

Personnel Strategy for Multinational Firms: A Case Study of the Walt Disney Company in China

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Abstract

This paper investigated the nature of personnel strategy of multinational firms, focusing on the Walt Disney Company in China. The experiences of executives with extensive experience working for Disney in China served as the data for this qualitative case study. The method involved semi-structured interviews and qualitative data analysis in order to study the challenges faced by multinational corporations when developing their personnel strategies, and the policies they implemented to overcome these obstacles. The result of this investigation shows how multinational firms can design their personnel strategies to succeed in a range of different environments. Executives can use the results of this paper when developing personnel strategies for their multinational firms. The findings contain suggestions for how multinational firms can formulate successful recruiting, on-boarding, training, and retention policies to develop successful personnel strategies.

Keywords: Strategy, Personnel, Multinational, Disney, China

Introduction

Multinational firms are principal actors in the modern global economy, and must develop effective business strategies that ensure profitability across a wide range of markets. A key aspect of an effective international business strategy is personnel strategy, or the management of the firm's employees.

For companies that operate in a wide variety of countries and cultures, it is necessary to develop effective personnel strategies that are able to competently recruit, on-board, train, retain, and promote successful employees.

When multinational firms attempt to develop effective personnel strategies, they are confronted with a wide range of challenges, particularly if they are doing business across cultures and in emerging markets and developing countries.

In order to give context to these common challenges, this paper will utilize a real-world case study of the Walt Disney Company, focusing on its business operations and personnel strategy in China. As a world-famous multinational firm with decades of experience bringing its US-style products and corporate culture to countries around the world, Disney is an excellent organization to study in order to understand how a multinational firm can localize its personnel strategy to the contexts of a given market.

Finally, this study will investigate what policies have been effective for overcoming these challenges to the effective implementation of personnel strategy, and demonstrate how executives of multinational firms can utilize these lessons when developing their own international business strategies.

Accordingly, this paper seeks to investigate the challenges that arise for multinational firms in the development of personnel strategy; the particular challenges faced by the Walt Disney in implementing their personnel strategy in China; and the solutions that executives of multinational firms can use to overcome these obstacles to the development and implementation of effective personnel strategy.

Research Questions

This research study will answer the following three questions:

- 1) What common challenges must multinational firms confront when developing personnel strategy?
- 2) What specific challenges did the Walt Disney Company confront when implementing their personnel strategy in China?
- 3) What solutions can multinational firms utilize to overcome these obstacles to the successful implementation of their personnel strategies?

Literature Review

General personnel strategy for multinational firms: Contemporary business theorists have developed the concept of “glocalization”—globalization combined with localization—to understand how many multinational firms operate in the contemporary global economy (Krairy, 2001, 2002; Robertson, 1992, 1994; Neilson, Martin & Powers, 2008).

Robertson (1992) developed the concept of glocalization as a “simultaneity”—that is, the simultaneous existence of both “universalizing and particularizing tendencies” within a given time and space. In the case of this study, glocalization can be understood as the manner in which the Walt Disney Company (a global, universal tendency) integrates its personnel strategy into the local Chinese consumer market (a local, particular tendency).

Krairy (2001) conceptualizes glocalization as the process whereby multinational firms must take local mindsets, customs, and beliefs into account when entering and establishing themselves in local commercial markets, and must develop glocalized personnel strategy that both maintain the standards of the global brand while simultaneously understanding the local market.

The practical aspects of developing a personnel strategy for a multinational firm can be seen in Neilson, Martin & Powers (2008), who hold that the goal of a successful personnel strategy is “clarifying decision rights, designing information flows, aligning motivators, and making changes to structure.”

In essence, the major challenges include recruiting the right employees, integrating them into the company’s brand, training them to meet the firm’s international standards, and retaining and promoting top talent.

Specific personnel strategy for the Walt Disney Company in China: The works of Matusitz (2011), Choi (2012), and Fung & Lee (2009) show how Disney has adapted its personnel strategy to work effectively in the local Chinese context.

Matusitz’s work showed how Disney was able to overcome its initial personnel strategy challenges by aligning its labor practices to fit more closely with local customs, regulations, and procedures, such as through the employment, training, and introduction of bilingual-and occasionally trilingual, speaking English, Cantonese, and Mandarin-cast members capable of interacting with both local and foreign guests in their own languages.

Choi demonstrated how Disney faced challenges integrating its locally-hired employees into its international brand, as a major obstacle to its personnel strategy was adapting Disney’s trademark customer service standards to the local customs and attitudes of its predominantly Chinese workforce. Many of these challenges were overcome by intensive internal training programs, such as the exclusive Disney University customer service courses.

Finally, Fung and Lee noted how many Disney characters and stories are relatively unfamiliar to many mainland Chinese consumers, and even to some Chinese employees. Accordingly, Disney has had to build extensive internal and external educational and training resources in order to ensure that both its customers and employees understand and appreciate its valuable

intellectual property, and grasp the unique brand aspects and ways of working of the Walt Disney Company in China.

From this literature review, it is apparent that the major common challenges of personnel strategy for multinational firms is recruiting proper employees for specific roles, on-boarding new hires into the firm's culture and brand, training employees to meet the firm's international standards, and identifying and retaining high-performing talent for future promotion.

In addition, the major particular challenges for the Walt Disney Company's personnel strategy in China include building Disney's brand as a respected employer, training its employees in the unique aspects of the company's brand and business practices, and ensuring that its leadership team is composed of executives who both understand the international brand and the local market.

Methodology

This paper will use the case study research methodology; employ the semi-structured interview paradigm for data collection; and utilize qualitative data analysis methods to produce a case study of the Walt Disney Company in China.

Case study research methodology: The case study research methodology will follow the methodological definitions and procedures laid out in the work of Yin (2013); the semi-structured interview paradigm will be formulated using the works of Neuman (2011) and Seidman (2012); and the qualitative data analysis methods utilized in this thesis will be derived from the work of Neuman (2011).

This research thesis will utilize the case study research methodology developed by Robert K. Yin in his work, *Case Study Research: Design and Methods* (2013).

In this discussion of the case study research methodology, Yin provides a twofold definition of a case study that focuses on the scope of the case and the features of the case.

The first part of the definition is as follows: "A case study is an empirical inquiry that investigates a contemporary phenomenon (the "case") in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident" (16).

The second part of the case study research methodology definition developed by Yin focuses on the features of the case study, and is defined as follows: "A case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis" (17).

Putting these two components of Yin's definition of the case study methodology together, we develop the specific definition of the case study methodology used in this thesis.

Data collection methodologies: Based on the typological schema presented by Neuman (2011), this study will utilize elements of the typical field interview methodology in its interviews with the research subjects of this interview, specifically individuals who have worked with the Walt Disney Company during the course of its business operations in China, as employees of the company or third-party partners with extensive experience working with the firm.

In order to effectively utilize the Semi-Structured Interview methodologies presented above, we will utilize a technique for interview presentation style developed by Seidman, in his work *Interviewing as Qualitative Research* (2012).

In developing a technique for the presentation style of a research interview, Seidman focuses on how to develop effective questions that flow from "an interviewer's concentrated listening, engaged interest in what is being said, and purpose in moving forward" (95). The

interview methodology of Neuman and presentation style of Seidman discussed here will constitute the Semi-Structured Interview methodology to be utilized in this paper.

Data analysis methodologies: In order to analyze the data collected in the research interviews to be conducted for this thesis, we will utilize a series of relevant data analysis paradigm methodologies, as developed by Neuman in *Social Research Methods: Qualitative and Quantitative Approaches* (2011).

Derived and adapted from the examples and definitions given by Neuman, the analytic techniques of qualitative data interpretation utilized in this study will include elements of the following relevant methodological paradigms: 1) illustrative method analysis; 2) domain analysis; 3) analytic comparison analysis; 4) narrative analysis; 5) network analysis; and 6) time allocation analysis.

1) Illustrative method analysis “applies theory to a concrete historical situation or social setting and organizes data based on theory” (519); 2) domain analysis relates to a “method of qualitative data analysis that describes and reveals the structure of a cultural domain,” (520); 3) analytic comparison analysis may be defined as a “qualitative data analysis technique that uses the method of agreement and the method of difference to discover causal factors that affect an outcome among a set of cases” (522); 4) narrative analysis may be defined as “both a type of historical writing that tells a story and a type of qualitative data analysis that presents a chronologically linked chain of events in which individual or collective social actors have an important role” (526); 5) network analysis is defined as a technique that can “map” the connections among a set of people, organizations, events, or places” (531); and 6) time allocation analysis is defined as a method to “examine the way people or organizations spend or invest time to reveal implicit rules of conduct or priorities,” and thereby “document the duration or amount of time devoted to various activities” (531).

Research Findings

In this study, I interviewed 10 research subjects who have extensive experience working with the Walt Disney Company in the development and implementation of the firm’s personnel strategy in China. The research findings of these interviews have been analyzed according to the six data analysis methodologies mentioned in the previous section, and the final part of this section will answer the three research questions laid out in the Introduction of this paper.

Illustrative method analysis: Using the illustrative method of glocalization, we see that the subject of Interview #3-a finance executive at Hong Kong Disneyland-discussed how Disney created a shared language (such as “cast” for employees and “good show” for high performance) that allowed all employees-both local and foreign-to understand the goals of the firm’s brand. By translating these terms into Chinese, Disney created a glocalized personnel strategy in China.

Domain analysis: The subject of Interview #2-an operations executive at Hong Kong Disneyland-stated that a proper hiring process should not only bring in the best quality candidates, but should also focus on attracting individuals who understand and have an affinity for the company’s brand (the “cultural domain” of the company), as they will be the best fit for the company in the long term.

Analytic comparison analysis: The subject of Interview #10-an international representative of Disney in Asia-discussed how the company had to adapt its personnel strategy based on the location of its Chinese operations. While Hong Kong Disneyland employees are often multilingual and have experience dealing with foreign tourists, many Shanghai Disneyland employees speak only Mandarin and have relatively less experience dealing with non-Chinese people. Disney has accordingly had to increase its service training offerings for its Shanghai employees.

Narrative analysis: The subject of Interview #4-a vice president in the Walt Disney Company-recounted a narrative of how Disney initially placed too many American executives in leadership positions in its China operations, and how this resulted in a situation where the resort was not able to effectively react to the unique characteristics of the local Chinese market. This issue was overcome by increasing the ratio of local executives on the leadership team.

Network analysis: The ten interviews conducted for this study include eight employees of the Walt Disney Company, and two external partners. Four of the employees held executive positions in the company, making them responsible for the development of business strategy. The other four employees held specialist or managerial roles, making them responsible for the execution of that strategy. The two external partners included an international representative of the company and an international management consultant, who advised Disney on their business operations and personnel strategy decisions in China.

Time allocation analysis: The subject of Interview #5-an architectural designer at Hong Kong Disneyland-discussed how Disney initially had to spend a large amount of time and resourcing educating its third-party vendors on how to achieve high-quality Disney standards for property design and construction, so that the company's external partners, such as construction contractors, were trained in and knowledgeable of the firm's unique brand image and ways of working.

Answering the research questions

Based on the literature review and original research findings of this paper, we can answer the questions laid out in the Introduction:

- 1) The common challenges faced by multinational firms when developing personnel strategy include [a] recruiting appropriate talent for specific positions; [b] integrating new employees into the firm's brand and ways of working; [c] training employees to meet the firm's international service standards; and [d] identifying and retaining high-performing talent for future promotion and leadership roles.
- 2) The specific challenges faced by Disney's personnel strategy in China include [a] building their brand as a respected employer; [b] developing a balanced leadership team of foreign and local executives; and [c] educating both employees and customers in the unique brand characteristics and business practices of the Walt Disney Company.
- 3) In order to overcome obstacles to successful personnel strategy, multinational firms can [a] create a unique corporate culture that builds the firm's brand as a respected employer; [b] hire local executives with knowledge of the local market; [c] educate local executives, employees, and customers in the company's unique brand and ways of working; and [d] ensure that talented employees are recognized and promoted in order to ensure retention.

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