

# Indochina: Starting up an HR Function from Scratch

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## **EXECUTIVE SUMMARY**

*This short case looks at an organization in the travel and tourism sector that was set up 20 years ago and how it gradually built up an HR function that is designed to be sustainable for the coming decades. Seen as one of the most dynamic groups in its sector in Asia, the company started with a handful of employees and has grown to over 2,000. Now winning awards for innovation and fast-growth, the organization started small and stayed that way for its first decade then took off – and needed an HR function. The group needed job contracts, job descriptions, and to apply for all the licenses needed in Vietnam, a Communist state. Recruitment by word-of-mouth and then online processes, promotion and retention, performance management, salaries and benefits, training and development, disciplinary procedures, the preparation of guidelines, rules, an employee handbook – there was a lot of work to do, which is still ongoing.*

## **ORGANIZATIONAL BACKGROUND**

This dynamic company aims to be the leading hospitality and tourism group in its region, offering destination services to inbound tourists coming from China, Europe, the USA, etc. Its key values, as expressed by the CEO, are declared as “passion, performance, sustainability, innovation, risk-taking, and integrity”. The firm, now

with over 2,000 employees, operates across Indochina and runs sales offices in China, the USA, the UK and Australia. Stakeholders include not just shareholders and employees but customers, governments and regulators, and the communities in which the firm operates.

The CEO is very active and hands-on, personally taking care of the *Talent Management* department (as they call the HR function), as well as strategy and business development. He won a travel industry award, PATA's *Face of the Future*, a few years ago. Other board members take care of finance, legal issues, information technology, operations and government relationships – the last-named should not be under-estimated in an area of the world dominated by single-party rule, and where regulations can be challenging and unpredictable.

Human resource management in the group includes policies and procedures, recruitment, compensation and benefits, training and development, performance management and evaluation. All departments have their own key performance indicators [KPIs] – the CEO is very keen on targets and planning.

In 2014 the group won a prestigious award as one of the top twenty fast-growing companies in East Asia from the World Economic Forum. Cited as dynamic, trail-blazing, a shaper and innovator, the group was seen as having an exciting business model, strong annual revenue growth, a lively and inspiring management team – and was having a major influence on their industry in their region. The group has also been recognized by National Geographic for its innovative adventure tourism in a little-explored part of the world.

The company started off in 1994 as a boutique adventure holiday operator – organizing rock-climbing, kayaking and island-hopping on ethnic local boats – and has developed into one of the largest privately-owned travel and hospitality groups in the region. By 2014 the group was bringing 90,000 tourists to South East Asia per year, and accommodating 200,000 hotel guests in eleven hotels, offering a total of 780 rooms, in Vietnam, Laos and Cambodia. The group is represented in eleven offices in South East Asia, the US, the UK, Japan and Australia, and has opened a new sales office in China. The group's new online travel booking business manages bookings for 2,000 domestic and 30,000 foreign hotels. The US office alone books nearly half a million dollars' worth in tourism packages per year.

## **SETTING THE STAGE**

The organization was founded twenty years ago by the CEO with only five people – one of the original employees recalls that it was necessary to walk through the CEO's office to reach the one toilet in the small shared space! The company stayed

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