

TRAINING – AN IMPERATIVE HR PRACTICE IN HOTEL INDUSTRY

Ajeet Kumar Lal Mohan*

Dr.A.Dharmaraj**

Abstract

The predominant role of service sector in the country's GDP is known to all. India has one of the fastest growing service sectors in the world with annual growth rate of above 9% since 2001, which contributed to 57% of GDP in 2012-13. Services include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services. Also included are imputed bank service charges, import duties, and any statistical discrepancies noted by national compilers as well as discrepancies arising from rescaling. Despite having a very high share of income, the services sector in India had a lower share of 28.1 per cent in terms of employment; Tourism plays a major role in service sector. Tourism in India accounts for 6.8 per cent of the GDP and is the third largest foreign exchange earner for the country. The tourism and hospitality sector's direct contribution to GDP totaled US\$ 44.2 billion in 2015. Over 2006–15, direct contribution is expected to register a CA-GR of 10.5 per cent. The direct contribution of travel and tourism to GDP is expected to grow 7.2 per cent per an-um to US\$ 88.6 billion (2.5 per cent of GDP) by 2025.

The Indian hotel industry is highly fragmented with a large number of small and unorganized players accounting for a lion's share. The industry is likely to experience robust growth. The market is estimated to reach US\$ 30 billion by 2015(Research and Markets: Hotel Industry in India).

* Ph.D Research Scholar, Department of Management Studies & Research, Karpagam Academy of Higher Education, Coimbatore – 641 021

** Associate Professor, Department of Management Studies & Research, Karpagam Academy of Higher Education, Coimbatore – 641 021

This article discusses the HR practices in hotel industry, how the personnel are the backbone of the quality in service, and the need for training to the hotel employees of various categories. Through the reviews the significance of the training to employees is sketched out.

Key Words: GDP, Tourism, Hotel Industry, HR practices, Training.

Introduction:

During the past three decades tourism has become extremely competitive globally. Many countries are contributing spectacularly to the growth of this service segment. According to the Indian Finance Ministry the annual growth rate of the Indian economy is projected to have increased to 7.4% in 2014-15 as compared with 6.9% in the fiscal year 2013-14. In an annual report, the IMF forecasts that the Indian Economy would grow by 7.5% percent in the 2015-16 fiscal years, up from 7.2% (2014–15). India was the 19th-largest merchandise and the 6th largest services exporter in the world in 2013; it imported a total of \$616.7 billion worth of merchandise and services in 2013, as the 12th-largest merchandise and 7th largest services importer. The agricultural sector is the largest employer in India's economy but contributes a declining share of its GDP (13.7% in 2012-13)¹. Its manufacturing industry has held a constant share of its economic contribution, while the fastest-growing part of the economy has been its services sector which includes, among others, the construction, telecommunications, software and information technologies, infrastructure, tourism, education, health care, travel, trade, and banking industries.

India attracted 6.85 million international tourist arrivals and \$18.4 billion in foreign exchange earnings from tourism receipts in 2013. Tourism to India has seen a steady growth, year on year, from 4.45 million arrivals in 2006 to nearly 7 million arrivals in 2013. The United States is the largest source of international tourists to India, while European Union nations and Japan are other major sources of international tourists.

Services Sector contribution to the Indian Economy

The Services Sector contributes the most to the Indian GDP. The Services Sector contributed only 15% to the Indian GDP in 1950. This sector's share in the country's GDP has increased from 43.695 in 1990- 1991 to around 51.16% in 1998 - 1999. It accounted for 53.8% in 2005 and shot up to 57 % in 2013². This shows that the Services Sector in India accounts for over half of the country's GDP. India ranks 15th in the services output and it provides employment to around

23% of the total workforce in the country. In 2012-13 it generated employment to a level of 28%. The various sectors under the Services Sector in India are construction, trade, hotels, transport, restaurant, communication and storage, social and personal services, community, insurance, financing, business services, and real estate.

Indian Hotel Industry – Jan 2015 report by ICRA

The Indian tourism and hospitality industry has materialized as one of the key drivers of growth among the services sectors in India. It contributes to 8.78 percent of the total employment in the country. Constant transformation, functional growth and improving standards have gained the hospitality industry of India approval all over the world. The hospitality industry is a labor intensive one and India has a large concentration of English speaking individuals, which proves as a catalyst in advancement and prosperity of the industry. Besides the regular jobs of a travel agent, tour guide, air hostess, chef, waiter and managers other opportunities await those who are keen on taking up a job in the sector. The new trends that have been emerging of- late are as follows:

- Cruise Ship Management
- Club Management and Recreation and Healthcare Management
- Airline Catering and Cabin Service
- Hotel Tourism and Association
- Fast Food Joint Management and Restaurant Management
- Beverage, food and confectionery production
- Institutional and Industrial Catering and
- Government owned catering departments like armed forces mess, ministerial conventions and railways services.

The Indian economy is opening up its horizons as it continues to integrate with the world economy. Therefore, the advantages of conducting business with and in India are many. This has led to the maneuvering of variety of jobs to the shores of India, bringing in its wake transit travelers, business travelers, business meets and holiday seekers.

ICRA report published in The Economic Times, points out that during the third quarter of 2014-15, revenues would grow by 5-6 per cent, while growth for 2014-15 is expected to be in the range of 7-9 per cent. The outlook for the Indian Hotel Industry over the next 12-18 months is

expected to remain subdued given the gap between supply and demand. However, measures by the government to drive tourism through several strong policy initiatives could bring in stronger demand, supporting the industry over the next 12-18 months, and growth is expected to accelerate to 9-12 per cent over the next two years, it added.

Research on Hotel Industry

Hotel Industry has crossed one century time period of researches. Many concepts have been thrown up and many researchers have contributed tremendous ideas on HR practices in hotel industry, which constructs the quality of its service. Several studies have specified that there is a positive relationship between organization's HRM practices and job satisfaction of the employees (Wright et al., 2003)³; Spector, 1997)⁴; (Petrescu & Simmons, 2008)⁵. Delaney and Huselid (1996)⁶ revealed that there is a positive relationship between human resource management practices and firm performance in both profit and non-profit firms. Sheng-Hsiung Tsaur, (2004)⁷, came across the relationship among human resource management practices, service behavior and service quality in the tourist hotels in Taiwan and found that HRM practices partially had a direct effect on customer perceptions of service quality and an indirect effect on employees' service behavior.

Kuldeep Singh (2004)⁸ established a significant relationship between the two human resources practices, namely, training and compensation, and perceived organizational and market performance of the firm. Chow et al., (2007)⁹ research pointed out that there are positive reports linking HR best practices, such as employee development and careful selection of employees. The numbers of hotels that actually implement these ideas are relatively small. The researchers also explained that larger hotel companies will implement these best practices ideas, and spend the time and money on training needed for their employees. Chow et al., (2007)⁹ also recognized that the adoption of HRM best practices impacts employees' job satisfaction, morale and positive feelings towards the company. Rousseau and Greller (1994)¹⁰ acknowledged that an employee's employment relationship with the organization is shaped by the human resource practices such as recruiting, training, performance appraisal, pay and benefits administration. Aggarwal and Bhargava (2008)¹¹ identified that human resource practices have their impact through two primary ways. First, human resource practices shape employees skills, attitudes and behaviors

that in turn influence organizational performance. Second, human resource practices impact organizational performance by creating structural and operational efficiency.

Best practice

Managing a hotel is the dynamic and comprehensive function. Just to hit the competitive advantage, the hotel needs the best practices of HRM. Managing people at all levels is the prime concept of this industry.

By adopting a best practice approach it is argued that organizations will see enhanced commitment from employees leading to improved organizational performance and higher levels of service quality which results in increase in productivity and profitability. Obviously, the HRM practices that are offered in support of a high commitment and performance model are generally fairly consistent. For example, Redman and Matthews (1998)¹² delineate a range of HR practices which are suggested as being important to organizational strategies aimed at securing high quality service:

- Recruitment and selection: Recruiting and selecting staff with the correct attitudinal and behavioral characteristics. A range of assessments in the selection process should be utilized to evaluate the work values, personality, interpersonal skills and problem solving abilities of potential employees to assess their “service orientation”.
- Retention: The need to avoid the development of a “turnover culture” (attrition), which may be particularly prevalent in tourism and hospitality. For example, the use of “retention bonuses” to influence employees to stay on.
- Teamwork: The use of semi autonomous, cross process and multi functional teams.
- Training and development: The need to equip operative level staff with team working and interpersonal skills to develop their “service orientation” and managers with a new leadership style which encourages a move to a more facilitate and coaching style of managing.
- Appraisal: Moving away from traditional top down approaches to appraisal and supporting things such as customer evaluation, peer review, team- based performance and the appraisal of managers by subordinates. Generally, all of these performance appraisal systems should focus on the quality goals of the organization and the behaviors of employees needed to sustain these.
- Rewarding quality: A need for a much more creative system of rewards and , in particular, systems that reward employees for attaining quality goals.

- Job security: Promises of job security are seen as an essential component of any overall quality approach.
- Employee involvement and employee relations: By seeking greater involvement from employees the emphasis is on offering autonomy, creativity, cooperation and self control in work processes.

The “empowered” environment is attained with the various stages of plans in HRM. In simple terms, best practice is likely to entail attempts to enhance the skills base of employees through HR activities such as selective staffing, comprehensive training and broad developmental efforts.

Training and Development:

Training and Development is a continuous and significant aspect of Human Resource Management and Development; it is the crucial path of motivating employees and increasing productivity in the business (Mc Cleland, 2002). Staff training is the key task to help everyone in the company to be more united. An enterprise could hire skilled and experienced employees or can train employees. When the company trains its own staff, by providing and forming a harmonious atmosphere, accurate work specification and the passion of work, team spirit could be built between employees and management team.

Benefits to the employees: The major benefit of training the employees is increasing job satisfaction and recognition. During the training, employees will be introduced to what the work is all about, how to do, and what kind of role does the job play in the whole business. It helps them understand their work better and also love what they do thanks to their understanding. After a constructive training, employees will understand their role importance and needed information. Knowledge and experience acquired during the training will help them to be more confident with their work, so that better services could be provided. Employees gain, through the training, not only professional knowledge and skills but also their horizon opens up on setting career targets. They can get the opportunity to get to know higher positions and the possibilities of promotions. Training helps the employee become an effective problem solver.

Practical experience can be explained and an employee can be guide. Employees will learn the methods of solving problems or complaints during training. It makes them become more productive very quickly. By training, employees get familiar with their tasks, advanced knowledge and techniques which improve their capabilities and increase their productivity.

Benefits for the management

Employers, who identify the training need and are responsible for training, will be able to pinpoint during the training period itself those employees who are quick learners and who have better knowledge and skills. Thus appropriate training methods can be chosen and better results could be acquired. Employee performance could also be easily evaluated. During the training, employees could be introduced to the principles and standards of hotels together with the policies and procedures. Thus hotels can sustain their own system with the help of training.

During the training, employees' abilities and personalities could be easily identified and assessed by experienced trainers. At the same time, some employees could be identified as more suitable for other positions and hotels can make best use of their knowledge and abilities. Armstrong, (1999)¹³ states that there are some principles of effective training which, if applied, can lead to several benefits within the organization. Operational flexibility can also be improved by expanding the variety of skills possessed by employees and can therefore influence positively the effectiveness of training.

Additionally, by offering them knowledge and growth prospects, raising their levels of capability and enhancing their skills the high quality workforce by can develop a feeling of job satisfaction. Furthermore, it is essential to encourage employees to identify the real mission of the firm and help them adjust to changes by providing them with the appropriate knowledge and skills (Armstrong, 1999).

Conclusion

In general, the advantages of training employees have already been recorded in the literature. Hotel management is the combination of technical and professional skills. An employee who is efficient in technical side may not cope with professional attributes. This gap is particularly filled by suitable training and development methods. Training methods are reframed time to time according to the need and the behavioral aspects of human force. The quality of service retains the customers and makes the business profitable. The efficiency of employees decides the quality of service. The efficiency of employees depends upon the various training and development programs offered to them time to time. Hence, it conclusively proves that training is an indispensable aspect of HR practices in the hotel industry.

References:

1. <http://indiabudget.nic.in/es2013-14/echap-10.pdf>
2. <http://economictimes.indiatimes.com/industry/services/hotels>
3. Wright, McMahan and Snell. *Personnel Psychology*, 53, 835-854
4. Spector, P. 1997. California: Sage.
5. Petrescu, A. I., Simmons. (2008) R., Human resource management practices and workers' job satisfaction. *International Journal of Manpower*, Vol.29, No.7, pp. 651-667.
6. Delaney, J. T. & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance *Academy of Management Journal*, 39, 949-969
7. Sheng-Hshiang Tsaor, (2004), 'Promoting service quality in tourist hotels-the role of HRM practices and service behavior', *Tourism Management*, Vol 25, Issue 4, August 2004, Pp 471-481.
8. Kuldeep Singh (2004), 'Impact of HR practices on perceived firm performance in India', *Asia Pacific Journal of Human Resources*, December 2004, vol. 42, No.3. Pp.301-317.
9. Chow, C. W., Haddad, K. & Singh, G. (2007). Human resource management, job satisfaction, morale, optimism, and turnover. *International Journal of Hospitality & Tourism Administration*, 8(2), 73-88.
10. Rousseau, D.M. and M.M. Greller (1994) Human resource practices: administrative contract makers, *Human Resource Management*, 33 (3), 372- 382
11. Aggarwal. U and S. Bhargava (2008) Reviewing the relationship between human resource practices and psychological contract and their impact on employee attitude and behaviors: A conceptual model, *Journal of European Industrial Training*, 33(1), 4-31.
12. Redman, T. and B. P. Mathews (1998), Service quality and human resource management: A review and research agenda, *Personnel Review*, 27 (1), 57 – 77.
13. Michael Armstrong. 2000. "Understanding training". *Human Resource Management Practice*. 8th Edition. Kogan page limited, London. pp: 543