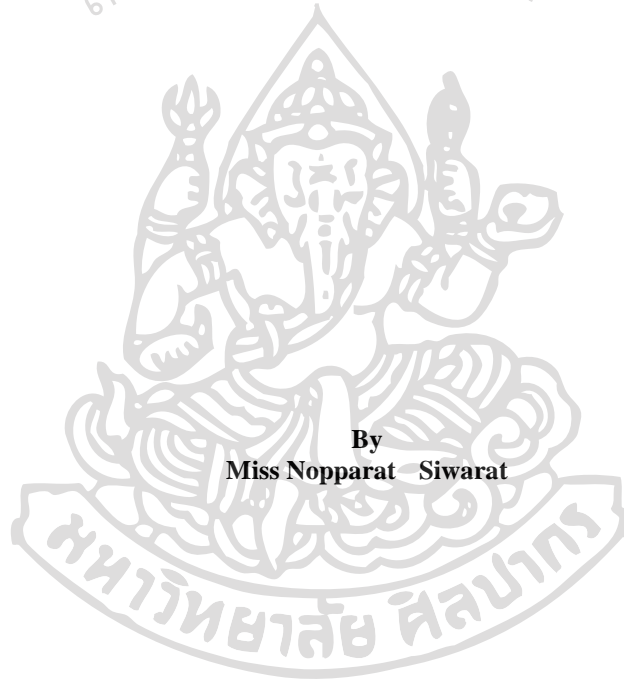**THE EFFECT OF THE INCREASED MINIMUM WAGES ON A 3-STAR MEDIUM SIZE HOTEL IN BANGKOK: CASE STUDY OF ALL SEASONS GOLD ORCHID BANGKOK HOTEL**

By
Miss Nopparat   Siwarat

An Independent Study Submitted in Partial Fulfillment of the Requirements for the Degree
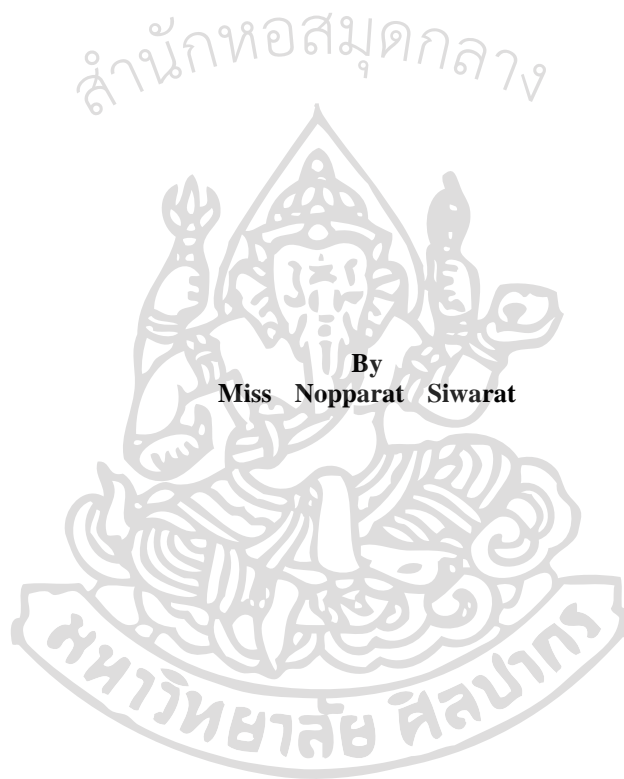**Master of Business Administration Program in Hotel and Tourism Management**
International Program
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The Graduate School, Silpakorn University has approved and accredited the independent study title of " The effect of the increased minimum wage on a 3-star medium size hotel in Bangkok: Case Study of All Seasons Gold Orchid Hotel Bangkok " submitted by MISS Nopparat Siwarat as a partial fulfillment of the requirements for the degree of Master of Business Administration in HOTEL AND TOURISM MANAGEMENT

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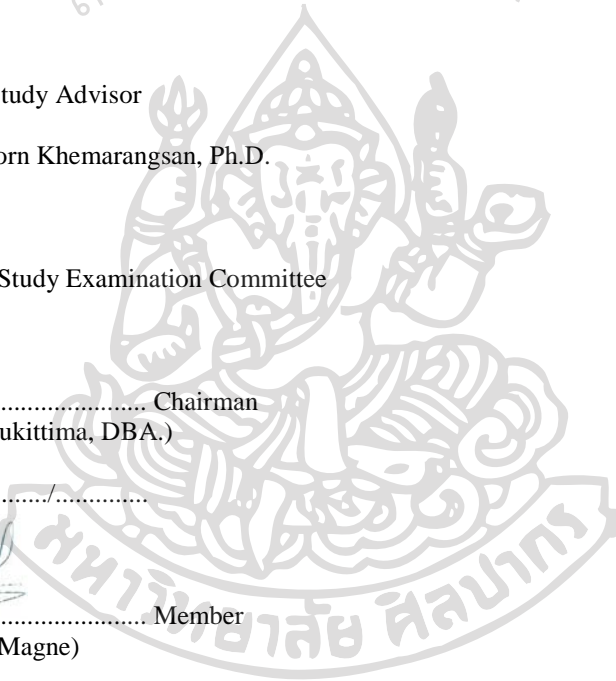
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        NOPPARAT SIWARAT : THE EFFECT OF THE INCREASED MINIMUM WAGES ON A 3-STAR MEDIUM SIZE HOTEL IN BANGKOK; CASE STUDY : ALL SEASONS GOLD ORCHID BANGKOK HOTEL. INDEPENDENT STUDY ADVISOR : ARDIPORN KHEMRANGSAN, Ph.D. 53 pp.

        The objective of this research paper is to examine decisions of the Management of All Seasons Gold Orchid Bangkok Hotel concerning the increased minimum wage; how they manage changes occurring in the organization, the implementation process of new policies set by the Management including factors that make the implementation of change successful or fail, and employee reaction towards those policies as well as effects of the increased minimum wage on the hotel operation.

        Qualitative research method, specifically case study, is used to conducted the research in order to obtain rich detail in the hotel planning as well as managers and staffs attitude and opinions.

        The new minimum wages law affects the hotel payroll expense and financial result. To overcome this problem, the management comes up with 3 strategies. The hotel has to earn more revenue by using Yield Management to increase occupancy and average room rate. The hotel also has to control number of staffs so that they can control payroll expenses. Another strategy is to decrease other expenses in hotel operation and control departmental expenses.

        Implementing these three strategies causes changes in the hotel. To effectively manage the changes, Strategy Formulation, Communication, Human Resource, Culture, Resistance to Change and Rewards & Control should be taken into consideration.

        The result shows that the Executives of All Seasons Gold Orchid Bangkok Hotel can moderately manage the changes. The hotel has a good leader, the GM, to lead the organization towards the changes. Organization structure and culture also support changes. In addition, rewards and control help motivate staffs to put forward their best performance. Nevertheless, room for improvement can be found in communication, resistance to change and human resource.

Acknowledgments

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Chapter One

Introduction and Overview

1.1 Hotel industry in Thailand

This year, 2013, is expected to be a golden one for the hotel industry, with a parade of new openings in major tourism provinces thanks to improved political stability which has created a better investment climate, and the upcoming ASEAN Economic Community (AEC) single market in 2015. According to data released by the Thai Hotels Association (THA), an estimated 3,919 new rooms, mainly four- and five-stars, will be added to the market during the course of the year.

The hotel industry in Thailand is a mature industry marked by intense competition. It is essential for hotels to strive to deliver to their guests not only their products and services but also quality and satisfaction which may lead to long-lasting survival and profitability. In addition, quality is the keystone to success and is perceived as a key factor in acquiring and sustaining competitive advantage. It is believed that providing quality products and services can improve satisfaction of customers that lead to increased visitation, repeat purchases of the same products, customer loyalty and relationship commitment.

1.2 New minimum wage law

A recent issue that might have an impact on the hotel industry is the new minimum wage law launched by the government.

The increase of minimum wage was approved by The Cabinet of Thailand on October 17, 2011. Employers in all industries in Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Phuket, Samut Prakan and Samut Sakhon were to comply with this law which has been effective since April 1, 2012 whereas it was imposed on other provinces on January 1, 2013. In Bangkok, the minimum wage was increased by 39.5% from 215 Thai Baht to 300 Thai Baht per day. Regarding to Hotel Industry, it was confirmed that service charge could not be included in the minimum wage. Hotels had no choice but to raise employees' salary and pay casual staffs according to the new law.

1.3 Objectives

This paper uses All Seasons Gold Orchid Bangkok Hotel as a case study. It aims to examine these following issues;

- The Management's decisions concerning the increased minimum wage; how they manage changes occurring in the organization

- The implementation process of new policies set by the Management including factors that make the implementation of change successful or fail, and employee reaction towards those policies

- Effects of the increased minimum wage on the hotel operation

1.4 Hotel background information

All Seasons Gold Orchid Bangkok Hotel is a 3-star hotel in Accor Group. It was first opened in 2003 as Gold Orchid Bangkok Hotel. It then joined Accor in 2007 using All Seasons brand name.

At present, the hotel is undergoing the rebranding process because All Seasons brand will no longer exists. Accor hotels using this brand will be converted to 'ibis' brand due to the stronger brand image and public awareness. Besides, it is in the same category of 3-star hotels. Each property, however, can choose other options; they can terminate their contracts with Accor Group or become multi-brand hotels managed by Accor. All Seasons Gold Orchid chooses the second option and it will remain a 3-star hotel. The hotel will be named 'Gold Orchid Bangkok Hotel managed by Accor.' The owner of the hotel is Singaporean and the current General Manager, sent by Accor, is Thai.

The hotel is situated in a business precinct. It is located on Vibhavadi Rangsit Road, near to Toll Way and many office buildings including Bangkok Airways Headquarter and Thai Airways Headquarter. Its main target is Leisure guests. The market segmentation of this group of guests is more than 60%. The hotel has 159 rooms which can be divided into 4 types: Standard, Superior, Junior Suite and Royal Orchid Suite. As for facilities, the hotel has 2 Food & Beverage outlets, 4 function rooms, Fitness Center and an outdoor swimming pool. The hotel hires 118 permanent staff (as of March 2013).

1.5 Hotel situation analysis

In order to have a better understanding about the hotel situation in the market, internal and external factors will be analyzed using SWOT analysis and Porter's 5 forces model analysis respectively.

1.5.1 SWOT analysis

SWOT analysis is employed to evaluate strengths, weaknesses, opportunities and threats which will help the hotel identify favorable and unfavorable factors as well as find its competitive advantages. Strengths and weaknesses are internal factors while opportunities and threats are external factors. Also, strengths and opportunities are considered as helpful elements whereas weaknesses and threats are seen as harmful elements.

Strengths are characteristics that give the business an advantage over others.

Weaknesses are characteristics that place it at a disadvantage relative to others.

Opportunities are elements that the business could exploit to its advantage.

Threats are elements in the environment that could cause trouble for the business.

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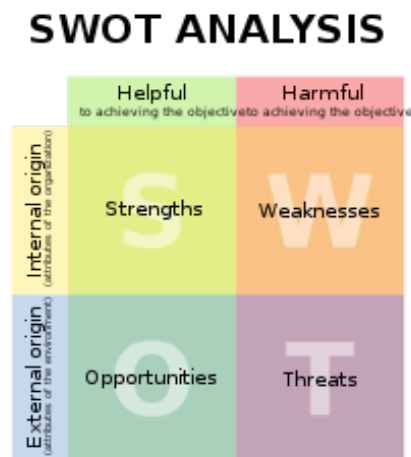
Strengths

- Location

    The hotel is located on the main road, near to many office buildings and the Toll way. Also, it takes only 20-minute drive from the hotel to Don

Muang Airport. The hotel is in the same area as the renowned Chatuchak Weekend Market, Central Plaza Ladprao Shopping Complex and Union Shopping Mall. It takes 5-10 minutes drive to these shopping centers. Moreover, there is a bus stop situated only 150 meters from the hotel.

- Hotel chain

    All Seasons Gold Orchid is in the Accor Hotel Group which is a renowned French Hotel Chain. This gives the hotel advantages in terms of advertising and Sales channels. The hotel is automatically featured on Accor Hotel websites for Sales. Also, Accor Loyalty program such as 'Le Club' and Accor Advantage Plus help promote the hotel.

- Customer base

    The hotel has a strong customer base. A large part of this group of customers becomes repeat guests with a high ratio of purchase over time. They are both Leisure and Corporate guests. Leisure guests come with Tour Agents while Corporate guests come from companies in the same area as the hotel.

Weaknesses

- Skills of staffs

    Not all staffs can perform their job professionally. Most of them still need more trainings on their knowledge and skills. Also, many staffs cannot speak English well.

- Lack of new products/services

    The hotel has no new product or service for a year. The latest addition was Beer Garden in November 2011. After that, the hotel has been selling the same products and services. After some times, guests might want something new and decide to go to other places.

- Low profit margin

    Since most of hotel guests come with Tour Agents, their room rates are low. Hence, the hotel's profit margin is low.

Opportunities

- ASEAN Economic Community (AEC)

  AEC will be officially launched in 2015. People in South East Asia Region will be able to travel more frequently. The hotel will be given an opportunity to get customers from new markets.

- Number of international tourists visiting Thailand

  Tourism Authority of Thailand (TAT) forecasts the country will welcome 24.5 million international tourists in 2013, an increase of 11.4%. Since the hotel is located near the renowned Chatuchak Weekend Market and shopping malls, there is a chance for the hotel to have more Leisure guests.

Threats

- New minimum wage law

  The increased minimum wage affects the hotel's payroll expense. If the hotel cannot earn more revenue to cover that increased cost, there will be less profit.

- New technology

  Due to the advance in technology, the hotel has to change its Property Management System (PMS) software. The current version will not be supported in the future. The hotel has to invest around ten millions to change the system.

- High competition

  There are many hotels in Bangkok. Thus, the competition is fierce. There is a possibility that the hotel loses its market share in some segmentations.

1.5.2 Porter's 5 forces analysis

Porter's 5 forces analysis is a framework for industry analysis and business strategy development. It allows an organization to see where it stands in the market.

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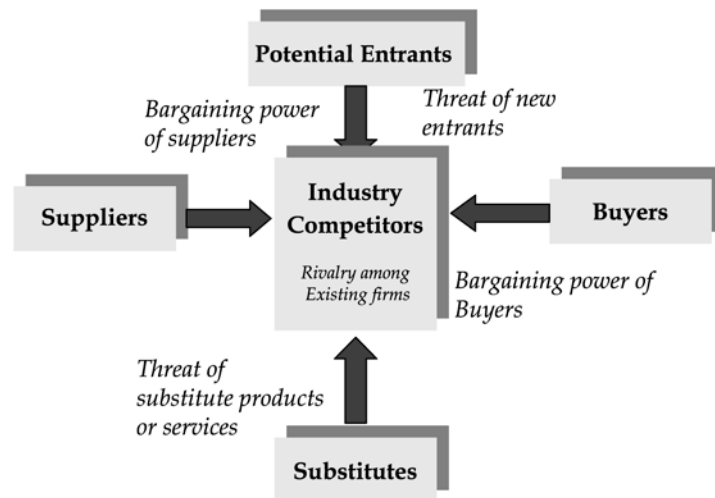
Industry Competitors (High)

There are many existing competitors in the industry. In Bangkok, there are thousands of 3-star hotels either locally owned or international hotel chains.

Potential Entrants (Low)

To open a 3-star hotel, it still requires a lot of Capital. Investors have to invest not only in land and buildings but also in system, technology and human resource. The investors have to ask for license to open a hotel as well.

Power of suppliers (Low)

Power of suppliers is low because the hotel can buy food, goods and other products from many suppliers. If the hotel is not satisfied with a supplier, it can switch to other suppliers easily. Besides, the hotel buys its supplies in bulk so it is easy to negotiate for cheaper price. Other than this, suppliers know that having a contract with the hotel means long-term business. So they tend to allow the hotel to get the upper hand just to keep their business. After all, they still make profit.

Power of buyers (High)

Power of buyers is high because guests can choose to stay at many places in Bangkok. Interesting and value for money packages can attract guests to stay at one place rather than the others. Since there are many choices, guests can easily choose an accommodation from location, brands and standard.

Substitutions (High)

There are many substitutions for hotel. It can be hostel, motel, guest house, B&B, serviced apartment, lodge, inn, restaurant with rooms, campus accommodation and even family's or friends' houses.

From these two analysis, it can be seen that All Seasons Gold Orchid Bangkok Hotel is competing in a high competitive environment. The opportunities that the hotel sees are opened for every competitors. In other words, every accommodation can benefit from the increased number of international tourists as well as the AEC in the future. Furthermore, existing competitors, substitutions and power of buyers are high. Although the hotel has location, brand and customer base as its strengths, it is still hard for the hotel to compete in the industry if its weaknesses are not improved.

1.6 Conclusion

It is obvious that the increased minimum wage affects the hotel's payroll expense and financial results. The Management of the hotel should use the analysis of internal and external factors to come up with solutions to deal with the problems as well as changes that will certainly happen in the organization.

Chapter Two

Literature review

This chapter aims to review relevant literature on organizational change, change management and determinants that affect the implementation of change. It will provide a brief review of major theoretical perspectives to understand organizational change, key approaches involved in the management of change in organizations and factors that make the implementation of change successful or fail.

2.1 Definition of change and change management

According to Cohen et al. (1995), organizational change involves 'moving from the known to the unknown, from relative certainty to relative uncertainty, from the familiar to the unfamiliar'. Another definition coming from complexity theorists states that change is 'characterized as a process that unfold over time, revealing periods of greater and lesser instability in which the restlessness of a system is an instinctive response toward survival in a continually changing environment' (Ferdig and Ludema, 2003). Hayes (2002) notes that changes are usually prompted by a need to maintain or improve an organization's effectiveness, where effectiveness relates to the organization's ability to use resources efficiently to achieve immediate goals as well as enhancing the need to changing conditions to be able to remain efficient over the long term (Carnall, 1999). In reference to France et al. (1987), improving an organization's effectiveness has important consequences for its overall corporate performance. A common theme found in these definitions is that change represents a movement from the present state of the organization to a desired future state.

Nadler and Tushman (1989) adopt a broader definition of change in which change can involve one or several components of an organizational system or a realignment of the entire system affecting all key sub-systems such as strategy, work, people, and formal and informal processes and structures. When the change impacts a large part of the organization, that change is considered to be strategic in nature. In contrast, when the change is limited to specific organizational components, with the aim of maintaining or regaining congruence, it is treated as incremental.

Other than this, Burnes (2004) proposes that change is an ever-present feature of organizational life both at an operational and strategic level.

Moran and Brightman (2011) define change management as 'the process of continually renewing an organization's direction, structure and capabilities to serve the ever-changing needs of external and internal customers. Lauer (2010) argues that the concept of change by the change management is primarily implemented due to economic downturns, economic growth issues, political, societal or technical general conditions, or due to the fact that some organizations do not have sufficient internal strength to sustain its position.

2.2 The imperative of change

Change has been studied and researched for many years. Philosophies, theories, models and techniques abound; all aim, with various degrees of credibility and success, to deliver sustainable organizational change (Todnem By, 2005). The review of literature reveals that organization-wide changes, especially in private sector, aim at making rapid improvements in economic value while attempting to create an organization whose structure, processes, people and culture are aligned with its current mission and future goals (Beer and Nohria, 2000). Any organization that ignores changes does so at its own peril.

Palmer (2003) states that some changes will always happen, but not necessarily the desired change. Therefore, change is inevitable and there are numbers of factors which make an organization want to change. Change can be implemented in an organization as a result of both internal and external factors. Internal factors refer to the current structure and processes of the organization. External factors, on the other hand, are brought about by the demands of customers or changes made in different organizations that were proven successful (Blokdijk, 2008).

Paton & McCalman (2008) say that the most obvious factor relates to significant changes in the external environment. This brings about changes in organizational paradigm and executives have to confront with unprecedented challenges of change. Identifying the need for organizational change and leading the organization through change is one of the most critical and challenging responsibilities in an organization.

Pettigrew (1985) suggests that changes within an organization take place both in response to business and economic events and to processes of management perception, choice and action. Managers in this sense see events taking place that, to them, signal the need for changes. They also perceive the internal context of change as it relates to structure, culture, systems of power and control. This give them further clues about whether it is worth trying to introduce changes. All in all, internal changes can be seen as responses or reactions to the outside world.

Judging from what is mentioned above, it is indeed true that change management plays a very important role in any organization. The focus of managing change is on the organization as a whole, rather than on its part like small work groups or single department. It is far better to plan for and manage change systematically, rather than simply react to events as they occur. Organization and its managers must recognize that change in itself is not necessarily a problem. The problem more often than not is a less than competent management of the situation. This problem can be compounded by failing to address and adapt working environment in the face of impending change (Buchanan et al., 2005). To survive and prosper, organizations must adopt strategies that realistically reflect their ability to manage multiple future scenarios (Paton & McCalman, 2008).

2.3 Implementation of change: determinants

Changes become the proposals for action that managers implement. Implementation is a series of steps taken by responsible organizational agents in planned change processes to elicit compliance needed to install changes. As difficult as choosing the right strategy of change management is, it is more difficult to implement it and achieve the desired results. An incredibly high percentage of changes introduced in business organizations do not reach their full potential, that is, do not reach full implementation or do not produce the benefits envisioned by their supporters.

Numerous studies acknowledge that strategies frequently fail not because of inadequate strategy formulation, but because of insufficient implementation (Li et al., 2008). Hrebiniak (2006) notes for example: "Formulating strategy is difficult. Making strategy work – executing or implementing it throughout the organization – is even more difficult". Having a sound strategy is only part of the success equation. Putting the strategy into real execution is a whole different matter and is widely considered to be the hardest challenge. It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process. The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented. Thompson & Strickland (2003) also stress that the strategy-implementing or strategy-executing task is the most complicated and time-consuming part of strategic management (cited in Schaap, 2006).

Implementation is difficult because changes continue unabated during the process and minor or even major adjustments to strategy are required. Brian (1988) suggests that during the implementation of any change process, social defenses are developed against anxiety caused by the unknown. Whenever human communities are forced to adjust to shifting conditions, pain is ever present. To some degree, the downside of change is inevitable. By far, the biggest mistake people make when trying to change organization is to plunge ahead without establishing a high enough sense of urgency in fellow managers and employees. This error is fatal because transformations always fail to achieve their objectives when complacency levels are high (Kotter, 1996). Palmer (2003) agrees that changes that fail usually do not fail because of technical reasons but because of human reasons. This is also the reason why implementation of change often becomes the most difficult part of the change process.

Apart from this, there are many factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control (Li et al., 2008).

In this chapter, studies on 6 mains factors that influence strategy implementation - Strategy Formulation, Human Resource, Culture, Communication, Resistance to Change and Rewards & Control - will be reviewed.

2.3.1 Strategy Formulation

Managers, responding to needs and opportunities, revitalize organizations by setting in place planned changes that alter their organizations' products, services, internal operations, and policies.

Before an organization can start with the implementation, the strategy first needs to be formulated. What is labeled as strategy is actually not always a strategy but instead tactics or just objectives. Strategic planning is a process, that is, a series of steps followed by a company collectively trying to agree on where it is going and how it is going to get there (Abraham, 2006). Identifying purposes to be achieved is an integral part of the process. How and whether those proposes can be achieved in reality is the job of strategy and its implementation management. Although this may seem to be logical, strategies are often formulated without considering the implementation that is needed to actually put the strategies to action (Giles, 1991). Since successful strategy implementation starts with a good strategy, choosing the right strategy is crucial. The formulation process, however, does not always yield the expected result. An inherent lack of accountability in the planning process leads to problems and sometimes complete failures in execution. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006).

Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation. Moreover, a strategy should be realistic to implemented. If the formulated strategy is not implementable or worth implementing, the implementation is deemed to fail from the start. Also, several theorists suggest that the appropriate choice of a planning and implementation process is contingent on a number of factors - an effective planning process must be tailored to the particular context. Whether a strategy itself is consistent and fitting or not is a key question for successful strategy implementation. It is widely accepted that different strategies need to be implemented in different ways. Boal and Bryson (1987) say that planning and implementation should include at least four basic elements : the context, the planning and implementation process itself, the result or outcome of the change, and the interconnections among these three elements.

To be able to make strategic choices, the organization first needs to analyze the external environment to identify the opportunities and threats the organization is facing, which may affect the achievement of its mission. Moreover, the organization should identify its strengths and weaknesses through analyzing the internal operating environment. Based on this SWOT analysis, the organization is ready to make the necessary strategic choices, where it can use its strengths to correct its weaknesses, take the external opportunities, and counter the threats. Paton & McCalman, (2008) agree that to be able to manage change effectively, organization needs to go through a process of identifying possible faults, looking at alternatives to the current situation, weighing up the pros and cons of these alternatives, reaching decisions on the future state of the organization and implementing necessary changes. They add that "only by

considering the nature of the change can we determine its likely magnitude and potential impact." Successful determination of the nature of the change, at an early stage of the change cycle, should indicate the most appropriate means of managing the situation.

To put the formulated strategy into practice a number of actions on different levels of the organization are needed. Achieving strategic planning and management goals requires an actionable plan that considers the people required to bring the plan to fruition. Those involved in the management of change need to ensure that they have established, within reason, the exact nature of the change they are about to face. They must not lose sight of the fact that change must be viewed as an event capable of causing multiple dislocations to the organization's culture, structure, systems and outputs.

Apart from this, every goal cannot be the top priority and organizations set themselves up for failure by treating them all as if they were equal. Even if the capacity were there to take on unlimited amounts of work associated with implementation of strategic goals, organizations lack the energy or focus to take on too many goals at once. If priorities are not defined properly, it could either cause loss of attention for the strategy implementation or loss of attention for the regular work and other projects. It should therefore be clear to all employees involved in the implementation, which activities have most priority for execution. This includes implementation activities as well as regular work and other projects. Organizations must set priorities that address the criticality of each goal relative to others. Additionally, many elements of the plan may be foundational components that need to be in place before other goals can be put into execution. Some work must be deferred while other goals and the projects associated with it are fast-tracked to pave the way. Furthermore, enough time should, in general, be allocated to the implementation process. Time is pressured even more if priorities are not set correctly. Implementers and employees should either be freed from other tasks or they should understand the priorities given to their different tasks. (Higgins, 2005; Beer et al, 2000; Hambrick et al, 1989; Alexander, 1985).

This is why detailed planning is so important. Not having clarity on the objectives of the strategy, the tasks and activities in the implementation, and the responsibilities that employees should take, could have an adverse impact on the implementation of strategy. When the strategy is not completely understood by the employees involved in the implementation, it will be difficult for them to effectively work towards the determined goals. Moreover, if employees do not know which responsibilities they have, conflicts may arise, or activities may be forgotten all together (Beer et al, 2000). Detailed planning involves breaking down work into smaller parts. People can accomplish work more efficiently when complex jobs are deconstructed into smaller groupings of related tasks. Nonetheless, most organizations tend to avoid getting into the details of planning. The problem is, when it comes to execution and achieving goal outcomes, the details of execution tactics are just as critical as the strategy. Once ambiguity creeps into strategic plan goals, it leads to

confusion and failure in execution. It is clear that a poor or vague strategy can limit implementation efforts dramatically.

Overall, good strategy should be clear, concise and specific. Also, the plan should be realistic and actionable. Priorities should be set so that implementers know what to be done first.

2.3.2 Human Resource

It is essential for the management to take into consideration the effect of change on the human side of the organization. Researchers find that management usually focuses on the technical elements of change with a tendency to neglect the equally important human element which is often crucial to the successful implementation to change (Levine, 1997; Huston, 1992; Steier, 1989). Therefore, the importance of human side of change cannot be underestimated; one must identify and manage the potential sources and causes of potential resistance and ensure that 'motivators' are build into new processes and structures (Forlaron, 2005). Viseras, Baines, and Sweeney (2005) also find out that strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors. Apart from this, Sharma (2007) states that many incremental adjustments in beliefs, skills, values and behaviors at the individual level bring about personal change. Overtime, summated incremental individual adjustments within the organization lead to real organizational change. Individual change is at the heart of everything that is achieved in organization. Once individuals have the motivation to do something different, the whole organization can begin to change (Cameron and Green, 2004).

Executor

Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process (Govindarajan, 1989). Here, quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001). Ineffective leadership is a factor mentioned by almost all researchers as a reason hindering the implementation of strategy.

Managing change is a multi-disciplinary activity. Those responsible, whatever their designation, must possess or have access to a wide range of skills, resources and knowledge (Paton & McCalman, 2008). Hence, designing, evaluating and implementing successful change strategies largely depends on the quality of management team, in particular the team's ability to design the organization in such a way as to facilitate the change process in a responsive and progressive manner.

Executors can be comprised of top management, middle management, lower management and non-management. Top management refers to senior-level leaders including presidents, owners, and other high ranking executives (CEO, CFO, COO etc.) and senior-level managers. Several researchers emphasize the effect of top management on strategy implementation (Schaap, 2006; Schmidt & Brauer, 2006; Smith & Kofron, 1996). Most of them point out the important figurehead role of top management in the process of strategy implementation. Smith and Kofron (1996) believe that top managers play a critical role in the implementation – not just the formulation – of strategy. Hrebiniak and Snow (1982) also find that the process of interaction and participation among the top management team typically leads to greater commitment to the firm's goals and strategies. This, in turn, serves to ensure the successful implementation of the firm's chosen strategy (cited in Dess & Priem, 1995).

Availability and skills

Due to the importance of organizational change, its management is becoming a highly required managerial skill (Senior, 2002). Buchanan and Huczynski (2006) identify the key managerial competence as being the ability to handle change, which in turn creates an increasing demand for the development of associated competencies.

The lack of the right skills and abilities of the people involved in the strategy implementation have also been found to cause problems (Beer et al, 2000; Al-Ghamdi, 1998; Alexander, 1985). Alexander (1985) suggests that there are many problems which over half of the corporations experience frequently, such as the involved employees have insufficient capabilities to perform their jobs, lower-level employees are inadequately trained, and departmental managers provide inadequate leadership and direction. Eemployees do not always receive the correct training and instruction to be able to perform their work, which may have changed due to the newly implemented strategy (Beer et al, 2000; Al-Ghamdi, 1998).

Another major change in the human resources system is the way training is handled. Training is certainly an important instrument to influence behavior in a company. This will finally help accelerate the process of organizational changes. Chimhanzi (2004) suggests that cross-unit working relationships have a key role to play in the successful implementation. Criteria for quality improvement are added to the annual personnel evaluation forms and employees must be able to show how they have been able to contribute.

Consensus

Rapert, Lynch and Suter (1996) say that *strategic consensus* refers to the degree to which the functional area believes that a chosen strategy is the most

appropriate goal for their organization. Floyd and Wooldridge (1992a) label the gulf between strategies conceived by top management and awareness at lower levels as "implementation gap". They define *strategic consensus* as the agreement among top, middle, and operating-level managers on the fundamental priorities of the organization. Consensus, in their approach, has four levels: strong consensus, blind devotion, informed skepticism and weak consensus. Floyd and Wooldridge argue that strong consensus exists when managers have both, a common understanding of, and a common commitment to their strategy. Improving understanding and commitment can close this dangerous "implementation gap".

Strategic decisions are usually formulated by senior-level managers of the firm and then administratively imposed on lower-level management and non-management employees with little consideration of the resulting functional-level perceptions (Nutt, 1987). If lower-level management and non- management personnel are not aware of the same information, or if information must pass through several layers in the organization, consensus regarding that information may never come about. Thus, the lack of shared knowledge with lower-level management and non-management employees creates a barrier to successful strategy implementation. (Noble, 1999b).

Nielsen (1983) contends that firms must achieve consensus both within and outside their organization in order to successfully implement business strategies (cited in Noble, 1999b). Dess and Priem (1995) see consensus as critical in resolving differences, promoting a unified direction for the firm, increasing strategic commitment, and enhancing the successful implementation of a given strategy. Dooley, Fryxell and Judge's (2000) findings show that decision consensus appears to result in subsequently higher levels of commitment to the strategic decision among the members of the decision-making team. Moreover, this commitment, once engendered by consensus, is positively related to successful decision implementation. They also find that strongly committed decision teams reported more effective implementation than did the less committed groups.

Commitment

While strategic consensus reflects the belief that the strategy is the appropriate one to pursue, strategic commitment evaluates the depth of the willingness to expend effort and resources in pursuit of the strategy.

Major change is often said to be impossible unless the head of the organization is an active supporter. The revolution in organization design would be achieved by creating responsive working environment which emphasize the need to co-operate across and within functions; focus on service and quality; and search for holistic and integrated responses to trigger events; while encouraging participation, ownership and shared accountability (Spector, 1989; Handy, 1990). Alexander (1985) thinks that obtaining employee commitment and involvement can promote successful strategy implementation. Commitment and involvement should also be developed and

maintained throughout the implementation process. Noble & Mokwa (1999) put forward three dimensions of commitment that emerged as central factors which directly influence strategic outcomes: organizational commitment, strategy commitment and role commitment. Organizational commitment is defined as the extent to which a person identifies with and works toward organization-related goals and values. Strategy commitment is defined as the extent to which a manager comprehends and supports the goals and objectives of a marketing strategy. Role commitment is defined as the extent to which a manager is determined to perform his individual implementation responsibilities well, regardless of his beliefs about the overall strategy. Participative strategic planning positively affects personnel commitment to strategy implementation, which thereby increases company performance (Marko Kohtamäki et al 2012).

The outcomes of strategic planning depend on participants, the particular process used and the information on which decisions are based. A critical dimension of strategic planning is who gets to participate in the process. It is vital to involve right people in the strategic planning process. The involvement of all people concerned is very crucial in change management, that everyone should be committed to meet certain goals. Key implementation personnel should also be involved in the detailed implementation planning to increase their commitment (Giles, 1991; Hambrick et al, 1989; Alexander, 1985). It is a good thing to note that changes made in the organization should yield positive results as a consequence of joint efforts and great teamwork. In successful transformations, the management plus some employees with a commitment to improve performance pull together as a team (Kotter, 1996). The roles and responsibilities of each individual should be realized to help the organization and its processes become stable (Blokdijk, 2008). Everyone is accountable in accomplishing their individual tasks that are required to achieve the overarching organizational goals and some, including the CEO, may be accountable for reinforcement of the tasks.

Furthermore, each organization is facing a large group of internal and external stakeholders that need to be satisfied. In formulating the strategy of the organization, management needs to take into account the wishes and needs of all of these stakeholders, otherwise they might withdraw their support to the organization. However, since they might be opposing to one another, management cannot always satisfy all needs from all stakeholders. Therefore, management has to identify who are the most important stakeholders, after which they have to prioritize their needs to determine which strategy should be pursued (Hill et al, 2009). Even though the needs of stakeholders have become part of the strategy, managers do not always act in line with the best interests of the stakeholders and with that the organization. Moreover, employees in the organization do not always act in line with the strategy as laid out by management. This is why, in the planning process, it is imperative to include those who will be responsible for implementing it. Also, personnel with the right skills for the new strategic decisions should be involved in the implementation.
To ensure that an implementable strategy is formulated, key employees from different levels of the organization should be involved in the formulation process. This way, valuable knowledge from all organizational levels is used to create the strategy that

best fits the ultimate goals of top management, and can realistically be implemented considering the available resources of the organization, and the market conditions.

Apart from this, change is about ownership. It is one of reasons for failure of the strategy and related implementation activities. Giles (1991) even names it as the most important reason for failure. Involving key personnel already in the process of strategy formulation will create ownership of strategic decisions, which is crucial for the success of the strategy implementation. The management and employees must feel that they are responsible for the successful implementation of change. When key people in the formulation of the strategy are not participating in the implementation, ownership is lost in many cases, causing the increase of time needed for the implementation, or overall failure of implementation (Corboy et al, 1999; Al-Ghamdi, 1998; Alexander 1985). In other words, when people are coerced or maneuvered into changing situations, the result is at best indifference and at worst resistance. If the strategy is not owned by the employees involved in the implementation, it may lead to counter implementation, which causes the organization to move in the wrong direction.

To achieve a success during change, consensus and participations from every concerned parties are required. If they think they own the strategies, they will be committed to make changes.

2.3.3 Organization Culture

A fundamental part of managing strategy implementation is the organizational culture. Hill et al (2009) define organizational culture as the "specific collection of values, norms, beliefs and attitudes that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization". Many researchers describe culture as the shared philosophies, values, beliefs, expectations, attitudes and norms that knit a community together. Culture fills in the gaps between what is formally decreed and what actually takes place. These definitions reveal that culture is a complex concept that can involve many factors (Revenaugh, 1994)

Strategic execution cannot be planned without consideration of the organization's culture. Strategic goal implementation is a form of organizational change management. The methods of strategy implementation are affected not only by organizational structure, but also the values and social mores of the organization's culture. A strong organizational culture enhances integration and coordination within the organization. Culture gives members of the organization the ability to develop a collective identity, and guides them in their daily business relationships, execution of tasks, communication and decision making.

Moreover, a culture assessment is critical so the executives and entire organization can objectively perceive who they are. In essence, a culture assessment

enables the organization to self-reflect and know itself as a whole. As in any transformation, "self awareness" is the starting point (Anderson and Anderson, 2010).

One of the most comprehensive research results regarding culture classification is by Deal and Kennedy (1982). Their "Corporate Tribes Model of Organizational Culture" is one of the most popular and influential typologies for overall culture. Their model suggests that corporate culture can be understood and managed by identifying 4 different "tribes": tough-guy/macho, work hard/play hard, bet-your-company and process. The degree of risk associated with company activities and the speed of feedback from the environment are the determining factors as to which quadrant best describes the overall culture of an organization. *Tough-guy/macho* organizations have a high risk/quick feedback environment typified by the phrase, "Find a mountain and climb it". *Work-hard,play-hard* firms operate in a low risk/quick feedback environment and can be described by the phrase "Find a need and fill it". *Bet-your-company* organizations operate in a high risk/slow feedback environment typified by the phrase, "Play it Safe". *Process* organizations operate in a low risk/slow feedback environment typified by the phrase "Be perfect".

Work-hard, play-hard is a suitable culture to enhance strategic implementation process in hotel or restaurant businesses. The high-speed action will lead to the high speed reaction which will accelerate change process.

2.3.4 Communication

The terms 'communication' embraces a very wide range of situations including the skills of public speaking, debating, discussing, listening, counseling, mediating, negotiating, teaching and marketing (Caputo et al., 2003). To ensure your message is heard, understood and acted upon, one has to take communication seriously.

According to Heide, Grønhaug and Johannessen (2002), communication issues constitute the key barrier to the implementation of planned strategic activities. The language used is usually where the problems start. Eriksson and Sundgren (2005) insist that a common, shared, language will greatly enhance the communication process; enhancing understanding and potentially easing the process of acceptance and engagement. Ensuring enhanced communication in items of change is therefore essential (Graetz and Smith, 2005).

The findings of Peng and Litteljohn (2001) also show that effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. In fact, communication is pervasive in every aspect of strategy implementation, as it relates in a complex way to organizing processes, organizational context and implementation objectives which, in turn, have an effect on the process of implementation.

Rapert, Velliquette and Garretson (2002) agree that communication and shared understandings are vital in the implementation process. Therefore, organization has to deal with communication relating to change. The way in which change is communicated is a significant element associated with successful adoption. Effective communication designed to inform, consult and promote action will assist in overcoming both resistance to change and ignorance. Alexander (1985) points out that communication is mentioned more frequently than any other single item promoting successful strategy implementation. The content of such communications includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. It includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly.

Once the strategy has been formulated, management should inform all employees about the content, meaning of, and reasons for the new strategy. Besides, they should not only inform the employees, they should also leave room for questions from and discussion with the affected employees. Employees who are responsible and accountable for their scope of plan execution must understand what is to be done, when and how that affects the overall outcome. Throughout the implementation process, communication should flow bottom-up to allow management to monitor the implementation process and determine whether changes to the approach are needed (Neilson et al, 2008; Beer et al, 2000; Hambrick et al, 1989; Alexander, 1985).

Poor or ineffective communication, i.e. top-down, bottom-up and across functions and divisions, could negatively affect the strategy implementation. Senior management sometimes bypasses middle management, and directly obtains information from and gives orders to the lower level employees, causing ineffective communication lines in the implementation team. Also, when information is not flowing effectively from bottom to top, top management may not be aware of problems jeopardizing the implementation of the strategy, and therefore, not able to respond to these problems (Beer et al, 2000; Al-Ghamdi, 1998; Alexander, 1985). The information flow does not only include people communicating with each other but also information systems through which management is monitoring the implementation efforts. These, are in some cases, also not providing adequate information towards top management (Al-Ghamdi, 1998).

2.3.5 Resistance to change

Scott and Jaffe (1988) include resistance as one of phases through which change progresses. No matter how welcoming an organization is to change, it will still face a degree of employee, supplier, distributor, stakeholder and consumer resistance to change. People resist change because they fear the unknown and are comforted by the familiar.

In order to effectively carry out the change plan, it is extremely important for the organization's management to recognize and handle resistance effectively. It is

essential for the management to discover precisely "who" and the "why" of resistance. Such situation arises especially when there is poor and insufficient communication about the staffs' expected role in the change process and change is mismanaged from the top. Line-level employees may use delay or prevent attempts toward change that they find particularly threatening or disagreeable. This also implies that the manager responsible for implementing change may not have understood the requirements or has chosen to resist the change while verbally agreeing to it (O'Connor, 1993).

Individual sources of resistance to change are rooted in basic human characteristics such as needs and perceptions. Researchers identify 6 reasons for individual resistance to change: habit, security, economic factors, fear for the unknown, lack of awareness and social factors (Griffin and Moorhead, 2010). In other words, employees resist change because it threatens their needs for security, self-esteem, competence, status and social interaction. The main reason behind employee's resistance is the underlying fear and anxiety caused by uncertainties of change. One of the common reasons for resisting change is the feeling of discomfort with the nature of change itself. Another reason for resistance may be the method by which change is introduced (Sharma, 2007). In situation where people do not have sufficient knowledge about the causes and effects of change, they feel anxious and stressed and consequently resist change.

Coghlan and Rashford (1990) agree that maladaptive thinking does abound in the workplace. Bovey and Hede (2001), in their study on resistance to organizational change and the role of cognitive and affective processes, find that irrational ideas especially blaming, being inert and passive, not controlling one's destiny and avoiding life's difficulties are associated with resistance to change and individuals who possess higher levels of irrational ideas are more likely to resist organizational change. Researchers also find out that individuals unconsciously use well developed defense mechanism to protect themselves from change and from the feelings of anxiety changes cause (Bovey and Hede, 2011; Oldham and Kleiner, 1990)

With regard to the effect involved in the changes process, organizational upheavals lead to feelings of anger, denial, loss and frustration (Spiker and Lesser, 1995). Sullivan and Guntzeman (1991) agree that when there is change in the way one performed one's job, the individual experiences loss and grief. Also, since upheavals are accompanied by changes and/or losses in role identity, one undergoes feelings of anger, sadness, anxiety and low self-esteem. Over time, if the individual fails to adapt emotionally to change, they experience resistance (Spiker, 1994).

Kanter (1983) points out that it is always easy to accept a new idea in the first instance when its impact is still minimal. Once it starts to produce results then the detractors will appear and a host of negative comments and action materialize. Managers must be aware of the impact of their actions. Resistance to change can be reduced through creative organizational design and development but it cannot be eradicated. The effective change agent must be capable of orchestrating events, socializing within the network of stakeholders and managing the communication process (Paton & McCalman, 2008).

Managers must as well understand the fact that any change implies a certain amount of resistance and overreaction to such resistance may create future problems. Rather than resenting the resistors, the leaders need to look at resistance from a positive rationale. That is, negative reactions can lead to constructive information about change (O'Connor, 1993). This can be done by adopting a non-emotional debate and encouraging expressions of different opinions so that a common understanding of the problem is reached. Both positive and negative feedback should be taken into account and leaders are requires to adopt an open minded approach to negotiate with resistance (Sharma, 2007).

2.3.6 Rewards and Control

The final components of the process for strategy implementation are the organizational control systems. These systems, on the one hand, provide incentives and motivation to management and other employees to pursue the right activities towards achievement of organizational goals. On the other hand, control systems facilitate monitoring and evaluation of performance and progress on strategic goals. This enables managers to take action to, if necessary, adapt and strengthen the organization's business model. To allow managers to respond to unexpected events, the control system has to be flexible. Moreover, it should provide accurate and timely information on organizational performance to ensure correct decision-making by managers.

Strategic control can be accomplished through personal control, output control and behavior control. Personal control relates to the influence managers can have on employees through personal contact. Output control is the system of motivating employees by setting targets and evaluating the employees through comparing their actual performance to the targets. Behavioral control is based on setting rules and procedures to which employees have to comply (Hill et al, 2009). Merchant and Van der Stede (2007) define three other types of control, namely result controls which are similar to output control, action controls which are comparable to behavior control, and personnel or cultural controls. Personnel or cultural controls are related to personal controls but they entail more than influencing behavior through personal contact. The levers of control framework also defines control systems that should support management when implementing the strategy.

Cameron and Green (2004) suggest that one way to motivate and align workers to change effort is through a combination of rewards and punishments. Organization should spend time and effort ensuring that the right reward strategy and performance management system are in place and are clearly linked to an individual's behavior. As employees quickly learn what kinds of behavior are rewarded, the appropriate behavior is quickly emulated (Bertsch and Williams, 1994). Therefore, it should be determined which behavior is rewarded and how these rewards relate to performance. Next, the organization should create means for measuring and monitoring performance. Then, performance can be compared with the established

standards to evaluate whether action should be taken to better pursue attainment of strategic goals (Hill et al, 2009).

Change management is crucial if an organization wants to survive in the ever-changing environment. In order to successfully transform an organization, many factors should be considered. This chapter has discussed about 6 determinants that affect the implementation of change: Strategy Formulation, Human Resources, Culture, Communication, Resistance to Change, and Rewards & Control. These factors determine whether the implementation of change will be successful or fail.

This research paper studies how a company deals with the increased minimum wages by investigating a 3-star medium size hotel in Bangkok. It aims to examine the impact of the new minimum wage law on Management's decisions to deal with the change. Staffs' attitude towards new policies implemented by the Management will also be inspected. As stated above, to implement a strategic decision successfully, six determinants required to be taken into consideration during the implementation process. Hence, these factors discussed in this chapters will verify the hotel's ability to manage changes. They help determine whether the hotel can manage changes effectively.
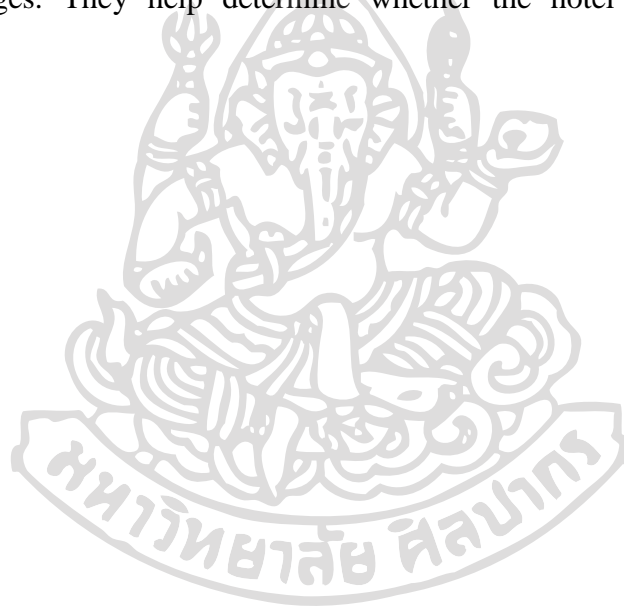
Chapter Three

Research Methodology

3.1 Introduction

Research methodology used in the study is discussed in this chapter. Study design, population, sample and instrument used to collect data are described.

The choice of methodology determines how a research is conducted and shows the quality of result as well as its validity. Choosing an appropriate method and technique is therefore essential.

There are two fundamental approaches which can be used to conduct a research: quantitative and qualitative methods.

Quantitative research approach is an objective, formal systematic process, numerical data findings. It describes, tests, and examines cause and effect relationships (Burns & Grove, 1987), using a deductive process of knowledge attainment (Duffy, 1985).

While quantitative methodologies test theory deductively from existing knowledge, through developing hypothesized relationships and proposed outcomes for study, qualitative researchers are guided by certain ideas, perspectives or hunches regarding the subject to be investigated (Cormack, 1991). Qualitative research differs from qualitative approaches as it develops theory inductively. There is no explicit intention to count or quantify the findings, which are instead describes in the language employed during the research process (Leach, 1990).

Qualitative research seeks to understand a given research problem or topic from the perspectives of the local population it involves. Qualitative research is especially effective in obtaining culturally specific information about the values, opinions, behaviors, and social contexts of particular populations.

Comparison of quantitative and qualitative research approaches

	Quantitative	Qualitative
General framework	Seek to confirm hypotheses about phenomena	Seek to explore phenomena
	Instruments use more rigid style of eliciting and categorizing responses to questions	Instruments use more flexible, iterative style of eliciting and categorizing responses to questions

	Use highly structured methods such as questionnaires, surveys, and structured observation	Use semi-structured methods such as in-depth interviews, focus groups, and participant observation
Analytical objectives	To quantify variation To predict causal relationships To describe characteristics of a population	To describe variation To describe and explain relationships To describe individual experiences To describe group norms
Question format	Closed-ended	Open-ended
Data format	Numerical (obtained by assigning numerical values to responses)	Textual (obtained from audiotapes, videotapes, and field notes)
Flexibility in study design	Study design is stable from beginning to end Participant responses do not influence or determine how and which questions researchers ask next Study design is subject to statistical assumptions and conditions	Some aspects of the study are flexible (for example, the addition, exclusion, or wording of particular interview questions) Participant responses affect how and which questions researchers ask next Study design is iterative, that is, data collection and research questions are adjusted according to what is learned

Source: Qualitative Research Methods: A Data Collector's Field Guide

3.2 Research Approach and Design

For the purpose of this research, qualitative research method, specifically a case study, is used to collect data.

Case study research excels at bringing researchers to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. Researcher Robert K. Yin defines the case study research method as an empirical inquiry that

investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984, p. 23).

Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Others feel that the intense exposure to study of the case biases the findings. Some dismiss case study research as useful only as an exploratory tool. Yet researchers continue to use the case study research method with success in carefully planned and crafted studies of real-life situations, issues, and problems. Reports on case studies from many disciplines are widely available in the literature (Stake, 1995; Hamel, 1993).

Once research questions have been defined, a typical case study is carefully examined and selected. It is vital that the case satisfies the purpose of the study and answers the research questions posed. This paper uses a case study of a company participating in a certain industry. In other words, a hotel, a part of hospitality industry, is used.

A key strength of the case study method involves using multiple sources and techniques in the data gathering process. Evidence to be gathered and analysis techniques to be used with the data to answer the research questions are determined in advance. Data gathered is qualitative. Tools to collect data include observation, documentation review and interviews.

The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. It provides information about the "human" side of an issue – that is, the often contradictory behaviors, beliefs, opinions, emotions, and relationships of individuals.

In this paper, qualitative research method is used to acquire a rich detail of the Management's plan to deal with the change caused by the increased minimum wage and the detail of staffs' opinions towards this issue. This method can provide a better understanding of their way of thinking. Interviewees will describe how they make certain decisions, what are their motivations or feelings and what are their expectations. Ultimately, qualitative research can show whether managers and staffs are thinking and working in the same direction.

3.3 Research Setting

The study is conducted at All Seasons Gold Orchid Bangkok Hotel, a 3-star hotel in Accor Group. It is situated on Vibhavadi Rangsit Road, in Suthisan business precinct. The hotel is near to many office buildings as well as Chatuchak Weekend Market and Shopping Malls. Its main target is Leisure guests. The market segmentation of this group of guests is more than 60%. The hotel has 159 rooms. It hires 118 employees (as of March 2013).

3.4 The Study Population and Sample

A Population is defined as all elements - individuals, objects and events - that meet the sample criteria for inclusion in a study. The study population for this research consisted of employees working at All Seasons Gold Orchid Bangkok Hotel.

A sample is simply a subset of the population. The concept of sample arises from the inability of researchers to test all the individuals in a given population. The sample must be representative of the population from which it is drawn and it must have good size to warrant statistical analysis. The main function of the sample is to allow researchers to conduct the study to individuals from the population so that the results of the study can be used to derive conclusions that will apply to the entire population.

Out of 118 employees, a convenient sample of 17 individuals are chosen for interview. Seven managers from six departments and ten staffs from five departments are selected.

Managers	**Departments**
General Manager	Administration
Assistant to Human Resource Manager	Human Resource
Sales & Marketing Manager	Sales & Marketing
Assistant to Reservation Manage	Sales & Marketing
Front Office Manager	Front Office
Executive Housekeeper	Housekeeping
Assistant to Food & Beverage Manager	Food & Beverage

Staffs	**Departments**
2 staffs	Human Resource
2 staffs	Sales & Marketing
2 staffs	Front Office
2 staffs	Housekeeping
2 staffs	Food & Beverage

Subjects included in the sample are selected to meet specific criteria. They have to be permanent employees and have been working at the hotel before the minimum wage was increased. Also, they are chosen because they work either in Human Resource Department or other departments that have direct contact with hotel guests. These individuals have to come from different departments so that it could be seen whether the same policies were implemented in each department and whether they have the same or different opinion about those new policies.

3.5 Data Collection

3.5.1 Data collection Instrument

Two sets of interview questions are used as data collection instrument: one set for managers, another set for staffs. The first set for managers focuses on planning and implementation while the second set for staffs focuses on implementation and result. The first set of interview questions is in English while the second set is in Thai to enable staffs to answer accurately.

Both strategists and implementers are interviewed in order to speculate if they are going in the same direction. The advantage of interview questions is they provide researchers with in depth and valuable information; interviewees can give more detail.

3.5.2 Data collection procedure

The interview was conducted on March 5, 2013. It took 30 minutes to interview each manager and 15 minutes for each staff. Each interview was recorded and transcribed. Every interviewees were consent to give information.

3.6 Reliability and Validity

3.6.1 Reliability

Reliability is degree of consistency with which an instrument measures the attribute it is designed to measure. Reliability can be ensured by minimizing sources of measurement error, for instance, data collector bias. Data collector bias is minimized by the researcher being the only one to conduct the interview, and standardizing conditions such as exhibiting similar personal attributes to all interviewees i.e. friendliness and support. The physical and psychological environment where the interview is conducted is made comfortable by ensuring privacy, confidentiality and general physic comfort.

3.6.2 Validity

The validity of an instrument is the degree to which an instrument measures what it is intended to measure. Content validity refers to the extent to which an instrument represents the factors under study. Therefore, interview questions are

based on information gathered during the literature review. The questions are formulated in simple language for clarity and ease of understanding. All interview sessions are conducted by researcher to prevent interviewees from asking other people to complete interview questions in paper on their behalf and send them back.

3.7 Ethical considerations

The conducting of research requires not only expertise and diligence but also honesty and integrity. This is done to protect the rights of interviewees. To render the study ethical, the rights of anonymity, confidentiality and informed consent are considered.

Individuals' consent is obtained before interview sessions. They are notified of their rights to voluntarily consent or decline to participate and to withdraw participation at any time. They are also informed about the purpose of the study. Interviewees are given the assurance that answers to research questions will not be able to link their responses to them at the stage of data analysis, therefore ensuring anonymity and confidentiality.

3.8 Data Analysis

"*Content Analysis*" is employed to analyze qualitative data. Content Analysis means analysis of the contents of an interview in order to identify the main themes that emerge from the responses given by the respondents. This process involves a number of steps as followed:

Step 1: Identify the main themes

Descriptive responses given by respondents to each question are carefully go through in order to understand the *meaning* they communicate. From these responses broad themes that reflect these meanings are developed. Since people use different words and language to express themselves, it is important to select wording of the theme in a way that accurately represents the meaning of the responses categorized under a theme.

Step 2: Assign codes to the main themes

To count the number of times a theme has occurred in an interview, a few responses to an open - ended question will be selected and identified the main themes. Researcher continues to identify these themes from the same question untill a saturation point is reached. These themes will be written down and a code will be assigned to each of them, using numbers or keywords.

Step 3: Classify responses under the main themes

Having identified the themes, the next step is to go through the transcripts of all the interviews and classify the responses under the different themes.

Step 4: Integrate themes and responses into the report

Having identified responses that fall within different themes, the next step is to write a report. While discussing the main themes that emerged from the study, verbatim responses can be used to keep the feel of the response.

3.9 Conclusion

Qualitative method, particularly a case study, is used in this research. Interview sessions are conducted by researcher to collect data from a convenient sample of 17 individuals. Two set of interview questions are designed to ask managers and staffs, strategists and implementers, about their plans and opinions about the new minimum wage issue and to see whether they are going in the same direction. Individuals' consent is given before the interview sessions start. Anonymity and confidentiality are ensured during the interviews and report writing.

To summarize, this chapter describes the research methodology including the population, sample, data collection, instruments as well as methods used to guarantee the ethical standards, reliability and validity of this study.

Chapter Four

Data Analysis and Interpretation

4.1 Introduction

The methodology described in the previous chapter provides the baseline for data-gathering. This chapter focuses on the analysis and interpretation of data gathered out of the instruments used in the study. The result of the study is presented using the tabular and textual presentations.

4.2 Findings and Discussion

Before the new minimum wage law was effective in April 2012, the Executives of All Seasons Gold Orchid Bangkok Hotel had tried to come up with plans to manage the change caused by the external factor so that they could minimize its impact on the hotel. The increased minimum wage certainly affected the hotel's payroll expense as well as financial result. Therefore, the Management had to formulate strategies to cope with this problem. The critical part was that managers had to find solutions which would satisfy both employees and the hotel owner. In other words, the hotel could not lay off any staff while tried to maintain good financial result.

4.2.1 Hotel's strategies to cope with the increased minimum wage

Once it was certain that hotels could not include service charge in the minimum wage, the General Manager of All Seasons Gold Orchid Bangkok Hotel had a kick off meeting with all Heads of Departments to discuss about how to deal with the change. They came up with strategies and action plans to manage the change in hope that they could lessen the effect of the increased minimum wages on the hotel operation and financial result. The GM said that in planning stage, only Heads of Departments were involved since the issue was quite sensitive to staffs.

It is revealed that payroll expense increased by 18% as a result of the new minimum wage law. To cover for that increased amount in hotel cost, the Management came up with 3 main strategies.

First, as room rental is the main source of hotel revenue, Sales and Marketing Department including Reservation Section has to focus on Yield Management in order to increase hotel revenue by increasing both Hotel Occupancy and Average Daily Rate (ADR). Sales Team plans to gradually increase room rates and tries to gain more market share.

The second strategy is to control the number of staffs. The hotel uses rightsizing method to restructure the organization by cost-cutting, reduction of workforce and reorganization of upper-level management. The goal is to get the hotel molded properly to achieve the maximum profit. To achieve this, the hotel decides to temporary stop recruitment process of new staffs and there would no replacement of resigned staffs unless it is necessary.

The third strategy is to decrease other expenses in hotel operation as well as to control departmental expenses in order to help reduce the total expenses.

These three strategies aim to increase hotel revenue and maintain expenses. By way of explanation, the hotel needs more revenue to cover the increase in payroll expenses. At the same time, other expenses should be decreased so as to control total expenses. If the hotel could maintain expenses, profit would not dramatically decrease.

4.2.2 Communicating changes

After the strategies had been formulated, the GM asked all Heads of Departments to inform their staffs about the plans and explain what expectations of staffs are. Then, he formally informed staffs about the change in a monthly Employee Forum to ensure that staffs get the right message and have a better understanding of the importance of the change. Staffs were given opportunity to ask the GM questions regarding the change. If they did not want to ask or voice their opinion in the Employee Forum, they could write messages and put them in the 'Messages to GM' box and the GM would read those messages later on. To convince staffs that changes were vital and that every staffs should cooperate, the GM explained to them about how the number of staffs, expenses, hotel revenue and their income were related.

First, staffs were told that if the hotel was to recruit more staffs, there was a possibility that they would get lower service charges due to the larger number of people who shared it. Next, staffs were informed that the increased payroll expenses affected the hotel revenue. When the hotel had more expenses, it earned less net income, hence the hotel profit decreased. This could affect the amount of annual staffs' bonus. The GM insisted that in order to control hotel expenses, the hotel had to maintain or decrease number of staffs. He guaranteed that no one would be laid off but there would be no replacement until the hotel was ready to pay more. Also, the GM convinced staffs that they could help control hotel expenses by saving energy and helping decrease departmental expenses.

The GM added that "It is necessary for the remaining staffs to have multi-skills and be able to do multi-tasks". He informed employees that they would be trained so that they could become more professional. Training would lead them to a better future because they would have enough skills and qualification to grow in their career path. In the end the GM asked every staffs to work in team towards the same goals which are increase of revenue and decrease of expenses. What the GM said in

the Employee Forum is repeated by managers in departmental meetings and staffs are constantly reminded of their roles and responsibilities in the new plans. There is also a monthly meeting to follow-up on the progress of changes.

Even though the GM tries to communicate about the changes to staffs, it is impossible to gain consensus from everyone. As said by ten employees in the interview, staffs were not allowed to participate in the planning process. In consequence, some of them might not agree with the plans formulated by the Management and try to resist the changes. According to Floyd and Wooldridge (1992), this level of consensus can be categorized as 'informed skepticism' where employees have high understanding of the change but have low positive commitment to the change. To create a strong level of consensus, it is important to involve right people in the implementation process. It is a good thing to note that changes made in the organization should yield positive results as a consequence of joint efforts and great teamwork. In successful transformations, the management plus some employees with a commitment to improve performance pull together as a team and create responsive working environment which emphasize the need to co-operate across and within functions; focus on service and quality; and search for holistic and integrated responses to trigger events; while encouraging participation, ownership and shared accountability. Also, managers should be active supporters if they want to obtain employee commitment.

All in all, communication is essential if the hotel wants to manage the changes effectively. It can be seen that All Seasons Gold Orchid Bangkok Hotel allows both top-down and bottom-up communication. On one hand, executives inform all employees about the content, meaning of, and reasons for the new strategies and give staffs all information regarding to changes. On the other hand, staffs have the right to ask questions, discuss and give their opinion about the changes. Nonetheless, communication is not entirely effective. The Management cannot convince every staffs to agree with the plans to cope with changes. It is possible that some staffs do not fully understand what their roles and responsibilities are in the change management processes but assume that they understand or they might unintentionally misinterpret the given information. When staffs do not completely understand the plans and the imperative of changes, they might not give their full commitment. Other than this, staffs might not provide adequate information towards top management so the executives cannot use the information to analyze mistakes in their plans. If the communication was truly effective, the implementation process would go smoothly and there would be no doubt about the plans. Ultimately, partially effective communication can leads to mild resistance to changes which will be discuss later in this chapter.
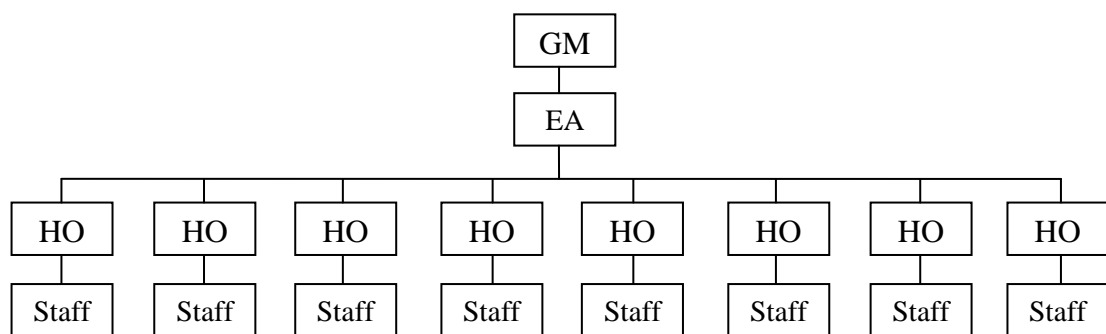
4.2.3 Changes in the hotel

After the new strategies are implemented along with some new policies, many changes occur within the organization. Whether the hotel can manage the change effectively or not depends not only on the effective communication as aforementioned

but also on system and human resources. Changes and factors involved in the implementation of change - organization structure, human resources, culture, resistance to change, and rewards and control - will be discussed in this section.

Organization Structure

When the Executive Assistant to General Manager (EAM) resigned, the General Manager hired no one to replace him. He chose to do some works himself and delegated other works either to his secretary or Heads of Departments. The hotel's organization structure was changed as a result of this decision. Corporate Hierarchy is shortened by one level as shown below.

Former Organization Structure

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                    ┌─────┐
                    │ GM  │
                    └──┬──┘
                    ┌──┴──┐
                    │ EA  │
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│HO│ │HO│ │HO│ │HO│ │HO│ │HO│ │HO│ │HO│
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Current Organization Structure

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                    ┌─────┐
                    │ GM  │
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 ┌────┬────┬────┬────┼────┬────┬────┬────┐
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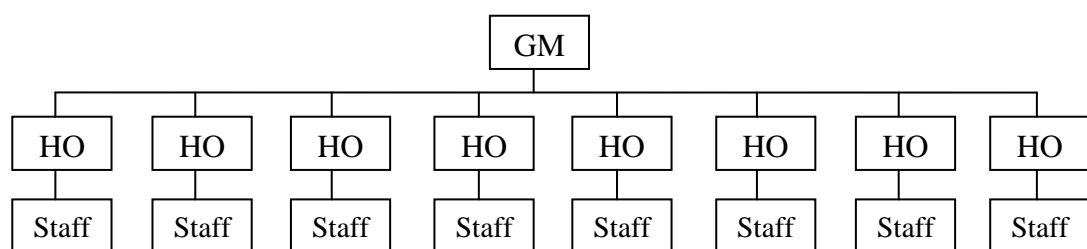
HOD = Head of Department

The organization structure of All Seasons Gold Orchid Bangkok Hotel became flatter. The GM supervises managers and managers oversee their staffs. He controls and supervises nearly everything and everyone after the EAM resigned. Flat organization structure allows for quick decisions and actions. Also, fast and clear communication is possible among these few levels of management. This organization structure is suitable for routine and standardized activities in the hotel.

There are, however, downsides of flat organization structure. Since there are many subordinates under one manager, it is possible that the manager loses control over staffs. It is true that the GM cannot control every staffs so he has to depend on managers to control their subordinates. If the executives lost control, there would be major internal conflicts and resistance. Problems of coordination between various subordinates may occur as well. Apart from this, efficient and experienced superiors are required to manage a large number of subordinates. In this case, GM is the appropriate top leader because of his knowledge and experience.

As of now, this organization structure suits the hotel since it facilitates the rapid change management processes. For the future, it remains to be seen whether this structure will be suitable or not.

Human Resource

- Leader

To put strategies into action, the General Manager becomes the leader of changes himself. He makes sure that strategies are implemented according to plans and he actively involves in the change management. He is the only who sees the big picture and understands every detail of the plans. There would be no major problems if one manager resigned because all information is in the GM's hands and he knows how to direct other people to work according to the plans. Sometimes, when there is no suitable person to handle the job, he does that job himself.

The GM realizes that every staffs look up to him so he acts as a role model and sets good examples for staffs. Since one of the strategies is to freeze the intake of new staffs and not to replace the resigned staffs, the GM decides not to hire the new Executive Assistant to General Manager. He said that "To encourage the remaining staffs to do multi-tasks or to do more works because their colleagues resign, I must show them that the GM has to work hard as well." He wants to convey a message that there is no exception for the GM regarding to the new policies. Besides, he wants to show all staffs his commitment to the organization in hope that he could gain employee commitment in return.

It is crystal clear that the GM is the person who works hardest in this organization. If the GM resigned or moved on to manage another hotel, there would be a lot of problems in the future because no one would be able to continue his works. Thus, as long as he is still the GM of All Seasons Gold Orchid Bangkok Hotel, he can lead the organization towards the change despite obstacles that the hotel might face. Nevertheless, it would be better if he prepares and trains someone to be his successor.

- Availability and Skills

Having less staffs could pose a threat to the service quality of the hotel. In other words, the hotel will have less input for the same quantity of output. Staffs in

some departments will have more works while they still have to maintain or improve the service quality. In order to prevent problems that could be derived from this, the hotel is trying to find ways to use its human resources efficiently.

- Availability

The table below shows that the intake of new staffs had been paused from April to September 2012. Then, the number of staffs had gradually increased since October 2012. It slightly dropped in January 2013 but increased again in the following month. The only department that has no change in number of staffs is Security Department because the hotel uses outsourced security officers.

Number of employees from April 2012 - March 2013

Dept. / Month	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Admin	3	3	2	2	2	2	2	2	2	2	1	1
FA	10	10	10	9	9	9	9	10	9	9	10	10
SM	4	4	5	5	6	6	6	6	7	7	7	7
Eng	9	9	9	9	9	10	10	9	10	10	10	10
HR	3	3	3	3	2	3	3	3	3	3	3	3
FO	16	16	16	16	16	17	18	17	18	18	18	19
HK	23	21	21	20	20	22	21	23	25	24	25	26
Sec	5	5	5	5	5	5	5	5	5	5	5	5
F&B	15	13	13	13	14	13	14	15	15	14	15	15
Kitchen	21	21	21	21	20	18	18	20	21	21	22	22
Total	**109**	**105**	**105**	**103**	**103**	**105**	**106**	**110**	**115**	**113**	**116**	**118**

Before hiring new employees, the GM discusses with Department Heads about their workforce. Then he asks for comments from Assistant to Human Resource Manager. If he sees that it is reasonable and necessary to recruit new staffs, he gives his permission to do so.

For Sales and Marketing Department, the number of staffs increases because one of the hotel strategies focuses on earning more revenue. Thus, more people are needed to go out and sell rooms, take reservations from guests by phone or internet, and promote the hotel via different mediums. Sales Manager states that "There used to be only one Reservation staff on the team which was Assistant to Reservation Manager who made all the bookings. After the new strategies were launched and one of them required Sales and Marketing to focus on Yield Management to increase hotel revenue, Assistant to Reservation Manager had to start working on Revenue Management. That was why Sales and Marketing Department needed new reservation officer. After awhile, there were more bookings so another staff was needed. One staff was not able to response immediately to several phone calls and it was not good to make the guests wait on the line." Another person who works in Sales and Marketing Department is E-Commerce Executive. She used to work as Secretary to General Manager but GM saw her potential and assigned her new job. Then she was transferred from Administration to Sales and Marketing Department. This person, however, still performs the job of Secretary to General Manager. In other words, she is able to do multi-tasks by doing two jobs at the same time.

In Front Office Department, there had been no replacement for Guest Service Agents (GSA) who resigned. Front Office Manager said that "I promoted Operator to be GSA because he already knew about the system and the scope of work." The Manager admitted that work process was not really smooth especially when there were a lot of guests. "One problem we face was that it was hard for staffs to pick up phone calls when they were checking guests in and out or when they were dealing with guests at the counter. Then, I realized that it would be better if we still had at least an Operator. So I discussed with the GM about this problem and asked for one more staff." Front Office Manager added that the GM wanted one person to be Lobby Attendant to take care of guests while they waited in the Lobby and this person had to invite guests to be Le Club member which was Accor Loyalty program. A GSA had to do this job and Front Office Manager decided to request for more staffs on the team.

As for Housekeeping, the Executive Housekeeper gives feedback that "When there is high occupancy or the hotel is fully booked, maids cannot finish cleaning rooms before new guests check in at 2pm. They usually finish around 4.30pm even if they get help from the afternoon shift staffs, Public Area maids and supervisors. Sometimes, maids have to clean rooms quickly and quality drops. So, Housekeeping needs new staffs in the team."

Other departments that were not mentioned above have pretty much the same number of staffs. The stating number of staffs in April 2012 and the ending number of staffs in March 2013 are slightly increased or decreased.

Regarding contingent workforce, the hotel hires less number of casual staffs. When there are many guests on a particular day, some permanent staffs who have day offs will be asked to come to work on that day and take their leave on another day. Sometimes the hotel just hires permanent staffs to work during their day offs so that they do not have to take leave on other days. Managers also believe that permanent staffs are more professional than casual staffs. They are familiar with the place, people and the system so they can work faster.

It can be seen that remaining staffs cannot professionally perform their jobs. They do not possess enough skills to do multi-tasks. As a result, service quality drops and managers are in need of new staffs on their team. These staffs need more trainings to become professional.

- Skills

Assistant to Human Resource Manager acknowledged that staffs needed more training so as to have multi-skills and be able to do multi-tasks. Since the hotel does not have training section, the GM admitted that it was quite hard to develop knowledge and skills of staffs. He assigned the Assistant to Human Resource Manager and other Heads of Departments to come up with suitable training plans and asked them to train their staffs as best as they could by themselves. At some points, the GM also got managers from other hotels in Accor Group to train specific lessons to staffs.

Staffs in Front Office and Housekeeping Departments receive Standard Operating Procedure (SOP) trainings to refresh their knowledge. These two departments have direct and frequent contact with hotel guests so they have to work smoothly to give the guests quality service. Staffs in other departments usually receive on-the-job (OTJ) trainings either from the Department Heads or colleagues who have good skills. All managers try to organize weekly trainings for their staffs. Every staff is obliged to attend training sessions. Those who missed the trainings would be personally trained by their ".

Staffs are evaluated by answering random questions whenever managers ask. Mangers usually ask about their knowledge or about how they perform their jobs. Department Heads also observe how their staffs work in the real working environment to see if the quantity of work performed by a staff is increased and whether the quality is dropped or improved. For example, staffs in Housekeeping Department used to clean 18 rooms per day. When the number of staffs decreases, the remaining staffs have to clean 20-26 rooms depending on hotel occupancy. The Executive Housekeepers will observe and keep track of the progress her staffs make. Another *measurement of training results* are feedbacks from hotel guests. It is important to know how the guests perceive the service quality once the number of staffs is decreased.

For staffs who still need more training, managers train those staffs personally when they have time. Managers also assign a buddy for each of those staffs. Each pair

of buddies will work together in the same shift and the skilled staffs will teach and help their colleagues when they get stuck in some work process.

After trainings, managers can see that some staffs have slightly more knowledge and better skills. Managers, however, admit that it would take a long time before their staffs can work faster while still maintain or increase the quality of work. A manager said that "Some staffs are hard to train than others. They have the will power to learn and to improve their skills but it takes time for them to become skilled at what they do." Another manager said "Some staffs don't want to train at all. I have a hard time convincing this staff about the benefits that come from training." From staffs' perspective, a staff revealed that "I gain a lot of knowledge and skills from trainings. The only problem is I cannot always automatically transform theoretical knowledge into practice. I know what I should do but in haste I forget to do it. I have to remind myself how to perform to meet my manager's expectation and it would take some times before I get used to the new practices and standards." Another staff confessed that "When there is a time pressure like when there are a lot of guests, I don't really care about getting things done properly. I just want to get them done as fast as I can and then move on to other tasks at hands. If I have more time, I try to perform my job as I was trained" Responses from the interview show that staffs have problems with applying what they learn in the real working environment.

Overall, the hotel tries to have every employee trained. After training, managers and staffs realize that the majority of staffs still do not have the expected knowledge and skills, and more trainings are required. A staff mentioned that " I have a long way to go before I become expert at what I do."

Judging from the information about availability and skills, the strategy to freeze the intake of new staffs and not to have replacement for resigned staffs does not work quite well. The hotel encounters occurrence of unexpected problems which caused by human resources. Most of employees do not possess multi-skills, hence, they cannot efficiently perform multi-tasks. In the end, the hotel has to recruit new staffs which is not the goal of this strategy to control payroll expense by decreasing number of staffs.

Organization Culture

Organization Culture is another factor that can make changes successful or unprofitable. All Seasons Gold Orchid Bangkok Hotel used to have inert culture which was unfavorable for changes. This culture can be described as 'cautious and conservative'. Its values and norms fail to motivate and inspire employees. People in this culture do not like changes.

Fortunately, the culture has been changed to be more adaptive since the current GM starts managing the hotel. Adaptive culture is simply a way of operating where changes are expected, and adapting to those changes is smooth, routine and

seamless. This culture suits the current situation of the hotel. The hotel needs changes in order to survive in a highly competitive environment.

It cannot be denied that problems exist in transition from inert to adaptive culture. Old staffs who have been working with the hotel for a long time have difficulties in adapting themselves to changes. When changes occur, they are likely to resist. Some staffs who cannot adapt themselves to the new culture decided to resign from the hotel. Once they resigned, they took their knowledge and skills with them, and the hotel finds it hard to replace them with someone who has similar knowledge and skills. Even though staffs in adaptive culture are willing to learn new things, it takes sometimes before they have enough knowledge and right skills to perform the job professionally.

Despite the downside of transition, adaptive culture facilitates changes in the hotel. If the culture was not gradually changed, there would be a lot of problems in the implementation process of changes.

Resistance to change

When there is change, there is resistance. Managers acknowledge that some staffs resist changes occurred in the hotel at first. They resist because they do not want to do more work or because they feel unsecure about what would really happen to them and the organization. Some of them think that with more works and responsibility, their work and personal life are not balance since sometimes they have to stay up late at work or come to work on their day offs. Nonetheless, resistance is not strong. Staffs only express their opposition by words but they still perform their works as assigned by managers.

Some staffs working in the back office express their feeling that they should earn more than staffs who work in operation. Before the new minimum wage law was legitimated, there was a clear gap between basic salary of staffs working in the back office and in operation. Also, salary gap between different levels of staffs is narrower. Even though salary of most of staffs was increased, the percentages of increase are different. Staffs working in upper levels can not have the same boost in salary as rank and file staffs whose salary should be increased to meet the minimum wages.

This somehow discourages some staffs to work but Department Heads reminds these staffs that there is an annual appraisal where staffs are evaluated according to their performance. Therefore, if they work well throughout the year, their salary for the next year will be increased according to the appraisal result. Managers also encourage staffs to work by saying that they can be nominated as Employee of the Quarter and then Employee of the Year. Managers emphasis on the fact that good and hard-working staffs will be complimented and get recognition.

To minimize the resistance, both the GM and Heads of Departments keep encouraging staffs by constantly talking and explaining about the importance of

change and the reasons everyone have to work hard. If there is someone who is too headstrong and refuse to do more work, that staff will be called in to have a talk with his or her Department Head and Assistant to Human Resources Manager to sort out the problem.

In summary, the resistance to change is mild and it does not affect the change processes much. Once the staffs clearly understand the imperative of changes as well as their roles and responsibilities, they will stop resisting.

Rewards and Control

Employee of the Quarter and Employee of the Year are basic rewards that outstanding staffs will get if they perform well. There are incentives for staffs who can upsell rooms or get new Accor Advantage Plus, Accor discount and loyalty card, members. Bonus is another thing that encourages staffs to do their best because bonus is paid according to their performance. Annual appraisal is also an important tool to evaluate staffs. Their salary will be increased according to the results.

Apart from methods mentioned above, the hotel also asks incompetence and bad behavior staffs to quit working at the hotel. After Department Head and Assistant to Human Resource Manager reach the conclusion of why a staff should be asked to quit working at the hotel, the staff will be called in and received an explanation. Since the staff makes no real mistake and does not directly cause trouble for the hotel, that staff will be paid remuneration according to the number of time he or she has been working for the hotel.

Staff working for 120 days but less than 1 year will get remuneration equal to 30-day salary. Staff working for 1 year but less than 3 years will get remuneration equal to 90-day salary. Staff working for 3 years but less than 6 years will get remuneration equal to 180-day salary. Staff working for 6 years but less than 10 years will get remuneration equal to 240-day salary. Staff working for more than 10 years will get remuneration equal to 300-day salary.

Even though the hotel has to pay these staffs without receiving their labor in return, the GM and the Assistant Human Resources Manager say that it is worth in the long run.

All in all, rewards and control help motivate and encourage staffs to do their best. As employees quickly learn what kinds of behavior are rewarded, the appropriate behavior is quickly emulated.

4.3 Conclusion

The Executives of All Seasons Gold Orchid Bangkok Hotel can quickly come up with strategies to deal with changes caused by the increased minimum wage. The first strategy aims to increase hotel revenue to cover the increased payroll expense.

The second strategy intends to maintain or decrease payroll expense by controlling number of staffs. The last one proposes to decrease other expenses and departmental expenses.

After these strategies are implemented, many changes occur in the hotel. It is essential for the Management to communicate the right messages to the staffs. Communication between managers and staffs is partially effective. Both top-down and bottom-up communication can be seen but the Executives cannot gain consensus or commitment from every staff by just communicating about the changes.

Organization structure is shorten by one level after the Executive Assistant to General Manager resigned. It suits the current situation of the hotel where decisions should be made quickly and action should be taken immediately. The flat organization structure is appropriate for the hotel as long as the GM is still working there. He has knowledge and experience, and he is able to supervise a lot of subordinates.

Regarding human resource, the GM is the leader of the changes. He involves himself in change management and tries to ensure that things are going according to the plans. As for staffs, they are not ready to handle multi-tasks and more trainings are needed. They cannot work smoothly after the number of staffs decreased. Eventually, the hotel has to recruit new staffs.

With regards to organization culture, the hotel is now has adaptive culture which is favorable to changes. There is, however, a problem in transition from inert to adaptive culture. People in inert culture do not like changes. Staffs who cannot adapt to the new culture resigned and the hotel has to look for someone who has similar skills to perform their jobs.

It is normal that people resist to changes because they can feel the uncertainty that comes with the change. At the hotel, there is a mild resistance which does not severely affect the hotel works. Once managers realize that their staffs are unhappy, they try to encourage them.

Other than this, Rewards and Control are in place to guide employees to the same direction. Staffs know which behavior leads them to rewards or punishment. There are many tools to keep staffs motivated and make them want to do their best.

To summarize, All Seasons Gold Orchid Bangkok Hotel can moderately manage the change caused by the increased minimum wage. The GM is the good leader who can lead the organization towards the change. The current organization structure aids the changes to occur faster because actions can be immediately taken. Also, the adaptive organization structure facilitates changes; employees are opened up to changes. In addition, rewards and control help keep staffs in line as well as encourage and motivate them to perform their jobs with their best abilities.

Nonetheless, problems can be found in communication, resistance to change and human resource. If the communication is really effective, it could prevent inert culture staffs from resigning. Also, even though the Executives are willing to listen to staffs' comments, staffs are uncertain to voice their opinions; they do not know what managers and colleagues will think of them if they said something unpleasant. That is

why they choose to keep their opinions to themselves. The missing information from staffs might be something that managers can use to analyze the effectiveness in their plans. Moreover, it is also possible that staffs misinterpret the information given by managers. This can lead to resistance to changes. Although there is currently a weak resistance to changes, there is no guarantee that it cannot develop to be more vicious if the problems or the causes of resistance are not solved. Ultimately, human resource poses major problems. Staffs still lack of some skills and are not able to perform smoothly once there is a decrease in number of staffs. Even with trainings, it takes time to make someone become more professional and be able to do multi-tasks. Human Resource is the main reason that prevent the Executives to manage change effectively.

Here are the results from unsuccessful change management. The first strategy is not totally successful. The hotel can boost occupancy but can barely raise Average Daily Rate (ADR). In consequence, the increased in revenue cannot cover the increased in payroll expense. It can be assumed that the Assistant to Reservation Manager has not yet become an expert on Revenue Management. After all, it is her new responsibility and she still has to learn a lot.

The second strategy fails because hotel staffs do not have enough knowledge and skills to work professionally with small amount of people in the team. Many staffs do not possess multi-skills and cannot perform multi-tasks. As a result, hotel cannot freeze the intake of new employees and have to recruit more people to replace those who resigned.

The third strategy to decrease other expenses and departmental expenses, however, is successful. Cable TV channels, magazines and newspaper were changed to ones that are cheaper but still hold guests' interest. Hotel suppliers were asked to reduce product price by 10%, otherwise the hotel would switch to other suppliers who could deliver the same quality and quantity of products with cheaper price. Most supplies comply with the hotel's request. Food and Beverage Department has to closely monitor food and beverage costs and try to reduce the costs while still serve a variety of food with same quality. This department succeeds in lower food cost by 2% and beverage cost by 5%. During lunch time, air conditioners, lights and computer monitors in the back office are turned off in order to save energy cost. These actions are monitored by Engineering Department and the Chief Engineer reports in morning brief once a week about the units of electricity used and how much do them cost. Also, each Head of Department has effectively come up with cost saving plan for his or her department.

Chapter Five

Conclusion and Recommendation

5.1 Conclusion

The new minimum wage law in Bangkok has been effective since April 1, 2012. The minimum wage was increased by 39.5% from 215 Thai Baht to 300 Thai Baht per day. Regarding Hotel Industry, it was stated that service charge could not be included in the minimum wage. Hotels had no choice but to raise employees' salary and pay casual staffs according to the law.

This paper uses All Seasons Gold Orchid Bangkok Hotel as a case study. It is a 3-star hotel in Accor Group. The hotel is situated in a business precinct. It is located on Vibhavadi Rangsit Road, near to Toll Way and many office buildings including Bangkok Airways Headquarter and Thai Airways Headquarter. Also, it takes only 20-minute drive from the hotel to Don Muang Airport. The hotel is in the same area as the renowned Chatuchak Weekend Market, Central Plaza Ladprao Shopping Complex and Union Shopping Mall. It takes 5-10 minutes drive to these shopping centers. Moreover, there is a bus stop situated only 150 meters from the hotel.

The hotel's main target is Leisure guests. The market segmentation of this group of guests is more than 60%. The hotel has 159 rooms which can be divided into 4 types: Standard, Superior, Junior Suite and Royal Orchid Suite. As for facilities, the hotel has 2 Food & Beverage outlets, 4 function rooms, Fitness Center and an outdoor swimming pool. The hotel hires 118 permanent staff (as of March 2013).

The hotel's payroll expense was increased by 18% due to the new minimum wage. The boost in expense affects the profit and financial result. Thus, the Management had to formulate strategies to cope with this problem. The critical part was that managers had to find solutions which would satisfy both employees and the hotel owner. In other words, the hotel could not lay off any staff while tried to maintain good financial result.

Eventually, the Management came up with 3 strategies to cope with this problem. The first strategy focuses on Yield Management to increase hotel revenue so as to cover the increased expenses. The second strategy put an emphasis on controlling number of staffs in order to maintain and, if possible, decrease payroll expense. The third strategy aims to decrease other expenses and departmental expenses in hope that total expense would not be increased much because of the increase in payroll.

A lot of changes occur once these 3 strategies are implemented. To effectively manage the changes, Strategy Formulation, Communication, Human Resource, Culture, Resistance to Change and Rewards & Control should be taken into consideration.

The previous chapter shows that the Executives of All Seasons Gold Orchid Bangkok Hotel can moderately manage the changes. The hotel has a good leader, the GM, to lead the organization towards the changes. Organization structure and culture also support changes. In addition, rewards and control help motivate staffs to put forward their best performance.

Nevertheless, room for improvement can be found in communication, resistance to change and human resource. Effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. Effective communication also can reduce the level of resistance because staffs are well informed about what will happen and what to be expected. In other words, good communication can lessen the level of uncertainty. As for human resource, people are the one who can make changes successful. Therefore, they should be trained so that they can perform to meet the expectations of the organization. After all, the Management of All Seasons Gold Orchid Bangkok Hotel cannot manage the changes successfully because its human resource is not ready to work as planned.

5.2 Recommendation

This section proposes methods to improve communication, solutions to deal with resistance to changes and trainings to improve staffs' skills.

5.2.1 Communication

Use multiple channels for organizational communication.

One of the most effective ways to ensure that staffs get the message is to send it across multiple channels. Some of the more effective channels include meetings, face-to-face talks, e-mail, faxes, telephone conversations, bulletins, postings, and memos. The key is to make sure senders of messages always employ multiple methods to disseminate the messages, and never rely on a single channel.

Make important messages repetitive.

In addition to using multiple channels, organizational communication can be improved by repeating important messages from times to times.

Focus on listening.

Focus on listening is vital during individual (i.e., one-on-one) communication. The biggest reason that most of people are poor listeners is that they do not take the time to *actively* listen. People can do this by utilizing reflective listening skills (paraphrasing what the speaking partner has said to confirm understanding), using good nonverbal behaviors and body posture (e.g., face the communication partner with an open stance), and focusing on the partner by making a conscious effort to listen first instead of trying to get the message across first.

Get the message across.

After listening and fully understanding the communication partner, message senders must make sure they can get their messages across in the exact way it is intended. To do this, the senders of the messages have to speak openly and honestly, be as straightforward as possible, speak inclusively and use terms that will be understood and respected by a diverse array of individuals, and check for understanding to make sure their messages have been received accurately.

Handle communication problems.

Finally, the hotel must become more effective at managing the communication problems that will inevitably arise during human interaction. Such problems include conflict, difficulty in resolving problems, misunderstandings, dealing with difficult people and managing cultural differences.

5.2.2 Solutions to deal with resistance to changes

Always anticipate some push-back.

When planning for change, the hotel must be ready for the natural reaction that all humans have towards changes. This reaction can be called resistance, "getting over the hump", fear or any other label, but it is something all people do. People are not immune from resisting it when something important is at stake.

Create opportunities to vent.

One of the most effective ways to deflate fear is to talk through it. Staffs should be allowed to express what makes them nervous about the changes within some acceptable boundaries.

Listen deeply and empathetically to the employees.

Managers can expect that staffs will experience the same range of emotions, thoughts, agreement, and disagreement that managers experienced when changes were introduced to them or when they participated in creating the change. Managers should not minimize an employee's response to even the simplest change because they do not know or experience the impact from an individual employee's point of view. The change might seem insignificant to many employees, but that change might seriously impact another employee's favorite task. Hearing the employees out and letting them express their point of view in a non-judgmental environment will reduce resistance to change.

Look for trends in the resistance.

There will usually be patterns to the resistance. For example, if most of the hotel is fine with the changes but one department is off the charts with resistance, the Executives may want to dig deeper into that part. Or if four out of the five major elements of changes are getting a warm reception, but the numbers are low for the fifth one, the hotel may need to adapt its communication approach a bit.

Bend but do not break.

Management should look for creative ways to ease staffs into the changes. They should ask themselves whether staffs can continue on with the old way for a while as they learn the new way. Then set a solid date for when the old way of doing things will totally be eliminated, but also account for a period of transition. The Executives should consider having a pilot group of early adopters go first. Maybe they can try a phased roll-out or even a brief period of parallel operations if it can be done without sacrificing the goals.

Silence is not golden.

The Executives should not believe for a minute that staffs are okay with the changes just because they are not vocally complaining. In many cases, people avoid even thinking about changes until they absolutely have to. Their resistance may only surface after their first exposure to the change – even the hotel has been working on it for months. When changes are going well, implementers will hear very little feedback. When things are going poorly, managers will typically hear more feedbacks than they want. When staffs have not seen enough or done enough to form an opinion, the Management will almost certainly hear no feedback. In any case, implementers should push for data rather than wait for it.

Help the employees identify what's in it for them to make the change.

A good portion of the normal resistance to change disappears when employees are clear about the benefits the change brings to them as individuals. Benefits to the group, the department, and the organization should be stressed, too. But, nothing is more important to an individual employee than to know the positive impact on their own career or job. Additionally, employees must feel that the time, energy, commitment, and focus necessary to implement the change are compensated equally by the benefits they will attain from making the change. Happier customers, increased sales, a pay raise, saved time and steps, positive notoriety, recognition from the boss, more effective, productive employees, and an exciting new role or project are examples of ways in which the hotel can help employees feel compensated for the time, energy, focus, change, and challenge that any change requires.

Empower employees to contribute.

Control of their own jobs is one factor that employees want from work. If the hotel seeks to minimize resistance to change, employees should be given control over any aspect of the change that they can manage. The Executives should communicate transparently and provide staffs with the direction, the rationale, the goals, and the parameters that have been set by the organization. Within that framework, the Management's job is to empower the employees to make the change work.

Create an organization-wide feedback and improvement loop.

The hotel must maintain an open line of communication throughout the organization to make sure that feedback reaches the ears of employees leading the charge. Changing course or details, continuous improvement, and tweaking is a natural, and expected, part of any organizational change. Most changes are not poured

in concrete but there must be a willingness to examine the improvement (plan - do - study - act).

5.2.3 Trainings

Training is important because it helps develop high morale in employee by developing positive attitude, job satisfaction, enhanced earnings, job security. Training also reduces employee grievances by providing opportunities for internal promotion. In addition, training leads to higher productivity and better quality of work.

Departmental trainings

Every staffs must attend departmental trainings to enhance their knowledge and skills regarding their jobs. Most employees have some weaknesses in their workplace skills. A training program allows managers to strengthen those skills that each employee needs to improve. A development program brings all employees to a higher level so they all have similar skills and knowledge. This helps reduce any weak links within the department who rely heavily on others to complete basic work tasks. Providing the necessary training creates an overall knowledgeable staff with employees who can take over for one another as needed, work on teams or work independently without constant help and supervision from others.

After Department Heads plan training sessions with Human Resource Department and submit training plans to the GM for approval, they should distribute training schedules to their staffs. The same training topic should be available at least two times a week because staffs in some departments work in shift so they come to work on different days and at different times. A training session should last at least two hours but not more than half a day. Both theory and practice should be included in departmental trainings.

After training, staffs will be evaluated by both their Department Heads and Assistant to Human Resources Manager. Staffs must pass written, oral and practical exams before they can take another course in higher level. Written and oral exams test staffs' theoretical knowledge whereas practical exam evaluates staffs' skills in the real working environment. Written exam will be done right after the training is finished. Two days after the training, Heads of Departments will randomly ask their staffs about their knowledge on the subject. If staffs have a day off on that day, they will be tested on the first day they come back to work. The oral exam is set two days after the training with a purpose. There is a possibility that some staffs forget about what they are trained on the following day. Thus, having another test two days after that makes them review what they learn and they can discuss about the lesson with their colleagues. Then, a week after the training, staffs will be tested on their skills. Practical exam takes place in the real working environment. In this test, Assistant to

Human Resources Manager will help Department Heads evaluate staffs. Managers will assess staffs skills either by observation or role-playing. The practical test is set a week after the training because staffs can have a whole week to practice what they learn. This way, staffs cannot easily forget the lesson.

Cross-trainings

Cross-trainings are optional but it is suggested that staffs should take them for their future career path. They might want to work in different department in the future. If staffs already possess some skills required by that department, it would make transfer process easier. Besides, if the hotel could persuade its staffs to attend cross-trainings, the hotel would benefit from their skills. Cross-training is the right answer to train staffs to have multi-skills. These trainings are optional because it would make staffs more interested in taking them. People normally do not like being forced into doing something. Staffs are already obligated to attend departmental trainings. Thus, they should not be coerced to take cross-training. Otherwise, they will have negative reaction and opinion towards trainings. Apart from this, same methods of evaluation are used for cross-trainings as for departmental trainings.

Language trainings

Being able to speak at least a foreign language is vital for hotel staffs. As for All Seasons Gold Orchid Bangkok Hotel, only English is enough at this moment. Language training must be a continuous course. The class should be organized at least one hour a day and 3 days a week. Staffs who take English class can come to class when they have day offs or they can skip that class and ask their colleagues later about what they miss. Staffs will be evaluated by weekly quizzes and monthly exam. The latter will test staffs on 4 skills: writing, reading, listening and speaking.

Example of training schedule

SUN	MON	TUE	WED	THU	FRI	SAT
28 9 - 12: Bakery I 13 - 16: ENGR 14 - 17: Kit I 16 - 18: Security	**29** 10 - 12: FA I 13 - 15: HK I 16 - 17: Eng I 17 - 18: Eng II	**30** 10 - 12: FO I 13 - 15: SM I 15 - 17: F&B I 17 - 18: Eng III	**1** 10 - 12: FA I 13 - 15: Security 16 - 17: Eng I 17 - 18: Eng II	**2** 10 -12: FO I 13 - 15: SM I 15 - 17: F&B I 17 - 18: Eng III	**3** 9 - 12: Bakery I 13 - 15: HK I 16 - 17: Eng I 17 - 18: Eng II	**4** 13 - 16: ENGR 14 - 17: Kit I 17 - 18: Eng III
5 9 - 12: Bakery I 13 - 16: ENGR 14 - 17: Kit I 16 - 18: Security	**6** 10 - 12: FA I 13 - 15: HK I 16 - 17: Eng I 17 - 18: Eng II	**7** 10 - 12: FO I 13 - 15: SM I 15 - 17: F&B I 17 - 18: Eng III	**8** 10 - 12: FA I 13 - 15: Security 16 - 17: Eng I 17 - 18: Eng II	**9** 10 - 12: FO I 13 - 15: SM I 15 - 17: F&B I 17 - 18: Eng III	**10** 9 - 12: Bakery I 13 - 15: HK I 16 - 17: Eng I 17 - 18: Eng II	**11** 13 - 16: ENGR 14 - 17: Kit I 17 - 18: Eng III
12 9 - 12: Bakery I 13 - 16: ENGR 14 - 17: Kit I 16 - 18: Security	**13** 10 - 12: FA II 13 - 15: HK II 16 - 17: Eng I 17 - 18: Eng II	**14** 10 - 12: FO II 13 - 15: SM II 15 - 17: F&B II 17 - 18: Eng III	**15** 10 - 12: FA II 13 - 15: Security 16 - 17: Eng I 17 - 18: Eng II	**16** 10 - 12: FO II 13 - 15: SM II 15 - 17: F&B II 17 - 18: Eng III	**17** 9 - 12: Bakery I 13 - 15: HK II 16 - 17: Eng I 17 - 18: Eng II	**18** 13 - 16: ENGR 14 - 17: Kit I 17 - 18: Eng III
19 9 - 12: Bakery II 13 - 16: ENGR 14 - 17: Kit II 16 - 18: Security	**20** 10 - 12: FA II 13 - 15: HK II 16 - 17: Eng I 17 - 18: Eng II	**21** 10 - 12: FO II 13 - 15: SM II 15 - 17: F&B II 17 - 18: Eng III	**22** 10 - 12: FA II 13 - 15: Security 16 - 17: Eng I 17 - 18: Eng II	**23** 10 - 12: FO II 13 - 15: SM II 15 - 17: F&B II 17 - 18: Eng III	**24** 9 - 12: Bakery II 13 - 15: HK II 16 - 17: Eng I 17 - 18: Eng II	**25** 13 - 16: ENGR 14 - 17: Kit II 17 - 18: Eng III
26 9 - 12: Bakery II 13 - 16: ENGR 14 - 17: Kit II 16 - 18: Security	**27** 10 - 12: FA III 13 - 15: HK III 16 - 17: Eng I 17 - 18: Eng II	**28** 10 - 12: FO III 13 - 15: SM III 15 - 17: F&B III 17 - 18: Eng III	**29** 10 - 12: FA III 13 - 15: Security 16 - 17: Eng I 17 - 18: Eng II	**30** 10 - 12: FO III 13 - 15: SM III 15 - 17: F&B III 17 - 18: Eng III	**31** 9 - 12: Bakery II 13 - 15: HK III 16 - 17: Eng I 17 - 18: Eng II	**1** 13 - 16: ENGR 14 - 17: Kit II 17 - 18: Eng III

Kit = Kitchen, FA = Finance & Accounting, FO = Front Office, HK = Housekeeping, SM = Sales & Marketing, F&B = Food & Beverage
ENGR = Engineering, Eng = English
9 - 12: Bakery I = Class attended by a staff

      If the hotel could communicate more effectively, deal with resistance more professionally and implement the new training plan, its Management would be able to successfully manage changes.

5.3 Limitation

      The result of this research cannot be generalized because it comes from only one case study which is All Seasons Gold Orchid Bangkok Hotel. In another setting and context where internal and external factors are different from this hotel, the outcome will be different.

      The findings and analysis presented in this paper is a result from 10-month research. Thus, information cannot be used to judge the hotel performance in the future.

Above all, researcher was not able to obtain financial information from the hotel. Therefore, the effect of the increased minimum wage on financial result cannot be examined.

5.4 Implications

The findings of this study have a number of important implications for future practice. With information gained from this research, organizations, managers, employees as well as practitioners have a better understanding of why it is hard to manage changes. They realize what factors need to be considered before implement the changes. These factors determine whether changes will be successfully managed or not.

Furthermore, three strategies, formulated by the Management of All Seasons Gold Orchid Bangkok Hotel, to cope with the increased minimum wage can be used as guidelines for organizations that face the similar problem.

This research also shows that the new minimum wage law launched by the government makes small to medium-sized businesses struggle in the high competitive environment. Every organization goes into the market to find more money so as to use it to cover the increased expenses.

Other than this, it remains to be seen whether trainings can help an organization achieve its goals. After all, human resources are the ones behind all works in the organization.
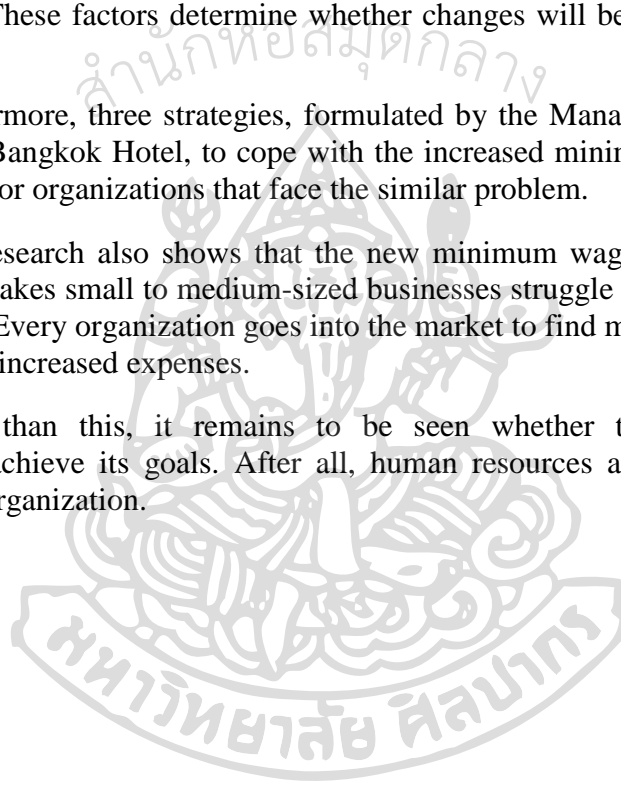
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