CHAPTER 2

LITERATURE REVIEW
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This chapter is dedicated to all the literature that was reviewed with regards to the research topic. Review of literature was a crucial part of the secondary data collected for the research. Literature related to the core subject of training and development, with emphasis on its importance in the hotel industry, employee engagement, employee satisfaction and motivation, and its effect on employee retention was reviewed. Articles pertaining to the hospitality scenario were reviewed to get an overview of the region in the scope of the research.

2.1 DEFINITION OF TRAINING AND DEVELOPMENT

“Excellence is an act won by training and habit. We are what we repeatedly do. Excellence, then, is not an act but a habit” – Aristotle

- Training is a process of learning a sequence of programmed behavior. It is an application of knowledge. Development is a related process. It covers not only those activities which improve job performance, but also those which bring about growth of the personality; help individuals in the progress towards maturity and actualization of their potential capacities so that they become not only good employees but better men and women. It is intended to equip persons to earn promotion and hold greater responsibility. Training a person for a bigger and higher job is development. All this may well include not only imparting specific skills and knowledge but also inculcating certain personality and mental attitudes. (Memoria 2008)

- Training is a short term process utilizing a systematic and organized procedure by which non managerial personnel learn technical knowledge and skills for a definite
purposes. Development is a long term educational process utilizing a systematic and 
organized procedure by which managerial personnel learn conceptual and theoretical 
knowledge for general purpose. (Steinmetz 1969)

- Training refers only to instruction in technical and mechanical operations, 
while development refers to philosophical and theoretical educational concepts. 
(Campbell 1971)

- Training can be defined as a process of facilitating new or present employees 
with the basic skills and competencies needed to perform their jobs or improve their 
ability to perform on the jobs (Decenzo & Robbins 2007)

- Training is defined as “The formal procedure which a company uses to facilitate 
employee’s learning so that their resultant behavior contributes to the attainment of the 
company’s goals and objectives”. (Mcgehee & Thayer 1961)

- Workplace training is a systematic approach to learning and development to 
improve individual, team or organizational effectiveness. (Goldstein & Ford 2002)

- Training, if it is to become an effective tool of management, must be systematic, 
orderly procedure, constructively applied to solutions of organizational problems and 
attainment of organizational goals. (Mcgehee & Thayer 1961)

- Training is the activities that are designed to provide learners with the 
knowledge and the skills needed for their present job whereas development is the 
learning that goes beyond today’s job and has more long term focus. Training also
tends to be more specific while development looks more at the long term professional goals. (Wayne 2008)\textsuperscript{7}

- *Training is a process that provides employees with knowledge and skills required to operate within the systems and standards set by the Management.* (Sommerville 2007)\textsuperscript{8}

- *Training in the most simplistic definition is an activity that changes peoples’ behaviour.* (McClelland 2002)\textsuperscript{9}

- *Training is the act of increasing the skills of employees for doing a particular job.* (Flippo, 1984)\textsuperscript{10}

- *Training is a process utilizing a systematic and organized procedure by which non personnel learns technical knowledge and skills for a definite purpose.* (Steinmetz 1968)\textsuperscript{11}

- *The process of developing skills, habits, knowledge and attitudes in employees, for the purpose of increasing effectiveness of employees in their present government positions as well as preparing employees for future government job positions.* (Torpey 1959)\textsuperscript{12}
2.2 TRAINING AND DEVELOPMENT IN THE HOTEL INDUSTRY

The objective of training and development of employees is to increase productivity by improving employee performance and ultimately improving the quality of service. Training may also be imparted to orient the employees with regards to the work culture of the organisation. The end result of training is the personal growth of employees. An organisation may have on its agenda, a plan of expansion and diversification that would require training to be imparted to the employees to prepare them for the future needs. Training is also imparted to the employees to prepare them for disaster management and for them to understand the importance of cleanliness and hygiene. In today’s world of ever changing technology, it has now become necessary for the employees to be trained on a regular basis to keep them updated with the changing technology. These are some of the reasons for imparting training to employees for more than three decades. However today there is recognition of some non-tangible benefits of training. For example, training plays a vital role in changing the attitudes of employees by motivating them and increasing their morale. The level of job satisfaction amongst the employees also goes up. Most of the employees then perceive that the organisation is making an effort in developing the skills and the knowledge of the employees through training and that the organisation is keen on spending on employee development even if it is with the idea of improving its service quality and thus expanding the business. This is seen to increase the sense of loyalty amongst the employees.

Laing (2011)\textsuperscript{13} in his research found out that statistically it can be seen that training plays a vital role in improving the staff performance. For a training program to be considered effective, timely results need to be achieved that are aligned with the pre-set performance objectives of the organisation which in turn are linked with the organisational goals.
(Kim 2006)\(^{14}\) in his research has mentioned that training of employees is getting significantly important in the hotels in order to ensure quality service, reduce the cost of labour, and increase the employee productivity as well as the profitability and for the effective management of the diverse workforce.

Yu (2011)\(^{15}\) studied the hotels in China and concluded that the hotel industry is essentially a highly labour intensive service industry. The success of this industry therefore largely depends on the social and technical skills of its employees, their attitude, commitment and hard work. Gabriel (1988)\(^{16}\) in his earlier studies shared a similar view. This aspect along with the fact that the industry is growing in leaps and bounds, adding to the global competition, makes it necessary that the hotel industry invests in the employee training and development. (Connolly & Olsen 2001).\(^{17}\)

Some of the key features that Garavan (1991)\(^{18}\) has pointed out regarding Human Resource Development are integrating the Human Resource Development goals with the organisation’s goals and objectives. This must also have the support of the top management. Plans and policies may be developed for HRD. The execution of the plans and policies must be with the involvement and commitment of the line manager. Emphasis may be laid on environmental scanning and development of complimentary Human Resource Management Activities. The trainer’s role may also be expanded and the culture of the organisation must be well defined. Emphasis must also be laid on the evaluation of the effectiveness of training.

Yu (2011)\(^{15}\) in his study found that the hotels in China have been conducting training and development programs for its employees. However there is a significant difference in the priority given to training programs, the resources assigned and the perception of the managers about the training and development activity. However the multinational hotels have a uniform policy on training and development of its employees. This
activity is well defined and given due importance. Proper budgets are allocated to the activity. However while it is perceived to be an important activity, it is not regarded as a strategic activity. The Human Resource Division of the hotels are not considered strategic departments despite the fact that the hotel industry is a labour intensive industry. What is theoretically accepted, is not implemented on the ground. Most of the trainings are imparted through internal trainers due to financial constraints. Sometimes training and development activities are linked to promotions but this is not the rule of the thumb. The performance appraisals of the employees are mostly linked to their pay hikes and not as a source to determine the training requirements of the employees or to formulate the annual training plan.

The hotel industry is a dynamic industry with new challenges. People today are frequent fliers travelling across the globe and exposed to the global hospitality scenario. They expect high quality from the service industry. The hotel industry is growing in leaps and bounds resulting in huge employment opportunities. This has brought about a change in the work values of the employees and their expectations from the organisations. While previously, job security was the single most important factor considered by the employees as a career path, today the employees willingly change jobs for advancement. This can be seen in the current rate of attrition in the hospitality industry. The major attraction for employees today is the growth opportunity that the organisation has to offer. The employees are keen to learn for future promotions. They look at developing their skills and knowledge with the belief that learning is the path for their growth in the organisation. They also believe that this will help increase their market value. The hotels in United States have in fact gone a step further and included education and development amongst the perks offered to its employees. (Cannon 2002)
Training and development is an important tool for the managers to develop their technical and interpersonal skills. These tools will help the new managers to be more effective in their position of responsibility and authority. This also adds substantially to the level of job satisfaction that the employee gets. There is a further percolation of this effect on new recruits and will in fact nudge the new recruit to make a long term commitment to the organisation. (Torres & Adler 2010)\(^{20}\). As per Shaw and Patterson (1995)\(^{21}\), the skills that the managers considered most important for their development include communication skills, service quality and motivation and training.

One of the essential parts of Human Resource Development is the staff training. This is the effective way for the Management to understand its employees and to ensure that their abilities are used to their highest potential. Staff training also helps in making the employees more professional. This is all the more relevant in the current economy and the world of ever-changing technology. (McClelland 2002)\(^9\). The idea is to train the person to find effective solutions rather than handing him ready to use solutions.

Watson (2008)\(^{22}\) in his study identified important skills for the managers. These skills sets include leadership, interpersonal skills, cultural sensitivity, corporate skills, flexibility and strategic skills. Personal methods like mentoring also play a vital role. While some organisations limit the training of their managers to their work scope, most of the organisations like their managers to be equipped with all the functions of the business. Some of the organisations train their managers through standard modules while others train them on the job.

The hotel industry is essentially a service industry which is entirely dependent on its employees to deliver the service. When there is a human factor involved training and development becomes imperative to provide the desired quality of service which will
eventually ensure high profitability of the labour intensive service industry. (Hays 1999)²³

Nina (2008)²⁴ has enumerated the benefits of training and development for the employees as well as the hotels. The psychological benefits to the employee include high morale due to self-confidence and high self-esteem, reduction in the stress levels of the employees, sense of greater job satisfaction and a sense of loyalty and commitment to the organisation. The behavioural benefits to the employees and the organisation include greater abilities due to addition in the knowledge and skills sets, lesser chances of making mistakes, good quality of service, greater efficiency and a professional attitude. The benefits to the employees also include job advancement and awareness about hygiene and sanitation. Training and development helps in imbibing the culture of excellence in service delivery.

Work culture defers in every organisation. The employee must be well versed with the vision and the mission of his organisation in order to be attuned with the work culture of that place. Training helps in orienting them to the policies and the work culture so that they can adjust to the environment and can be a part of the work team.

The business atmosphere has also changed with multinational hotel chains having a global presence in the growing world economy. The customers who are frequent travellers have become more demanding and frequently change their preferences with changing trends. Keeping with this dynamics is a big challenge to the hotel industry which needs to keep up with the latest trends in order to satisfy the customer. Also technology plays a big role today unlike earlier times and the employees have to be technically savvy in order to work in this tech savvy environment. (Biswas 2012)²⁵

Training of employees is very crucial for attaining and sustaining the desired service quality. Training of employees leads to a professional approach along with an
Improvement in the service quality in terms of consistency and the standard of service. This in turn leads to a systems-based approach and consistency in work, time taken for completing the task, reliability, better communication amongst the staff and the customer and motivates the staff while helping achievement of the business target. (Delahaye 2005)²⁶

For a training to be successful, the organisation must have a thorough needs analysis done before undertaking a training program. It is also important to have proper goals and outcomes outlined. The employees must be taken in confidence and it should be ensured that they understand the training process along with the process of evaluation and feedback. The study conducted by Delahaye, on the strategies of training in various regional restaurants was to find out the perception of the employees with regards to customer service and the role of training as a key factor in its success. However, the findings of his study revealed that while the restaurants had formal training schemes on paper, most often than not, the training programs were conducted on ad hoc basis and were different in each organisation. It was thus difficult to generalise and formulate a broad viewpoint.

It is seen that when the employees are trained and are given the necessary knowledge, skills sets and made to understand the logic of conducting the business in a certain way, it leads to better productivity. It also motivates and inspires the employees and gives them the confidence that they contribute to the success of the organisation and that their job is important. (Xiao 2010)²⁷.

Training also helps in uniting the work force. A hotel may hire experienced personnel as against training their own staff, but with the development of its own staff, it can ensure a friendly atmosphere along with building up the team spirit and the idea of achieving success as a part of the team including both the employees and the
management. It is also possible to match the abilities of the employees with the requirements of the organisation.

Coston & Salazar (2011)\textsuperscript{28} based their study on interlinking training and development with employee satisfaction, sense of loyalty amongst the employees and their intention to stay. This study was undertaken with four hotels in USA. The findings indicated that where the employees felt that they had an opportunity to learn and develop their skills, the job satisfaction levels were higher and the employees were more loyal and intended to stay with the organisation.

Xiao (2010)\textsuperscript{27} classified training benefits into benefits for the employees, benefits for the management and benefits for the organisation. Benefits for the employees included an increasing sense of job satisfaction and employee recognition. Training also results in employee development and building confidence in the employees. The employees are able to move towards their personal goals and become effective problem solvers. Training ensures the productivity amongst the employees increases more quickly. Benefits for the management include ensuring sustenance of systems and standards, better evaluation of employee performance and effective way of identifying employees for promotions and transfers. Benefits to the organisation includes improved profitability in the business. Training reduces accidents and safety violations leading to a safe environment and helps in organisational development. It also helps reduce wastage and a high employee turnover which adds to the organisation’s cost.

Training at regular intervals, helps to decrease the work pressure of the employees and reduces the rate of attrition. This can substantially help to reduce the labour cost and ensure good service quality. (Sommerville 2007)\textsuperscript{8}

Human Resource Management needs to be centred around the customer needs and expectations as well as strategies for quality service to be delivered. This is of great
importance and emphasised upon at all levels of the organisation in order to be successful. Human Resources can attain this through a composite training plan. Training is one of the key factors in ensuring that the organisation has a competitive edge over the others through service delivery that will not only satisfy the customer but will also delight him. (Hays 1999)  

Cairncross (2008) in his study found out that training is required to improve the quality of service and professionalism in the public. It also helps in customising the service to the brand or objectives of the individual establishment. Training is beneficial not only to the organisation, but also to the employee concerned and in fact motivates and stimulates the employees.

Chun Fa Chiang (2005) in his study, has concluded that there is a definite link between increasing job satisfaction and the intention of the employee to stay. Training is a way to achieve the desired level of service quality. It enables the employee to be consistent with his job performance. The employee experiences an increased level of job satisfaction and becomes more committed towards the organisation. The research also tried to investigate if the managers and the employees had the same expectations and perceptions of the quality of service and suggested ways to improve the training quality, thereby increasing the satisfaction of the employees about training and their job, and their intention to continue in the hotel industry. It was observed that training improves the self-esteem of the employees, reduces the attrition rate, brings about a consistency in the service resulting in a better product, increased customer satisfaction and helps in reducing the operational costs, introducing new technology, equips the employees to deliver as per the target market expectations. It helps to improve the attitude of the employees, ensure harmony and team building, and a commitment towards the organisation. (Wesley & Skip 1999)
Nina PoloskiVokie (2008) has given an evidence of how training and development positively impacts the customer service quality in the hotel industry. The researcher explored the problems regarding training and placement in the hotel industry in Croatia. The findings of the survey were that the hotel industry in Croatia, has not recognised the impact of training and development in the long term success of the organisation and the development of the staff. The study revealed that the investment made by the hotel industry in training and development of its employees was much less than the investment made by other Croatian business under the same expense head.

The findings by Nina suggest that the hotel industry in Croatia is ignorant of the importance of training and development of its employees. Less than 33% of the hotels have an annual training plan in place. The investment on training and development was also therefore limited to 1/3rd of the total Croatian Hotel Industry, and the investment on training was less than 1% of the total annual earnings. Hotels of higher categories and bigger hotels with more employees do realise the importance of training and development. The study concludes that the hotels in Croatia must give due importance to training and development of its employees and incorporate it at the level of strategic planning of the organisation.

Research has shown that training helps in improving the self-esteem of the employees, helps in retention, ensures consistency in service and quality product delivery, high level of customer satisfaction, reduction in the operational costs, use of latest technology, preparedness to deliver as per the expectations of the target market, employees equipped with knowledge and appropriate skills sets, with the right attitude, self-awareness, better team work, job satisfaction and a commitment towards the organisation.(Roehl &Swerdlow 1999).
While it is theoretically accepted that training and development is a major contributor to an organisation’s growth and success, on the ground, it is observed that employees are undertrained because they cannot be spared for the training program due to the work load and high job pressures. In a situation like this, where there is lack of training, Ryan (2008) has observed that the employees are unable to deliver as per the expectations of the customers who are then dissatisfied with the quality of the service. This in turn may demotivate the employees and the quality of service may further deteriorate due to the employee dissatisfaction.

Chow, Hadded & Singh (2007) based their study on 46 hotel properties in San Diego and found that training and development helps in boosting the morale of the hotel employees thereby increasing job satisfaction and productivity. This in turn boosts the morale of the Manager and motivates him further.

Kyriakidou and Maroudas (2010) in their study, have quoted constructive examples of training and development in the hospitality sector, particularly in leisure travel and accommodation and medium size hotels. Their findings and observations were that when the organisations integrate training and development with the intrinsic work culture, especially through informal avenues, the organisations become successful and the attrition rate drops down. The rapid growth of the hospitality sector, has intensified the competition and the need for change is a continuous process. In this environment, the small size hotels in order to survive, and to succeed, must adopt the path of training and development of its employees. (Dumphy & Crawford 1997).

Lynch and Black (1998) in their study have highlighted the fact that training and development is usually put on the back burner by medium and small hotels. This may be so because training costs are greater in smaller organisations as against bigger organisations, where the per person fixed cost of training is substantially low due to
economies of scale. Besides bigger organisations have a dedicated human resource staff with sufficient budgets allocated for human resource activities. However in the instances where the investment on training is low, there is lower level of productivity growth and the level of performance is poor within the smaller organisations. (Ashton & Felstaed 2001)\(^{38}\)

Smaller hotels and standalone properties, as per Nolan (2002)\(^ {39}\) are not very professional or well-structured as far as their internal processes are concerned. They are therefore not as likely as larger hotels to invest in training and development of their employees. Kinni (1994)\(^ {40}\) was of the opinion that training in small and medium properties, included aspects like the competence of the employees in their work, developing the interpersonal skills of the employees and ensuring that the employees are personally involved with the business and take the onus for its success.

Choi and Dickson (2009)\(^ {41}\) based their research on the advantages of Management Training Programmes. They studied how the management training programmes benefit the front line leaders and their interpersonal relations with the employees. The impact of these training programmes was measured over a period of time. They concluded that the Management Training Programmes were effective in ensuring higher degree of employee satisfaction, resulting in lowering the rate of attrition. Therefore the cost of training actually offsets the cost on recruitment. This strategy was of great importance to the human resource professionals.

It is a well-known fact that employee turnover comes with a cost for the organisation. Pinkoviz and Green (2002)\(^ {42}\) in his study, classified the costs as separation costs, recruitment costs, cost on training, loss of productivity and loss of knowledge. The study revealed that on the loss of a non-management employee, the cost of recruiting against the vacancy can be as high as 30% of the employee’s salary, whereas on the loss
of a manager, the cost of recruitment against the vacancy can be as high as 50% of the manager’s salary.

Panakera & Willson’s (2010) findings suggest that there is substantial shortage of skilled employees in the hotel industry in the third world countries. The hotels then tend to rely on casual labour or unskilled labour. This badly affects the service quality. The rate of attrition in these semi-skilled and casual labour is very high. This is turn negatively affects the service quality and results in customer dissatisfaction. Unless the hotels invest in the development of their employee skills, it is extremely difficult to have an effective workforce and to achieve sustainable growth. Small hotels and standalone properties need to find ways in which they can retain their good staff through good pay package, favourable work conditions and training and development of the employees.

Anastasiou (2011), in his research concluded that training employees is a good way of counter acting substandard performance and making up for any drawbacks in the operations. It also promotes new ideas and helps to build on the knowledge. The top management should ensure that training and placement is integrated with the organisation’s goals and objectives. This will prepare the employees to change with the changing trends in the hotel business, and make them more adaptive to the new ideas, apart from improving the quality of service.

Training empowers the employees to deliver as per the desired service quality. Employees can be empowered by building their self-esteem, and their communication capabilities, building work teams that are self-directed, inter departmental training, open door policies, employee participation in identifying the weak links in the business as far as the service is concerned, giving credit to the employees for good suggestions and
ideas that are effective, and to empower the employees to respond to the customer needs. (Amrithraj et al 2011)\textsuperscript{45}

Training is an addition to the knowledge and skills developed as a part of education. It involves aspects like creating awareness about the business amongst employees, fulfilling the role of mentorship and development of human resources as well as coaching employees and mapping their career graph.

2.3 REASONS FOR NEGLECTING TRAINING AND DEVELOPMENT OF EMPLOYEES

The hotel industry perceives training and development of employees as a high cost to the company. They also perceive that since the attrition rate in the hotel industry is so high, investing on training of employees is actually a waste as the employees will leave the organisation and their competitors will benefit from the training given rather than the organisation that invests in training. Training adds to the market value of its employees and in fact encourages them to leave. (Baum 1993)\textsuperscript{46}

Nina (2008)\textsuperscript{24} has enumerated the reasons for training as follows:

1. Most of the hotel owners and the managers do not undergo any training and therefore are not aware of the importance of training.

2. The demands of the business makes it difficult to depute employees for training programmes and training then goes on a back burner.

3. Hotel businesses are more often than not, short on finance and so cannot afford investing in training programmes.

4. The employers believe that skills and knowledge must be imparted in schools and it is not the responsibility of the organization to invest time, energy and finance in developing the skills and knowledge of employees.
When the business is low, companies cut costs by forgoing training sessions and cutting down on the budgets. However this has an adverse effect in the future when the business picks up. Kristick (2009)\textsuperscript{47} in his study found out that that during the recession of 2000, companies opted to cut on their training programmes. This resulted in the breakdown of a system that was responsible for developing internal expertise and strategic capabilities in order to prepare future leaders. Due to this cut down, the studies found that it would take 3 years to rebuild the system and develop new leaders for sustaining the business. As per Kennedy (2009)\textsuperscript{48} the industry actually eliminated the positions of trainers and cut down on training programs, resulting in unprepared employees and newly hired employees working and delivering service.

\textbf{2.4 METHODS FOR EFFECTIVE TRAINING AND DEVELOPMENT}

An effective training and development programme should be based on competency rather than the traditional school system. This is especially important where the employees are working in areas where competence is the need of the hour, like in the service industry. Kovac (2008)\textsuperscript{49} in his study, opined that competence based learning ensures that the employees are intrinsically motivated about skills development, building knowledge and building the right attitude and behaviour with their acceleration of their natural talent. According to Maguire and Redman (2006)\textsuperscript{50}, most of the hotels do conduct some training programmes. However most of them do not maintain systematic records of training information. Evaluation mechanisms are also very weak. In this scenario, it becomes very difficult to measure the effectiveness of a training programme. Duguay and Korbut (2002)\textsuperscript{51}, suggested that if the training programme has to be effective and successful, then it is important to integrate it with the organisation’s goals and objectives, as well as with the personal career goals of the employees.
The merging of personal goals of the employees with the organisational goals and integrating it with training programmes will add value to the programmes and make them more effective. The benefits of training programmes are employee’s commitment to the organisation, better communication, multi-tasking, reduction in the absenteeism of the employees and reduction in the attrition rate. From the human resources point of view, the training programme should result in the feedback that is effective in measuring the success of the training programme. This feedback should measure the effectiveness of the employees post training, in performing their duties, and the increase in their knowledge and skills levels. (Willie et al 2008)\textsuperscript{52}.

Wilson (2000)\textsuperscript{53} in his research stated that in the hotel industry, the supervisors double up as trainers and mentors. They can in fact initiate changes to bring in new trends and contribute to the success and effectiveness of training programmes.

When appraisals are linked with training, it is easy to identify ways of retaining effective good performers at the right time. Conducting training sessions regularly is a way of ensuring that each employee adds value to the operations. When capabilities are mapped with career advancement, training helps in shaping the career of the employees.

Haywood (1992)\textsuperscript{54} in his study recommended a model for effective training based on sharing of mind sets in order to build the capability of the organisation through its employees.

1. The organization must recognize that the employees are the biggest assets of the company and are capable of contributing substantially to the success of the company.

2. Companies must be committed to the training and development of its employees and offer them ample opportunities to grow.

3. Companies must recognize the importance of training by incorporating it with the company’s strategic plan, brand building and value systems of the organization.
4. Training programmes must be planned taking into consideration, the current issues and the likely future concerns in order to remain competitive in the market.

5. Training programmes must be centered on the need of the hour and the changing trends along with budgeting and identifying the employees who are to be trained.

6. The system for training must have training specifications that can guide the training methods to be used depending on the training requirements, selection of trainers and the flow of the training plan.

7. Training programmes must be evaluated for their effectiveness, and to assess the commitment of the trainees.

For training to be effective, it should be need based, must implement effective training methods, the targets should be achievable and training must be given at the right time, to the right person and at the right place. It is also very important to measure the training programmes for the results.

Aksu & Yildz (2011) in their study, stated that the ASTD report (2010) quotes that 1% to 3% of the budget is usually allocated for training of employees. It is therefore essential that training programmes are allocated budgets at the beginning of financial year.

Training need identification is an important aspect for the success of the training programme. Factors that influence high productivity in training are:

1. Management support
2. Skills of the trainer in conducting the training session
3. Involvement of the human resource department
4. Willingness of the employees to learn
Kings (2009)\textsuperscript{57} based his research on cost effective training and development programmes. His recommendations were as follows:

1. The department of human resources must align the training and development programmes with the success of the organization. Once there is a visible connect between the two, it will positively impact the employee morale, increase productivity, ensure consistency in service quality, lead to guest satisfaction as well as employee satisfaction and have a positive impact on the retention of the employees.

2. The human resource department must classify their training programmes as essential and desirable, so that even if some programmes need to be reduced because of cost cutting, there is no compromise on the essential training programmes such as safety and hygiene or any other trainings to meet the government norms and regulations.

3. The organizations must implement innovative practices and use advance technology to facilitate training. Potential in house trainers may also be identified and trained to reduce the pressure on the training department. Their performance as trainers may be monitored by the departments.

4. Communication at all levels should be encouraged so that training programmes may be devised with inputs from the employees, which will result in cost cutting, on developing training programmes.

5. Guidance may be taken from other industries in formulating training programmes using advanced technology to ensure that the training programmes are innovative and are in line with the current trends. This will give the organization a competitive edge over the others.

6. The objectives of the training programmes must be in line with the objectives, ethics and the goals of the organization and the employees should be aware of the importance of training.
7. The success and the effectiveness of the training programmes must be measured through various techniques available like Performance Appraisals, Total Quality Management, Kirkpatrick’s 4 level model and Return on Investment, to name a few. Continuous evaluation of the training programmes is a good way of monitoring if the objectives of the training programmes are achieved, giving the organization a competitive edge over the others.

### 2.5 TRAINING NEEDS IDENTIFICATION

Whitlaw et al (2009)\(^{58}\), based their study on identifying the training needs of the hotel industry and to align them with the current knowledge levels of the hospitality graduates and the skills sets and the competencies of the managers so that the training programmes will complement the career development programme of the graduates. The study was based on sampling from four cities in Australia, and it was found that there is a general awareness that there is a need to focus on the training programmes and give it due importance. The respondents generally agreed that the curriculum must include higher and general skills so that the employees are able to adapt to the changing environment. The respondents felt that there was a shortage of skilled manpower and the employees must develop the right attitude and be better at presenting themselves. The respondents felt that the organisation must concentrate on strategies for retention of its employees, such as regional promotion policies, hierarchy in local hotels, associations with the local hospitality schools and career development along with implementation of methods in recruitment and training process.

Delahaye’s (2005)\(^{26}\) in his study observed that training need identification is based on performance appraisal. Other ways of identifying training needs are through customer feedbacks, feedback by the supervisors, incognito auditors, staff feedback and the employees themselves communicating their needs for training.
There is a huge body of study on the importance of human resource competencies. Ineson & Kempa (1996)\textsuperscript{59} in their study came up with four primary skills that are very important in the hotel industry; these include verbal and written communication, supervision skills that not only motivate the employees but also train them in completing their tasks, ability to enhance the customer satisfaction through amicable means and quality of service. Apart from these primary skills, other important skills include problem solving, maintaining professional and ethical standards, and professionalism and leadership qualities to achieve operational objectives (Tas 1998)\textsuperscript{60}. Other than the above mentioned skills, requisite competencies include safety and hygiene, as per the desired standards, legal requirements, identifying problem areas in operations and crisis management. While the traditional technical skills are a prerequisite, it is now becoming increasingly important to develop skills like problem solving abilities, critical thinking, strategic planning, and leadership with a vision, which can be developed through training programmes.(Cassado 1991)\textsuperscript{61}.

Training programmes are formulated based on training needs. While formulating these programmes it is necessary to include factors like training evaluation, particularly the techniques used and the skills of the trainer. Other factors that need to be considered are the primary behavioural aspects i.e. people, organisation and the environment.

Al Ajlouni and Jaradat, (2010)\textsuperscript{62}, in their research found that there are certain factors that are responsible in influencing the training needs. These are as follows:

1. Technological changes
2. New social environment
3. Emerging competitive market
4. Business requirements
Tas and Clayton (1996)\textsuperscript{63} in their study have identified 5 major competencies that are required to manage a hotel property. They are as follows:

1. **Interpersonal** – Skills for effective interaction with others.
2. **Leadership** – Ability to turn ideas into productive action.
3. **Conceptual** – Creative cognitive skills needed for the job.
4. **Administrative** – Personnel and financial management of the business.
5. **Technical** – Knowledge and skills essential to producing a product or a service.

Training needs in the hotel industry are also influenced by the goals and objectives of the organisation. Since it is a service industry, having a strategy that is service oriented, is necessary. This entails proper employee training especially with regards to their attitude towards the customer and the behaviour that is governed by the attitude. The training should also result in implementing service quality initiatives like job involvement. (Lee et al 2006)\textsuperscript{64}

Need assessment is defined by Kaufman as a process for identifying and prioritising gaps between current and desired results. (Kaufman et al 1993)\textsuperscript{65}

Assessing training needs is an influential factor in formulating an effective training programme. Training assessment is derived at after assessing individual training needs of employees at all levels in a systematic manner. (Simmonds 2003)\textsuperscript{66}

Human Resource Management must develop training programmes based on prioritised training needs. In this way, hotels can ensure optimal return on investment and savings can be achieved on budgets. Factors that facilitate the assessment of training needs are as follows:

1. Key process indicators based on day to day operations
2. Pre-determined targets that can be measured
3. Acceptable level of performance

Pre-determined goals and performance standards for employees at all levels helps create a common platform and allows for a comparison of departmental objectives and organisational objectives. According to Perdue, Ninemeier and Woods (2002)\textsuperscript{67} this comparison and the evaluation of the performances can be a useful tool in enhancing the assessment of training needs.

It is important to accurately identify the training needs. This helps in improving the perception of the employee commitment towards service quality, the importance of monitoring guest satisfaction, and the positive impact of training. Training needs are identified by hotels with a long term individual training plan for each employee. Bung (2006)\textsuperscript{68} in his study on Western and Thai hotels found out that when the staff are involved in identifying the training needs, it helps to reduce the negative perception about the training and development activity. It also boosts the positive perception of the competencies in the service quality.

Olivier Harnisch, based his study on the senior management’s training needs. The study explored if the hotels consider the aspects of organisation, task and person, when they assess the training needs of their senior management and if the training cycle is systematically followed. Their sampling consisted of more than 15 international hotels. The findings of the study were that the approach for training need analysis is in fact not systematic and structured and is fairly random. Although there is enough literature to suggest that training plans are structured in hotels, on ground reality, the study revealed that it is less structured. Also evaluation of the training programmes is at the basic level and not advanced. This is because of an acute shortage of trained personnel in most parts of the world. This could be due to lack of mobility of hotel employees as well as the demand being higher than the supply. Also the hotel industry is one of the fastest
growing industries and suffers from a high rate of attrition. This could be because training and development of employees is yet not considered to be of strategic importance and so there is a gap between the existing skills in employees and the skills required for the business today and tomorrow. (Harnisch 2007)

For a training programme to be successful, it is necessary to align all the steps of the process systematically. In the entire training process, the outcome of training needs assessment programme becomes the foundation for planning the training programmes. The flowchart of the training cycle will build on the needs assessment. Criteria can then be developed to evaluate the success of the training programme. This evaluation can act as an impetus to the next needs assessment programme.

Breiter and Woods (1997) in their study observed that needs assessment is an integral part of developing the training programmes. This will help in identifying the training needs of the organisation. Training needs in the hotel industry can be identified through customer feedback, comment cards, focus groups and incognito shoppers. Apart from this, the information given by the employees can be very helpful in developing the training programmes. Employees can identify the skills and knowledge that they need to gain in order to perform their job efficiently. Involving the employees will save costs on hiring outside firms for needs assessment as they are well versed with the business and can be effective in training need identification.

2.6 STRATEGIES OF TRAINING AND DEVELOPMENT IN THE SERVICE INDUSTRY

In an industry which is fast growing and dynamic and suffers from a high rate of attrition, training becomes crucial in not only the success of the organisation but also for its survival. Some of the factors to be taken under consideration while planning a training programme are the training content which is based on the training needs, the
return on investment on training in terms of enhanced performances and the best possible way of ensuring benefits to the organisation. (Dipierto 2004)

Cairncross (2008) in his study identified some important components of training like product knowledge, customer service, communication skills, required skills sets, new techniques, cost control, inventory control and personal qualities in employees like personality, grooming, presentation, stress management and motivation. Some of the indicators of a successful training programme are ease in running the daily operations, meeting the desired standards and a visible improvement in the quality of service resulting in better customer satisfaction, efficient staff, cost saving, improvement in the employee skills sets, good feedback from employees and customers and increasing popularity and guest reviews. However Cairncross felt that adoption of training strategies is largely influenced by the size of the hotels and the resources available. Also the attrition rate amongst the young employees is much higher resulting in negatively impacting the quality of employees in a high demand scenario, ultimately affecting the career development and the retention of the employees. Training is still considered as a luxury commodity, to be taken up only if the budget allows. The benefits of training are not considered seriously resulting in poor quality of service delivered. (Cairncross et al 2008)

Training strategies used to improve training, can include using written job descriptions, employing skilled trainers, using training manuals and videos as support tools, combining hands on training in addition to traditional classroom training and providing employee feedback through evaluations.
Flowchart of Training Process as defined by Amrithraj (2011) is as follows:

- Assessing Training Needs
  ↓
- Preparing the Training Plan
  ↓
- Specifying Training Objectives
  ↓
- Designing the Training Programme
  ↓
- Selecting the Instructional Methods
  ↓
- Completing the Training Plan
  ↓
- Conducting Training
  ↓
- Evaluating the Training
  ↓
- Planning further Training

**Figure 2.1: Flowchart of Training Process**

Organizations in order to optimize their resources, need to utilize their human resources very effectively, which will result in giving them a competitive advantage. The development of human resources is largely concerned with learning and training which
will ensure that the employees work to their optimal capacity and effectively deliver quality service, thereby realizing the organization’s objectives. With the industry being one of the fastest developing industries in the world, it is all the more important to ensure that training and development is a part of strategic planning for the organization and budgeted for accordingly. Yu Wang’s study recommends that hotels need to develop systematic and structured training and development activities that will be integrated in their strategic plan. When employees are positive about learning, then the learning is much more effective and long term. (Wang 2006)\textsuperscript{72}

Kyriakidou and Maroudas (2010)\textsuperscript{35} did a research on training and development in small and mid-sized hotels. Their finding suggests that trainings in these hotels are mostly related to the following areas:

1. Training on safety
2. Taking care of customers
3. Training in operational areas
4. Training on maintaining desired quality standards
5. Personality development
6. Supervisory and Management skills
7. Communication skills

In small and mid-sized hotels most of the training sessions are informal and on the job. This is because it is cost effective and can be integrated with the day to day operations of the hotels. Trainings are also based on employee specific needs. However when it comes to informal trainings, the training sessions are usually based on the current issues that require attention rather than a futuristic approach and are reactive in nature, with the aim of improving day to day performance. However the management of the hotels
did affirm that employee training leads to motivation amongst employees especially when the training is related to understanding of the business. The employees who are paid well and feel secure in their job, are more willing to undergo training in order to be able to multi task and have a higher productivity. The managements also affirmed that the long term objectives of having competent staff and of retention of employees is only possible through training and development. However the norm is that training policies and procedures are of an informal nature amongst the hospitality industry at large and lack sophistication in approach and systems.

Hotel business is now a global industry and so, the staff training needs to be of a globally acceptable standard. Multinational hotel chains have standard training policies for all the countries and the methods generally include role plays, attending courses and lectures in schools or training centres with teaching aids like books, documentaries as well as simulation activities. (Decenzo& Robbins 2007)²³.

Xiao (2010)²⁷ did a case study in Renaissance Shanghai Yuyyan Hotel. His findings were that in the hotel there were special training sessions of 15 minutes in every department. The training sessions included discussions on topics such as table service, cleaning procedures, customer interaction, role play with effective language skills etc. This training programme was named ‘passport to success’.

One of the major factors of the hotel success is effective training. Although this fact is widely accepted, the investments on training and development of employees is limited to enhancing the current performance of the employees i.e. reactive in nature to tackle current issues rather than preparing the employees for the future. Most of the training sessions are based on operational changes that occur or as a part of crisis management, like problems that arise due to high attrition rate and low staffing etc. Training then, is a means of solving the current crisis and this type of training actually proves to be very
costly in the long run. Development on the other hand is concerned with creating learning opportunities with the objective of helping the employee to grow and to be prepared for a higher role in the future. (Amrithraj et al 2011)\textsuperscript{45}

The findings of these studies can help the hotel managers to adopt strategies to excel in guest services especially in ethnic and culturally different settings. The Hotel and Motel association introduced the Quality Assurance technique in 1982. Hotels also follow the Total Quality Management Techniques to ensure good service quality. In order to apply the principles of TQM, it is essential to train the employees in implementing the standards and adhering to the requisite quality. Trainings on how to achieve customer satisfaction is closely linked with the training in TQM. (Schneider & Bowen 1985)\textsuperscript{74}

Trainings related to quality assurance include empowering the employees with multitasking skills, inculcate the ability to be a good team player, developing their interpersonal skills, delivering quality service and building good guest relations. Paltrow in his study observed that in order to implement TQM, the hotel needs to provide continual training and ensure that it is implemented. Hotels where the Managers understand the importance of TQM, perceive training to be an important activity and tend to stress on quality as a part of their efforts on training. Most of the TQM manuals for training state the quality concepts and enlist the established guidelines on how the job is to be done and how to coordinate activities and play as a team member. (Paltrow 1996)\textsuperscript{75}.

The 4 important components of TQM training to be considered while developing the training strategies for the hotels are as follows:

- Training design
- Commitment by hotels to training
- Hotel training needs
Training results

Training programmes that are aligned to issues on quality, stress on having training programmes on convincing skills and oral communication particularly the English language especially for employees of regional hotels around the world. While the training programmes for employees working in western hotels stress on convincing skills, on the job skills and resilience skills. (Bung et al 2006)\textsuperscript{68}

The other competencies required by the hotel employees are presentation, technical skills, knowledge about the task they need to carry out, behaviour and customer relations, creativity and motivation. (Noe et al 2000)\textsuperscript{76}

Charles Godwin did a case study of restaurant training motivations and outcomes. He observed that when the training motivation is higher, employees are seen to be enthusiastic about participating in the training programmes. The objectives of the study were three fold – to examine the consequence of pre training motivational inducement on trainee’s behaviour, to examine the consequence of post training motivational inducement on trainee’s behaviour and to examine the consequences of fulfilled and unfulfilled motivational inducement on post training commitment amongst trainers. He found that the employee commitment to training was higher when they were motivated to participate in the training programmes. Where there was no motivational inducement, the level of commitment of the employees decreased. (Godwin 2008)\textsuperscript{77}

Training is an integral part of the hotel business and cannot be separated from strategic business planning. It is closely linked with brand building, the company product and the market situation. (Haywood 1992)\textsuperscript{54}.
Torres and Adler (2010)\textsuperscript{20} carried out a research to evaluate the perceptions of management development programmes from the perspective of entry level hospitality managers. A study on these perceptions would help the management to design development programmes that will increase the level of satisfaction amongst the employees and make the development programmes more effective.

Pollitt (2011)\textsuperscript{78} did a study on 17 country house hotels in United Kingdom under the brand ‘handpicked hotels’. He found out that if the hotels wanted to have a competitive edge over the others, they need to design a uniform quality service delivery programme. This would give them a good reputation in the market with regards to customer service. It would also act as a binding force across the company hotels. The company launched this programme called “being handpicked” in January 2009. The training objectives of this programme were as follows:

1. Identify the important elements of the guest experience
2. Demonstrate how the individual employees could contribute towards realising these elements
3. Highlight the core handpicked behaviours of being attentive, natural, charming and creative

The results of the programme:

1. Complaints fell by 40%
2. Increased loyalty – club membership and so the frequency of hotel visits.
3. Employee turnover in the first 6 months of employment down by 10.79%
4. Overall employee retention went up from 47% to 61%.
2.7 MEASURING EFFECTIVENESS OF TRAINING

Adams and Waddle (2002) explained training evaluation as a process that takes into consideration the total training value which includes financial benefits due to capacity building and other outcomes that are beneficial to the organisation like the improved performance of employees who participate in the training programmes.

Training is an activity that is planned by the organisation to make the employees more competent in their jobs. (Noe 2002). The objective of the training programme is to improve the business performance. An effective training programme will ensure that the employees not only learn the content of the training programme, but will also apply it in their work. So the knowledge and skills that they acquire and how well they apply it in their job will influence the effectiveness of the training programme. (Tracey et al 2001). Training acquisition refers to learning of material or content administered in a training programme by trainees. Scholars suggest that not only training but also retention of content is important in accounting for training acquisition and retention.

Evaluation of the training programme must measure if the training goals and objectives have been achieved and calculate the return on investment. Analysing the information is the last objective of the training evaluation programme.

Zhao and Namasivayam (2009) based their study on the effects of post training self-efficacy on training effectiveness. He explained self-efficacy as the ability of the employee to complete his assignment in order to achieve a specific objective. The study explored if training acquisition and employee involvement in the job in any way influences post training self-efficacy. He also tried to establish a relationship between training effectiveness and post training self-efficacy. Zhao affirmed that when an employee perceives that he has gained useful knowledge during training, it affects his perceptions of self-efficacy. However the extent of this relationship also depends on
how involved he is in his job. Employees who perceive higher level of post training self-efficacy are more likely to translate their knowledge into behaviour in the course of their job.

Adams & Waddle (2002) observed that there are 4 ways in which one can measure the effectiveness of training and development. They are as follows:

1. Reaction
2. Learning
3. Job behaviors
4. Organizational outcomes combined with profit.

A development programme must evaluate all the above mentioned criteria. However in practice it is very difficult to measure job behaviours and to measure the outcomes in terms of financial benefits. (Watson 2008). On the other hand it is very easy to measure reaction and learning. There is a need to conduct further studies in the outcomes of employee development programmes to be able to evaluate the effectiveness of such programmes and to establish best employee development practices. Management development programmes are training programmes that educate and teach practices that will help the managers to achieve their optimal potential for personal benefits and the benefits of the organisation.

It is also important to tackle all issues that may deter the learning that has occurred during the training sessions from being implemented in the workplace, especially when it concerns behavioural changes on the job. Normally those employees who have a higher sense of job involvement and self-efficacy are more likely to apply their learning
in the workplace. Self-efficacy influences the impact of dispositional variables on learning performance. (Salas et al 2001)\(^\text{83}\).

Post training self-efficacy is important for two reasons:

1. It gives the employees confidence that they will be able apply the outcome of training in their job which will increase their work efficiency.
2. The knowledge gained during training is a good motivator and increases the willingness of employees to work better.

When the training programme is effective, it has a positive impact on the employee’s level of self-efficacy which again influences the transfer of training. If the content of training facilitates the learning amongst employees, it enhances the levels of self-efficacy and the employees are more likely to apply the learning that they have acquired.

Employees who are involved in their job, are seen to be keener on acquiring knowledge and skills and are major contributors in making the training effective. Job involvement is “the degree to which job situation is central to the individual and his or her identity.” (Blau 1985)\(^\text{84}\). When employees have a higher job involvement, they are motivated to acquire knowledge and skills which can help them in their job. (Tracy et al 2001)\(^\text{81}\) Colquitt, Lepine&Noe (2000)\(^\text{85}\), in their study observed that job involvement reflects the individuals dispositional differences about job centrality and therefore affects training outcomes.

When the learning content increases the post training self-efficacy, and the employee’s level of job involvement is high, then the expected outcome is that it positively influences the transfer of the training acquisition. Zhao (2009)\(^\text{82}\) concludes his findings that in the hospitality industry, there is enough evidence to state that post training self-
efficacy is an important factor that positively influences transfer of learning acquisition to learning application and job involvement plays a crucial role in ensuring learning transfer. It is therefore necessary for the managers and supervisors to focus on the factors of post training self-efficacy and job involvement in order to ensure the success of the training programme. After the training programme, the supervisors can reinforce the confidence of the employees in their work related capabilities. The supervisors must ensure that employees who have undergone training are given opportunities to demonstrate their training acquisition. The design of the training programme must reflect the training needs of the employees and must be designed keeping these training needs in focus. This will help in increasing the self-efficacy level of the employees which is important to ensure transfer of the training acquisition. The level of job involvement of the employees can be increased through healthy practices like employee selection. This will justify the cost of training.

Training evaluation plays an important role in measuring the effectiveness of training. The evaluation process must be able to prove that the training needs have been satisfied and the weak areas in the employee performance have reduced. It must clearly indicate that the performance and productivity of the employees has improved. For an organisation to have a good work culture and to have higher levels of productivity and performance, at both, individual level as well as organisational level, it is important to have successful training programmes which can be evaluated with the help of customised training assessment models.

Kirkpatrick (1996) in the course of his study, developed a model to evaluate the effectiveness of the training programmes.
This model initially had 4 levels as follows:

**Step 1:**

Reaction to training; specifically how well trainees like a particular training program.

**Step 2:**

Learning; Trainers measure the knowledge acquired, skills improved or attitude changed due to training.

**Step 3:**

Behaviour; Trainers measure the extent to which participants change their on-the-job behaviour because of training.

**Step 4:**

Results; Trainers measure final results that occur due to training, as stated in terms of the training program objectives such as reduced cost, higher quality, increased production and lower rates of employee turnover.

**Figure 2.2: Kirkpatrick’s 4 level model of evaluating training effectiveness**

Effectiveness of training can also be measured through Total Quality Management (TQM). TQM uses 5 check points to assess the quality of the product and service. The 5 check points are as follows:

1. Determining how well a product or service meets customer needs and wants.
2. Inspecting the product or service prior to customer delivery.
3. Controlling quality during production.
4. Assessing quality of raw material prior to production.
5. Examining the supplier’s quality – control procedures. (Paltrow 1996)

Another method for measuring the effectiveness of training programmes is through Return on Investment. Some companies look at consequences of not training, performance records, and cost benefit analysis. (Rowden, 2001). Return on investment is a method that focuses on accountability and evaluation of training programmes. Measuring the Return on Investment will provide goals for the progress of training programmes. (Phillips, 1996)

Successful service organisations were analysed as a way of providing ‘hard’ values and ‘soft’ measures to identify a service profit chain. (Heskett et al 1994). Studies have revealed that there is a direct connection between services rendered by the employees, level of customer satisfaction and the financial implications. (Garland 2002) Garland observed that loyalty was directly linked with customer satisfaction. Customer satisfaction is a result of the perception of the customers about the value of the services provided to them. Value of the services increases with the increase in the knowledge levels of the employees and a subsequent increase in the employee productivity. The key factors of the abbreviated service profit chain model indicate that profit is primarily the result of customer loyalty.
Effectiveness of training programmes can be evaluated through performance appraisals. Kreck (1985) in his study has suggested 2 ways in which training programmes can be evaluated through work performance – systems approach and work performance standard approach. Systems approach can use objective or subjective measures such as time and distance or opinions and judgements; direct or indirect measures; immediate or ultimate measures. Work performance standard approach would measure quantitative or qualitative measures that have been specified by independent departments. By using Performance Appraisal, training programs can be evaluated on its success or failure.

Tracey and Tews (1995) observed that training programs do not consider the motivational level of employees, their ability to learn and grasp knowledge and skills and their attitude to work. These factors contribute immensely to the effectiveness of the training programmes.
In order to survive in the current global economy and to ensure continual improvement, training at the workplace is very important. When training and development is cost effective, then the organisation benefits from the return on investment. Although the importance of training is a widely accepted fact, it has to benefit the organisation enough to outweigh the cost of training. Annual investments in workplace training are estimated at over 2% of an organisation’s total payroll expenditure. (Buren & Erskine 2002)

An organisation can measure its wealth in terms of the level of development of its employees, effective use of human resources and development of skills and knowledge that can be used in the workplace.

Although training and development is an ongoing process that needs to be carried out throughout the year, there has to be a balance between organising training programmes as per the identified training needs and the investment to be made for these training programmes. It is therefore important to state the objectives of training programmes and to measure the return on investment, how the training programme would impact the success of the business, thereby justifying the continuation of the training programme. Return on investment can be calculated by comparing the impact of the training programme on the positive changes that occur in the workplace post-training with the cost of training programme. The hotel industry has a high turnover mostly because of the kind of work and the nature of the job as well as the typical profile of the employees. (Hesket, et al 1997).

In order to attract and retain good and qualified staff, training and development is an effective tool. However it is very important to determine the objectives of training and
the impact of training on the organisation. The training methods and procedures can be
determined considering these two factors. This will also be the basis for developing the
evaluation programme. There are some limitations with regards to training. There is no
uniformity in evaluating the effectiveness of the training programme. Besides the
training methods may differ and with the varied training methods, the evaluation
techniques will also change. Because of the difficulty in measuring the effectiveness of
training, most organisations do not evaluate the training programmes. But when we
determine the benefits of a training programme, and compare it with the cost of training,
it is possible to measure return on investment. The Return on Investment is the analysis
of the financial gains or losses that occur as a result of the training programme. If a
particular training programme does not benefit the organisation, then the organisation
may discontinue with the programme. The companies therefore must plan training
programmes which will give them a desirable return on investment, ensuring that the
benefits of training outweigh the cost of the training programme. (Dipierto, 2004)\textsuperscript{71}

Bung (2006)\textsuperscript{68} in his research observed that evaluation of the training programme can
be based on the guest relation skills of the employees who are in direct contact with the
guests and the satisfaction of the management regarding the employee guest relation
skills. The training outcome should be such that it is perceived to be fair, impressive
and challenging by the employees.

Return on Investment is a good way of measuring the success of the training
programme. In order to measure the benefits of the training and compare them with the
costs, detailed information would be required from the management. ROI is a method of
measuring the effectiveness of training and consists of 5 levels: reaction, learning,
behaviour, results and ROI. (Aksu&Yildz 2011)\textsuperscript{55}. 
Training programmes may be measured using the following 2 methods:

1. Kirkpatrick Technique
2. Return On Investment

In order to ensure continuous success of training programmes, it is important to measure the results. To be able to do this, the knowledge and skills level of employees before, during and after the training programme needs to be tabulated. (Ricky 2000)\(^\text{95}\).

It is also important to measure the cost incurred due to not having any training sessions. This can be done by measuring the loss of revenue due to lack of expertise which is due to lack of training. When any event in the organisation is unsuccessful, revenue loss can be calculated. Training may be justified by regarding this loss as an opportunity cost to the company. When cost of not training is to be measured, factors to be considered are output, time, loss of quality and a possible increase in the cost.

Measuring costs of the learning curve: Changes in individuals (starting from 0 – 100) in terms of knowledge and experience can be observed. After continuous repetition, the level of learning increases for individuals. This positive situation also affects productivity levels.

Benefit – Cost Analysis: Measuring training costs, performance results and profits, the main disadvantage of this method is it is inadequate in showing intangible measures which are not easily defined in terms of monetary values. (Phillips & Stone 2002)\(^\text{96}\)

Balanced scorecard Method: It consists of financial and non-financial measures related to critical success factors. This combines operational methods such as customer satisfaction, internal process of establishments, innovation and development activities, with financial measures. It gives comprehensive and speedy information to top managements. It is not limited to past financial measures, it shows future development and changes in operational functions.
A substantial cost on training is incurred by the hotels every year. The need of the hour is then to measure the training imparted. The most frequently used evaluation technique is “Kirkpatrick’s multilevel guide to training evaluation”. Level 1 is reaction. This assesses the participating employee’s satisfaction with the training programme. Level 2 is learning. This measures the knowledge and skills acquired by the employee due to training. Level 3 is behaviour. This gauges the extent of change in the behaviour of the employees due to training. Level 4 is appraisal. This appraises the results of training that benefit the organisation. The hierarchical relationship from these three levels is particularly important to hospitality companies because of the complexity and fiscal outlay of the level 3, transfer of training assessment. (Kirkpatrick 1960)\textsuperscript{97}.

Phillips and Phillips (2001)\textsuperscript{98} developed a ROI Model – It gives benefits of training in terms of monetary aspects and allows a comparison of benefits with costs. The difference between Kirkpatrick Model and Phillips Model is the 5\textsuperscript{th} level (ROI Level):

<table>
<thead>
<tr>
<th>Levels</th>
<th>Measured Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaction:</td>
<td>Satisfaction levels of participants from training programmes</td>
</tr>
<tr>
<td>Learning:</td>
<td>New knowledge and skills that the participants learned</td>
</tr>
<tr>
<td>Behaviour:</td>
<td>Changes in behaviours of participants because of training</td>
</tr>
<tr>
<td>Results:</td>
<td>Effects of behavioural changes of participants to establishments</td>
</tr>
<tr>
<td>ROI:</td>
<td>Benefit – Cost Analysis</td>
</tr>
</tbody>
</table>

$\text{ROI} = \frac{\text{Total Training benefits}}{\text{Total Training Costs}} \times 100$

$\text{Payback Period} = \frac{\text{Total Training Cost}}{\text{Monthly Benefits}}$. (Phillips & Stone 2002)\textsuperscript{96}

Robert Frash, did a study on hospitality training evaluation. His findings were that the first three levels of Kirkpatrick’s evaluation of training were positively correlated. The
findings also suggest that when the employees liked the training programme, their learning outcome was much higher. When the learning outcome is higher, then there is an increased possibility of the learner transferring the training in his workplace. In essence then, evidence of hierarchical relationship was empirically supported in Kirkpatrick’s first three levels of evaluation. Should the three levels of assessment prove to be positively correlated in future training interventions, prediction co-efficient could be extrapolated. Subsequently training efforts then might only measure more affordable level one to accurately predict higher level outcomes. Also including transfer efficiency items during level 1 assessment, which causes the participants to think about the connection between the training and the subsequent use of training in the workplace, fosters greater transfer. The research explains the implications of participant’s reactions, outcomes predicting transfer of training. (Frash et al 2008)  

Harris’s (2007) study suggests that it is not possible to accurately measure ROI because of the human factor, timelessness of information and accuracy of all information.

2.9 TRAINING AND DEVELOPMENT FOR CUSTOMER SATISFACTION

Having total uniformity in the quality and quantity of the services provided is not feasible because of the need to customise the service with the needs and preferences of the customers. Customers evaluate the process of service as well as the final product.

Kuo, Chen and Lin (2010) conducted a study, where they considered if from the customer’s perspective, importance of service attributes affects customer satisfaction. The findings of this study have been important for the conference industry as it provides insight for increasing customer satisfaction through employee training and strategic
marketing. The study pointed to the fact that right attitude, good communication skills and friendly service are the important factors that contribute to the customer satisfaction. Tsaur and Lin (2004)\textsuperscript{102}, established a connect between training and desirable employee behaviour in tourist hotels. The strategies recommended to ensure the right attitude and desirable employee attributes are as follows:

1. Associate with hospitality schools for campus recruitment and select good students who can undergo training before they commence their work.
2. Internal training programmes for the existing employees including part time employees to prepare them to perform as per the global standards.
3. Ensure effective and efficient delivery of services through standard operating procedures.
4. Train the employees on communication skills and language skills that are required.

Rust and Zahorik (1993)\textsuperscript{103} in their study suggested that from a financial point of view, it costs more to attract new customers and it is wiser to ensure that the current customers are satisfied and remain loyal to the organisation considering that it would cost 5 times more to attract new customers.

The service industry needs to ensure customer satisfaction, resulting in repeat business or positive advertising through word of mouth and increase in the revenue. This will positively impact organisational profitability. (Baydoun et al 2001)\textsuperscript{104}.

Competence is the underlying characteristic of a person that results in an effective or superior performance. There is no single factor but a range of factors that differentiate
successful from less successful performance including personal qualities, motives, experience and behavioural characteristics.

The four core competencies required are:

1. Knowledge / cognitive competence
2. Functional competence
3. Personal or behavioural competence
4. Values / ethical competence (Kovac 2008)\textsuperscript{49}

Most often than not, the hotel customers will willingly pay more for good quality service and also to avoid the waiting time. Linda March in her research paper, illustrated a Business Process Redesign where she altered the procedure for picking up guests from the airport, after the hotel received several complaints about the existing procedure. Business Process Redesign is an approach to analyse, evaluate and change existing processes and sub processes in the service manufacture and delivery cycle. Lynda March in her research on the impact of redesigning Airport Van Pick up process of a hotel, found that allowing time to analyse processes within an operation can yield rapid improvements often without major financial expenditure.

The customer feedback on the all the services offered by the hotel was very good. The service that got a negative feedback was the waiting time of the customers at the airport for the pickup vehicle. Also the hotel was not informed about the guests who were picked up from the airport thus not saving on the check-in time, causing delays to already irritated customers. The entire service procedure was redesigned and the concerned personnel were trained. They were introduced to the concept of customer satisfaction and quality, process improvement and problem solving. The findings of the paper were that high attrition rate and low cost of labour negatively affects the performance of line staff. In a market where labour supply is lower than the demand,
cross training can help in the optimal use of the existing staff especially when the business is low and job sharing is needed. (March & Fugazi 2002)  

Customer satisfaction is largely dependent on the hotel competency to deliver quality service. Training and Total Quality Management can therefore have a huge impact on customer satisfaction with regards to service, as training helps in increasing the competencies of its employees thereby ensuring better service. (Bung 2006)  

Researchers have observed that service quality in very important in the hotel industry. The quality of service to a large extent is dependent on the employee customer interaction (Mattsson 1994). This is evident in the fact that one of the major factors that contributes to return business is how personalised and flexible the service is in order to cater to the customised needs of the customers. (Baum 1998). When there is a high employee turnover, the quality of service goes down and affects the success of the business. (Denvir & McMchon 1992).  

High attrition is detrimental to the service quality. The productivity of experienced employees is much higher than new employees as the new staff are not well versed with the customers and the hotel operation procedures. The end result is reduction in the competency level of the employees and less personalised service. High turnover therefore obstructs the retention of customers, since customer retention is largely dependent on the quality of service. (Darmon 1990).
2.10 TRAINING AND DEVELOPMENT FOR EMPLOYEE SATISFACTION

Locke (1969)\textsuperscript{110} has defined employee satisfaction as a positive emotional state due to satisfaction with the work and the workplace. Camp (1994)\textsuperscript{111} has explained job satisfaction as an individual’s response to his work conditions and to what degree an employee feels positively or negatively about the different facets of his job, one of the key determinants of employee satisfaction and loyalty.

Employee loyalty reduces the attrition. Loyal employees have a feeling of pride for their organisation and tend to defend the organisation against criticism. (Borzaga&Tortia 2006)\textsuperscript{112}, Eskildsen&Nussler (2000)\textsuperscript{113}, in their study observed that employee loyalty is
the degree to which an employee takes pride and responsibility for his work and how likely they are to change their job. It is also a degree to which the employees are committed to the organisation.

Organisational commitment can be defined as the degree to which an employee identifies with the organisation and his desire and likelihood of staying with the organisation. (Camp 1994)\textsuperscript{111}. According to Rogg (2001)\textsuperscript{114} organisational commitment includes sharing and supporting organisational goals and values along with a willingness to work as a representative of the organisation. When the employee feels committed to the organisation, he identifies with the organisation and would like to see it succeed. (Wright et al 2003)\textsuperscript{115}. Organisational commitment also influences the employee’s will to stay with the organisation and reduces the rate of attrition.

Training is an important responsibility of the Human Resources Department. The employees evaluate the organisation on the opportunities that they get to learn and develop new skills and their growth in the organisation. The primary purpose of training is to provide the employees the basic knowledge and skills to carry out their duties as per their job description, and the standards set by the organisation. Training increases the confidence amongst the employees and gives them a feeling of being competent resulting in job satisfaction. (Hartline & Ferrell 1996)\textsuperscript{116}. There is a connect between training and the employee’s equation with his superior. (Taormina 1999)\textsuperscript{117}. The greater the quality of the training programme, the higher is the employee satisfaction with his superior. Training significantly adds to the work satisfaction. It also leads to a greater sense of commitment in the employees and their intention to stay. When the training
quality is good, the employees feel an emotional connect with the organisation, thereby increasing their desire to remain with the organisation.

When organisations invest substantially in training, then the organisational performance is much higher because of a better quality of product and service offered. Investment in training also leads to new product development, recruitment and retention of high performers and a higher sense of employee satisfaction, commitment towards the organisation and the intention of employees to stay.

Development of employees is a way of providing experiential learning and growth opportunities to employees. Opportunities for career advancement is a major factor in ensuring employee job satisfaction. Taormina’s (1999) study observed that when employees perceive that they have good opportunities for career advancement, they feel a stronger emotional bond with the organisation. These opportunities for employee development are perceived by the employees as organisational support which translates into trust and organisational commitment and job satisfaction. Employees who are satisfied at their workplace will deliver quality service to the customers, which will increase customer satisfaction and the resulting overall organisational profit.

Torres and Adler’s (2010) research was about exploring techniques, procedures and practices for management development and the effect it has on job satisfaction and commitment towards the organisation. Torres observed that the organisations must be committed to training and developing their managers and gearing them for short term
and long term careers. The hospitality industry has a lot of formal and informal development programmes.

It is necessary to align the personal goals of the employees with the organisational goals, as a part of the development programme for employees. This can influence the morale of the work force, increase their level of job satisfaction and they may feel positive about their future prospects. This would reduce their temptation to look for better job prospects outside. When training is planned with the objective of enhancing desired behaviours, it reflects in the uniqueness of the organisation’s human resource capability. (Bartel 1994)

Coston, Salazar & Antun (2006) studied the connection between employee job satisfaction and organisational commitment and how it impacts the employee’s intention to stay. The rate of attrition in the lodging industry as per Myers (2005) is almost 65% annually. The research findings were that the customer wait time increases in proportion to the hourly turnover rate, which in turn affects customer satisfaction.

(Kacmar et al, 2006). The training and development programmes for employees directly influence the employee skills and their competency level as well as their productivity which impacts the level of employee satisfaction.
2.11 TRAINING AND DEVELOPMENT FOR EMPLOYEE RETENTION

Retention is the reduction of staff mobility, through a range of financial and motivational incentives so that the staff increases their length of service with any company. (Denvir & McMchon 1992) Sigler (1999) in his study observes that organisations who manage to retain their knowledgeable and highly skilled employees, have a competitive edge over the others. Service standards can be improved and consistency in customer care can be achieved if the employees are stable and with the organisation for longer periods. (Rowley & Purcell 2001).

Some of the measures used by employers to enhance employee retention are training programmes, career advancement plans, perks, financial gains, work environment, work practices, portfolio approach and organisational identity. (Bell & Winters 1993).

The Service Profit Chain, as per Burke (1995) determines a relationship between probability, customer loyalty and employee satisfaction, loyalty and productivity. Profit and growth are stimulated primarily by customer loyalty. Customer satisfaction results in loyalty. Customer satisfaction depends on the value of service that the customer gets. This value is created by employees who are satisfied at their workplace, are productive and committed to the organisation. Employee satisfaction in turn is dependent on policies and good support services that help them to deliver service of a desirable quality. The service profit chain indicates that when employee satisfaction is high, it leads to high employee retention. The work environment also contributes to employee satisfaction, of which training is an important component.
According to the CIPD survey (2008), the most frequent action taken by organisations to address retention is increasing pay (53%) followed by learning and development opportunities (46%) and improving selection techniques in the first place (46%).

Wasmuth and Davis in their study suggested that training is a major contributor in influencing the turnover. (Wasmuth & Davis 1983)

When organisations reduce their training programme, it indirectly affects the turnover rate. This negatively impacts the service quality, and the frontline supervisors experience a sense of burnout due to fire fighting because they are short staffed or because they have to deal with inexperienced employees. (Hinkin & Tracey 2000)

Chow, Kamal Haddad and Gangaram Singh, in their study, examined the usage of Human Resource Management practices among 46 hotels in San Diego. Their findings suggested that training and development is used by the hotels as a tool to prepare the employees to perform at an acceptable level and by allowing them a voice in order to keep them engaged. Practices followed by Human Resource Management have connected morale of employees, job satisfaction and their optimism about the hotel’s future relates into the employee intention to stay. One of the hotels in the study had used a competency model to create managerial training and development programme thereby securing a pipeline of competent leaders. The findings were that training and development does improve the morale of the employees. It helps in increasing the employee productivity and the job satisfaction level of employee’s increases when they perceive that they are able to perform their job more efficiently and effectively. The high morale of the employees in turn positively impacts the morale of the manager. (Chow et al 2007)
James (2010) explored the effect of employee turnover on the organisational performance at various levels. His study was based on the HR practices and strategies followed in the hotel industry for the retention of its employees.

Employee turnover is rising sharply. Labour turnover rose to 53.4% in 2000, up from 27% in 1994. (Hotel and Catering Training Company Report 1994). Thus the cost of employee turnover is also high. Every incident of turnover and replacement involves time, money and even possible loss of business. (Ross 1999). In 2008 the figures have gone up to 80% compared to 78% in 2006 (CIPD Annual Survey Report 2008).

With globalisation, the competition in the hotel industry has increased tenfold, resulting in each organisation trying to be consistent with the service standards and customised service styles which are detrimental to customer retention. (Chiang et al 2005). Employee turnover, negatively affects this consistency. Besides this, there are various other tangible and intangible costs that affect the organisation’s profitability. (Denvir&McMchon 1992). Low rate of attrition, gives the organisation a competitive edge over the others. Hence a satisfied, motivated and stable workforce is a critical success factor.

The factors affecting high cost of labour turnover, include leaving, (personnel administration, payroll administration and exit interviews), cost of replacement (advertising, recruitment, administration of applications, short listing, interviewing, travel expenses, stationery, postage and agency commission), costs associated with transition (relief cover & overtime payments, training costs, low productivity and
possible wastage during training and induction time etc.), cost of indirect nature (Management and supervisory time dedicated for training, potential loss of customer satisfaction and repeat business and induction activities). (Boella and Gross-Turner 2005)\textsuperscript{133}

Torres and Adler (2010)\textsuperscript{20} in their study found out that development of management can lead to satisfied and motivated managers who are positive about their intention to stay in the organisation. This helps in reducing the attrition rate. Most of the researchers also found that management support plays a major role in achieving the personal goals of the employees i.e. satisfaction and intention to stay. Organisations must have effective management development programmes where the employees are given adequate time and support by their seniors. A good management development programme leads to improved employee satisfaction. Organisations must ensure that their development programmes are customised as per the training needs and not standard in nature. This will make the development programmes more effective and will appeal to different learners. A great variety of techniques could reflect a greater organisational effort to develop managers.

According to Hinkin& Tracey (2000)\textsuperscript{128}, when organisations provide good HR practices and a good supportive work environment that gives them an opportunity to grow and develop, employees tend to stay with the organisation for longer periods. This results in good quality service and competent and loyal employees. Ely (2009)\textsuperscript{134} in her study, reflects the same philosophy and observes that training is crucial for employee retention.
2.12 REFERENCES:


