CONCEPTS & REVIEW OF LITERATURE

CHAPTER – II

CONCEPTS AND REVIEW OF LITERATURE

This chapter explains the concepts and review of literature.

A. CONCEPTS

It is important to know the meaning of important concepts used in the study for better understanding of the research problem. Hence it is presented in this chapter. A clear definition of certain concepts used in the research would be useful to understand the study properly.

✓ Amenities

Features which enable a visitor to enjoy various attractions and which draw him to a country and for the use of which he normally has to pay. These refer to recreational and entertainment programmes, cultural and art centres, hotels, restaurants and transport facilities.
✓ Hotelier

A person, firm or Corporation which provides hotel accommodation and / or meals and refreshments to visitor.

✓ Full Board

Daily hotel rate which includes guest accommodation plus three meals.

✓ Infrastructure

The basic public services needed for the success of tourism are roads, electricity, water, security, sanitation and health service, telephone and postal communication, railways and airports.

✓ Visitor

Any person visiting a country other than that in which he has his usual place of residence for any reason than following an occupation, remunerated from within the country visited.

✓ Resort

A spot which is frequented by the tourists. It is a place which has all the facilities for the comfort of the visitor.

✓ Tourism facilities
Facilities which include accommodation like hotels, boarding houses and guest houses. They also include recreational and sport facilities of great variety.

✔ **Hotel**

Hotel in the present study means the residential hotels with minimum of 10 lettable rooms, 20 employees and with a restaurant.

✔ **Classified Hotel**

A classified hotel is one which is classified by HRACC, Ministry of Tourism and Government of India. These hotels are eligible for a number of fiscal benefits, incentives, subsidies for Department of Tourism, Government of Kerala. Classified Hotels are also known as star hotels.

✔ **Unclassified hotels**

These are ordinary hotels not classified by HRACC, Ministry of Tourism, and Government of India.

✔ **Wages**

Wages are compensation. They include basic wages, allowances, bonuses etc. On the employee’s point of view, wages are part of cost of production, which is attributed as compensation paid to labour. Wages are
paid in the form of time rate or piece rate to the workers who are directly involved in the production of commercial activities.

✓ **Salaries**

This is compensation paid to the indirect labour in the form of cash. Indirect labour involves Supervisors, Managers and supporting staff like official assistants, clerks etc. Salaries are paid in the form of time rate, mostly on monthly basis.

✓ **Minimum wages**

This is a wage level fixed by the government which it considers adequate, taking into account the cost of living.

✓ **Fair wage**

Fair wage is fixed by the employers. This level of wage varies from industry to industry. The main criteria are the capacity of payment. As per Fair Wage Committee, “Fair wage is a wage above the minimum wage but below the living wage”.

✓ **Living wage**

As mentioned earlier, Government Committee on wages set up in 1948 defined this term in the following words:-
“Living wage is one which should enable the earner to provide for himself and his family not only the bare essentials of food, clothing and shelter but a measure of frugal comfort, including education for his children, protection against health requirement of essential social needs and a measure of insurance against the more important misfortune including old age”.

✓ **Nominal wage**

Nominal wage is the wage received which is expressed in terms of money received.

✓ **Real wage**

This is the wage or earning which is expressed in terms of goods and services, which can be purchased from the money received as wages. This also can be obtained by dividing nominal wages by cost of living index or consumer price index.

B. **REVIEW OF LITERATURE**

A researcher has to survey the available literature relating to his field of study. He must keep himself update in his field and related areas. The review of literature is focused and directed towards specific purposes. It is also selective. A researcher has to select the kinds of literature to be reviewed and determine the purposes for which he has to study them. The literature review starts with the selection of the problem. The reasons for review of related literature are given as follows:
i) To gain a background knowledge of the research topic  

ii) To identify the concepts relating to, potential relationships between them and to formulate researchable hypothesis.  

iii) To identify appropriate methodology, research design, methods of measuring concepts and techniques of analysis.  

iv) To identify data sources used by other researchers  

v) To learn how others structured their reports.  

A review of earlier studies is essential to identify the areas already investigated so as to pinpoint the hitherto untouched and explored spheres for future study. Therefore a brief review of some of the relevant and important pieces of literature connected with the present study is undertaken. The following are the few studies which are worth mentioning.

Kumar in his book “Personal Management in Hotel and Catering Industry” has observed that the most important test of hospitality in hotel or any catering industry depends upon the quality and consistency of work performed by all the employees in a team spirit. The hotel industry being a service oriented industry has always had a reputation for highly labour turn over with staff changing job for a variety of reasons. Till date the importance of personnel management in hotel industry was not realized but with the fast increase of incoming tourists from abroad, it has become necessary to organize training and prepare the staff to render best service which requires the management to adopt systematic methods of personnel management\textsuperscript{15}.

\textsuperscript{15}H. L. Kumar, “ Personnel Management in Hotel and Catering Industry”, (New Delhi: Metropolitan Book Co. (P) Ltd., 1986), pp 1 - 233
A Survey Report of HVS, “Executive Search on Indian Hospitality Compensation System”, compares the annual compensation package for the key designations for the year 2001 - 2002. Annual compensation includes basic pay, house rent allowances, conveyance allowance, city allowance, education allowance, special allowance, medical allowance, annual bonus, leave travel allowance and reimbursement of actual fuel, telephone and cellular phone charges. The survey reveals that the pay difference between Managers of hotels with 150 and more rooms as compared to their counterparts with less than 150 rooms was 49 per cent. The head of Food & Beverages Department is the highest paid employee, followed by head of department of marketing and sales. About 80 per cent of the employees get full medical coverage and 80 per cent of the executives have their duty meals paid completely by the hotels. About 38 per cent of the Head of Department is provided with company car. Senior executives in independent hotels have better compensation packages than those working in hotel chains. The executives in hotel chains have better benefits and retirement benefits compared to executives working in independent hotels.

A study report of International Society of Hospitality Consultants (ISHC) discloses “The top ten issues for the Hotel Industry in 2003 published in Federation of Hotel and Restaurant Association of Indian (FHRAI) magazine May - June, 2003 identified human resources issues – finding, motivating and retaining employees as one of the top ten issues in hotel industry. High labour cost for semi - skilled and unskilled workers, growing bargaining power of labour unions, high demands of workers and the consequences of terrorists attack on World Trade Centre on 9.11.2001 have worsened the situation. As a

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result productivity is declining, the spirit of hospitality is deteriorating, guest services are degrading and consequently corporate earnings are falling leading to staff reduction and other economizing measures\textsuperscript{17}.

In the Seminar on “Conference on challenges and Policies Regarding Human Resources in Tourism” organized by Organization of Economic Co-operation and Development (OECD), Rashmi Varma points out that “Human Resources are a key element in ensuring the quality and content of tourism”\textsuperscript{18}. She also mentions that India is a pioneer in tourism manpower while many other countries with a highly developed tourism sector have ignored this aspect.

Sabu Thomas, in his article “Need for Separate Legislation for Tourism” explains that there is a need for separate labour enactment for employees of hotel industry of Kerala. He emphasizes that absence of a comprehensive single legislation for tourism and hotel industry other causes inconvenience to the employees as well as employers in the field\textsuperscript{19}.

A study on “Social Security Initiatives in Kerala” by State Planning Board, recommends that “Frame Legislation” might be enacted to bring in a degree of prospective and order for all social security initiatives. It should consolidate the current set of enactment and executive orders, provides guidelines for working out future schemes and obviate the need for individual legislations\textsuperscript{20}.

Jagmohan Negi in his book, "Human Resource Development and Management in the Hotel Industry" highlighted the significance of HRD in hotels. He deals with objectives, strategies, policies and development of human resources, training and development in hotel industry\textsuperscript{21}.

The Survey of Procurez.Com, New Delhi (2000) reveals that 45 per cent of the total hotel industry turnover comes from the five star deluxe category hotels. 75 per cent of the hotel properties in the country fall under the unorganized category. The report categories the hotels in India in terms of revenue and analyses the sectoral growth. The total size of Indian hotel industry across the 3 to 5 star segments today stands at US $ 1 billion (Rs.4500 Cr.). The total numbers of hotels that fall into this category are 600. The market share of the unorganized sector stands higher at 75 per cent in terms of the number of hotel rooms. The Average Room Rent (ARR) varies from Rs.1300 for 3 Star segments to Rs.5000/- for the up market 5 star segment. As much as 80 per cent of the hotels in India have rooms less than 100 per hotel. Only 7 per cent of the hotels in India have more than 200 rooms\textsuperscript{22}.

Gurmeet Singh in his article, “Monetary Gains is not the only factor that helps to retain staff”, published in EHC opines that it is the attitude and not aptitude that is needed to reach higher altitude of service. Further, monetary gain is not the only factor that helps retain staff. It is the treatment and the respect that goes a long way in building relationship\textsuperscript{23}.


\textsuperscript{22}Procurez.com, New Delhi, Intelligent Hotelier, (November 11, 2000): p.4.

Chandran in his article “A Perfect HR Manager is one who applies the Does Developer Concept” emphasizes the significance of human resource development which satisfies the employees and motivates them to achieve high levels of guest satisfaction. Increased competition brings in changes of motivational factors. Incentives do not have lasting effect in retaining employees satisfaction, but pressure and growth opportunities within an organization is much higher as long as one is efficient\textsuperscript{24}.

Kushtagi in his article “HR’s Role is Vital in Customer Oriented Services”, states that customer satisfaction is the focus of all service organizations. Hospitality industry, which is entirely customer oriented, allows HR a vital role to achieve success. A well-trained work force, which ensures customer satisfaction, is the basic requirement of a successful business\textsuperscript{25}.

Rao in his article, “Mentoring a Success Story for Hospitality Operations” holds that spontaneity and multi dimensional growth around the worked in the field of hospitality calls for trained and human resource development through effective mentoring. There is a dynamic change in hospitality sector due to “mind - boggling technology, innovations along with increasing guest demands and expectations. The HRD paradigm has accepted all possible sweeping changes beyond any stretch of human imagination. We have a rich and talented work force who will resolve to meet the situation through harmony of KSA’s (Knowledge, Skill and Attitudes) with generous doses of mentoring”. The work force comprises of almost 18% of 204 million people.

\textsuperscript{24}Sarat Chandran, “A Perfect HR Manager is one who applies the Does Developer Concept”, \textit{Express Hotelier and Caterer}, Mumbai (February 5, 2001): p.6.

\textsuperscript{25}Gown Kushtagi, “HR’s Role is Vital in Customer Oriented Services”, \textit{Express Hotelier and Caterer}, Mumbai (February 5, 2001): p.6.
employed world-wide, who offer excellent performance, quality work and organizational culture.  

Tripathi in his book “Human Resource Development” has developed a separate chapter on “Employee Welfare and Social Security”. In that he has explained the principles to be followed in setting up a welfare service. The service should be such as can be handled best by a group approach, the service should not distinguish between managers / and workers, the employers should not assume a benevolent posture, the cost of service should be calculable and its financing established on a sound basis, the management should ensure cooperation and active participation of Unions and there should be periodical assessment or evaluation of the services.  

Yuvaraj in his book, “Human Resource Development”, discloses that under HRM human beings are treated as resources i.e. assets to draw upon. Human resources assure importance from an economic standpoint at national, enterprise and individual levels of analysis. Human resources are the key to economic development, disguised unemployment, obsolescence of skills, and lack of work opportunities, poor personnel practices and the hurdles of adjusting to changes. Management development or executive development is a process of developing the managing ability of managers and executives. The global competition has increased the need for development for executives. Various techniques and methods have been developed for management or executive development.

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development. These techniques can be broadly classified as on the job and off the job methods. Management development is the essence of HRM28.

Vijaya Kumar in his article “HRD approaches as the core of Organisation Development Effort” has stated that an effective organization needs to develop self-renewing properties a capacity to continuously examine itself and to take both reactive and proactive actions in relation to the environment. Organizational Development (OD) is a planned effort, initiated by process specialists to help an Organisation develop its diagnostic skills, coping capabilities, linkage strategies in the form of temporary and semi-permanent systems and a culture of mutuality. The essence of OD is that it is total change through several ways including HRD approaches; they are employee performance approval systems, rationalized rewarding systems, rationalized organization structure, employee suggestion system, decentralization and training29.

Jinshua Zhu in his book “HRM in China: past, current and future”, states that before the economic transition HR practices as conceived in the Western capitalist countries did not list in China. The centralized planning system did not give much leeway to enterprise level determination of HR planning and development. The study indicates that westernization of HR practices is continuing apace in terms of all HR functions such as job analysis and the HR planning, recruitment and selection, performance appraisal, compensation criteria and training and development. The subjective feelings and expectations


of managers point towards rapid adoption of Western or capitalist practices obliterating all the memories of the past socialist administration of the planned economy.\(^{30}\)

Mathur in his article “HRM in Indian Railways” highlights that men, machines, materials and money are the most important factors essential for the development and growth of industries, of these human factors, man stands foremost and constitutes the basis for successful working of any undertaking. Considering the importance of human resources, Indian Railway has set up a separate department for human resource. The main objective of human resource department is to advise, guide and serve in matters connected with human resource management. It is also the responsibility of this department to decide what type of training is required to the workers, the training techniques used in courses. The department also deals with employee pay system for fixing and adjusting rates to pay, job evaluation, salary administration procedures, Recruitment is an important function of HRD. Over 253 canteens were serving subsidized meals and refreshments. IR has constructed holiday homes at various hill stations. They have also constructed convalescent homes, co-operative societies for employees. IR has set up handicraft centres for improving the financial position of low paid employees and their family members.\(^{31}\)

Ramola and Sharma in their article on “Human Resource Management in Banks” state that HRM basically deals with finding right manpower, placing them in right job, training and deploying them for better performance, providing


career pattern, sustaining their motivation through proper and timely reward recognition so that both the employer and employee can achieve their objectives. In the fast changing business environment the organization realizes that human resources are the most precious resource and HRM is the key factor enhancing the capabilities of the organization to deal with all emerging challenges. Further, the authors add that in order to reap the full benefits of human resource, the HRM policy should be thoroughly positive, motivating and transparent that should make every employee feel that they are the part of the organization as well as decision making process. Recently several new trends have taken place in the field of HRM. These trends are changing the outlook and approaches towards management as human capital. It is necessary to establish the required infrastructure for an effective HRM. The HRM policy must be merit based which may focus on multi-skilling and cross training that enables to human resources equipped with necessary and innovative skills, knowledge and technology\textsuperscript{32}.

Padmanabhan in his article “Human Resource Management in the Global scenario” has drawn the following conclusions. Economic liberalization and globalization have their impact on all segments of economic activities including personnel management and Industrial Relations. The Industrial relation system may not take much deviation, but the actors of industrial relations may be required to play a more co-ordinate role, in order to strengthen the competitive abilities of the organization. Government plays the role of a facilitator, trade union plays a balanced role of a satisfying the demands of management too, management fulfils its role tending towards individual needs

rather than generalizing them. Thus the emphasis may shift from industrial relations to human relations. The competitive culture of market economy would result in personal problems, health problems like executive stress and tension. These changes would call for special emphasis on counselling and human resource maintenance and development. However, the perseverance of Indian culture would resist the spreading up of such type of ill-effects. Thus liberalization would have positive impacts on human resource management in the long run in the country\textsuperscript{33}.

Rodrigues in his article “Industry – Institute correlates of HRD Climate: Empirical study based Implications” states that HRD practices have been very well established in most of the industries where their importance has been realized with the advent of globalization, privatization and Liberalization. In the engineering institutes some of the HRD practices are already in use even though separate HRD departments have not been established. For instance, in India Larsen and Toubro Ltd. is the first company, which introduced this concept in 1975 among private sector companies with an objective of facilitating growth of knowledge workers. Among the public sector government companies, it is BHEL which introduced this concept in 1980. HRD is the process of enabling people to make things happen. It deals with the process of “Competitive Development” in people and creation of conditions through public

policy, programmes and other interventions to help people apply these competencies for their own benefit and the benefit of others.\(^{34}\)

Suri in his book entitled “Performance measurement and management” writes about the five major groups of interacting factors that determine performance of the corporate level. These include: Corporate strategy and objectives, technology, organization structure and system, human resource development and organization climate and culture. On the basis of a study Labour Management Relations in Asian Enterprises, the author stresses the need for evolving in policies and procedures to provide greater autonomy and employee empowerment with continuing upgradation of technology and educational and skill levels. The success of an organization is depends upon its performance. The Indian Management is capable of absorbing principles alien to it, but to develop a positive performance culture, all such principles have to be modified to suit Indian conditions. If such a blending is not done the dualism in Indian Management could flare up into conflicts, and the compromises in policies and practices may fail to work.\(^{35}\)

Tripathi in his book on “Personnel Management and Industrial Relations” mentions that a new wind is blowing in management literature at presents which is fast driving out the traditional term personnel management and substituting the new term “Human Resource Management”. This new term is more comprehensive and wider in scope because it brings under one umbrella


all functions of: (1) Personnel Management (2) Industrial Relations and (3) Human Resource Development. The author says that (1) HRD is improvement of human processes (2) HRD is continuous and planned development effort (3) HRD developed competencies and (4) HRD develops a new culture in the organization. The author has also explained that three important outcomes of HRD are (1) Competence building (2) commitment building and (3) culture building. The author also reveals that HRD is a specialized function. It is generally seen that personnel department does not focus its attention on developmental aspects of HRD mechanisms. Hence it is always better to have a separate HRD department to make the HRD system and processes work. The department should be preferably headed by a broad-level functionary reporting directly to C.E.O. This is because most HRD decisions are strategic decisions which need continuous communication with top management groups. The author concludes that the fact remains that HRD both as concept and practice is still ambiguous and ill – determinate in our country³⁶.

Kanka in his book entitled “Human Resource Management” stated that the times are changing and so is business environment. The ongoing LPG process has made business environment highly competitive and complex. These changes have led to changes in human resource environment which in turn has changed human behaviour in organizations. Employee empowerment, potential appraisal, succession planning, strategic human resource management, human resource management in a changing environment, HR in virtual organizations, International human resource management and leadership, in the new

³⁶P. C. Tripathi, “Personnel Management and Industrial Relations”, (New Delhi : Sultan Chand & Sons, 2006), pp. 1.1 to 1.22
millennium are the emerging and contemporary issues are also explained in the book. The author enumerates various objectives of social security and that can be summed up under three categories: (1) Compensation (2) Restoration and (3) Prevention. He also explains the objectives of discipline: (1) Motivate an employee to comply with the company’s performance standards (2) maintain respect and trust between the supervisor and employee (3) improve the performance of the employee (4) increase the morale and working efficiency of employees and (5) foster industrial peace which is the very foundation of industrial democracy.

Wazir, in his article on “Humanize Your Organisation”, observes that the Indian Hotel Industry is popular as one that is people oriented. The human factor represents our very culture. It is this human element that determines the direction of work relationships within and without the establishment. The levels of success in these relationships determine the level of success experienced by the establishment. From this stems the need to humanize your organization.

Sreedhar, in his article “HR is Truly a People’s Department Looking at Staff Benefit” commends that HR actively participates in formulating and implementing polices for staff benefit. He adds that now HR would stand as much for human relations as it does for “Human Resources”.

Dwivedi in his article on “Each Job is unique and requires very distinctive skills, defines HRM as a treatment of each individual in the company

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as its most valuable asset. Each individual must be handled with the utmost care, respect and dignity making him or her is part of corporate family and motivating each person to give his or her best for individual growth and organized growth\textsuperscript{40}.

Duggal while commenting on National Tourism Policy – 2001 says that, “HRD forms an integral part of functioning of any industrial sector, more so with the hospitality and tourism industry, because it is a service oriented. According to him, the new tourism policy concentrates extensively on developing high standards of hospitality and tourism related service. The government has an idea to tie - up with international companies to seek assistance in developing tourism and hospitality industry through HRD\textsuperscript{41}.

A study conducted by Tata Consultancy Services (TCS) in Kerala centres around two main ideas. The first idea concerns training. Though lack of training and incompetent human resource management cause problems, they are not the reasons for all the problems in the industry. But this aspect has to be given serious attention and all establishments in the industry may initiate training programmes for their staff. Training methods and trainers should be chosen discreetly keeping in view the basic principles of development for success of industry. The second idea concerns the way of nurturing and treating HRD. By nurturing and treating well, even an ordinary person can be made extraordinary. A well trained and nurtured man power can develop an ordinary organization to a distinguished one. The training imparts a good

\textsuperscript{40}Chandra Mauali Dwivedi, “Each Job is Unique and Requires Very Distinctive Skills”, \textit{Express Hotelier and Caterer}, Mumbai (January 22, 2001), p.6.

\textsuperscript{41}\textit{National Tourism Policy, 2001}, Ministry of Tourism, Government of India, New Delhi, pp. 23-34.
impression about the company in the mind of the employee because he would feel that the company cares for him\textsuperscript{42}.

Jaswant Singh, Former Union Finance Minister, while speaking in a conference hall, “India – Tourism and Heritage Challenges”, points out that tourism sector could contribute substantially to socio-economic development, especially job creation at low cost. However, the sector had not received any priority. Quoting from a recent study, he says that one tourist arrival from abroad benefited at least five citizens economically. A million rupee spent on tourism created more job than any other sector. Travel and Tourism contribute 12 per cent to the global GDP.