, 2011; Beardwell & Claydon, 2010; Boxall & Purcell, 2011; Harney & Monks, 2014). In addition, engaging a competent workforce by solely providing extrinsic motivation is not adequate, the intrinsic motivation should be taken into account (Mello, 2014; Sparrow et al., 2014; Yousaf, Huadong, & Sanders, 2015). This is because the talented, competent and capable workforce considers personal interest, namely satisfaction and enjoyment in learning new and challenging skills, as an essential factor that will improve themselves and enable them to move up higher in their organisation for both position and individual development (Mello, 2014; Yousaf et al., 2015). This academic research is linked to the statement of two participants who reported that by implementing strategic capacity building planning, the talented local employees were recruited to attend the development programmes. This could address job opportunities in higher positions in the future and ensure that those talents would regularly have developmental opportunities during their career. In other words, the capacity building strategy was one of succession planning in retaining the capable and talented workforce with obvious career development (FCI1-HRP2) and (FCI5-HRP4).

Finally, having a good reputation regarding the local employees' capacity building was pointed out by four participants as one of the vital benefits of executing SHRM in capacity building for local managerial employees. The commitment to improving capacity for the workforce through capacity building strategies and its development programmes can enhance the good reputation of business firms, particularly from the employees' point of view on their personal development. In Laos, according to the investment law and labour law, all foreign investors must prioritise available positions to Lao candidates first and

provide development programmes to increase their KSA's (United Nations, 2010). However, in the case of a skill shortage, foreign workers could be imported but these expatriates must pass on knowledge and skills to the local employees in order to improve their capacity and capability (Southiseng & Walsh, 2013; World Bank Group, 2014). This was one of the business commitments to Lao citizens which all businesses must follow (United Nations, 2010). Those aspects were associated with the findings which revealed participants' supporting statements. Four participants reported that the SHRM in capacity building of local employees at management level could build a good reputation for the firms through the achievement of workforce capacity building programmes. It did not only increase the workforce's capabilities strategically and systematically but it also addressed the efforts of the firms to publicly commit to developing local employees. Nevertheless, firms would like to run their business with competent local employees in order to sustain their business in the long-term (FCI2-HRP5), (FCI2-HRP8), (FCI2-HRP10) and (FCI6-HRP6).

5.2. 6 Research question six

To what extent would SHRM in capacity building of local managerial employees assist in increasing organisational performance or productivity?

Specifically, the perception of HR professionals was addressed toward the links between the implementation of SHRM in capacity building for local managerial employees and the increase of organisational performance and productivity. This question aimed to explore the relationship of those aspects.

- **Hypothesis three:** In this section, hypothesis three was addressed and tested.

H₀₃ : Active SHRM in capacity building of local managerial employees is used to increase the organisational productivity and ensure better performance

Perspective of HR professionals regarding the benefits of implementing active SHRM in capacity building of local managerial employees such as the increase of organisational performance or productivity.

The findings showed that all participants totally agreed that when employing SHRM in capacity building for local managerial employees, their firms could perform better through a

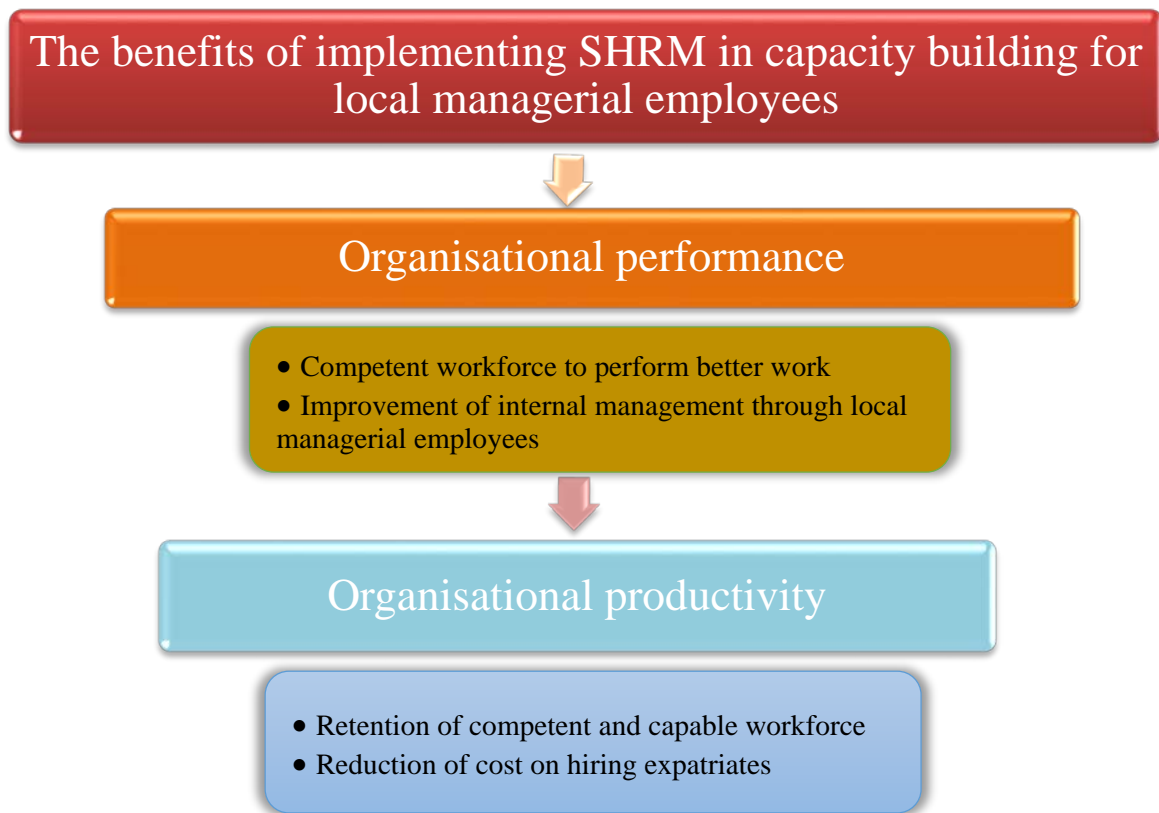
competent and capable workforce which contributed to the increase of organisational productivity. Undoubtedly, organisational performance would improve when the active implementation of SHRM in capacity building for local managerial employees was executed (Armstrong, 2011; Darwish, 2013; Harney & Monks, 2014; Mello, 2014). This was because, by equipping them with skilful and knowledgeable abilities through capacity building strategies, workers could perform better and contribute to the augmentation of organisational productivity (FCI1-HRP2), (FCI2-HRP9), (FCI2-HRP10) and (FCI4-HRP4). To support the participants' points of view, Groot and Molen (2000), as cited in Krishnaveni and Sripirabaa (2008), and (Yamoah, 2014) indicate that HR capacity building strategy is the process that develops the knowledge, skills and attitudes of individuals and groups of people in organisations relating to the establishment, management, development and maintenance of the organisational systems and operational procedures. Those aspects would increase organisational performance effectively through a competent and capable workforce (Armstrong, 2011; Harney & Monks, 2014; Ulrich et al., 2012). In addition, SHRM in capacity building of local employees did not only improve the skills and knowledge of their workforce but also recruited talented managerial employees for supporting strategic positions (Armstrong, 2011; Beardwell & Claydon, 2010; Boxall & Purcell, 2011; Harney & Monks, 2014). SHRM practices could also generate desired results for organisational effectiveness such as increasing productivity and improving internal resources for supporting business corporate strategies, this is supported by Reilly and Williams (2012). This could provide competent workforces for strategic planning and assist the organisational sustainability in running business effectively (FCI2-HRP12) and (FCI6-HRP7).

Furthermore, if the business firms were run by competent local employees at management level who had attended the capacity building strategy programmes, the organisational productivity would definitely and effectively improve. As suggested by Harney and Monks (2014), Darwish (2013) and (Wall & Wood, 2005), the competent and capable workforce that would result from active capacity building strategy implementation, could provide and increase the organisational sustainability and competitive advantage. Particularly, the local workforce at management level was a key to success for business operations in terms of acquiring adequate understanding of the organisational situation and condition and competent skills to perform their tasks (Ashkenas & Schaffer, 2007; Darwish, 2013; Harney & Monks, 2014; Workforce, 2015). This could be because local employees comprehended their country better than foreign employees, including the local market, the trends of

customers and local culture, while expatriate employees required a period of time to adjust, learn and adapt to the local conditions (FCI1-HRP1), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP5). Moreover, SHRM in capacity building provides more benefit to the firms in terms of reducing the cost and expenditure of employing foreign employees and of possessing a local capable workforce who are equipped with skilful and knowledgeable abilities to perform their jobs (Armstrong, 2011; Blumenthal, 2003; Darwish, 2013; Gwin, 2005; Harris, 2003). This appeared from the findings of two participants who said that when their local managerial employees were competent and capable, it was not necessary to hire expatriate workers which could save the employment budget and reduce the number of excess staff. This led to effective cost management in term of reducing expenses (FCI2-HRP8) and (FCI6-HRP6). Furthermore, the organisational working environment could improve significantly under the management of local managerial employees because of their local experience including local language used and the insight regarding the local culture (Armstrong, 2011; Ashkenas & Schaffer, 2007; Harney & Monks, 2014; Vogelsang et al., 2012; Workforce, 2015). For instance, the internal communication from the bottom to the top could effectively improve when the local language was used to enhance understanding between senior and junior staff. Additionally, the local managerial employees' comprehension of the local culture would facilitate performing tasks with local customers or suppliers more effectively (FCI1-HRP1), (FCI3-HRP3), (FCI4-HRP11) and (FCI5-HRP5). In essence, the implementation of SHRM in capacity building for local managerial employees contributed holistic benefits to the firms in terms of improving organisational performance, increasing KSAs of their workforce at management level, reducing the employment expenditures and improving internal working conditions hence improving organisational productivity.

Hence, it appeared that the findings supported hypothesis three **Ho₃** that **active SHRM in capacity building of local managerial employees is used to increase the organisational productivity and better performance**. **Ha₃** was thus rejected. This was because by the implementation of SHRM in capacity building for local managerial employees, the resultant competent and capable workforce could run a business more effectively as well as improving the organisation's performance which led to the increase of productivity.

Figure 6: The key benefits for implementing SHRM in capacity building for local managerial employees.



Source: Developed by the researcher based on this research study.

5.3 Summary

This chapter addresses the primary analytical discussion which was derived from the findings' main features in chapter four (structured in terms of themes and codes). The aim was to investigate the key points from six research questions for answering the main research question: 'What are the best practices of SHRM in capacity building of local managerial employees in order to fulfil organisational requirements?' Additionally, three hypotheses were tested in order to clarify the key aspects of this research study.

Chapter six provides conclusions, as well as the recommendations for business firms regarding each aspect of the implementation of SHRM in capacity building. Furthermore, the limitations and further research opportunities are outlined.

Chapter six: Conclusions and Recommendations

6.1 Introduction

In this chapter, the key results and conclusions of the research questions and sub questions are addressed. Firstly, the key features from the findings in chapter four and discussion from chapter five are employed to answer the research questions, research objectives and research hypotheses. Secondly, the recommendations of key features are also discussed. Thirdly, the strengths and limitations are outlined to explore the pros and cons of the whole research process. Lastly, further research opportunities and a final summary are presented.

6.2 Research conclusion

This research study employed the qualitative approach in which semi-structured interviews were utilized as the main data collecting technique. The targeted participants for this research study were twelve HR professionals from seven foreign firms at Vientiane, the capital of Lao PDR. Furthermore, this research study employed coding, thematic and memoing approaches as the main data analysis. The findings were extracted from the interview information which had been drawn from the analytical and thematic discussions. The key features of the findings are summarised and finalised, main aspects of which are based on the five research questions in the following sections.

6.2.1 Research question one

What are the main responsibilities of HR managers on SHRM in capacity building of local managerial employees?

From the findings, this research question would explicitly outline the first research objective *'To identify the main role and appropriate competencies of HR professionals in formulating SHRM in capacity building of local managerial employees in foreign companies in Laos'*.

The findings revealed that the main responsibilities of HR professionals basically involved the administrative HR functions, while some of them were additionally responsible for strategic

partner roles. The role of seven HR professional were administrative HR functions especially, two of them were specialists on training and development. These HR professionals were the administrative experts who could provide essential HR services to support other departments and management level. In terms of SHRM in capacity building for local managerial employees' formulation, they were the facilitators in supporting and implementing the SHRM in capacity building programmes. Moreover, apart from the administrative HR roles, five HR professionals played the strategic HR role. The responsibilities of these HR professionals involved taking part, at management level, in designing and formulating business strategies regarding people management. Basically, those strategists possessed a broad perspective which could execute favourable HR practices to underpin the development of their human resources, as well as ensure the alignment of HR practices with organisational business strategies, for instance, applying SHRM in capacity building for local managerial employees.

Furthermore, these HR professionals revealed that three competencies namely technical HR competency, management competency and leadership competency, were the key aspects in assisting the formulation and execution of SHRM in capacity building for local managerial employees. Obviously, technical HR competency was having the ability to formulate HR systems, HR functions or HR practices in order to ensure the achievement of business strategies to attaining a competitive advantage. The management competency was also addressed as a factor that equipped HR professionals with managing skills such as communication, interpersonal, coaching and negotiating skills. These managing skills enhance HR professionals' capabilities in assisting management level regarding balancing the needs between workforce and firms, advising top management regarding people management and solving critical issues of managing the workforce. Lastly, leadership competency was an outstanding aspect which led the HR team on the right pathway of operation, particularly SHRM in capacity building for local managerial employees. This was because the leadership competency provided managerial leadership skills namely technical skills, people skills and conceptual skills that are intended to formulate and execute the long term vision of strategic development for organisations and to assist their organisations to gain desired business objectives.

Therefore, the findings for this research question accepted **H₀₁** that ***HR managers are competent to create SHRM in capacity building of the local managerial employees.***

6.2.2 Research question two

What perspectives do HR managers have regarding the role of SHRM in capacity building of local managerial employees?

The answers from participants revealed useful information for answering the second research objective: *To investigate whether foreign companies understand the term of SHRM in capacity building of local managerial employees.* As well as enlightening the third research objective: *To assess the current practices of SHRM in capacity building of local managerial employees in foreign companies.*

The majority of participants (seven) had specific perceptions toward SHRM in capacity building of local managerial employees. From the participants' perspective, SHRM in capacity building of local managerial employees was the systematic and broad HRM strategic practices in recruiting, deploying and developing the talents of local employees at the management level. These talented workers could assist their firms to achieve better work and to support the organisational objectives, once the appropriate development programmes had been executed for improving their capability and competency. Thus, the organisational competency was also improved through the capacity building strategies. Apart from specific opinions about SHRM in capacity building for local employees in management level, there were five participants who had general opinions about the subject. From their points of view, SHRM in capacity building of local managerial employees was the development strategy for potential local employees who could be promoted to higher positions at management level. The development process utilized training tools namely skill matrix, succession planning and on the job training for supporting the implementation of SHRM in capacity building. Those views were solely a part of SHRM in capacity building concepts that focused only on improving the individuals' competency.

HR professionals additionally asserted that there were four HRM strategies, namely training and development strategy, talent management strategy, knowledge management strategy and organisational change and development strategy, which the firm should employ for ensuring the appropriate implementation of SHRM in capacity building of local managerial employees. Those strategies provided precise and specific training and development programmes, strategic recruitment of the right local talented employees, knowledge pool exchanges and strategic preparation for unexpected change in an organisation.

Furthermore, most of the participants (seven people) reported that the implementation of SHRM in capacity building in their firms was not executed accurately. The inaccurate implementation of SHRM in capacity building of local managerial employees was caused by lack of fit between business strategic corporate objectives and HRM strategies. This could be because top management did not pay attention to the contribution of the strategic role of HR nor the development of the firms' valuable assets, which is people, whilst the business' financial issues and operational tasks were taking priority over everything else. However, three participants disclosed that their firms appropriately implemented SHRM in capacity building for local managerial employees. By having good support of SHRM in capacity building from their parent company, the operation in Laos possessed appropriate SHRM in capacity building which was a so-called localisation strategy. This strategy consisted of various HRM strategies in improving capabilities of local employees who were talented enough to fill critical positions in the future. Their top management seriously valued the capable workforce as the key to successful organisational performance.

Hence, it can be concluded that the findings do not support hypothesis two **Ho₂** but **Ha₂** namely that **foreign firms do not execute appropriate implementations of SHRM in capacity building of local managerial employees.**

6.2.3 Research question three

What are the existent applications of SHRM in capacity building of local managerial employees in foreign companies in Laos?

This research question aimed to explore the third research objective for answers, namely : to assess the current practices of SHRM in capacity building of local managerial employees in foreign companies. From the findings, the implementation of SHRM in capacity building was not executed properly. It was reported by nine participants that the strategic corporate objectives and formulation of SHRM in capacity building were not fit which this is the main root cause of inappropriate implementation of SHRM in capacity building for local managerial employees. The workforce capacity building development strategies were not able to be aligned with organisational cooperative strategies which mainly focus on organisational finance and business operation. Nevertheless, three participants stated that their organisations were able to implement SHRM effectively in capacity building for managerial employees. The localisation strategy had been the significant business strategy that aimed to holistically improve the capabilities of their local employees to move to a

higher position in management. This implication have been depicted the company's value on development of workforce competency which was the key success of their business operation.

Moreover, the participants also mentioned more SHRM could reinforce the effectiveness of capability building for local managerial employees. Firstly, talent management strategy was one of the keys successes of business's prosperity. It was crucial to recruit, utilise, develop and retain distinctive talented employee who were valued as essential mechanism to drive business achievement. Secondly, knowledge management was also a vital strategy that contributed on transferring existent knowledge, skills and experience of experts to unskilled workforce. This strategy ensured the management of knowledge pool to capture, utilise and disseminate the useful and knowledgeable skills in order to improve organisational performance. Lastly, organisational change and development strategy (OCDS) was an effective strategy to reinforce the implementation of SHRM in capacity building for local managerial employees in order to assist a firm to avoid the chaotic and unexpected business's dilemma. By implementing of OCDS, the management could execute precise strategic decisions to confront business dilemmas via effective HR practices and managers' contribution, especially, accurate direction on SHRM in capacity building. Therefore, by implementing the aforementioned strategies, the business performance of a firm could effectively operate through proper direction.

6.2.4 Research question four

What would be the main obstacles that prevent HR managers from practicing SHRM in capacity building of local managerial employees?

From the findings, this question corresponded to the fourth research objective that is: *to determine hindrances that might impact on SHRM in capacity building of local managerial employees*. There were four main obstacles that impeded the implementation of SHRM in capacity building of local managerial employees namely, budget management, competencies of potential employees, perception of line managers and specific detail of development programmes. Firstly, three participants revealed that budget management was the main obstacle that prevented the effective implementation of SHRM in capacity building, particularly for local managerial employees. This was because the development programmes for local managerial employees were costly and were more expensive than

other soft skills training. As well as the insufficient budget or budget reduction was also the key issue of budget management which was influenced by the final decision making from top management or project managers. Secondly, competencies of potential local employees were also disclosed by four participants as a hindrance. The qualifications of targeted local employees did not meet the criteria or standard of strategic development programmes which are the requirement for basic training programmes namely; foreign language, communication skills and computer skill. Thirdly, four participants reported that the perception of line managers was another burden. If the line managers did not fully understand the concepts and benefits of SHRM in capacity building for local managerial employees, effective collaboration from them would not be possible. The line managers did not only play a role of establishing the specific development programme for their subordinates but they also acted as the facilitator, mentor and assessor. Lastly, a participant urged that the specific detail of development programmes was a difficulty. Each organisation had a unique behaviour and characteristics which required different SHRM in capacity building. Thus, the formulation of development programmes for capacity building strategy must fit in with business operations and be suitable for their workforce qualification.

6.2. 5 Research question five

What are the key benefits for organisations to implement SHRM in capacity building of local managerial employees?

The results from the discussion of this research question disclosed essential responses on research objective number five that: *To determine the key benefits of SHRM in capacity building of local managerial employees in foreign companies in Laos.* All participants agreed that by implementing SHRM in capacity building of local managerial employees, there were five significant benefits for their firms.

Firstly, their organisational performance would improve. By employing active SHRM in capacity building, the organisational performance would improve significantly through its effective capacity building practices and formulation used (Harney & Monks, 2014; Wall & Wood, 2005). This was because the improvement of competence and capability of the workforce that was derived from capacity building strategy programmes, could enhance and sustain organisational competitive advantage (Harney & Monks, 2014; Wall & Wood, 2005). Secondly, the effective cost management was another benefit of implementation of

the SHRM in capacity building for local managerial employees. The firms could manage their cost effectively, particularly by decreasing the number of unnecessary employees (expatriate employees) and relevant expenditures when competent and capable local workers, who have the suitable abilities, were employed and replaced the critical positions (Armstrong, 2011; Blumenthal, 2003; Darwish, 2013; Gwin, 2005; Harris, 2003). Thirdly, the improvement of workforce competencies was a benefit of the implementation of SHRM in capacity building. The effective development programmes from capacity building strategies increased the competence, abilities and skills of the workforce which could contribute to the tasks achievement, organisational effectiveness and efficiency. Fourthly, the retention of the capable workforce was a crucial benefit. The adequate possession of a capable workforce to support business strategies was a vital aspect for HR professionals. Thus, to retain those capable employees both extrinsic and intrinsic motivation should be employed. By implementing the capacity building strategy, the talented local employees could recognize their future development path and higher career opportunity in critical positions through the recruitment of talented local employees. Those aspects could engage and retain the capable talented workers with the firms in long term. Lastly, the firms could gain a good reputation when adopting the SHRM in capacity building for local managerial employees. According to the investment law and labour law of Laos, all foreign investors have a compulsory commitment to improve the KSAs of local employees or transfer knowledge and skills from expatriate employees to Lao employees. If the firms could implement that strategic commitment effectively, their reputation would definitely be improved and well-known by government.

6.2. 6 Research question six

To what extent would SHRM in capacity building of local managerial employees assist in increasing organisational performance or productivity?

The outcome of this research question aimed to solve the last objective, namely: *To investigate whether the implementation of SHRM in capacity building of local managerial employees can increase organisational performance and productivity.* Interestingly, most of the participants agreed that the firms could perform better and their productivity would also increase when the active implementation of SHRM in capacity building for local managerial employees was executed. According to the acquisition of capable and competent local workforce that resulted from capacity building strategy, the firms' management,

development and its systems and procedures were improved (Armstrong, 2011; Harney & Monks, 2014; Ulrich et al., 2012). As well as the provision of a skilful and knowledgeable workforce to support the business corporate strategies, recruiting talents for strategic positions could enhance the organisational sustainability and business effectiveness (Armstrong, 2011; Redman & Wilkinson, 2013; Rees & Smith, 2014; Tyson, 2014; Ulrich et al., 2012). Moreover, the competent and capable local managerial employees were the core value of business operation in capturing current situation and conditions of their own organisations, as well as acting as the main factor to lead the team effectively when the suitable abilities had been acquired (Ashkenas & Schaffer, 2007; Darwish, 2013; Harney & Monks, 2014; Workforce, 2015). This was because a skilful and knowledgeable workforce could perform better and contribute to a significant increase of organisational productivity in terms of excellent understanding of the local markets and trends that would lead to formulation of effective direction on production, acquirement of a competent local workforce which could reduce the number of foreign staff, as well as reducing the cost of employment and increasing better internal management due to use of the local language and local culture comprehension.

Therefore, the research findings supported hypothesis three **Ho₃** namely that **active SHRM in capacity building of local managerial employees is used to increase organisational productivity and better performance.**

6.3 Recommendations

The various recommendations are discussed below.

6.3.1 Recommendation one

To improve the effectiveness of SHRM in capacity building for local managerial employees, the role of HR professionals as strategic partners must be promoted. From the discussion and the conclusions reached, the majority of participants from seven foreign companies in Laos solely played the role of administrative HR functionaries who were not able to take a part at top management level in formulating business strategies. Once HR professionals' role in foreign companies has been shifted from a transitional role to a strategic role, the HR expertise could bring about various benefits to their organisations in terms of providing strategic HR practices in recruiting a skilful workforce, developing their

capabilities and retaining those talents to support business strategies meritoriously. Hence, to ensure the success of business outcomes in Lao organisations, HR professionals should be equipped with legitimate powers to execute HRM strategies that are aligned with business corporate strategies of the firms.

6.3.2 Recommendation two

The collaborative support from top management and line managers is an essential part of ensuring the implementation of SHRM in capacity building in Laos. For instance, in a foreign company, the HR professionals revealed that the excellent collaborative support from their headquarters and line managers were the key to the success of their SHRM implementation. Furthermore, the localisation strategy, or in other words the capacity building strategy, for local employees was successfully implemented. The concrete evidence was from the information from the operations manager who was an extra participant and who reported that their company always addressed the importance of their employees' capabilities improvement and development, especially in respect of the local workforce, both senior and junior employees. It is not solely the HR department's responsibility to formulate and implement the SHRM in capacity building but the management level must contribute strong collaborative support as well. The top down support was the key element of the successful strategies implementation for business operations. Therefore, to ensure the effectiveness of SHRM in capacity building for local managerial employees' implementation and formulation, strong cooperative support from top management and line managers should take place in future.

6.3.3 Recommendation three

To reinforce the importance and the role of SHRM in capacity building for local managerial employees, HR professionals in foreign companies must utilize the right HR measurement to address the HR contribution for business operation to management level. Basically, the management level is uncertain about the contribution of HR strategies to business operations. Thus, it is crucial for HR professionals to establish the appropriate HR measurement tools to gauge HR value and present the benefits and positive outcomes of HR strategies that are able to assist organisational performance improvement. For instance, the HR scorecard is a HR tool for introducing the HR aspects which is aligned with financial indicators. This HR measurement can demonstrate the SHRM value more explicitly, as well

as in capacity building strategic planning.

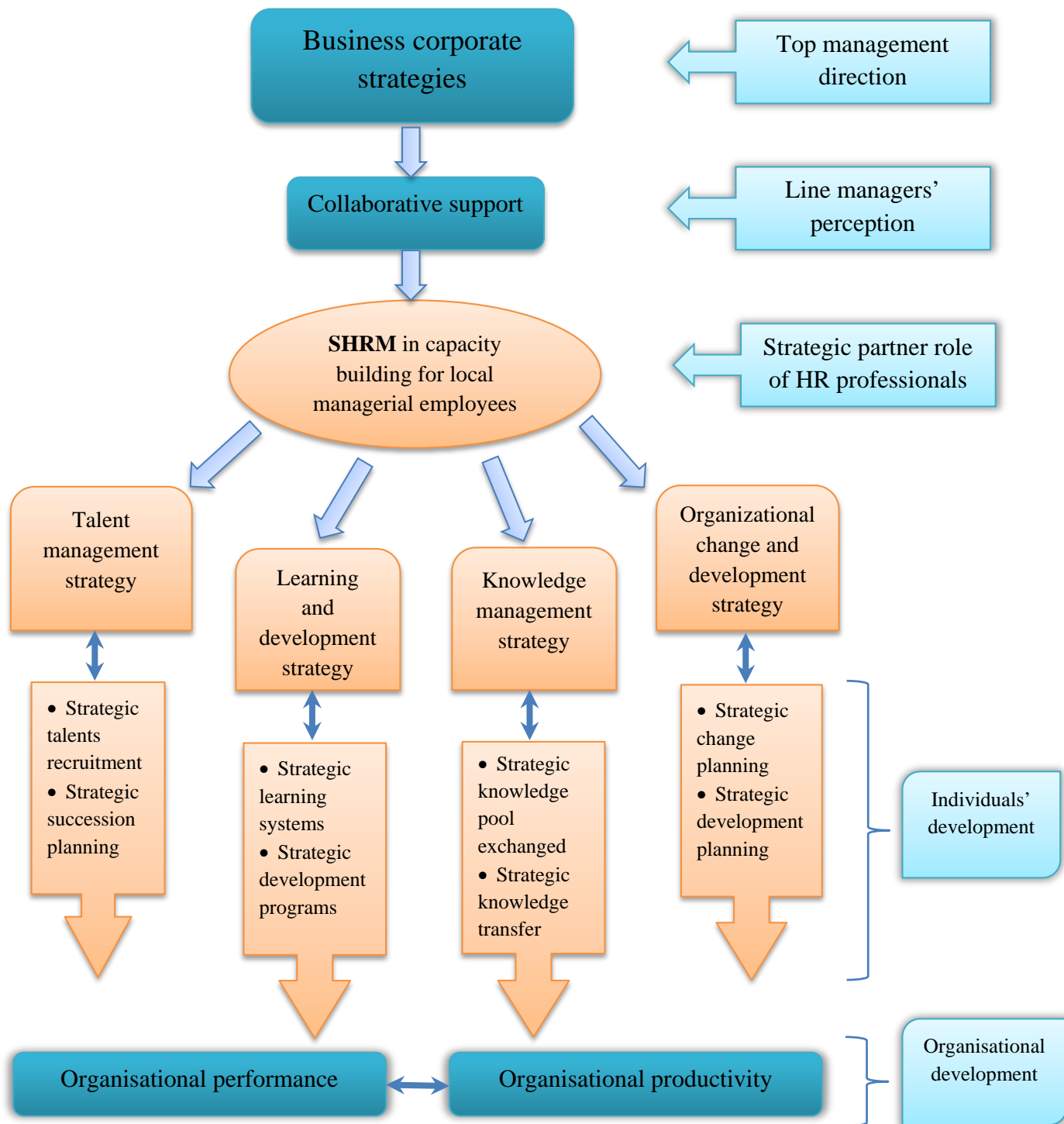
6.3.4 Recommendation four

The exploration of specific detail of capacity development programmes in foreign companies in Laos should reflect both management and employees points of view in order to acquire a panoramic perspective on capacity building strategy programmes. To ensure the effective specific detail of capacity development programmes, the programmes should not be designed only by management, but the individuals' task requirements and their perception should also be considered. A single design from line managers and HR team without employees' contribution to the programmes' formulation will only partly provide the specific detail for capacity building programmes. This is because some programmes or training is not useful for employees' daily tasks, as well as wasting too much time from their work. Hence, by surveying employees' needs and cooperating with line managers and the HR team's contribution, the effective and efficient specific detail of capacity development programmes will be executed and implemented.

6.3.5 Recommendation five

The utilisation of a bundle approach of SHRM should take place via HR professionals in order to enhance the effectiveness of the implementation of SHRM in capacity building. Instead of utilizing only a single approach of SHRM, the bundle approach of relevant strategies provides suitable tools to strengthen the SHRM in capacity building for local managerial employees. From the results and conclusions it is clear that most foreign companies in Laos (sampled group) only focused on some particular strategy, for instance learning and development strategy which lacked other strategic aspects, namely talent management strategy, knowledge management strategy and organisational change and development. By accumulating these strategies together therefore, the effectiveness and efficiency of SHRM in capacity building for local managerial employees would be implemented. This is because the bundle approach or the sets of relevant strategies can provide a broader perspective in recruiting, employing, developing and retaining the talented workforce for the capacity building strategy. From the aforementioned recommendations, the prototype model of SHRM in capacity building for local managerial employees in Laos was established as below:

Figure 7: The prototype model of SHRM in capacity building for local managerial employees in Laos



Source: Developed by the researcher based on this research study.

6.4 Strengths and limitations

6.4.1 The strengths of the research study

This research study has two key strengths namely, learning from experienced HR professionals and acquiring the reliability of data collection and analysis. By selecting a qualitative approach for this research, the researcher could investigate the research study from the phenomena through interviewing experienced people. The main information was derived from experienced HR professionals from seven business firms where those participants were experts and specialists in HRM. Therefore, all information utilized in this research study was suitable for data analysis.

Furthermore, the reliability of the data collection and data analysis was another significant strength of this research study. To ensure the reliability of the data collection, the researcher focused on selecting participants prudently because they were the key information providers for this research study. As well, a pilot study was used in order to test the data collection tool as a check as to whether the semi-structured interview questions were logically constructed. Additionally, the reliability of the data analysis was systematically and scientifically conducted through careful establishment of the relationship between codes, themes and memoing. Hence, the results of this research study are acceptable due to the reliability of data collection and data analysis.

6.4.2 The limitations of the research study

There were some limitations for this research study during the research process. The first limitation was the delay of contacting target firms and receiving approval for any interviews. According to the ethic approval process, the researcher could not contact target firms before receiving approval from the Ethics committee and this could slow down the initial process of the data collection. In addition, the researcher had to wait for approval from target firms to conduct interviews for at least two to three weeks for most firms because some of them were obliged to obtain consent from their parent company. Thus, the delay in the data collection process affected the progress of writing up the entire research study.

Another limitation was the sole focus of perception of only HR professionals. To obtain a broad perspective of the benefits when implementing the appropriate SHRM in capacity

building, the different lens of local talented employees who were involved in this process should also have been scrutinized. This was because this research study was only executed by the top down approach which reflects only a single view, whilst the bottom up approach could provide different angles and unseen scenarios of the SHRM in capacity building for local managerial employees.

6.5 Future research opportunities

In order to ensure results of this research topic more precisely and accurately, the quantitative approach or mixed method should be employed for future research. This research study solely focused on a qualitative approach that investigated the phenomena using only twelve participants. Hence, the information provided from this research could be biased due to the small number of participants. Thus, the quantitative or mixed method could fill the loopholes in this research study by providing a larger number of participants and more points of view through statistical analysis tools.

Another possible further research area is to cover wider perspectives regarding SHRM in capacity building for local managerial employees; more different levels of participants and more industries should be included in the samples. This research study only explored the management level perspective, while the views of potential employees who were the attendees of capacity building programmes were not included. As well there were a few companies from five industries taking part in this research project. Therefore, it could be more favourable to broaden opinions toward this topic for the next research study by using numerous industries and also including participants from different levels in the organisation.

Moreover, a follow up research study could deliberate the literature on capacity building more deeply. According to the new topic for master research in Laos regarding SHRM in capacity building for local managerial employees, the literature of this research solely focused on key ideas and main concepts of the capacity building strategies. To strengthen more concrete theory, the future research should scrutinize and depict deeper concepts and provide more examples. Thus, the improvement of literature in capacity building is essential for the next research study.

Lastly, future research should recruit participants from foreign business firms in another province of Laos in order to explore whether those firms possess appropriate SHRM in

capacity building for local managerial employees as well. Instead of perceiving a single view from foreign firms in the central region, foreign firms in other big provinces such as Laungprabang, Savannaket and Champasak could add more interesting perceptions toward SHRM in capacity building for local managerial employees. This will therefore, assist in discovering equivalence of HR professionals' perspectives across the country regarding this research topic.

6.6 Summary

This research study concluded that the appropriate implementation of SHRM in capacity building for local managerial employees in Laos could bring about benefits to the foreign companies in terms of improving the organisational performance and also increase their productivity. By acquiring a competent and capable workforce based on capacity building strategies to support business strategies, tasks could be performed more effectively and efficiently. This is because the development of employees' KSAs is the main component in achieving their job, as well as contributing to the organisational performance. Furthermore, once firms possess a skilful and knowledgeable workforce, their effective management could maintain profitability by reducing unnecessary expenditure and retaining a competent local workforce for critical positions. This could influence organisational productivity improvement and achievement of organisational goals.

In addition, this research study detected some key components of SHRM in capacity building for local managerial employees from seven foreign companies in Laos. The majority of foreign firms in Laos employ SHRM in capacity building for local managerial employees but its implementation does not get executed effectively due to some challenges and obstacles. However, those firms are developing and improving their own HR strategies, particularly in capacity building for local managerial employees in order to confront any problems and assist their firms to optimize better organisational performance and productivity. The strategies that HR professionals should take into account to ensure the effectiveness of the capacity building strategy for their local employees are: the talent management strategy, learning and development strategy, knowledge management strategy and organisational change and development strategy.

Finally, the researcher is confident that this research study will be beneficial to interested readers who are working in the area of HRM. In Laos, there is limited academic research

which focuses on SHRM, particularly capacity building strategy. Such research could address the key aspects and concepts of SHRM in capacity building, as well as its roles with the intention of providing a positive contribution to the organisations when implemented effectively. Particularly, for foreign companies in Laos, this research outlines key strategies and excellent lessons learnt that would enable HR professionals in each firm to improve and develop their current SHRM in capacity building for their local managerial employees. Laos is a small country which possesses only a limited skilful and capable workforce, especially at management level. Therefore, SHRM in capacity building is not only the strategic approach to improve their valuable assets, such as their employees, but also provides the tactical method to recruit, employ, develop and retain the valuable workforce for supporting business corporate strategies. In the next decade, Laos' labour market will face high competition due to the economic development such as the requirement of labour needs by a new generation of Lao business owners, freedom of labour movement to AEC countries and huge investment projects from foreigners. Hence, it is crucial for HR professionals to formulate and implement precise strategies to manage their workforce as well as SHRM in capacity building which should be taken into account as an essential component for ensuring business growth in Lao PDR.

References:

- 6, P., & Bellamy, C. (2011). *Principles of methodology : Research design in social science*. Retrieved from <http://unitec.eplib.com.au/patron/FullRecord.aspx?p=820054>
- Adams, J., Khan, H. T. A., & Raeside, R. (2014). *Research methods for business and social science Students*. Retrieved from <http://unitec.eplib.com.au/patron/FullRecord.aspx?p=1698991>
- Armstrong, M. (2010). *Armstrong's essential human resource management practice: A guide to people management*: Kogan Page.
- Armstrong, M. (2011). *Armstrong's handbook of strategic human resource management*: Kogan Page.
- ASEAN Secretariat. (2014). ASEAN Economic Community. Retrieved from <http://www.asean.org/communities/asean-economic-community>
- Ashkenas, R. N., & Schaffer, R. H. (2007). The leader as capacity builder. *Leader to Leader*, 2007(43), 44-49.
- Babbie, R. (2016). *The basics of social research*: Cengage Learning.
- Barbour, R. (2013). *Introducing Qualitative Research: A Student's Guide*: SAGE Publications.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- Barney, J. (1995). Looking inside for competitive advantage. *The Academy of Management Executive*, 9(4), 49-61.
- Barney, J., & Clark, D. N. (2007). *Resource-based theory : creating and sustaining competitive advantage*. Oxford, GBR: Oxford University Press, UK.
- Beardwell, J., & Claydon, T. (2010). *Human resource management: A contemporary approach*: Financial Times/Prentice Hall.
- Becker, B. E., Ulrich, D., & Huselid, M. A. (2001). *The HR Scorecard: Linking People, Strategy, and Performance*: Harvard Business Review Press.
- Becker, B. E., Ulrich, D., & Huselid, M. A. (2013). *The HR scorecard: Linking people, strategy, and performance*: Harvard Business Review Press.
- Bertelsmann Stiftung's Transformation Index. (2014). *Laos Country Report*. Retrieved from http://www.bti-project.de/uploads/tx_itao_download/BTI_2014_Laos.pdf.
- Bhattacharjee, A. (2012). *Social science research: Principles, methods, and practices*: CreateSpace Independent Publishing Platform.
- Bird, C. M. (2005). How I stopped dreading and learned to love transcription. *Qualitative*

inquiry, 11(2), 226-248.

Blumenthal, B. (2003). *Investing in capacity building: A guide to high-impact approaches*: Foundation Center.

Boxall, P. (1996). The Strategic HRM Debate and the resource-based view of the firm. *Human Resource Management Journal*, 6(3), 59-75. doi: 10.1111/j.1748-8583.1996.tb00412.x

Boxall, P., & Purcell, J. (2011). *Strategy and human resource management: 3ed*. Palgrave Macmillan.

Braun, V., & Clarke, V. (2013). *Successful Qualitative Research: A Practical Guide for Beginners*: SAGE Publications.

Cao, Q., Thompson, M. A., & Triche, J. (2013). Investigating the role of business processes and knowledge management systems on performance: A multi-case study approach. *International Journal of Production Research*, 51(18), 5565-5575.

Cassell, C., Buehrins, A., & Symon, G. (2006). *Qualitative methods in management research*. Bradford, GBR: Emerald Group Publishing Ltd.

Collins, K. M., Onwuegbuzie, A. J., & Jiao, Q. G. (2010). *Toward a broader understanding of stress and coping: Mixed methods approaches*: Information Age Pub.

Cooper, D., & Schindler, P. (2013). *Business Research Methods: 12th Edition*: McGraw-Hill Higher Education.

Cousins, J. B., & Bourgeois, I. (2014). *Organizational Capacity to Do and Use Evaluation : New Directions for Evaluation, Number 141*. Retrieved from <http://unitec.eblib.com.au/patron/FullRecord.aspx?p=1662689>

Creswell, J. W. (2012). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*: SAGE Publications.

Creswell, J. W. (2013). *Research design: Qualitative, quantitative, and mixed methods approaches*: SAGE Publications.

Daft, R. L. (2014). *The Leadership Experience*: Cengage Learning.

Darwish, T. K. (2013). *Strategic HRM and performance: Theory and practice*: Cambridge Scholars Publisher.

De Vos, A., & Dries, N. (2013). Applying a talent management lens to career management: the role of human capital composition and continuity. *International Journal of Human Resource Management*, 24(9), 1816-1831. doi: 10.1080/09585192.2013.777537

Delery, J. E., & Doty, D. H. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency, and configurational performance predictions. *The Academy of Management Journal*, 39(4), 802-835.

Denzin, N. K., & Lincoln, Y. S. (2011). *The SAGE Handbook of Qualitative Research*:

SAGE Publications.

Dessler, G. (2014). *Human Resource Management, Global Edition*: Pearson Education Limited.

Dhawan, S. (2010). *Research methodology for business and management studies*. Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=588276>

Du Plessis, A. J., Munyeka, W., Chipunza, C., Samuel, M. O., Naidoo, K., Keyser, E., & Gura, M. (2015). *HRM and ER in SA: Contemporary Theory and Practice*. South Africa: Juta Publisher.

Eade, D., & Ireland, O. U. K. (1997). *Capacity-building: An approach to people-centred development*: Oxfam (UK and Ireland).

Flick, U. (2014). *An introduction to qualitative research*: SAGE Publications.

Fowinkel, T. (2014). *Human resource management systems in new business creation: An exploratory study*: Springer Fachmedien Wiesbaden.

Gekonde, T., Nyamboga, C. M., & Nyarohoo, S. (2014). A study on the fluence of strategic human resource and organizational capacity building on performance improvement of public service delivery in Nakuru County-Kenya. *Global Journal of Political Science and Administration*, 2(2), 1-8.

Glenn, J. C. (2010). *Handbook of Research Methods*. Jaipur, IND: Oxford Book Co.

Gorman, K. (2014). *Research methods for business and management : A guide to writing your dissertation*. Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=1718160>

Guba, E. G., & Lincoln, Y. S. (1989). *Fourth generation evaluation*: Sage Publications.

Gupta, R. K., & Awasthy, R. (2015). *Qualitative research in management : Methods and experiences*. Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=2007211>

Gwin, C. (2005). *Capacity Building in Africa : An OED Evaluation of World Bank Support*. Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=459496>

Hallebone, E., & Priest, J. (2008). *Business and management research: Paradigms and practices*: Palgrave Macmillan.

Hammersley, M. (2010). *Methodology : Who Needs It?* Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=689522>

Harney, B., & Monks, K. (2014). *Strategic Hrm: Research and Practice in Ireland*: Orpen Press.

Harris, A. (2003). *Building leadership capacity for school improvement*: McGraw-Hill International (UK) Limited.

Härtel, C. E. J., & Fujimoto, Y. (2015). *Human resource management*: 3ed Pearson

Australia.

Hatthachan, P. (2012). Economic Reform and Regional Development of Laos. *Modern Economy, 2012*.

Hennink, M., Hutter, I., & Bailey, A. (2010). *Qualitative research methods*: SAGE Publications.

Holbeche, L. (2009). *Aligning human resources and business strategy*: Routledge.

Hollenbeck, J., Wright, P., Gerhart, B., & Noe, R. (2014). *Human resource management*: McGraw-Hill Education.

Honadle, B. W., & Howitt, A. M. (1986). *Perspectives on Management Capacity Building*: State University of New York Press.

Human Resource Magazine. (2008). Best learning and development strategy. *Human Resources (09648380)*, 27-27.

Investment Promotion Department. (2014, 10 April). Statistics. Retrieved from <http://www.investlaos.gov.la/index.php/resources/statistics>

James, V. U. (1998). *Capacity building in developing countries: Human and environmental dimensions*: Praeger.

Johnson, B., & Christensen, L. (2010). *Educational research: Quantitative, qualitative, and mixed approaches*: SAGE Publications.

Jones, G. R. (2010). *Organizational Theory, Design, and Change*: Prentice Hall.

Judge, W. (2011). *Building organizational capacity for change: The leader's new mandate*: Business Expert Press.

Kalof, L., Dan, A., & Dietz, T. (2008). *Essentials of social research*: McGraw Hill/Open University Press.

Kamoche, K. (1996). Strategic human resource management within a resource-capability view of the firm. *Journal of Management Studies*, 33(2), 213-233. doi: 10.1111/j.1467-6486.1996.tb00158.x

Kenny, S., & Clarke, M. (2010). *Challenging capacity building: Comparative perspectives*: Palgrave Macmillan.

Kramar, R., & Syed, J. (2012). *Human resource management in a global context: A critical approach*: Palgrave Macmillan.

Krishnaveni, R., & Sripirabaa, B. (2008). Capacity building process for HR excellence. *Vision: The Journal of Business Perspective*, 12(2), 1-13.

Kunze, G. (2007 12 December). In Laos: Skilled Labor Shortage and No Remedy in Sight. Retrieved from <http://asiafoundation.org/in-asia/2007/12/12/in-laos-skilled-labor-shortage-and-no-remedy-in-sight/>

Laos Statistic Bureau. (2012, June). Final Statistical Year Book 2012. Retrieved from <http://www.nsc.gov.la/en/Statistics2012.php>

Laos Statistic Bureau. (2014). Labor. Retrieved from <http://www.nsc.gov.la/en/Labor1.php>

Lapan, S. D., Quartaroli, M. L. T., & Riemer, F. J. (2011). *Qualitative research: An introduction to methods and designs*: Wiley.

Lengnick-Hall, M. L., Lengnick-Hall, C. A., Andrade, L. S., & Drake, B. (2009). Strategic human resource management: The evolution of the field. *Human Resource Management Review*, 19(2), 64-85.

Lussier, R. N., & Achua, C. F. (2015). *Leadership: Theory, application, & skill development*: Cengage Learning.

MacDuffie, J. P. (1995). Human resource bundles and manufacturing performance: Organizational logic and flexible production systems in the world auto industry. *Industrial & labor relations review*, 48(2), 197-221.

Maconick, R. (2002). *Capacity-building for poverty eradication: analysis of, and lessons from, evaluations of UN system support to countries' efforts*: United Nations Publications.

Majeed, A. (2013). Application of Business Process Through Talent Management: An Empirical Study. *Journal of Marketing & Management*, 4(2), 46-68.

Martin, J. (2008). *Human Resource Management*: SAGE Publications.

Martin, J. (2010). *Key concepts in human resource management*: SAGE Publications.

Mason, M. (2010). *Sample size and saturation in PhD studies using qualitative interviews*. Paper presented at the Forum Qualitative Sozialforschung/Forum: Qualitative Social Research. Retrieved from

Mello, J. (2014). *Strategic Human Resource Management*: Cengage Learning.

Merriam, S. B. (2014). *Qualitative research : A guide to design and implementation*. Retrieved from <http://unitec.ebib.com.au/patron/FullRecord.aspx?p=1662771>

Mukherjee, J. (2012). *Designing human resource management systems: A leader's guide*: SAGE Publications India.

Nel, P.S., Plessis, A. J., Fazey, M., Erwee, R., Pillay, S., Mackinnon, B. H., . . . Wordsworth, R. (2012). *Human resource management in Australia and New Zealand*. Australia: Oxford University Press.

Nel, P.S, Werner, A., Botha, C. J., Du Plessis, A. J., Mey, M., Ngalo, O., ... Van Hoek, L. (2014). *Human resource management* (9th ed.). Captown, South Africa: Oxford University Press.

Nelson, D. L., & Quick, J. C. (2013). *Organizational Behavior: Science, The Real World, and You*: 8th ed. Australia: South Western, Cengage Learning.

- Neuman, W. L. (2012). *Basics of social research: Qualitative and quantitative approaches*: Pearson.
- Newman, N., Newman, D., & Tuggle, F. (2015). Learning and knowledge: a dream or nightmare for employees. *The Learning Organization*, 22(1).
- Noe, R., Hollenbeck, J., Gerhart, B., & Wright, P. (2014). *Human Resource Management*: McGraw-Hill Education.
- Nordin, E., & Öberg, H. (2012). Human resource development in Laos.: An explorative study on teachers' opinions about human resource development in the National University of Laos.
- Northouse, P. G. (2012). *Leadership: Theory and practice*: SAGE Publications.
- Oladapo, V. (2014). The impact of talent management on retention. *Journal of Business Studies Quarterly*, 5(3), 19.
- Phasathane, V. (2015). *Human resource leaders as strategic business partners in state-owned enterprises in Laos*. Master, Unitec Institute of Technology, New Zealand.
- Pugna, I. B., & Boldeanu, D.-M. (2014). Factors affecting establishment of an institutional knowledge management culture—a study of organizational vision. *Journal of Accounting and Management Information Systems*, 13(3), 559-583.
- Redman, T., & Wilkinson, A. (2013). *Contemporary human resource management: Text and cases*: Pearson Education Limited.
- Rees, G., & Smith, P. (2014). *Strategic human resource management: An international perspective*: SAGE Publications.
- Reilly, P., & Williams, T. (2012). *Strategic HR: Building the capability to deliver*: Ashgate Publishing Limited.
- Richardson, R., & Thompson, M. (1999). *The impact of people management practices on business performance: a literature review*: Institute of Personnel and Development London.
- Ropes, D., & Thölke, J. (2010). *Communities of practice: Finally a link between individual and organizational learning in management development programs*. Paper presented at the Proceedings of the European Conference on Intellectual Capital. Retrieved from
- Saldana, J. (2011). *Fundamentals of qualitative research*: Oxford University Press.
- Sargeant, J. (2012). Qualitative research part II: Participants, analysis, and quality assurance. *Journal of graduate medical education*, 4(1), 1-3.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2012). *Research methods for business students*: Pearson Education Limited.
- Schoenweger, O., & Üllenberg, A. (2009). Foreign Direct Investment (FDI) in Land in the Lao PDR. Retrieved from <http://www2.gtz.de/wbf/4tDx9kw63gma/gtz2010-0062en-foreign-direct-investment-lao.pdf>

- Scully, J. W., Buttigieg, S. C., Fullard, A., Shaw, D., & Gregson, M. (2013). The role of SHRM in turning tacit knowledge into explicit knowledge: a cross-national study of the UK and Malta. *The International Journal of Human Resource Management*, 24(12), 2299-2320.
- Southiseng, N., & Walsh, J. (2013). Human resource management in the telecommunications sector of Laos. *International Journal of Research Studies in Management*, 2(2).
- Sparrow, P., Scullion, H., & Tarique, I. (2014). *Strategic Talent Management: Contemporary Issues in International Context*: Cambridge University Press.
- Stavrou, E. T., & Brewster, C. (2005). The configurational approach to linking strategic human resource management bundles with business performance: myth or reality? *Management Revue*, 186-201.
- Stone, R. J. (2013). *Managing human resources*: John Wiley & Sons Australia, Limited.
- Tashakkori, A., & Teddlie, C. (2010). *SAGE Handbook of mixed methods in social & behavioral research*: SAGE Publications.
- The ASEAN Secretariat. (2014). *ASEAN Investment Report 2013-2014 FDI Development and Regional Value Chains*. Jakarta, Indonesia. Retrieved from <http://www.asean.org/resources/item/asean-unctad-launches-asean-investment-report-2013-2014-2>.
- Tracy, S. J. (2012). *Qualitative research methods: Collecting evidence, crafting analysis, communicating impact*: Wiley.
- Trainor, A. A., & Graue, E. (2013). *Reviewing qualitative research in the social sciences*: Taylor & Francis.
- Tubigi, M., Alshawi, S. N., & Alalwany, H. (2013). Impact of knowledge management processes on organisational performance: A preliminary study.
- Tyson, S. (2014). *Essentials of human resource management*: Taylor & Francis.
- Ulrich, D., Younger, J., Brockbank, W., & Ulrich, M. (2012). *HR from the outside in: Six competencies for the future of human resources*: McGraw-Hill Education.
- United Nations. (2010). *An investment guide to the Lao people's democratic republic opportunities and condition*. Retrieved from http://unctad.org/en/Docs/diaepcb201002_en.pdf.
- UREC. (2014). *Unitec human research ethics guidelines*. Auckland New Zealand.
- Varelas, E. (2014). Talent wars rethinking talent management for future success. *MWorld*, 13(4), 42-44.
- Vernis, A., Iglesias, M., Sanz, B., & Saz-Carranza, A. (2006). *Nonprofit organizations: challenges and collaboration*: Palgrave Macmillan.
- Vogelsang, J., Townsend, M., Minahan, M., Jamieson, D., Vogel, J., Viets, A., . . . Valek, L. (2012). *Handbook for strategic HR: Best practices in organization development from the OD*

network: AMACOM.

Waddell, D., Creed, A., Cummings, T. G., & Worley, C. G. (2014). *Organisational change: Development and transformation*: (5ed) Cengage Learning Australia.

Wahyuni, D. (2012). The research design maze: Understanding paradigms, cases, methods and methodologies. *Journal of Applied Management Accounting Research*, 10(1), 69-80.

Wall, T. D., & Wood, S. J. (2005). The romance of human resource management and business performance, and the case for big science. *Human relations*, 58(4), 429-462.

Walliman, N. (2010). *Research Methods: The Basics*: Taylor & Francis.

Weinberg, F. J., Tuggle, F., & Hsu, J. (2015). Epistemological beliefs and knowledge sharing in work teams: a new model and research questions. *The Learning Organization*, 22(1).

Welford, R. (2006, September). Foreign direct investment and hydropower in Lao PDR: The Theun-Hinboun hydropower project. *Corporate Social Responsibility and Environmental Management*, 13, 183-193

Werbel, J. D., & DeMarie, S. M. (2005). Aligning strategic human resource management and person–environment fit. *Human Resource Management Review*, 15(4), 247-262.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, 5(2), 171-180.

Willig, C. (2008). *Introducing qualitative research in psychology*. Retrieved from <http://unitec.eblib.com.au/patron/FullRecord.aspx?p=361585>

Wilson, J. (2014). *Essentials of business research: A guide to doing your research project*: SAGE Publications.

Workforce. (2015). Talent Management Orientation Guide. *Workforce*, 94(3), 30-33.

World Bank Group. (2014). *Lao PDR Investment Climate Assessment 2014 Policy uncertainty in the midst of a natural resources boom*. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/01/26/000470435_20150126083027/Rendered/PDF/909600WP0v20Ma00PUBLIC00ICA140FINAL.pdf.

Yamoah, E. E. (2014). The Link between Human Resource Capacity Building and Job Performance. *International Journal of Human Resource Studies*, 4(3), 139.

Yin, R. K. (2015). *Qualitative research from start to finish*: Guilford Publications.

Yousaf, A., Huadong, Y., & Sanders, K. (2015). Effects of intrinsic and extrinsic motivation on task and contextual performance of Pakistani professionals. *Journal of Managerial Psychology*, 30(2), 133-150. doi: 10.1108/JMP-09-2012-0277

APPENDICES

Appendix 1: Semi-structured interview questions

I. The responsibilities of a HR manager on SHRM in capacity building

1. What are the main accountabilities as the HR manager in your organisation?
2. From your perspective, what are the key competencies that a HR manager should have in order to assist your organisation creating effective SHRM?

II. The perspectives of HR managers regarding the role of SHRM in capacity building of local managerial employees

3. Are you familiar with the term 'capacity building'?
 - If yes, what is your understanding about the term 'capacity building'?
 - If no, the researcher will explain briefly about this term
4. What is your perception of SHRM in capacity building of local managerial employees?
5. Do you think that your organisation has implemented appropriate SHRM in capacity building of local managerial employees?
 - If yes, what are the effective SHRM in capacity building of local managerial employees?
 - If no, what are the specific SHRM that should be added in the strategy of building up capacity of local managerial employees?
6. In your opinion, should your organisation implement other HRM strategies for capacity building of local managerial employees? Why or why not?

III. The main obstacles that prevent HR managers from practising SHRM in capacity building of local managerial employees

7. Do you think that it is difficult to implement SHRM in capacity building of local managerial employees in your organisation?
 - If yes, what could be the obstacles that would impact the practice of SHRM in capacity building of local managerial employees? Why?
 - If no, could you please explain what the necessary conditions are to support the implementation of SHRM in capacity building of local managerial employees in your organisation? Why?

8. Do you have any suggestions to avoid the obstacles of the implementation of SHRM in capacity building of local managerial employees?

IV. The key benefits for the organisation to implement SHRM in capacity building of local managerial employees

9. What are the key benefit for your organisation to execute SHRM in capacity building of local managerial employees?

10. From your perspective, do you think SHRM in capacity building of local managerial employees can assist organisation to increase better performance or productivity? Why or why not?

Appendix 2: Information for participants



Information for participants

Research Project Title: “Strategic human resource management that impact local managerial employees’ capacity building in foreign companies in Laos PDR”

Synopsis of project

My name is Sonethavy Vilayvong, and I am a postgraduate student at Unitec Institute of Technology, New Zealand, studying a master of business qualification. In order to fulfil the programme’s requirement, I am conducting the research project that focus on the area of **the strategic human resource management (SHRM) in capacity building of local managerial employees**.

What we are doing

The aim of this research is to determine the proper SHRM in building capacities of local managerial employees in foreign companies in Laos in order to increase organisational productivity and performance. By taking part in this research project, you will assist me to identify the appropriate SHRM in capacity building of local managerial employees in foreign companies in Laos. Moreover, this study will help the researcher to investigate if foreign companies possess the appropriate SHRM in capacity building of local managerial employees. Furthermore, this research project will help to assess the current practices of SHRM in capacity building of local managerial employees in foreign companies. In addition, the research study will also assist to determine hindrances that might have impacts SHRM in capacity building of local managerial employees. Finally, the research will help to determine the key success of SHRM in capacity building of local managerial employees in foreign companies in Laos.

What it will mean for you

The researcher would like you to take part in the interview and answer some questions related to SHRM in capacity building of local managerial employees. The interview will take around 60 minutes which I will visit you at your organization at a convenient time as pre-arrange between us. However, this is voluntary process and there is no obligation to participate in this research project if you are not willing to participate. If you agree to participate, you will be signing a consent form on the day of the interview. Although you have been engaged in the interview, this does not stop you from changing your mind if you wish to withdraw from the project. However, because of our schedule, any withdrawals must be done within two weeks after viewing the transcript.

Your name and personal information will not be presented and will be kept anonymously. Your

answers or comments will not be personally identified as belonging to you or your organization. Your answers will also not be reported back to your organization. All information collected from you will be kept completely confidentially and will be stored secure on a password protected file and only you, the researcher and my supervisors will have access to this information.

The interview will be recorded and then transcribed by the researcher. This recording will be kept confidential and be stored in the safe place. After finishing transcript, I will then send a copy to you to check for accuracy and amend as you see appropriate. You also have the right to access to the final report if you wish. Your information may be presented in future publication or conference presentation but it will be kept your name and organisational identification anonymously.

Please contact my primary supervisor and I if you need more information about the project. At any time if you have any concerns about the research project you can contact our supervisor:

My supervisor is Professor Pieter Nel, phone +64 9 815 4321 ext. 7026 or email: pnel@unitec.ac.nz

Researcher: Sonethavy Vilayvong, tel (Lao mobile): + 856 20 29999810, tel (NZ mobile): + 64 022 189 0304, Email: sonethavy.v@gmail.com

UREC REGISTRATION NUMBER: (2015-1044)

This study has been approved by the UNITEC Research Ethics Committee from 22/07/2015 to 22/07/2016. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph: 09 815-4321 ext 8551. Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.

Appendix 3: Participants Consent Form



Participant Consent Form

Research Project Title: “Strategic human resource management that impact local managerial employees’ capacity building in foreign companies in Laos PDR”

I have had the research project explained to me and I have read and understand the information sheet given to me.

I understand that I don't have to take part in this research project if I am not willing to participate voluntarily and I may withdraw within 2 week after viewing the transcript.

I understand that everything I say is confidential and none of the information I give will identify me and that the only persons who will know what I have said will be the researchers and their supervisor. I also understand that all the information that I give will be stored securely on the computer of researcher for a period of 5 years.

I understand that my discussion with the researcher will be taped and transcribed.

I understand that I can see the finished research document.

I have had time to consider everything and I give my consent to be a part of this project.

Participant Name:

Participant Signature: *Date:*

Project Researcher: *Date:*

UREC REGISTRATION NUMBER: (2015-1044)

This study has been approved by the UNITEC Research Ethics Committee from 22/07/2015 to 22/07/2016. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Committee through the UREC Secretary (ph.: 09 815-4321 ext. 8551). Any issues you raise will be treated in confidence and investigated fully, and you will be informed of the outcome.

Appendix 4: Organisation Consent Form



Dear Unitec Committee,

Sub: Organisational Consent

I,, of
..... give consent for *Mr. Sonethavy Vilayvong* to undertake research in
this organisation as discussed with the researcher.

This consent is granted subject to the approval of the research ethics application **2015-1044** by the
Unitec Research Ethics Committee and a copy of the application approval letter being forwarded to
the organisation as soon as possible.

Signature:

Date:/...../.....



USE OF THESIS/DISSERTATION/RESEARCH PROJECT

Full name of author: _____ Sonethavy Vllayvong _____

Full title of thesis/dissertation/research project: STRATEGIC HUMAN
RESOURCE MANAGEMENT IMPACTS ON LOCAL MANAGERIAL
EMPLOYEES' CAPACITY BUILDING IN FOREIGN COMPANIES
IN LAOS PEOPLE'S DEMOCRATIC REPUBLIC

Department of ___management and marketing_____

Degree: ___Master___ Year of presentation: ___2014-2016___

EITHER:

(1)

I agree to my thesis/dissertation/research project being lodged in the Unitec Library (including being available for inter-library loan), provided that due acknowledgement of its use is made. I consent to copies being made in accordance with the Copyright Act 1994.

and

I agree that a digital copy may be kept by the Library and uploaded to the institutional repository and be viewable world wide.

OR:

(2) I wish to apply for my thesis/dissertation/research project to be embargoed for a limited period as per Unitec Guidelines Presentation and Publication of Student Research

Reason for embargo: _____

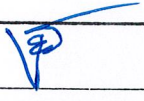
Supervisor Approval: _____

Embargo Time Period: _____

Approval by Dean of Research and Enterprise

Tuapapa Rangahau, partnering Research and Enterprise: _____

Signature of author: _____



Date: _____

30/08/2016



Declaration

Name of candidate: Sonethavy Vilayvong

This Thesis/Dissertation/Research Project **entitled:** Strategic Human Resource management impacts on local managerial employees' capacity building in foreign companies in Laos People's Democratic Republic.

is submitted in partial fulfillment for the requirements for the Unitec degree of Master of Business

Principal Supervisor: Prof. P. S. Nel

Associate Supervisor/s: Alan Lockyer

CANDIDATE'S DECLARATION

I confirm that:

- This Thesis/Dissertation/Research Project represents my own work;
- The contribution of supervisors and others to this work was consistent with the Unitec Regulations and Policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has fulfilled any requirements set for this project by the Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2015-1044

Candidate Signature:  Date: 30/08/2016

Student number: 1434209