

INTERNATIONAL HUMAN RESOURCE MANAGEMENT IN THE CONTEXT OF HUMAN CAPITAL OF MULTI-NATIONAL ORGANIZATIONS IN LAOS

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ABSTRACT

This research project explores human resources as one of the key assets of organizations at both national and international levels, and was conducted in the context of the human capital of Laos. A questionnaire was completed by 90 employees of five international organizations. The results found that the staffing policy that most participant organizations use is a mix of Geocentric and Regiocentric approaches. In addition, the results showed that the key constraint to practicing IHRM in Laos is the shortage of skilled labour in some sectors, such as healthcare and auditing, and that Lao employees are generally under qualified.

Keywords: IHRM, HR functions, human capital.

INTRODUCTION

Human resources are part of the core capital in every organization and it is also likely to be true that the effective management of human resources (HR) largely contributes to the success of any organization. Nel, Werner, Du Plessis, Fazey, Erwee, Pillay and Wordsworth (2012) contend that HR plays an important role in all activities and that it is the means of endeavour in organizations, be it at national or international levels. Businesses use opportunities to expand their markets for larger sales and lower expenses on labour and raw materials by going global (Dowling, Festing & Engle 2009; Du Plessis 2010). The question then arises is what would the implications be when organisations experience rapid growth, which inevitably leads to globalisation and often global cooperation? These are also the consequence of the development of the appropriate tools to manage HR effectively, once an organization operates across borders. Therefore, the concept of international human resource management (IHRM) comes into play as well.

According to Sisavath (2014) the reasons for conducting this research project regarding IHRM can be traced back to after the opening up to the global economy of Lao in the 1980s. The spark was the re-alignment of a nationally-based production approach only into a global oriented business production and services approach (Bird & Hill 2010; Otani, Anderson & Pham 2008; Rehbein

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2005). The formulation and implementation of the National Socio-Economic Development Plan (NSEDP), which set the target of country development in five-year terms or as it is informally called ‘the five-year-plan’, is the main driving force to expand the country’s economy (Otani et al., 2008).

In addition, Lao also embarked upon international cooperation by generating various measures to attract investment as well as international aid (Fane 2006). Therefore, the increase in bilateral and multilateral cooperation with countries and international organizations, as well as the reduction of barriers such as obstacles for investment, dramatically changed business activity in Lao since the 1980s. For example, in 2011 it was found that there were 433 foreign investment projects which amounted to a total investment of approximately USD2.9 billion (Lao Statistics Bureau 2013). In addition, there are also 72 International Non-government Organizations (INGO) which implement 246 development projects in Laos (INGO Network Laos 2014). This makes Laos a very attractive investment hub in the world. Therefore, there is a need to take note of the application of IHRM, which is the focus of the research project presented in this article.

The aim of this research project is therefore to explore the actual application of IHRM, which includes human resource practices and staffing policies in the context of the human capital of multinational organizations in Laos.

LITERATURE REVIEW

International HRM is broadly defined by Briscoe, Schuler and Claus (2009) as the study and application of all human resource management activities in the process of the management of human resources for businesses in the global environment. Specifically IHRM is the management of staff across country boundaries (Dowling et al., 2009; Dowling & Welch 2005; Nel et al., 2012; Vance & Paik 2006). Additionally, IHRM has been redefined as the world-wide management of human resources (Morley & Scullion 2004; Schuler, Budhwar & Florkowski 2002; Shanine, Buchko & Wheeler 2011). IHRM was also defined by Chen as cited in Du Plessis and Huntley (2009) as being “a set of distinct activities, functions and processes that are directed at attracting, developing and maintaining the human resources of a MNC” (p. 414). The objective of IHRM is therefore to enable the organisations to be successful at the international level (Farndale, Paauwe, Morris, Stahl, Stiles, Trevor & Wright 2010; Johnson 2009; Schuler et al., 2002). Additionally, IHRM is also claimed to be the tools for multi-national organizations to gain a global competitive advantage, to be efficient, to be locally responsive, to be flexible and quickly adaptable, and to be capable of transferring knowledge internationally (Schuler et al., 2002; Shanine et al., 2011).

The common components of IHRM are the combinations of HR activities and the people and the country where business is set up. Therefore, some experts state that IHRM is the interplay between human resource activities, type of employees and countries of operation (Dowling et al., 2009; Du Plessis & Huntley 2009; Johnson 2009; Nel et al., 2012). HR activities refers to the process of recruitment, training, utilising and compensating the people. The type of employees in the international context refers to the expatriates, host-country nationals and third-country nationals (Mondy & Mondy 2012; Reiche 2007). Finally, country of operation refers to the host countries and headquarters (Dowling et al., 2009). This means that the management of HR in the

international context consists of the various dimensions for organizations to apply IHRM practices effectively.

The challenge of IHRM is different in various countries and regions. However, there are some common factors that affect IHRM practice such as differences in cultures, the labour capital in host countries, the education level, the political environment, the legal system and the economic system (Dessler 2011; Nel et al., 2012). Furthermore, Vance and Paik (2006) have classified the factors influencing IHRM into two categories. The first category focuses on external factors which include the economy, social preferences, competition, demographics, innovation and government. The second category being internal factors such as company culture, company climate, company strategy and organizational structure (Vance & Paik 2006). Additionally, Härtel and Fujimoto (2010) identified some influences on HR policies and practice in the international context such as culture differences, differences in employment laws and regulations, different socio-political systems, labour market supply, local pressure groups, health and safety issues and language differences.

Factors Influencing International Human Resource Management Practices

According to Sisavath (2014) a number of issues influence IHRM practice, and they are discussed below in terms of the views of various authors. In a particular country, cultural diversity in HR practice may focus on race and gender in the context of selection, performance management, promotion and career advancement (Harris, Moran & Moran 2004; Nishii & Ozbilgin 2007). However, in the international context, diverse culture can focus on values, repatriation and acculturation (Reiche 2007). Culture refers to a set of values, beliefs, rules and institutions held by a specific group of people in the international context. Du Plessis (2010) redefines culture as “collective mental programming which distinguishes one nation from another; and a construct which is not directly observable, but is inferable from verbal statements and other behaviours” (p. 183). Therefore, when organizations move abroad, they are entering a new culture and this gives rise to the issue of cultural differences. Now the new issue is how the international human resource manager can cope with it. Nel et al. (2012) recommended that it is important for international human resource managers to know that diffusion of culture is a process in which one culture is spreading to another culture in everything they do, for instance the gestures, material objects, traditions and concepts that represent the way of life.

Apart from the difference of culture that may result in the application of the IHRM, some other factors are also important to note once an organization has decided to move its business across borders. There are some factors in the destination country that must be taken into account as well, for example, education, political system, legal system, economic system and many others (Johnson 2009; Noe, Hollenbeck, Gerhart & Wright 2013).

Human Capital

In organizations, any human resource practice is a direct investment in the employees' human capital, with the purpose of ensuring the competitiveness of the business and the development of

its staff (Bisanav & Rangnekar 2009; Noe et al., 2013). Generally, human capital is described as the human knowledge, skills, innovativeness, and capabilities of employees applied to accomplish organizational goals (Armstrong, 2008; Bisanav & Rangnekar 2009). Nel et al. (2012) describe human capital as the productive capabilities of individuals. This means the knowledge, skills, capability and experience that individuals have in creating economic value in the job they are doing. Human capital also refers to the unique set of knowledge, skills and abilities of workers that are acquired from education and work experience (De Winne & Sels 2010; Noe et al., 2013). Based on these definitions, it seems likely that organizational success is the ability to manage human capital successfully.

In terms of a wider view, human capital development is the key economic driver (Ndinguri, Prieto & Machtmes 2012), as it is prominent in various studies on the relationship between large pools of human capital and rapid growth of the economy (Ndinguri et al., 2012). In terms of the organizational view, it means that organizations should have strategies to find the stock of human capital they need by enhancing their skills and knowledge through training programs and professional development as well as rewards for superior performance (Nel et al., 2012).

The education of people in a country is another element of readiness for work and using human capital (Asghar, Awan & Rehman 2012). Bisanav and Rangnekar (2009) claim that education helps people to understand their knowledge better and enable them to accurately predict outcomes, better manage time and resources and monitor results. Additionally, education also provides new information and knowledge that enormously impact on peoples' cognitive reasoning. Many studies have focused on the relationship between the country's education and the ability of human capital to generate economic growth (Asghar et al., 2012). Those findings show that the country that invests more in education produces more effective human capital, and that effective human capital will again result in growth for the organization and the country's economy in general as well.

METHODOLOGY

This research project is designed to use a mixed data collection method (or mixed method). Mixed method refers to the approach that combines qualitative and quantitative data collection and data analysis methods in one research inquiry (Borrego, Douglas & Amelink 2009; Frels & Onwuegbuzie 2013; Venkatesh, Brown & Bala 2013). While the qualitative approach is executed via the use of interviews, the quantitative approach is executed through a survey questionnaire.

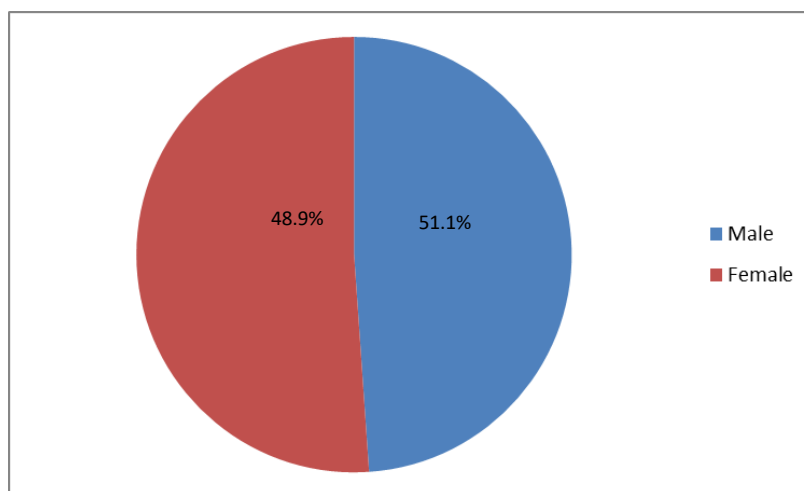
According to Sisavath (2014) the data was collected from five human resources managers by interviewing them and 90 questionnaires by various levels of employees of the five organizations in Laos. The data collection was done mainly in Vientiane, the capital of Laos, in August 2013.

Demographic Profile of Respondents

The profile of the respondents is presented in this section in terms of gender, age, position and education.

Respondent's gender. Figure 1 indicates that 44 respondents or 48.9% of the respondents are male and 46 respondents or 51.1% of the respondents are female.

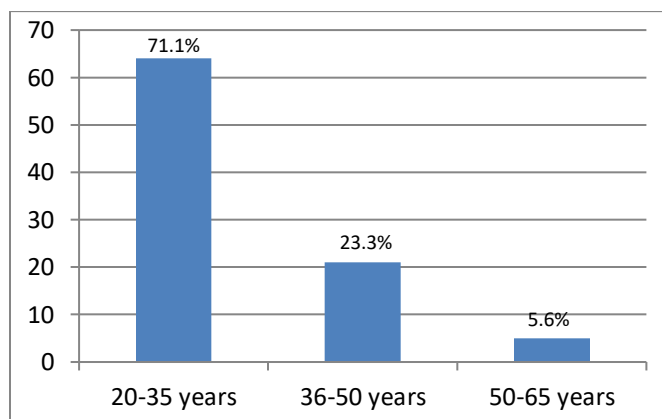
FIGURE 1
Respondents' Gender



This is broadly representative of the organisations which participated in the survey.

Respondents' age group. Figure 2 shows that 71.1% of respondents are in the age-group of 20-35 years old, 23.3% are in the age-group of 36-50 years old and only 5.6% are in the age-group of 50-65 years old.

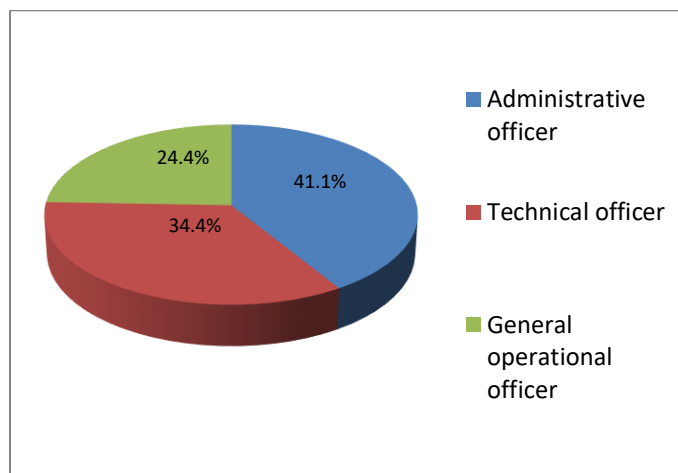
FIGURE 2
Respondents' Age Group



This is broadly representative of the organisations which participated in the survey.

Respondents' position in organizations. Figure 3 below shows that 37 respondents or 41.1% are Administrative officers, 31 respondents or 34.4% are Technical officers and 22 respondents or 24.4% are general operational officers.

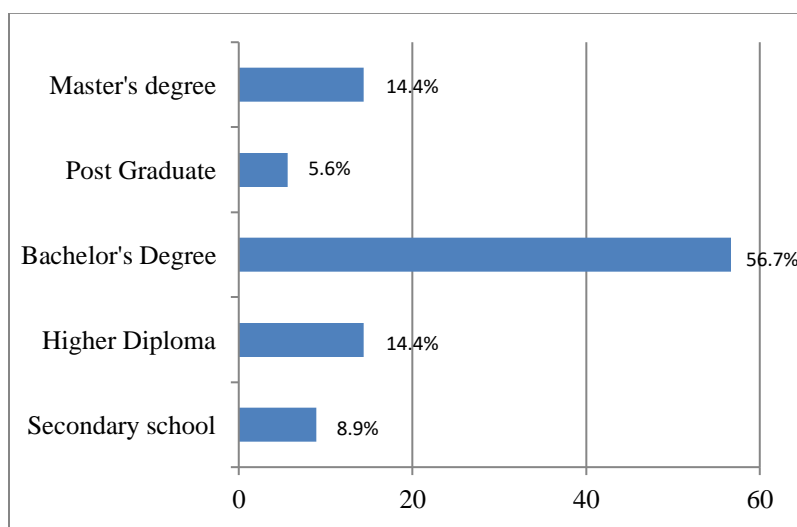
FIGURE 3
Respondents' Position in the Organizations



This is broadly representative of the positions in the organisations which participated in the survey.

Respondents' education. Figure 4 shows that the highest proportion of all respondents have a Bachelor Degree being 51 respondents or 56.7%. The other levels are 14.4% has a Higher Diploma, 14.4% has a Master Degree, 8.9% has a Secondary School Completion Certificate and 5.6% has a Post-graduate Degree.

FIGURE 4
Respondents' Education



This is broadly representative of the organisations which participated in the survey, but not of the general population who are much lower qualified.

FINDINGS

The findings are divided into two sections. The first section focuses on the data obtained from the interviews and the second section presents the data obtained from the survey.

Interview Data

The results of the interviews are presented in tabular form below in Table 1 and are a summary of the five interviews (Sisavath 2014).

TABLE 1
Similarity of Interview Data

Area of questions	The summary of answers from the five multinational organizations HR managers
Recruitment	<ul style="list-style-type: none"> • Departments need new employees to develop their own job descriptions. We just facilitate the process of formulation. • We use normal recruitment processes. We communicate vacancy announcements via existing local printed media and electronically • We open job opportunities to internal and external applicants • Induction is managed mainly by the relevant department and the HR department.
Training	<ul style="list-style-type: none"> • We give training to staff for capacity building and improvement. The training is organized, based on the available budgets. • We send staff to attend training organized by other organizations • We also send staff to overseas training.
Performance Management	<ul style="list-style-type: none"> • Performance review is conducted through the report system and reviewed by line managers • No strategic plan dissemination
Performance Appraisal	<ul style="list-style-type: none"> • We use Self Evaluation by each staff member and submit it to the line manager • The forms are rechecked and moderated by line managers • Face-to-face interviews are organized to determine the performance of the employees. The result of performance appraisals will support information for salary increments
Reward Management	<ul style="list-style-type: none"> • We do not have a reward system • We motivate staff by increasing remuneration based on the actual performance.
Staffing Approach	<ul style="list-style-type: none"> • Moving from Geocentric to Regiocentric • Geocentric staffing approach is our main approach
Factors affected by HR practices	<ul style="list-style-type: none"> • We have some problems in recruitment. It is quite difficult to recruit some positions which require highly-educated people. Sometimes we get qualified applicants but we do not have enough budgets to employ them. • We do not have a problem with cultural differences.
Lao staff' human capital	<ul style="list-style-type: none"> • Lao staff is knowledgeable. They have enough capacity to handle the organization demands but they need more initiative and they still need to have more skill improvement.
Satisfaction of employers on Lao employees	<ul style="list-style-type: none"> • Generally, the organization is satisfied with Lao staff. • Personally, they are qualified to do the job.

Survey Data

The questionnaire results specifically focus on the perspectives of Lao staff and their human capital skills in relation to the highest education level they have achieved.

The belief of respondents that education can support their work. This question focused on the respondent's opinions on whether their qualification can support their work in the various organizations. Table 2 below shows impressive results. More than half of the respondents, namely 70%, answered that their education is the factor that supports the work they are doing now. Only 14.4% answered 'no' and 15.6% answered 'not sure'.

TABLE 2
Your Education Can Support Your Work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	63	70.0	70.0	70.0
	No	13	14.4	14.4	84.4
	Not sure	14	15.6	15.6	100.0
	Total	90	100.0	100.0	

Respondent's self-confidence on their capacity to do their work. This question focused on whether the respondents thought they have suitable capacity to do their current jobs. From Table 3 we can see that 74 people or 82.2% answered that they have suitable capacity to do their current jobs. Only one respondent or 1.1% answered that he or she does not have the capacity to do their current job. Also 15 respondents or 16.7% are not sure whether they have the capacity to do their current job.

TABLE 3
Do you have the Capacity to do the Job?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	74	82.2	82.2	82.2
	No	1	1.1	1.1	83.3
	Not sure	15	16.7	16.7	100.0
	Total	90	100.0	100.0	

The importance of enhancement capacity for advancement of career. Respondents were asked to rate the importance of enhancement of capacity for their advancement. Table 4 shows that a total of 78 or 86.7% of respondents regard the enhancement of capacity as very important. Only 11 or 12.2 % saw it as somewhat important. Only one respondent or 1.1% saw it as neutral.

TABLE 4
The Importance of Capacity Building

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very important	78	86.7	86.7	86.7
	Somewhat important	11	12.2	12.2	98.9
	Neutral it	1	1.1	1.1	100.0
	Total	90	100.0	100.0	

Testing the Hypothesis

One of the main objectives of this research was to find out what the educational level of Lao human capital was. Therefore, this section mostly provided data on the capacity of Lao staff in association with education levels.

The association of the highest education achieved and the belief that education can help in their job. Table 5 below shows the relationship between the highest education level respondents have achieved and the proportion of respondents who believe that their education will assist them to do the job. We can see that all categories believe that their education can support their work. The example highlighted by respondents who have a Bachelor Degree. A total of 39 respondents who completed a Bachelor Degree believe that their education can help them in their work and only 6 of the respondents in the same category believe that their education does not help them to do their job.

TABLE 5
The Highest Education Level Achieved by Respondents that Education can Support their Work

		Your education helped you in your work			Total
		Yes	No	Not sure	
Highest education achieved	Secondary school	4	1	3	8
	Higher Diploma	9	1	3	13
	Bachelor's Degree	39	6	6	51
	Post Graduate	3	1	1	5
	Master's degree	8	4	1	13
Total		63	13	14	90

The results in Table 6 show a significant value (Sig. value) at 0.418 which is higher than the probability value (P-value) which is universally identified at $p \leq 0.05$. Therefore, it can be concluded that there is no significant relationship between the highest education achieved and the belief of respondents that their education can support their work.

TABLE 6
Chi-square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.159 ^a	8	.418
Likelihood Ratio	7.096	8	.526
Linear-by-Linear Association	.829	1	.363
N of Valid Cases	90		

The relationship between the highest education achieved and capacity to do the job. Table 7 below shows the relationship between the highest education that respondents have achieved and their capacity to do the job. Most of the respondents in all educational categories think that they have the capacity to do the job, for example, respondent who have achieved a Master Degree think that they can do the job, and only one person was unsure.

TABLE 7
The Highest Education Achieved and Capacity to do the Job

		You have capacity to work in the position			Total
		Yes	No	Not sure	
Highest education achieved	Secondary school	6	1	1	8
	Higher Diploma	11	0	2	13
	Bachelor's Degree	41	0	10	51
	Post Graduate	4	0	1	5
	Master's degree	12	0	1	13
Total		74	1	15	90

The results presented in Table 8 shows a Sig. value of 0.174 that indicates a higher proportion than the P-value ($p \leq 0.05$). Therefore, we can conclude that there is no evidence of a significant relationship between the level of education and the capacity to do the job of the staff in the target organizations.

TABLE 8
Chi-square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.517 ^a	8	.174
Likelihood Ratio	6.254	8	.619
Linear-by-Linear Association	.381	1	.537
N of Valid Cases	90		

The relationship between the belief of respondents that education can support their job and their perception of their capacity to do the job. Table 9 below compares the belief of respondents that education can support their job and their perception of their capacity to do the job after both variables have been compared to the highest level of education of the respondents. It is found that 52 respondents who believe that their education supports their work and also perceive that they have the capacity to do the job. In addition, 13 respondents do not believe that their education can support their work but they believe that they have the capacity to do the job.

TABLE 9
Your Education can Support your Work and your Capacity to do the Job

		You have ability to work in the position			Total
		Yes	No	Not sure	
Your education helps your work	Yes	52	0	11	63
	No	13	0	0	13
	Not sure	9	1	4	14
Total		74	1	15	90

Table 10 below shows the result. It can be seen that the Sig. value of the test is 0.043 which is lower than the P-value ($p \leq 0.05$). It can be concluded that there is a significant relationship between the belief of respondents that education can support their job and the perception of their capacity to do the job.

TABLE 10
Chi-square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.858 ^a	4	.043
Likelihood Ratio	10.117	4	.038
Linear-by-Linear Association	.528	1	.467
N of Valid Cases	90		

The relationship between the between the highest education achieved and the importance of capacity building. Table 11 below shows the association between the highest education level that respondents have achieved and the importance of capacity building. It is clear that the majority of respondents in all educational categories see capacity building as very important.

TABLE 11
The Highest Education Achieved and Importance of Capacity Building

		Importance level of capacity building			Total
		Very important	Somewhat important	Neutrally important	
Highest education achieved	Secondary school	5	3	0	8
	Higher Diploma	10	2	1	13
	Bachelor's Degree	47	4	0	51
	Post Graduate	4	1	0	5
	Master's degree	12	1	0	13
Total		78	11	1	90

Table 12 below shows a significant Sig. value which is 0.134. being higher than the P-value ($p \leq 0.05$). Therefore, it can be concluded that there is no significant relationship between the level of education and the importance of capacity building.

TABLE 12
Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.410 ^a	8	.134
Likelihood Ratio	9.019	8	.341
Linear-by-Linear Association	3.534	1	.060
N of Valid Cases	90		

DISCUSSION

The discussions below are based on the findings outlined in the previous section, and provide more insight into the results that were obtained.

General Findings

It is clear that all HR functions are used by all participant organizations. If the concept of IHRM (recognized to generally use the same HR activities as normal HRM) are compared, it can be deduced that multi-national organizations in Lao use the IHRM concept.

Staffing Approach

Some HR managers claim that they are using the Geocentric approach and some claim that they are applying the Regiocentric approach. The Geocentric approach corresponds to the staffing policy of the organizations, because they consist of a few foreign staff who are sent from headquarters and some staff from Laos. The decisions are sometimes made by headquarters and sometimes by the Lao office. In addition, the Regiocentric approach is sometimes applied as can be seen from the mixture of some foreign staff from the regional office and Lao staff. Sometimes they are able to recruit new staff from the region, but such staff needs to be approved by headquarters.

Factors Influencing Human Resources Practice

Most of the target organizations face the problem of inconsistency of the labour pool. The problem in this context refers to the direct impact on the recruitment of the labour force, especially for the vacant positions that need to be filled by highly educated staff. Sometimes they face the challenge of a lack of staff in specific occupations such as the health sector. In some instances, they do not have enough funds to pay for a qualified applicant who requests very high remuneration, so they have to employ applicants who request lower remuneration, but who may not be adequately qualified. Sometimes foreign language becomes a big barrier for the applicants who have appropriate skills on the job, but they do not speak the language that is used to communicate with foreign staff such as English. Due to these issues, they sometimes have to delay the implementation of a new project or sometimes they have to spend more money on remuneration for appropriate candidates. Additionally, they have to spend more money re-advertising jobs. As most of the target organizations are international organizations that consist of a mix of Lao and some expatriates, problems can also be caused by cultural differences. This research also investigated the reaction of organizations towards cultural issues. The response was quite surprising in that most of the target organizations stated that they do not have any problems that are caused by cultural differences.

Lao Human Capital

From the research results it is clear that Lao staff are knowledgeable, skilful, innovative and capable of working on assigned jobs in international organisations in Laos. However, only the more senior positions are likely to risky, because they are not ready to work internationally and they dare not take unnecessary risks. When HR managers' opinions were asked about Laos's staff, they all stated that they were satisfied with the performance of Lao staff. However, according to HR managers Lao staff still need more improvement in job skills

Some Findings about Lao Human Capital and Human Resources Activities

This section focuses on human capital in relation to the HR activities that are applied by the international organizations.

Education level and human capital. The survey data regarding the education level of respondents in the target organizations show that almost all the respondents spent between 11 to 17 years studying. This means they have a certain level of human capital. From the survey data in Tables 2 and 3, it is clear that most of the respondents believe that their education supports their work and that they are capable to do the job. Hence, it is interesting to investigate whether there is a significant relationship between their highest educational qualification achieved and their human capital.

The belief of respondents that their education can support their work. Hypothesis 1: There is a relationship between the highest education achieved and the belief that education can support the respondents' work. The results in Table 6 show that there is no evidence of a significant relationship between the highest education level achieved and the belief of respondents that their education can support their work. This means that the idea that a higher education level supports the belief of respondents that education can support their work is unsupported by the results because the significance level was also above the $p \leq 0.05$ level.

Respondents' education and the perception regarding their capacity to do the job. Hypothesis 2: There is a relationship between education level and the perception of staff regarding their capacity to do the job. The results in Table 8 show that there is no evidence of a significant relationship between education level and the perception of staff regarding their capacity to do the job in the target organizations. Therefore, we can conclude that the information on the education level of staff is independent from the perception of staff members of their capacity to do the job. Stated another way, a higher education level does not mean that the staff have a higher capacity to do the job.

The belief of respondents that education can support their job and the perception of their capacity to do the job. Hypothesis 3: There is a relationship between the beliefs that education can support their work and the perception of their capacity to do the job. The test results in Table 10 show that there is a significant relationship between the belief of respondents that education can support their job and the perception of their capacity to do the job. This means that most of the respondents who believe that their education can support their work are more likely to perceive that they have the capacity to do the job.

The highest education achievement and respondents' perspective on the importance of capacity building. Hypothesis 4: There is a relationship between education level of staff in the target organization and their perspective on the importance of capacity building. It is clearly seen in Table 12 that there is no significant relationship between education level and the perspective on capacity building. This means that no matter how high the education level of staff is, it does not affect the perspective of staff regarding capacity building. Said another way, people who have higher education levels see capacity building as a very important issue, but it cannot be support as being significant.

CONCLUSIONS AND MANAGEMENT IMPLICATIONS

According to Sisavath (2014) it is clear that most participant organizations use particular human resources functions. The key staffing policies they use are the Geocentric and Regiocentric approach. The main issue they face in Laos in practicing human resource activities is the shortage of skilled labour, but they do not have any problems with cultural differences. It is also important to note some issues regarding Lao human capital. A higher education level does not make respondents believe that their education can support their work. Additionally, a higher education level does not mean that the staff members have a higher capacity to do the job. Also, most of the respondents who believe that their education can support their work are more likely to have more capacity to do the job. Furthermore, having a higher education level does not affect their perception of capacity building.

The research results also identified some management implications that can be applied in international organizations, in particular in Laos. These are outlined below:

- The main concern of the HR managers in the participating organizations was that employees have no initiative and that they are risk averse. It could be that staff is not able to apply what they have learned to the actual work situation. It was also found that one element is missing from the HR functions in these organizations namely management of rewards. Managers should therefore think of what can be put in place to overcome these issues. The effective management of rewards can be the key to overcome this problem. It is widely-recognized that rewards can be used to improve employees' efforts and performance. Additionally, it is also acknowledged that rewards have a huge impact on organizational corporate culture. Therefore, if the participant organizations want to encourage initiative, they may have to value the employees more by providing them with appropriate rewards, since employees will be more motivated when they know that what they do is what is valued by the organization.
- Managers must acknowledge that HR managers should maintain continues learning and growing environment of the organization's employees. Even though Lao staff is knowledgeable, skilful and capable, the actual data obtained indicates that Lao staff needs to improve their performance. Additionally, the findings also established the need for capacity development regardless of the educational background of employees. Therefore, the support for learning by providing equal opportunity, participation in training and a chance to grow could be some of the key success factors for the international organizations to enhance its human capital potential in Lao.

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