

# A STUDY ON HUMAN RESOURCE MANAGEMENT IN HOTEL INDUSTRY AT TAMILNADU

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**ABSTRACT:** Human Resource Management, an integral part of an organization, often ensures the success of the shared relationship between employees and an organization by identifying and satisfying the needs of the employees beginning with recruitment and continuing throughout their career. This article aims to analyze the Human Resource practices in hotels in the state of Tamilnadu. This particular geographic location of India offers human resource challenges that are unique to this popular tourist destination. Results from this study show that employees are satisfied with their compensation packages but not with the working conditions, and the employee turnover rate is relatively high. Adequate training is not often provided by the hoteliers to develop employees' operational skills. Recruitment is mainly through internal referrals leading to high inbreeding and subsequent other human resource problems. There is a significant gap between what is expected from new employees and the skill levels of available talent pool.

**Keywords:** SWOT, COMPENSATION, EMPLOYEE INVOLVEMENT, GAP ANALYSIS

## INTRODUCTION

The Hotel Industry is perhaps one of the oldest commercial endeavors in the world. It is a changing industry and has gone through drastic transformation. A Hotel combines production and sale under one roof. It is in close and intimate contact with its customers, who consume hotel products at the point of sale. Basically it is a capital intensive business.

Hotels cater to different categories of clientele and therefore the industry offers services varying from the super-deluxe category to the budget category. The hotel industry includes leisure and travel industries as well as food and catering business.

This industry has taken rapid strides in recent years as instruments of all-round growth. The wide ranging achievements in this field have led to a marked improvement in the general standard of living. The notable advances seem to be in providing employment opportunities for the educated unemployed. As the modern star hotels provide many facilities in addition to lodging like Restaurants, Bar, Communication, etc., they provide indirect employment to many people.

Being a service industry, it places strong emphasis on the management of people taking into account different nationalities, their culture, tastes and all personal values, including education, standard of living, etc. This industry is one of the important sources of foreign exchange revenue.

## Hotel Industry and Tourism

Hotels are amongst the most visible and important aspects of a country's infrastructure. The industry is closely linked to the tourism industry. A number of factors like the promotion of tourism and the rapid industrial progress have given a boost to hotelier. The recent liberalization of trade and the opening up of the economy will further lead to revolutionary growth in this sector.

Today, in India, tourism is recognized as an industry generating a number of economic and social benefits. It creates employment opportunities, augments foreign exchange earnings, and promotes national integration and international understanding. To meet the demand of incoming tourists, the industry has to increase the availability of hotels and rooms in India.

## Hotel and Ancillary Industries

Hotels have a direct impact on rural development. The industry has encouraged and used thousands of meters of the cottage industry's handlooms, thousands of cottage industry's handicraft ante facts. The industry encourages very substantial investment in shops and arcades in each of the hotels. There are many ancillary industries benefited by the construction of hotels. Textiles, furnishings, furniture, machinery, air-conditioning equipment, food stuff, perishable goods, crockery, handicrafts, beverages, construction materials etc. are some of the industries which are directly benefited due to the construction and development of the hotel industry. The industry also requires the services of professionals, namely, architects, accountants, contractors, interior decorators, etc. The operation of a hotel in a particular locality leads to the general improvement of the standard of living of the people in its vicinity.

## Hotel Industry in India

The real beginning of the hotel industry in India was made in the early 1900s. Before that, hotels were not professionally managed. In India, there were 186 approved hotels in 1963. But the industry witnessed a growth of 10.17 times during 2004<sup>1</sup>. The hotel industry in India consists of approved and unapproved hotels. The approved hotels consist of different star classifications and also unclassified hotels whereas the unapproved hotels do not come under the purview of any organized body. But the unapproved hotels dominate the scene in India.

The Hotel Industry has witnessed multidimensional transformation from traditional to the modern age. Significant developments in the transportation facilities, inventions and innovations in the field of communication, industrialization, rapid urbanization and further development of tourism as an industry paved ways for the development of hotels.

- In CY2017, foreign tourist arrival in India stood at 10.177 million and reached 2.12 million in CY 2018 (up to February).
- Foreign tourist arrivals into the country is forecast to increase at a CAGR of 7.1 per cent during 2005–25
- The numbers of Foreign Tourist Arrivals (FTAs) in February 2018 were 1.05 million as compared to FTAs of 956,000 in February 2017 and 849,000 lakh in February 2016.
- The growth rate in FTAs in February 2018 over February 2017 was 10.1 per cent.
- The Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well.
- The Government of India is working to achieve 1 per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.

### 1. REVIEW OF LITERATURE

The analyses conducted within Chapters 3 and 5 have demonstrated an undeniably high degree of experimentation with new approaches to HRM within the hotels under investigation here. This chapter returns to the 1995 Survey of Human Resource Management in the Hotel Industry in order to examine the relationship between HRM, business strategy and organizational effectiveness. Effectiveness is considered in terms of human resource outcomes such as commitment, flexibility and absenteeism, and also in terms of performance outcomes such as quality of service and financial performance. This is an important test of the relevance of HRM within the hotel industry. It would only be sensible to encourage the adoption of such an approach if it can be demonstrated that it has a beneficial impact on performance.

The analysis of the relationship between HRM and performance has become a research key issue in recent times. Researchers have used large-scale data sets to attempt to ascertain the links between what Wood and Albanese (1995) and Wood and De Menezes (1998) describe as high commitment management (HRM), or what Huselid (1995) describes as 'high-performance work practices, and performance. However, as discussed in Chapter 1, researchers have tended for the most part, to either focus on manufacturing (for example Arthur (1994) looked at steel minimills and MacDuffie (1995) focused on the auto industry), or alternatively, they have not treated services as a variable, but have looked at the HRM and performance relationship across the economy as a whole (see, for example, Fernie and Metcalf, 1995; Huselid, 1995). With systematic tests of the relationship between HRM and performance yet to be conducted within the services, it would seem that the tendency for the services to be overlooked in HRM and industrial relations research is now being replicated within the debate concerning the impact of HRM on performance. By looking at the HRM and performance relationship within a service-related context, the analysis reported here begins to redress this imbalance.

### 2. OBJECTIVES OF THE STUDY

- To study on Human Resource Management in hotel industry at Tamilnadu.
- To identify the human resource practices in hotel industry
- To analyze the effectiveness of human resource performance in hotel industry
- To measure hotel industry at Tamilnadu using SWOT analysis.

### 3. RESEARCH DESIGN

Since the present study focuses on the characteristics of hoteliers and customers, customer expectations and perception on the services offered by hoteliers, and the relationship between the profile of the hoteliers and their business performance, the most appropriate method would be descriptive. It is also aimed to analyse the different factors, problems etc., analytically the most suitable design would be descriptive cum diagnostic research design. Both primary and secondary data have been used in this study.

#### What characterizes HRM in the hotel industry?

Considerable debate has emerged recently concerning the degree of experimentation with new approaches to HRM within the hotel industry. Conventionally, descriptions of the industry have emphasized an autocratic management style and reluctance on the part of managers to allow employees any influence over work processes or their working environment (Macfarlane, 1982:39). Management's primary strategic control has tended to emphasize a tight control over costs.

This conventional depiction is supported by a number of empirical studies. For example, Guerrier and Lockwood (1989a:86–7) found that where hotels had experimented with joint consultative committees, project teams, staff development exercises and employee involvement, such initiatives had more to do with increasing management control rather than developing a sense of commitment.

Hales' (1987) survey yielded encouraging results at first glance concerning the extent to which HRM-type practices had been adopted. Of the 32 establishments within his sample, none had worker directors, only 22 per cent had autonomous work groups and only 15 per cent used quality circles. However, job rotation was found in 55 per cent of hotels, job enlargement in 68 per cent, job enrichment in 59 per cent, project teams in 68 per cent, and works councils in 43 per cent.

These percentages, Hales (1987:263) concedes, might have been somewhat high, in that only those with something to report may have replied to the questionnaire. More importantly though, a more in-depth analysis revealed a considerable emphasis on labour intensification and a high degree of managerial control. As became evident in the 15 follow - up inter views, the manner in which the respondents interpreted the meaning of the practices asked about varied greatly. In some establishments, job rotation simply meant management moving between departments. Job enrichment and enlargement were, on the whole, used to give extra responsibility to specific staff, often management, or as a means of rationalizing the management structure in order to reduce headcount. Individual development tended to be considered a side - issue. The works councils found within the survey were often used simply to legitimate managerial decisions, or to discuss routine matters such as menus or staff uniforms. Project teams were only in evidence at management level.

The primary intentions behind the introduction of the techniques asked about within the survey were therefore either to enhance managerial control, or to improve productivity via job loading. No attempt was made to disguise this. Indeed Hales (1987:271) states that there was a readiness on the part of management to admit that techniques were used for these purposes. Also, most initiatives applied exclusively to management, there being a general perception that non-management employees did not want any greater responsibility.

#### **Factors influencing HRM decision-making in the hotel industry**

As demonstrated above, the conventional view of the hotel industry is that it remains backward in its approach to HRM. Where innovative management techniques have been experimented with, they have been used primarily to intensify work effort, rather than to enhance commitment.

While there has been some recent debate over the extent to which this conventional picture remains valid, with a few studies presenting anecdotal accounts of experimentation with new HRM techniques, others continue to report the industry as still failing to adopt a more strategic approach. The next section aims to develop hypotheses as to why this might be the case, considering the factors that might influence HRM policy choice within the hotel industry. The following section also assesses the extent to which there is common ground between the influences on HRM considered important in the mainstream HRM literature and the influences considered important within the hotel industry.

### **4. SWOT ANALYSIS OF HOTEL INDUSTRY IN TAMILNADU.**

#### **STRENGTHS**

**Natural and cultural diversity:** India on a whole is very rich in cultural heritage and values. While considering the state of Tamilnadu, its heritage and history dates back to B.C., it has many historic places and monuments. The state possess three main tourist spots in the country namely Ootacamund, Kodaikanal, Courtrallam and it's the place where Rameswaram lies, one of two most spiritually important places in India for Hindu's community. The state is along the southern coastal line of the country and has got many beautiful and sunny beaches along its shore. The state has become the region for business as it has got all the transportation means required and the state capital has one of the busiest ports in India. The state has got 8 national sanctuaries, and it has got many hills station including Ootacamund & Kodaikanal.

**Demand Supply gap:** There has always been a mismatch between demand and supply of rooms in Indian Hotel Industry. This has been the reason for higher room tariffs and the level of occupancy. The demand is raised a lot as India is hosting the 2010 Commonwealth games, and most importantly the demand for Chennai will increase due to 2011 Cricket World Cup in India. Many star categorized hotels have come in important cities of Tamilnadu in the last decade.

**Economical Growth:** India's economy is growing to new heights and been predicted to be second after China by 2050. India has now become a part of G20 nations which in turn denotes the growth of the Indian economy. Chennai city being one of the major business hubs of India is bound to immense growth in near future due to increase IT firms, growing Industry in numbers, government tourism development, and other business activities. Coimbatore, the other city in Tamilnadu which was initially a hub for textile industry has now turning out to be IT hub with many MNC's started to have their operations there. Due to industrial and automobile growth, the state of Tamilnadu has now become more occupied with the state having 6 different automobile company plants. Overall the International and domestic economic growth has brought in huge opportunity for Hotel Industry in Tamilnadu. Many huge player in the global market with global chain have started to walk in to Chennai market and along the state (tamilnadu).

## Weakness

**Slow Implementation-** Growth in the tourism sector is considerably slow when compared to other departments. Though the market needs have increased, the adequate infrastructure facility for Hotel Industry is still lacking. Lack of proper manpower has always been an issue in the industry.

**Regional Imbalance:** Regional Imbalance of hotels is prevailing a lot throughout India and that prevails in Tamilnadu also. Still some of the tourist spots in Tamilnadu, there isn't adequate number of rooms for to increase the demand and develop that region to be major tourist spot. Due to this, those tourist spot regions are still under developing schemes and they lack the actual demand which they are capable of producing.

**Capital Intensive:** Initial cost involved in Hotel construction project (i.e.) cost of land is very high and contributes 50% of the total project cost, whereas in other countries it is around 15%. This operates as a major restriction to the Indian hotel Industry, with Tamilnadu being no exemption to this context.

**Long Gestation Period:** Due to lack of proper government development scheme being actuated many rural tourist spots with cultural importance and heritage places lack hotels. This is due to long gestation period for the hotel to get back its breakeven point and also the future growth of the firm is under immense doubt. As mentioned earlier land cost being high in India, time period for Hotel development needs to be very fast in order flourish in the market. As of now this long growth period is making a full stop to Hotel Industry development in those areas.

## Oppurtunities

**Rising Income:** The tendency of spending has increased among Indians due to rise in income levels. People of different age groups are bound to spend on different purchases and are more bound to spend on leisure tourism on a whole.

**Economy Rise:** As stated in The Financial express (2008), Overall Indian Hotel Industry is going through a healthy growth phase due to rising economy which has made many foreign companies and investors to enter India, which in turn has raised the occupancy in Hotels. Thus due to economy rise government have implied many schemes to develop tourism. It has also stated that in Conde Nast Traveller ranking, India is been ranked 4th among 167 countries in most preferred travel destinations. This denoted that India has making its mark on global tourism sector.

## Threats

**Global Recession:** In the last couple of years though the market for Hotel Industry has increased, the occupancy level has decreased due to global recession. Due to this situation, the percentage of business travelers dropped heavily as the company's restricted the travel expense for its employees. The dependency level on foreign tourists is always risky, as the economic depression has affected in all the developed companies and developing countries across the world. Hence there has been a huge fluctuation in International tourism.

**Rising Competition:** Major International Hotel chains are entering Indian market as it is becoming the destination for economical growth. The existing market players are also bringing in lot of new facilities and offers to attract customers. Hence striving a place in customer mind will prove to be a hectic job. Thus there will be a rise in competition among the exciting Hotel market.

## 5. SUGGESTIONS & RECOMMENDATIONS

- ❖ The recruiter should also take the references of his friends or any one he knows who looking for a job from the candidate who has come for the interview.
- ❖ In today's competitive world, attitude is the factor which is the dividing line between failure and success. Thus recruitment of the employees must be made not only on skills and knowledge but also the attitude of the employee. If an employee has a positive attitude then training for him can be more effective, he has a positive effect on the climate.
- ❖ Superiors should thoroughly discuss performance appraisal with their subordinates.
- ❖ Performance appraisal should not be used for punishment.
- ❖ Performance appraisal should be done formally and there should be proper personal counseling by the superior with the subordinate after the appraisal.

## 6. CONCLUSIONS

The study has been prepared to list out the operational aspects & HR Practices of different departments of hotel industry at Tamilnadu. After compiling the various information of different departments & providing solution to the various problems, a solution may be drawn that no department is without problems. The study partially explains the various functions and procedures of HR department of hotel industry at Tamilnadu The hotel is running reasonably well and has a good share of business and corporate clientele but it is worthy to mention now that the system and procedures need an up gradation. A little more strain on the delegation of power should be given. I suggest a closer coordination without interference between all the departments. There should be a regular training of the staff by various section heads. This will ensure smooth running of the hotel. The Hotel faces staff competition posed by other hotels. It is also comparatively for the hotel to have more satisfied staff. For this the personnel department should check the appraisal of all employees and give promotion and incentives to all the deserving people.

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