

**REVIEW OF HUMAN RESOURCE MANAGEMENT PRACTICES IN HOTEL
INDUSTRY**

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Abstract

Human Resource Management Practices are an essential part of any modern organization. These practices begin with the recruitment of the employee and goes throughout their career covering many dimensions. Hotel industry is a vibrant and competitive industry and employees are the core of this industry. To attain a healthy position in highly competitive environment, utilizing human resources at fullest is an essential requirement. This paper is an attempt to provide a review of human resource management practices in general and in hotel industry particular. The paper also gives an account of HRM practices, quality of services and customer satisfaction at hotels.

Keywords: Effects, Human resource practices, Hotel industry, Quality of service, Customer satisfaction

Introduction

In any organization, human resource is considered as one of the most valuable assets, and their effective utilization is closely linked to the performance of the organization. A human resource system is a set of distinct but interrelated activities, functions, and processes that are directed at attracting developing and maintaining, or disposing of a firm's human resources (Lado and Wilson, 1994 p. 701). Although the role of human resource management believes to be more critical for industries and organizations working in services rather than the manufacturing sector but for effective management HRM is equally important for both organizations. Use of new technologies and new manufacturing setup can't be utilized to full strength without required human resource management (HRM) practices. To ensure this, organizations are required to carefully evaluate their practices of HRM and to change them if needed to, ensure the improvement in the performance of employees.

Organizations adopt various HRM practice to improve employees' abilities and skills. Firms either changes the process of selection, adopts more sophisticated methods of hiring new employees with enhanced qualities and skills, or can work to improves existing workers' strength. Researchers suggest that selection of staff and firms performance is positively related

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(Becker et al; 1992, Schmidt, Hunter, Mackenzie and Muldrow, 1979). Organizational competence can be boosted by making changes such as structure of organization, procedures and policies and by managing human resources (Tsui, Pearce, Porter, & Tripoli, 1997).

For sustained and Improving organizational practices, researchers have suggested many HRM practices related to the selection of employees, adaptation and behavior of the employees, job and the associated technical skill, teamwork, etc. firms nowadays, are using various methods to increase workers performance. Some of them can be categorized as modern ways of communication, problem solving techniques, security for job, flexibility for assignment and reduction of excess burden, specialization and training for specialized works, incentive compensation etc.

To enhance organizational performance Pfeiffer (1998) suggested seven practices of HRM viz. employment security; selection of new employees; decentralization in the decision-making process is the fundamental principle of organizational design; high compensation based on performance; training; ending the distinction based on the status by introducing dress and language codes, reducing wage differences across levels; extensive sharing of information of financial nature. These practices are not only useful for cost reduction and have the potential to generate economic rent but organizations can attain strategic competitive advantage (Shuler and Jackson, 1987) BY utilizing the skills experience, and knowledge of the employees.

Tourism and hospitality industry is expanding rapidly all over the world and gaining a significant share of world economy and opening new gateway of employment opportunities. In India it is one of the largest and fastest growing industry employing more than million people, and 9.3 percent of GNP (2019). The dominant business model in this industry is still the small and family firms except some international chains and big franchises (Chand & Katou, 2007). HRM practices are crucial for this industry as this is a labor-intensive sector which leads to complexities at many levels (Solnet and Hood, 2008). Implementation of HRM practices to promote business in such industry are often challenging as people involved in this sector prefer to stick to local traditions, values and practices. These challenges increase with the backwardness and in underdeveloped regions. Management of staff is a core challenge in hotel industry (Enz 2004, 2009). Human resource in this sector not only requires “a service with smile” and human touch but also trained professionals with multiple skills and strategic and creative thinking. The hotels must meet the expectations of the tourists or guests in terms of quality of service and other things (Nankervis and Deborah, 1995). Often hotels utilizes HRM practices such as traditional approaches of recruitment and selection of employees (e.g., instead of using new options like electronic media and social networking they prefer advertisements and agencies), and very less involvement of employees (Connolly and McGing, 2007; Hales & Klidas, 1998; Kelliher & Johnson, 1997; McGunnigle & Jameson, 2000).

The literature of human resources management system differentiation suggest that poor HR practices can be found in many industries but are more evident in tourism, hospitality and hotel industries since this sector deals with many low skilled employees such as luggage porter, cleaner, waiters helpers etc. (Kellier & Johnson, 1997; Lepak & Snell, 1999; Lepak, Taylor, Tekleab, Marrone & Cohen, 2007). While many researcher are with the view of poor management in hotel industry, the HRPSD concepts suggests that hotels used HR practices based on the strategic value of the employees. Hotels, in particular, tend to employee more innovative

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and systematic HR practices among managers than other employees because managers have to bear more responsibilities than others. The strategic value of the employees is based on the position of the employee in the organization because person in higher authority is capable of taking strategic decision for the organization (Watson, Maxwell, & Farquharson, 2007). In this era of information technology and globalization, HR managers in hospitality industry are experiencing new challenges. The rapid expansion of tourism industry has invited demand for quality professionals. The hospitality industry is now requiring more educated professional with formal education and training, experience and trade skills. Considering this demand many new institutions also surfaced in past years that provide formal hospitality education and training and other skills to the students in order to make them preferable for the market. This review paper aims to examine studies regarding HRM practices in hotel industry.

HRM Practices in Organizations

A set of HRM practices has positive impact on the productivity of the organization. Ichniowski et al, 1995; in an econometric analysis based on the panel data set for productivity with up to 2190 observations for 60 steel companies, concluded that a set of complementary HRM practices have large impacts on production workers performance where as individual efforts such as raise in payments or job security have little or no effect. Many studies have suggested that organization performance is closely linked and positively related to HRM practices. Delaney and Huselid, 1996, in a survey study of 590 profit and non-profit organizations found a positive association between the HRM practices and performance measures. Their results for correlations suggest that selectivity in staffing, training, and incentive compensation are positively related to the measures of organizational performance. The subgroup study in this analysis also suggested that these practices are equally useful for non-profit organizations.

Human resource management practices are diversely used according to the size and requirement of the firm or organization. In an empirical work on the HR practices in Small and Medium enterprises, Cassell et al; 2002, found considerable differences among the SME's about their HR practices. By conducting telephonic interviews with 100 senior managers of SME's they concluded that SMEs used the HR practices based on their business priorities and current needs rather than strategic use of HRM as opposed to large firms. Although in selection on employees they use fair process.

In a paper by Ahmad and Schroeder, 2003, they argued that Pfeffer, 1998 seven HRM practices are relevant even recognizing country and industry level differences. To validate their hypothesis, they used WCM data for three manufacturing industries of four countries respectively Germany, Italy Japan and USA. They conclude that plant operates in different industry and countries use different set of HRM practices. By controlling the variable, they were able to make a set of direction of HRM practices that can be utilized across nations which is positively related to the organizational performance and be used by the managers.

Guchait and Cho, 2010 in the study, based on 183 employees working in different service sector companies in India found that better HRM practices reduces employee's willingness to left the organization. The study focusing on the point of view of employees suggested that HRM practices should be consider employees perception that will also help to mitigate employee's commitment to the organization and will provide a better work environment.

The employees concern of the HRM practices is further extended by the theory of psychological contract. This theory suggests that there is unwritten contract between the employees and the employer. Wangithi and Museke, 2012; concluded in their paper on effects of HRM practices on psychological contract that there is common understanding of obligation and promises between the employers and the employees about their job description, security and appraisal and commitment to the organization. Thus, a modern HRM practices helps to pledge this psychological commitment.

Lauren and Foss, 2012; in a theoretical paper discussed the relationship between modern HRM practices and innovation. They argued that increased use of teams and groups in HRM practices helps to utilise human resources to a qualitative extent and create a knowledge pool that influence innovation performances.

In another study aims to examine HRM practices on organisations performance by Amin et al; 2014, found that there is positive correlation among the variables such as recruitment, training, performance, appraisal, career planning, employees' participation, job definition and compensation. They used data for Public Sector University to conclude that different HRM practices play a significant role on the overall performance of the institution.

HRM Practices in Hotel Industry

It is evident from the above literature that HRM practices plays a significant role for the growth of an organisation whether it is working in the private or public sector or in manufacturing or service industry. Hotel industry follows the same pattern. Researches have been carried out to assess the importance of HRM practices on performance of hotel industry. A study has been conducted by Alleyen et al; in 2006 about the hotel industry in Barbados with the respondent ranging from general managers to HR managers. The study tested the models of best fit, internal fit and external fit. The best fit model argues that a set best HR practices should be used covering all the range and issue to attain better performance. As opposed to that, external fit model suggests to use HR practices coherent with the organisational goals. The study provided mixed results. It suggests that HRM practices are ineffective in external fit models. In best fit models HRM practices likely to increase the quality of staff and quality of work. Although in an study of Italian hotels, Bresciani et al, 2012, found that hotels using external fit is also applicable to some extent for quality enhancer but would not helpful for cost reducers. Whereas those who adopted internal fit (used HRM practices as strategic part of the organization) outperform low HRM hotels.

Gannon et al, 2015; suggests that a combined use of external fit and best fit SHRM practices can also be an efficient and feasible option but their integrated use will develop a complex SHRM model. The alignment of managers' expertise and corporate market entry expertise can have a reinforcing effect.

Chand & katou, 2007; Chand, 2010; used a large sample of 845 hotels organisation, 440 individual hotels and 405 chain hotels to assess the impact of 27 HRM practices on the overall performance of the organisation. For example, to asses recruitment and selection practices they took variable such as harmonized terms and conditions, Single status for all staff, internal promotion norms, merit element in selection, multi skilling and experience and employment test

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criteria. The correlation among recruitment & profitability, training and development of staff & quality of services, and manpower planning & productivity has shown positive results. Al-Refaie, 2014; has provided an empirical study of 52 five or four star hotels in Jordan by using structural equation modelling. This study concluded that HRM practices have positive influence on service quality, customer satisfaction, employee's satisfaction, improvement on hotels overall financial and innovative performance. Satisfaction of employees is also a key in the literature of HRM practices. Many researches carried out in this context that suggests consumer and employee's satisfaction are positively related to the HRM practices. Changes in core HRM practices have significant impact on the employees' engagement and commitment to the hotels. Presbitero, 2017; analyses the correlation among the variable such as training and development programme, reward management and employees engagement using structural equation models. The author found a positive correlation among the said variable. Mishra & Otto, 2018; provided the same results in the study carried out in context of employees of Indian hotels.

To meet diverse and dynamic need of the customer, hotel industry always needed innovation and use of new technologies. Since the product in the hospitality industry is intangible thus innovation can be achieved through process of selection and training of staff. Chang et al, 2011; in their study of 196 Independent hotels and restaurants working in People Republic of China found that recruitment of multi-skills customer contact employees and training core employees for multiple skills have significant effect on radical and incremental innovation in hotel companies. In this regard Nieves & Quintana, 2016; also provided their conclusion based on the study of hotel industry in Spain. Although they did not find any significant relationship between selections and recruitment process and enhancement of human capital in the surveyed sample but they did find a positive impact of practices encouraging use of information technology on human capital.

In 2006, Cho et al; conducted a study to assess the impact of HRM practices on performance of organisation by using turnover rate as the measure. They investigated that HRM practices has a very little or less impact on labour productivity, it certainly has positive impact on the turnover rates of non-managerial employees. Companies which use incentives plans based on performance of big number of employees, or involve in labour management programme, showed lower turnover rate of non-managerial employees. However, they found that HRM practices have not much effect on employees of managerial posts. Although literature suggests that HRM practices have positive impact on hotels performances but lack of strategic skills and knowledge among the managers is still an unresolved issue. A study of hotels of Taiwan by Yang and Cherry, 2008; focused on the three main issues of recruitment and selection, quality of service and customer satisfaction concluded that hotel managers rather work on operational level than adopting strategic methods. The authors suggest that respondents (basically managers of hotels) were not seeing HRM as commonly used practices.

To understand these differences in HRM practices decisions we need to look into multiple variables such as regional variations, size of the hotels, whether the organisation is an international chain or a family firm, cost and services provided by the hotel, geography and development of the region etc. in taking decisions regarding HRM system, these variables should be count significant. In a study by Ahmad et al, 2010; of 6 Malaysian hotels with employees more than 300 each, develop a conceptual framework for human resource management practices differentiation. The authors concluded that although HR practices are followed by all of the

hotels, but they certainly did not follow a set of rules in this relation. For example, in some places compensation were given on the basis of seniority, and only in one hotel compensation was given on the basis of merit. Most of them used formal channel of communication, selection and recruitment process. In 4 of 6 places employees are allowed to form unions and otherwise. In another primary work by Bagri et al, 2010; in the hill region of Uttarakhand, India, they found that most of the hotels do not even have independent HR departments. Unlike five or four-star hotels, small independent hotels in tourist places, have less educated, low skilled workers, who works an average of 4500rs monthly wages. The employee's turnout rates are high and the managers worked on operational basis. The review regarding the HRM practices in hotel industry has given many takeaways. Such as, differentiated practices are used by the HR managers. These practices depend on many factors such as geographical region, number of customers, size of the hotel, cost and quality services etc. Studies providing mixed results about the use of HRM practices and their effect on internal and external fit but it certain that these practices not only enhance quality of services in hotels but also positively related with the innovative practices and competitiveness in the industry.

HRM Practices, Quality of Services and Customer Satisfaction at Hotels

The detailed provided by the literature suggest that HRM practices have positive and significant impact on the quality of services of hotels. Four or five-star hotels by using certain HRM practices can enhance their quality of services. Hotels with national or international franchises have sufficient funds to promote practices such as organising training and development programme for their permanent staff and can use compensation and promotion to boost healthy competitiveness among the staff. But carrying out these practices in small independent hotels remains a big challenge. Quality of services in hotels are correlated with many factors such as commitment of staff towards the institution, taking responsibility of their work, adequate infrastructure and other facilities for the customer. Providing such facilities required a heavy investment on infrastructure and human capital which is challenging for small hotels in backwards areas. Hotels in such area's recruit worker on operational basis instead of any strategic view point. As discussed earlier, managers and staff in such hotels do not see HRM practices as a common phenomenon. The rigid and traditional in marketing attitude prevails in such places. These hotels do not provide appraisal or incentives to their staff. On the same lines, workers involved in such places are less qualified, less skilled, and uneducated. There is high turnout rate of workers in these places. So they are not committed to their job that overall affects the quality of services and customer satisfaction to an extent. Many studies for small firms working in hospitality and tourism industry suggested that using HRM practices will be helpful for independent hotels and workers and a small set of HRM practices can make a better difference.

Conclusion

Tourism and hospitality sector in last two decades emerged as one of the most vibrant sector of the economy that leads to a much competitive market in this sector. Hotel industry in its core a labour-intensive industry that requires different types of professional, not with only managerial ability but with better communicative skills, professional working attitude, persons with basic skills. To foster these quality HRM practices are required at many levels. To attain a better

position in this highly competitive market, hotels should adopt a bundle of HRM practices according to their demands, and ability to carry out these activities.

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