

Human Resources Management and the Salient Issues during Cross-Border Alliances:

A Case Study of MNCs in Thailand

การจัดการทรัพยากรมนุษย์และประเด็นที่น่าสนใจ
ระหว่างการสร้างพันธมิตรข้ามเส้นพรมแดน
กรณีศึกษาบริษัทข้ามชาติในประเทศไทย

Dr.Sujinda Popaitoon

Lecturer in Management and International Business,
Mahasarakham Business School,
Mahasarakham University

ABSTRACT

This research inquiry aims to investigate what the salient HRM issues emerge during a transition period of cross-border alliances (CBAs) within MNCs in Thailand, and to understand what and how HR managers as a change agent manage their people during the period. This research uses Schuler, Jackson, and Luo's (2004) three-stage model (i.e., precombination, combination, and solidification) of CBAs to answer research questions. The empirical data were collected from two in-depth case studies of CBAs by using documentary, making observation and conducting semistructured interviews. Besides the HRM issues based on Schuler et al. (2004), the findings show additional salient HRM issues (i.e., cross-cultural management, employment contract, public image, employee perception, voices, morale, and balance of old and new organizational cultures, and the needs of the management and employees) should pay attention.

Keywords: Human Resources Management (HRM), Cross-Cultural Management, International HRM, Cross-Border Alliances (CBAs), Change Management, Multinational Companies (MNCs), Case Study

บทคัดย่อ

การวิจัยเชิงคุณภาพด้วยกรณีศึกษานี้มีวัตถุประสงค์คือ เพื่อศึกษาการรับมือของผู้จัดการทรัพยากรมนุษย์ในบทบาทผู้จัดการการเปลี่ยนแปลงในระหว่างการสร้างพันธมิตรข้ามเส้นพรมแดนของบริษัทข้ามชาติที่เข้ามาควบรวมกิจการในประเทศไทย ตลอดจนการสำรวจประเด็นการจัดการทรัพยากรมนุษย์ในประเทศไทยที่ปรากฏขึ้นระหว่างการควบรวมฯ ดังกล่าว การวิจัยนี้ใช้ทฤษฎีของ Schuler, Jackson, และ Luo (2004) เพื่อตอบคำถามวิจัยที่วิจัย ดังกล่าวอธิบายถึงประเด็นการจัดการทรัพยากรมนุษย์ที่สำคัญในช่วงก่อนและหลังการควบรวมกิจการฯ ได้อย่างสมบูรณ์ การเก็บข้อมูลงานวิจัยนี้ได้รับรวบรวมข้อมูลจากเอกสาร การสังเกต และการสัมภาษณ์ผู้เชี่ยวชาญ จากบริษัทข้ามชาติสองแห่งในประเทศไทยที่ผ่านการควบรวมกิจการอย่างสมบูรณ์ ผลการวิจัยมีความสอดคล้องกับประเด็นต่าง ๆ ที่ Schuler et al. (2004) นำเสนอมาก่อนหน้านี้ นอกจากนี้ ผลการวิจัยยังพบว่า การควบรวมกิจการของบริษัทข้ามชาติในประเทศไทย ผู้จัดการทรัพยากรมนุษย์ควรให้ความสนใจเรื่องการจัดการข้ามวัฒนธรรม สัญญาการจ้างงาน ภาพพจน์ขององค์กร การรับรู้และเสียงจากพนักงาน ขวัญและกำลังใจ ตลอดจนการรักษาความสมดุลของวัฒนธรรมองค์กรและความต้องการของฝ่ายบริหารและพนักงาน

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1. INTRODUCTION

Multinational companies (MNCs) play an important role in globalization. To date, MNCs not only trade across borders but also build global networks through CBAs across the globe through various modes of entry (e.g., international joint ventures [IJVs] and international merger and acquisitions [IM&As]) (Mudambi, Pisitello, & Rabbiosi, in press). The result of cross-border ownership is on the rise, more than doubling between 1998 and 2008 (UNCTAD, 2010). However, only 56% of CBAs are successful (Cartwright & Schoenberg, 2006) since the integration processes of CBAs involve many challenges, such as different institutional contexts (Edwards & Edwards, 2012), industrial relations (Falkum, Colman, & Braten, 2014), cross-cultural management (Hofstede, 1980; Popaitoon & Rayton, 2012), etc. Through the processes of CBAs in MNCs, scholars argue that human resources management (HRM) is one of the potential factors that could enhance CBA success (e.g., Schuler et al., 2004; Weber & Fried, 2011), but there are very few studies on the relationships between HRM practices and CBA performance during a transition period (Weber & Tarba, 2010). In literature, HR managers are required to play the crucial role of a change agent viewed as a strategic partner of the CEO in MNCs (Edwards & Edwards, 2014; Ulrich, 1998). Ulrich (1998, p. 4) points out that the new HR responsibility has built the organization to embrace and capitalize on change. In addition, Ulrich (2011) argues that HR professionals have to help build organizations that adapt quickly, manage risk, and build sustainability. However, the study on these issues, particularly in the context of CBAs in Thailand, is still rudimentary.

In order to fill this gap in literature, the purpose of this research is (1) to investigate what the salient HRM issues in Thailand emerge during a transition period of CBAs and (2) to understand what and how HR managers as change agents manage their people during the period. In this research, a transition period is defined as the period during the stages of CBAs between two MNCs from different cultures based on Schuler et al. (2004, pp. 96–116) composed of three main stages: (1) precombination, (2) combination, and (3) solidification. This research has been conducted across two selected CBA companies that have already passed through the transition period. Case A is about internationally acquiring UK-Petroleum in Thailand by ASEAN-Petroleum. Case B is about international joint ventures between EU-TelCom in Thailand and local TelCom. To gain insights and understand research inquiry, a semi-structured interview and within-case and cross-case analysis are the two best possible methods used for data collection, inquiry analysis, and the creation of knowledge. A constructionist paradigm supported the research process in its philosophy, approach, strategy, and a naturalistic set of methodological procedures (Denzin & Lincoln, 2003). This explains a belief that there are multiple reality cases in the social world, where the participant/key informant is a knower creating an understanding of a specific inquiry in the natural world. The following sections illustrate literature review, research methodology, results, discussion, and conclusion.

2. LITERATURE REVIEW

2.1 Resistance to Change

In general, human nature prefers a certain amount of stability and predictability (Jansen, 2000). When changes happen in either organization or employee levels, a change at work threatens their senses of security and losses of control that their patterns and routines are disrupted (Jansen, 2000). Prior to changes, employees perceive that they have some security in what they do and how they control their jobs and their work affairs. Changes threaten all of these that is a reason why they resistance to change. It is a crucial role of a change agent/maker to be able to sell benefits of changes and to win active support for the changes to their employees' readiness to change (Atkinson, 2005). A well-known three-step model of Kurt Lewin (1947) contributes to explain organization change through three steps (i.e., unfreeze, change, refreeze) of changing into a new behavior. First, organizations need to "unfreeze" their people behaviors by giving a reason to change their beliefs or buying into organization beliefs. Then, "change" requires a step by step by mitigating people's reasons against change and moving them into a new initiative. Finally, "refreeze" those affected by the change by providing the systems, supports, rationale, incentives, and rewards to keep them where they have been moved. Accordingly, change agents must realize that people require a certain amount of time to think things through before moving step by step. Specifically, their assessment is based on their perception of reality and trust. Therefore, change agent must begin to change employees' attitude about organization change especially on work-related attitude toward their jobs and then support them to ready for changes and to create job satisfaction (Atkinson, 2005).

2.2 Cross-Cultural Management and International HRM

Based on Hofstede's studies of national cultures in the 1980s, he suggested four cultural dimensions (i.e., power distance, individualism, masculinity, and uncertainty avoidance) to explain the differences of cultures across nations (Hofstede, 1980; 1984), and a fifth dimension (long-term orientation) was added in a later study (Hofstede & Hofstede, 2005). Hofstede (1984) identifies the Thai culture as a high uncertainty avoidance reflecting on a low tolerance for uncertainty and ambiguity. This creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty. In addition, the Thai culture is viewed as a high power distance culture that indicates how distance power between superiors and subordinates is in terms of inequality, privileges, etc. Moreover, Hofstede developed his cultural model and primarily applied it in international business setting by providing a clear link between national and business cultures impacting the organizational level-he also extends this work to show how cultural values affect numerous management practices (e.g., HRM and strategies) in different countries.

In literature, cross-cultural management is one of the main challenges for MNCs, particularly when they move abroad; their fundamental requirement for creating a competitive advantage compels them to make adjustments (Wilkinson et al., 2006). In other words, the ability of a firm to align with its new environment or new culture implies that the firm must have the potential to solve new problems and acquire host-country-specific knowledge incrementally (Inkpen & Beamish, 1997). For example, a well-known alliance between the German automaker Daimler-Benz and the American auto manufacturer Chrysler Group merged in 1998 was found to have failed their strategic move a decade later because of a cultural conflict. However, some companies are very successful

and use the synergy of cross-cultural management, such as the Nissan-Renault alliances¹ (the Japanese-French partnership) under the leadership of Carlos Ghosn, chief executive of both companies. Ghosn said, “The alliance had worked because the decision making respected corporate and cultural differences as well as workers’ loyalty to each company.” For these cases, some scholars believe that cultural distance can damage MNC performance in a host country, while others, recently, argue that it negatively impacts the performance, but only in the temporary period (Fang, 2012; Wilkinson et al., 2008). Accordingly, scholars such as Weber and Fried (2011), Myloni et al. (2007), and Popaitoon and Siengthai (2014) have paid more attention to the ways of implementation during a period of CBAs, reflecting on the effects of the HRM policy at the MNC headquarters on the HRM practices of subsidiaries’ HRM practices. This idea echoes a research in international HRM that has produced several models of HRM practices that link these practices and the degree of the host country (e.g. MNC internationalization and cultural differences) (Myloni et al., 2007; Weber, Rachman-Moore, & Tarba, 2017).

In Thailand, for example, Popaitoon and Rayton (2012) examine the role of institutional and cultural differences in the link between employees’ satisfaction with HRM practices and their affective commitment in financial services’ workplaces in the UK and Thailand. The results show that while the connection between satisfaction and commitment is of similar magnitude in the UK and Thailand, that level of commitment is linked with different HRM practices. Their findings are consistent with the cultural and institutional differences between the two countries that managers should consider the specific conditions in which they operate rather than simply adopting a best-practice approach to HRM. In addition, Zhu, Warner, and Roney (2007) have found that the general trend of HRM practices in the ASEAN, including Thailand, tends to transform toward a more flexible HPWS rather than the traditional approach. These results echo the studies of Lawler and Atmiyanandana (2003), who found that the changing HRM practices in Thailand after the Asia Financial Crisis tend to adapt a global HRM policy to the local environment, and HR managers play a more strategic HR role. It reflects on Ulrich’s (1998, p. 4) view that the new HR responsibility has built the organization to embrace and capitalize on change. Particularly, during a transition period of CBAs, HR managers play a new role as change agents to help organizations adapt quickly, manage risk, and build sustainability (Ulrich, 2001).

2.3 HR Roles as a Change Agent during a Transition Period

Ulrich (1998, p. 4) suggests that “HR’s role as a change agent is to replace resistance with resolve, planning with results, and fear of change with excitement about its responsibilities...perhaps the hardest and most important challenge facing many companies in this era of flux is changing their culture”. He suggests to bringing about a new culture that HR as a change agent should follow a four-step process: (1) to define and clarify the concept of culture change, (2) to articulate why culture change is central to business success, (3) to define a process for assessing the current culture and the desired new culture, as well as for measuring the gap between the two and, (4) to identify alternative approaches to creating culture change. Scholars find that people during a transition period require to be willing let go of patterns, behaviors and attitudes that are no longer conducive to wellness, while accepting instability and increasing creativity and innovation (Maguire, 2010). Sandler (2009) suggest key behaviors of leaders as a change agent that composes of prompt and considered action, honest and consistent communication, emotional connection and inspiration. Taken together, they will support their employees effectively and maximize their morale and performance during a transition period.

¹ Retrieved from <http://www.nissan-global.com>. Renault-Nissan Alliance.

Based on the context of the study, Schuler et al. (2004) point out that managing human resources is a key strategic challenge for organizations particularly for those engaged in CBAs. Their empirical study provides a significant number of HR issues in the processes of CBAs (see table 1). Schuler et al.'s (2004) three-stage model adapted for this study explains different HR issues during the transition period and allows the organizations to anticipate and manage changes.

Table 1: The three stages of CBAs and HRM concern issues

Stage 1: Precombination	Stage 2: Combination	Stage 3: Solidification
<ul style="list-style-type: none"> - Cultural Assessments - HR policies and the financial liabilities associated with them - Financial risks associated with loss of talent 	<ul style="list-style-type: none"> - Financial risks associated with loss of talent - The integration manager - The new business manager - Integration teams - Restructuring/Downsizing - Managing Communications - Knowledge sharing 	<ul style="list-style-type: none"> - Leadership - Strategy and structure - Culture - Responding to stakeholders - Learning - Recognizing failure

Footnote: adapted from Schuler et al. (2004, p.87)

3. RESEARCH METHODOLOGY

Qualitative method can be used to obtain the intricate details and deep understandings about phenomenon and human perspectives such as feelings, emotions, thought processes (Strauss & Corbin, 1998). Yin (1993) proposed the case study is a method of choices for investigating a complex interaction a phenomenon and a context. This suits for this study to gain insight knowledge and deep understandings on the salient HRM issues during CBAs between two MNCs from different cultures in Thailand.

3.1 Case Selection

To answer the research question, the companies were selected based on the following criteria: (a) to be CBA company, (b) to complete all the processes of CBAs based on Schuler et al. (2004), and (c) to solidify a new CBA company that might consume time, approximately five years. Below are the details of Case A and Case B based on documentary and the in-depth interviews.

Case A (Internationally Acquiring UK-Petroleum in Thailand [XYZ] by ASEAN-Petroleum [AAA])

XYZ was one of the most successful, wealthy oil UK Petroleum MNCs in the world. In 1990s, it ran downstream marketing in Thailand under the XYZ Retail Brand. While XYZ had been running its business in Thailand, one of the most success factors was the employment branding in terms of paying very high salary and providing benefits by far beyond the market rate in the Thai labor market at that time. These had shown on terms of the employment contract: (1) providing guarantee at least three months' bonus, (2) increasing salary at least 10% annually, (3) supporting allowance-car, oil expense, house rent, etc., varying by management position, and (4) giving 12% of provident funds and health care and other benefits. Undoubtedly, every XYZ employee did

really enjoy these benefits and had long years of service with XYZ British Petroleum in Thailand. XYZ assigned expatriates from the United States and UK in charge as managing director (MD). XYZ's parent company did not measure the annual performance of its foreign subsidiaries by country like a profit center; it was possible it chose to run business in Thailand only for gaining know-how of Asia's market. While XYZ in Thailand has been lost in 5 consecutive years, the company still provided all benefits and raised employees' salaries every year. With a strong competitive oil market, it caused their employees to be unaware of any changes. As we know, during the last decade, there have been a lot of changes in the world's economy, including the oil price crisis in 2003². Both reasons for the world's oil crisis since 2003 and the low performance of XYZ in Thailand mainly caused the company to withdraw their investment in Thailand and find solutions to sell out their entire operations in Thailand to other oil MNCs.

AAA is one of the most successful ASEAN petroleum MNCs. As a young MNC seeking to expand their business in this region, on February 1, 2005, AAA acquired XYZ Petroleum's business in Thailand, which marketed petrol, diesel, and lubricant products under its XYZ logo by offering the best prices among competition bidders; AAA took over a retail network of 118 sites, a lubricant business, and a staff of about 800 people.

Case B (International Joint Ventures between EU-TelCom in Thailand and TH-TelCom)

Since Thailand's agreement with the World Trade Organization (WTO) liberalized basic telecommunication services, EU-TelCom MNCs was the first telecommunication MNC to conduct FDI in Thailand until 2005 under a bright, colorful logo. At that time, demand for experienced professionals in the telecommunication industry in Thailand escalated, while the supply was truly scarce. EU-TelCom MNC was very successful in terms of attracting talented employees with cosmopolitan characteristics to join the company, paying high salary (as high as three times that of the other two main competitors in Thailand) and providing them very good benefits and allowances. In 2003, EU-TelCom MNC did international joint ventures (IJVs) with Thai-TelCom MNCs under a new entity of "EU-TH TelCom IJVs." The benefits for "EU-TH TelCom IJVs" were (1) improved levels of network efficiency and quality, (2) ability to monitor internal activities, (3) control and tracking of equipment vendor activities, (4) control and tracking of the network design and build, (5) control of payments and finance, (6) dynamic build plans, and (7) enabling vendors to plan/forecast accurately. In 2006, IJV was rebranded into a new entity.

3.2 Data Sources

Case study research is characterized by the analysis of various sources of both primary and secondary data that help to develop a theory (Yin, 1993). The main source of empirical data in this research was semistructured interviews with regional/ country HR managers. To supplement, support, and verify the interviews, a secondary source of data for a considerable amount of archival data related to managing HR particularly during the stages of CBAs was also added. This methodology constituted an appropriate method for ensuring data triangulation (Eisenhardt, 1989). The process of data collection composed of three main stages. Stage 1 was a first round of one-on-one interviews. In stage 2, the outcome of these interviews was crosschecked with secondary data (e.g., company annual report). Step 3 was a second round of interviews for clarifications and collecting more data.

² Retrieved from <http://en.wikipedia.org>. 2000s energy crisis.

3.2.1 Semistructured Interview.

A semistructured interview is appropriate for exploring the issue of complexity, procedural by nature, personal, or controversial and generally researchers use this method to gain detailed information of a respondent's beliefs about, or perceptions or accounts of, that particular topic (Smith, 1995). It contains a list of open-ended questions to be asked with follow-up questions prompting if particular responses are offered. The open-ended interview also allows participants to raise other important issues not contained in the guide and in fact no fixed sequence of questions is suitable to all participants (Denzin, 1970 cited by Silverman, 1993). It allows more flexibility for both the interviewer and interviewee to further explore some insights or interesting points emerging in interview, or for interviewer to probe for details where necessary. The questions, however, should be set in a logical order and those with sensitive areas should be left later in the interview when the interviewee is more relaxed and comfortable speaking to the interviewer (Smith, 1995). The guideline of questions was adopted from Schuler et al. (2004) as shown in Appendix. It follows to the stages of cross-border alliances (CBAs): i.e., precombination, combination, and solidification, between an old company and a new MNC partner.

3.2.2 Expert Interviews.

This research used the in-depth interview with experts. The in-depth interview refers to a formal one-to-one interview conducted by a trained interviewer who asks a set of semistructured questions in a face-to-face setting (Smith, 1995; Yin, 1993). For qualifications of experts for this study, the selected experts are a Regional-HR manager and a Country-HR country that have main responsibilities to manage international alliances and play a key role of change agents through the processes of CBAs. Before taking the first round of interviews, the researcher had sent the semi-structured questions via email and shared my objectives of this study by telephone. The first round of interviews consumed time approximately two and half hours, and ongoing contact with the interviewees mainly via telephone and face-to-face meeting to clarify certain points for the second round. Since many HR issues contain with sensitive and confidential information, companies did not allow taking tape-recorded. Instead, the researcher took notes during the interviews as shown in details of results.

3.3 Data Analysis

The data analysis employed here approaches common to qualitative, inductive research studies (Yin, 1993). The following steps used to analyze the narrative transcripts, which are adapted from the work of Potter and Wetherell (1987).

Step 1: Reading the transcripts. This allows the researcher to experience as a reader and also become aware of "what a text is doing".

Step 2: Coding through reading the transcripts repeatedly by identifying all instances of reference to the discursive object which for this study is 'stress causal relationship'. This step is to ensure all material which is potentially relevant is included.

Step 3: Categorizing codes through rereading transcripts repetitively, looking for patterns both the features shared by accounts and the differences in the content and form of accounts, themes, etc.

Step 4: Identifying discursive strategies for example, disclaiming, footing, metaphors, analogies, etc. and subject positions by looking into the rhetorical context or argumentative organization of talk.

Step 5: Forming, refining and validating how these effects coherently fit together in explaining or supporting the findings.

Step 6: Reporting the conclusion, validation procedures, specific parts or aspects of the extracts so that the reader can assess the researcher's interpretations.

In this research, the researcher has relied on both within-case and cross-case analyses. Next, the researcher looked for within-case and cross-case similarities and differences to gain insightful knowledge from research objectives. The following section has demonstrated the results by narrative script from the interviews to compare with the theory (Schuler et al., 2004) and to take opportunities of gaining potentially new insights that emerge from the stages of CBAs from selected cases.

4. RESULTS OF THE STUDY

This qualitative inquiry aims to investigate what the salient HRM issues in Thailand emerge during a transition period of CBAs and understand what and how HR managers as change agents manage their people during the period of precombination, combination, and solidification.

4.1 Precombination of CBAs

4.1.1 Case A.

Before XYZ was acquired by AAA in 2003–2005, there were plenty of rumors within the organization. For example, “XYZ would sell out their operations in Thailand to other oil MNCs.” In literature, this stage of precombination was implemented by a parent company/regional headquarters. Accordingly, it was very difficult to control any information from rumors while HR managers from XYZ had kept telling their (rumor) people that “nothing would happen as thought.”

Up to January in 2005, everything was clear when XYZ asked all middle managers and higher-ranked officers to present their performance and what they have done before to four bidding oil MNCs, including AAA. Eventually, AAA won the bidding price, XYZ made an announcement to all concerned parties-media, staff, suppliers, etc.-about changing into a new investor, AAA Retail.

AAA was one of the oil MNCs from an ASEAN country wholly owned by its government. AAA was also a young organization that had experience in the business for less than 40 years and had no experience on IM&A in cross-border companies. AAA still hired all existing XYZ employees in Thailand under the old XYZ employment contract. However, the AAA headquarters had assigned their own three ASEAN expatriates (one MD and two senior engineers) to take the place of the U.S. and UK expatriates from XYZ. During this stage, HR's main role as a change agent was to control the rumors in the organization and to enhance people's mood in terms of security and trust.

4.1.2 Case B.

In 2003, EU-Telcom MNC did international joint ventures (IJVs) with Thai-TelCom, conducting fixed-line household for more than a decade under a new entity of “EU-TH TelCom IJVs.” Before conducting an official announcement in 2003, both partners conducted many management team meetings through several communication channels to ensure both partners, including middle managers and higher-ranked officers, understood the direction. What the company was concerned about the most was the public image of the company and the employee perception regarding this IJV initiative (see details in section 3.1). Therefore, the preventive actions of the company mainly focused on key messages and communications very carefully. EU-TelCom had experienced about implementing CBAs; therefore, the company had assessed the organizational cultures of both EU-TelCom and TH-TelCom before making an announcement. In literature, national cultures (e.g., power distance and uncertainty avoidance) affect numerous management practices at the organizational level (Hofstede, 1984). Table 2 shows the different organizational cultures of the two partners; for example, it is obvious that TH-TelCom is high on power distance uses management systems and processes that reflect a strong concern for hierarchy. The concern for hierarchy and inequality in organizations is rooted in the early socialization in the family and school; those children are expected to be obedient to their parents and elders (Hofstede & Hofstede, 2005). On the other hand, EU-TelCom is low on power distance uses management systems that mirror a strong concern for participation, employee involvement, and voices.

Table 2: Comparison of the organizational cultures of EU-TelCom and TH-TelCom

Cultural Assessment	EU-TelCom	TH-TelCom
Organizational Culture	<ul style="list-style-type: none"> - Simple, fun, sharing, and low power distance of boss and subordinates - Flexible organization 	<ul style="list-style-type: none"> - Bureaucratic with high power distance of supervisions and subordinates - Rigid/formal organization
Leadership Styles	<ul style="list-style-type: none"> - Participative and consultative leadership 	<ul style="list-style-type: none"> - Authoritarian and benevolent leadership
HRM Policies	<ul style="list-style-type: none"> - High employee involvement HRM systems - Results-based measurement/job-grading measured by KOSOCs of each grade* - Informal dress/T-shirt and Jeans - Acceptable for mobile office-working at home or outside 	<ul style="list-style-type: none"> - Cost-driven HRM systems - Process-based measurement/ bonus and reward based on years of service - Uniform - Serious work at office

Footnote: *A job grade is a label for identifying levels within the pay structure; therefore, a salary range is the range of compensation for a specific grade. Before conducting this system, HR must do a job assessment to identify which one will be which specific grade by assessing KASOCs (knowledge, abilities, skills, and other characteristics). If employees are unable to improve their skills to move up to the next grade, that means their salary will freeze. In many companies, if their performance is below average for a certain period (usually two years), it might cause them to be fired without receiving severance pay.

Table 3 provides HRM issues during the precombination of CBAs based on Schuler et al. (2004) (see details in table 1) and additional salient HRM issues in Thailand (i.e., employment contract and public image) from analyzing a within-case and cross-case study. In addition, for this stage, HR as a change agent needs to control rumors and makes a clear communication before making an announcement.

Table 3: HRM concern issues at stage 1 by comparing Case A and Case B

Stage 1:	HRM Concern Issues	Case A	Case B
Precombination of CBAs	- Cultural assessment	-	
	- HRM policies and financial liabilities associated with them	-	√ partial
	- Financial risks associated with loss of talent	-	-
		-	- Check the employment contract carefully*
			- Concern on public image about conducting IJVs*
	Reasons of CBAs	- Loss in 5 consecutive years and world oil crisis in 2003 - Look for acquisition by the other MNC offering the best price	- Convergences and synergies of telecommunication technology
	Methods of biddings	- Choose the bidder offering the best price (based only on economic issue not included in HR issues for this acquisition) - Only middle managers present their performance in terms of job description, people, and performance.	- This decision involved only the top management
	HR roles as a change agent	- Control rumors before making an announcement	- Communicate a clear objective between the middle managers of both partners via meetings, etc.
	Experience on CBAs	-	√

Footnote: Additional HRM issues from the selected cases

4.2 Combination of CBAs

4.2.1 Case A.

As discussed in the previous section, it seemed that nothing changed because everyone still did the same jobs and positions except that they were under the new management from an ASEAN country. However, this led to the most significant change in terms of new HRM policy. Table 4 shows how the HRM policies of XYZ differed from those of AAA. Previously, XYZ increased their people's salary and provided bonus every year, while its performance had been lost for five consecutive years. Therefore, during the stage of integration, AAA needed to change to a new HRM policy because it could not survive with these guarantee benefits as shown on their formal employment contract already signed. Then, AAA had established a new global HRM system instead of the XYZ-HRM policy. As shown in Table 4 regarding the consequences of changing to a new HRM policy in 2005 to 2007, AAA had a turnover rate of up to 10%. It had never happened when the company was operating under XYZ. AAA needed to take care of itself in terms of performance even it adopted a global HRM system and cut cost; AAA still had lost. In 2008, AAA made an important decision to cut cost by downsizing, the first time it did since it established the company in Thailand, in order to recover. To downsize, low performers were asked to resign.

Table 4: The HRM policy of both XYZ and AAA

XYZ: HRM policy*	AAA: HRM policy	Consequence (Example)
Cost Center (centralization)	Profit Center (decentralization)	AAA evaluated its foreign subsidiaries by country and needed every foreign subsidiary to survive with its own performance, not depending on a parent company for subsidy.
No performance appraisal system and guaranteed paying following the contract: 1. Fixed bonus (at least three months of salary for paying bonus annually) 2. Salary increase 3. Allowance 4. 12% provident fund and other benefits	Adopting global HRM system* by conducting 1) job assessment 2) job grading	- After doing assessment and job grading, AAA found almost all employees had received their salary beyond the salary structure ceiling; therefore, they would not receive salary increase and bonus like before. - To do the job assessment, it caused people from the same level receiving a different grading since the assessment relied on their skills, knowledge, abilities, etc. Accordingly, it caused them to have unequal opportunities to grow up into their career path.

Table 4: The HRM policy of both XYZ and AAA (Continued)

XYZ: HRM policy*	AAA: HRM policy	Consequence (Example)
People enjoyed their benefit	People are disappointed about their benefits and are stressed by a new system of their performance appraisal (result-based)	<ul style="list-style-type: none"> - People voice out that AAA did not follow their former employment contract-sue in Thai labor court in many cases. - People hated HR because they did not trust HR and they thought that HR was on the management's side.

Footnote: *Previously, every employee in XYZ had already signed the XYZ employment contract.

**A structured compensation is widely used for implementing global HRM systems. For the traditional compensation system, the salary has been increased by inflation rate or at least a month guaranteed bonus even though the company had lost. For example, most Thai banks had guaranteed a three-month bonus a year; many Japanese automobiles provided a six-month bonus. Regarding the concept of a structured compensation, a pay structure is a tool used to link external market data to an internal pay program. Then set a job grading; a (job) grade is a label for identifying levels within the pay structure as shown in detail in Table 2.

HR played the role of a change agent at this stage to help AAA recover from its poor performance. The company could not pay big-cash bonuses as XYZ had done before. Therefore, what HR could do were:

- (1) to learn seriously about the contract and the concerning issues about the Thai labor law for making a solution not against the Thai labor law;
- (2) to move people into different positions, since, under the old position, people would work on the old XYZ contract, which caused them to ask for all the benefits from their former contract; hence, people moved into new positions for signing a new contract under AAA's policy;
- (3) to communicate to people that things are changing and that the company needs to survive; and
- (4) to train and educate people about a new HRM policy.

4.2.2. Case B.

As an IJV company, it must combine two existing structures into one structure. It was very difficult because the two structures had different logical running businesses in terms of HRM systems and technologies. This stage was divided into two phases (a) the early stage of combination still working under two structures and (b) the mature stage of combination already combined into one structure.

The early stage of combination

During the early stage of combination, managers from each partner had worked together and shared their information through meetings. With a negative perception from both sides, it was very challenging to coordinate work with one another as they realized this initial objective of IJVs. Below are the details of their negative perception:

- a) Insecurity of technology convergences: For example, EU-TelCom's staff perceived the product convergence this way: "TH-TelCom was a dying business to merge operations with." Accordingly, they thought that "their company could not survive the operations because it had high operational expenses together with asking for support from TH-TelCom." On the other hand, TH-TelCom's attitude toward the EU-TelCom company was "they worked like a big brother to secure EU-TelCom's operations in Thailand."
- b) Company images: EU-TelCom's staff were very proud of working for MNCs with an international brand, but now they needed to rebrand into a new local brand in the traditional way of working (e.g., seniority, process-oriented performance, etc.). On the other hand, TH-TelCom's staff felt truly inferior working in an international environment that every business transaction was based on English, including Chinese sometimes. In addition, performance appraisal was based on the results of a system that they were not familiar with.
- c) Different ways of management systems: As shown in Table 2, a new IJV followed the EU-TelCom HRM system and did freeze benefits to cut costs. Implementing it under two structures was so complicated. For example, for the same position of middle HR manager, the salary of the EU-TelCom manager with two years of service was 130,000 baht a month, whereas the salary of the TH-TelCom manager with eight years of service was only 35,000 baht a month. Employees from both sides confronted the challenges; for example, TH-TelCom's employees needed to improve their skills to achieve their position requirements, and EU-TelCom's employees realized now that their salary was beyond the salary range/box that they might have no chance for increase.

The mature stage of combination

What the HR managers as change agents did was to ensure people's understanding and to cooperate with all concerned parties about combining into one structure. For example, the HR managers invited the line managers from the two operations to participate in meetings dealing with their people and a new organizational structure. Together with a cost-driven concept of a new IJV, it happened at the operational level that most of the EU-TelCom staff gradually resigned because they were treated with no respect in terms of both branding and the existing EU-TelCom corporate culture. At the organizational level, it seemed that the operations were running well, and up to the present, EU-TH TelCom is the only operator that can provide convergence technology for the consumers in Thailand. Through stability combination, EU-TelCom retained only 20% of their employees.

Table 5 provides the HRM issues during the combination of CBAs based on Schuler et al. (2004) and additional salient HRM issues in Thailand (i.e., minimizing employees' negative perception, retaining key people, and balancing existing and new organizational cultures) from analyzing a within-case and cross-case study. In addition, for this stage, HR as a change agent needs to handle all the chaos, train people in a new environment, and balance the needs between the management and the employees.

Table 5: HRM concern issues in stage 2 by comparing Case A and Case B

Stage 2: Combination of CBAs	HRM Concern Issues	Case A	Case B
	-The integration manager**	-	-
	-The new business manager	- Taking the old UK and U.S. expatriates' places by ASEAN expats.	-
	-Integration teams	-	- At the early stage, the company still operated LUVs with two structures but adopted an HRM global system for job grading with a certain salary range. The company really focused on being cost driven. - At the mature stage, restructuring but not retaining key people.
	-Restructuring/ downsizing	✓	✓
	-Managing communications	✓	✓
	-Knowledge sharing	✓	✓
		Employees' negative perception* of new ASEAN acquirer, focusing on economy, not on people.	Employees' negative perception* from both sides.
		Ignore to retain key people.*	Ignore to retain key people.*
		-	Ignore to maintain existing corporate culture* (for EU-TelCom).
	HR's role as change agent	- Handle all chaos, particularly issues involving employment contract. - Communicate and train people to fit into a new HRM global system.	- Handle all chaos, particularly issues involving employment contract. - Try to combine two structures into one. - Cut cost. - Invite employees from both sides to participate in the change program through meetings. - Communicate change.

Footnote: * Additional HRM issues learned from the case

** Based on Schuler et al. (2004), in the theory, to implement CBAs, MNCs often hired a CBA-experienced professional as a third party to be an integration manager who did not involve with any sides of CBAs. For selected cases, a regional/country level had taken this role of the main responsibility of integration.

4.3 Solidification of CBAs

4.3.1 Case A.

After downsizing in 2008, the rest of the AAA employees were more aware of the change that the company has done. However, at present, less than 40% of the old XYZ employees remained and continued working with AAA. Based on the interviews, the researcher found that many resigned people avoided moving away from their old comfort zones. HR plays the role of a change agent to boost existing employees' morale and adjust their attitude toward change in a new environment.

4.3.2 Case B.

It was successful in terms of legal documentation (e.g., employment contract). Now the organization still handled the blending of people from different structures into one structure. It was still an operation with two practices—they said, "They were merged in terms of structure and systems, but the two old entities still carried on with the same old ways of work for some time." Because HR operations were now mainly dominated by TH TelCom, all the systems established in a systematic approach were wiped out and unfortunately replaced by a bureaucratic process. Based on the interviews, one of the critical factors that helped the successful IJVs in EU-TH TelCom was being strict in the timeline of each combination stage. HR played a role in this stage similar to the one in Case A to boost their employees' morale and adjust their attitude toward change to be ready for any changes.

Table 6 shows that the HRM issues during the solidification of CBAs from analyzing a within-case and cross-case study are consistent with Schuler et al (2004)'s study. In addition, for this stage, HR as a change agent needs to boost people moral and adjust their attitudes to ready for change.

Table 6: HRM concern issues in stage 3 by comparing Case A with Case B

Stage 3:	HRM Concern issues	Case A	Case B
Solidification	Leadership	√	√
	Strategy and structure	√	√
	Culture	√	√
	Responding to stakeholders	√	√
	Learning	√	√
	Recognition failure	√	-
	HR Role as a Change agent	- Boost people moral and adjust their attitudes	- Boost people moral and adjust their attitudes

5. DISCUSSION AND CONCLUSION

This qualitative inquiry aims to investigate the salient HRM issues that emerge during a transition period of CBAs in Thailand and how HR managers as change agents manage their employees during this period. This research has offered an empirical, explorative study on two selected CBA companies that have already passed through the transition period. The results are consistent with Schuler et al.'s (2004) three-stage model of CBAs and have gained some insights particularly in the context of the study. As seen in the case studies, the results are summarized in Table 7 and linked to the stated managerial issues. In conjunction with each issue, the researcher describes the key roles and key activities of HR as a change agent in improving the effectiveness of CBAs, particularly in MNCs in Thailand.

Table 7: Three stages of CBAs and the salient HRM issues in Thailand

A Transition Period of CBAs	HRM Issues in Thailand	Key Activities of Change Agent
Stage 1: Precombination	<ul style="list-style-type: none"> - Cultural assessments - HRM policies - Concern for public image* - Cross-checking of employment contract* 	<ul style="list-style-type: none"> - Controlling rumors - Communicating only key messages - Setting team meetings to provide clear objectives
Stage 2: Combination	<ul style="list-style-type: none"> - The new business manager - Integration teams - Restructuring/downsizing - Managing communications - Knowledge sharing - Handling of employees' perception* - Retaining key people* 	<ul style="list-style-type: none"> - Handling all chaos - Combining two structures into one - Balancing the needs of the management and the employees - Participation programs - Communicating and training about change
Stage 3: Solidification	<ul style="list-style-type: none"> - Leadership - Strategy and structure - Culture - Responding to stakeholders - Learning - Recognizing failure 	<ul style="list-style-type: none"> - Improving employee moral - Adjusting employees' attitude to become ready for change

Footnote:* Additional salient HRM issues in Thailand.

First, during the precombination of CBAs, the HRM issues of each partner should pay more attention to cultural assessment, particularly the high cultural distance between partners such as in Case B. While Case B has experienced CBAs in other contexts before, Case B still underestimated the resistance to change of employees with high uncertainty avoidance. Moreover, the international acquirer must study hard the acquired company, particularly their employment contract, such as in Case A. In Case A, a new employment contract was not prepared in acquiring the other company. Hence, in Case A, the existing employees still continued with their old contract (e.g., annually guarantee three-month bonus), which led to many conflicts and destroyed their public image since what they did was against the Thai labor law. Besides HR's role as a change agent at this stage (i.e., control rumors and communicate clear objectives), HR needs to anticipate what changes will happen and minimize them.

Second, during the combination stage, HR should understand that any changes need to take time to become a master plan. Additional salient HRM issues, besides those proposed by Schuler et al. (2004), should pay attention to investigating employees' perception, listening to employees' voice, communicating to them to gain each other's trust, balancing the needs of the management and the employees, and buying benefits for the employees to make them ready for change. It requires more training programs to educate and communicate to people about that change (Lewin, 1947; Ulrich, 1998; 2011). Changing people's attitude requires a certain amount of time and trust. In addition, if the companies rush to make changes, it is not worth losing key talent people and diminishing existing people's morale, which eventually causes low job performance in both individual and corporate levels (Atkinson, 2005). In addition, Edwards and Edwards (2014) argue that employees' voices have shown to positively affect employees' commitment and trust in companies undertaking major changes, such as CBAs, and it obviously matters whether employees are given a voice or not. Accordingly, HR managers should enhance employees' involvement and participation during the transition period. For the last stage of CBAs, the new company needs to collect lessons learned along the CBA processes, and the HR manager as a change agent needs to boost the morale and trust of the existing employees.

Although this research sheds light on many salient HRM issues in Thailand, some limitations should be noted. First, although data richness is an advantage for this interview method, its shortcomings include using open-ended questions requiring an experienced interviewer in order to gain as much necessary information from the participants, particularly the interview script for analysis (Yin, 1993). This research uses a "stress-causal relationship" during in-depth interviews based on the work of Potter and Wetherell (1987) to ensure that all the results are potentially relevant to the research questions. Second, the participant may not be comfortable with the interview. As a result, he/she might provide a different version of reality to fit into the environment (Potter & Wetherell, 1987). Accordingly, the researcher also triangulated data from other sources (e.g., documentary, observation). Furthermore, the participants are Thais who possibly led the researcher to taking into account the Thai culture in the analysis of the way they perceived the social world as well as their social actions (Smith, 1995).

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Appendix: Semi-Structured Interviews
adapted from Schuler et al (2004: pp.96-116)

Questions below follow to the stages of cross-border alliances (CBAs) between your company and a new MNC partner (as an anonymous name of XXX). Thank you for your valuable information

Questions: Stage 1 Pre-Combination of CBAs

1. What happened to your company (reason for this strategic alliance) and why XXX wanted to acquire/join its company in Thailand?
2. Previously, your old employees had had experienced about CBAs before? It was the first time XXX acquired/joined MNCs running businesses in Thailand?
3. XXX decided to acquire/join the whole of your company or only partial? If acquiring only partial company, what did your company handle with the rest?
4. What were HR main roles of this stage? (for example: training programs for employees throughout the company should begin to incorporate basic educational modules to inform employees about the legal, financial, operational, and human issues associated with CBA activities.)
5. How HR improved employees' understanding of the CBA situation?
6. At the first stage, did the company identify who were key talent people and key managers before making announcement XXX acquired/joined your company? And how to retain these key people?

Please analyzing cultural assessments for your company and XXX companies

Cultural Assessment	Your Company	XXX (the new partner)
Corporate Culture		
Leadership Styles		
HR Policies		

7. What your company concerned the most before making the announcement? What were the preventive actions for these concerns?

Questions: Stage 2 Combination and Integration of CBAs

About the integration manager

1. Who is the integration manager? (Insiders from which companies "Your Company People" or "XXX people" or Third Party)
2. Has he/she experienced of integrating CBAs before?
3. What are his/her main duties? (for example.. working closely with managers of the acquired firm to create consistency between the acquirer's and the acquiree's standard, educating the new management team about the acquirer's business cycle, reviews, and other processes, such as strategic planning, budgeting, and HR assessment)
4. In your opinion, is he/she successful of integrating both companies/partners? Why

About the new business managers and the integration teams

5. What is the blending approach for this integration?
6. How effective this approach adopt?

About restructuring, downsizing and how HR communicated during the chaos

7. It's done only once after carefully planned or keep it slowly
8. How HR helps them ensure their understanding and cooperation about restructuring?
9. How HR ensure that key people would not resign their jobs?
10. How HR managed the chaos during turbulent times?

About Knowledge Sharing

11. What are the challenges and lessons learned of sharing knowledge from the old company/teams into the new company/teams? How
12. In your opinion, what are the most challenges for this stage? How (combination and integration of CBAs)

Questions: Stage 3 Solidification and Assessment of CBAs

1. Did you complete the original plan of the CBA process as planned? If not, what happened to extend the plan or what happened the company had to change into a new plan? and how?
2. What are critical factors to help CBAs complete for your company? How
3. What are HR practices today in terms of training & development, performance appraisal and compensation systems? How was different from the former one?
4. Throughout the three stages of CBA processes, what are learning and recognizing lessons? How? In retrospect, if you can change, what would you do?