Chapter 1

INTRODUCTION

In a Nation’s bid to grow into a global economic force, it cannot ignore the proper utilization of its most precious natural resources-people. A country committed to accelerated growth must invest wisely in both men and materials and in doing so; it must develop a sense of priority so that savings and human resource (HR) are directed to the most productive channels. While economic planning has become an essential part of policy development, it is only a recent development that planned development of HR is needed and that the highest level of economic development in a country is possible only when a properly trained workforce is available on a par with technological needs of the country.

The dictum ‘management through people’ applies best to the HR factor in any type of organization. In a service industry, HR is of utmost importance as it implies identification of training needs of the employees from time to time and taking actions towards integrated development of the HR with a view to helping the organization achieve its predetermined goals on the basis of the efficient service of trained and motivated workforce. Organizations have to utilize their human resources effectively; so that they can help the organizations achieve their objectives. The success of an organisation depends on the caliber of the employees; therefore it is crucial to adopt good human resource management practices ensuing high quality services to the customers. In a labour intensive industry such as hotel industry, the effective utilization of human resources can give a hotel a competitive advantage.

In the hotel industry, which involves both production and service aspects, creation and rendering of services from the hotel to the customer are primarily achieved through its employees. The success of this industry is therefore dependent on the efficiency of its employees and how effectively they are managed in its routine acts. Thus, it is essential that the hotel industry develop efficient HRM practices and policies that enable them to recruit, select and retain competent employees.

One of the upcoming industries in Kerala with a huge development potential is tourism and tourism cannot thrive without a wide choice of well run hotels. The
desirability of a hotel is determined by many factors and one of the most important of them is the quality of human services—high quality commodities reached to the customers by the most pleasing, professional men/women. That is why HR management assumes prime significance in the success of the hotel industry. But the hotel industry in Kerala is criticized as a sector with poor employee management practices and the criticisms are not totally out of place. Unscientific recruitment, inadequate training and development facilities, low wages, unsocial working hours and shift patterns, non existence of career structures, difficulties in retention of employees and high level of labour turnover are the main allegations leveled against the employment practices in the hotel industry in Kerala. Even though there are instances of good management practices particularly in state owned hotels and in highly starred private hotels, most of the hotels have not yet given due importance to the HR factor. It is widely accepted that only satisfied employees can make the guests satisfied—such dictum has not yet rooted in the mindset of hoteliers in Kerala. The net result is that with its multi storied buildings, eye-catching superstructures and most sophisticated technological facilities, most of these units fail to attract tourists and are facing operational inefficiency as revealed by dwindling Average Room Rate (ARR) and Revenue per Room (RevPR).

1.1 Review of Literature

A survey of the available literature in HRM practices in hotel industry reveals the fact that, this area has remained neglected for a long period of time. Much research was not done on this aspect until 1980’s and there was a scarcity of reliable data pertaining to HR in the hotel industry. But by the beginning of 1980’s this aspect attracted the attention of management experts and research scholars. HRM has now become a topic of fast growing research. As a result the conceptual base of this branch of knowledge developed and its functional boundaries widened. At present the availability of literature on this topic is entirely different from that of period up to 1980. There is an increased interest among practioners and academicians and many studies on HRM both at national and international levels are now available. Some of the prominent studies relevant to the topic under the present study are listed below under two heads: individual studies and institutional studies.
1.1.1 Individual Studies

Agarwal, N.P. and Priti Gupta (1997) conducted a study with the objective of identifying human resource valuation models. Their study makes it clear that just like capital structure the human capital structure consists of the various types of employees of the organization. They further argue that any positive change in the human factor will definitely improve the operational efficiency of the organization. This paper also outlines some models of human capital valuation and human resource accounting methodologies.

Agarval Upasana et. al (2007) in their study ‘the Relation between Human Resource Practices, Psychological Contract and Employee Engagement: Implication for Managing Talent’, evaluate HR practices and psychological contact. The ways in which the different human resources practices can shape and influence the interpretation of psychological contact of employees have been elaborately analyzed in this study.

Angeline Chang and Alan Brown (1998) in their article ‘HRM Strategies and Labour Turnover in Hotel Industry: A Comparative Study of Australia and Singapore’, explore the perception of the HR managers on the strategic management of labour turnover in large scale hotels of Australia and Singapore. Their main argument is that effects of labour turnover can be mitigated with strategically managed human resources, through scientific and systematic way of recruitment and selection, orientation and socialization, training and development, performance management and remuneration.

Anilkumar, V (1995) in his study indicates that a motivated worker will add benefits to the organization. To motivate the workers and to increase their efficiency the management should evaluate the merits of workers and make the workers feel that their merit is appreciated by the management.

Bracken, et. al (2001) in their study identify a number of key factors and analyze them to test whether they exert their influence puximally or distally. After identifying how design features of 360° feedback affect the key factors, they recommend to enhance the probability of implementing 360° feedback successfully.
They are of the opinion that feedback can be initiated entirely by peers or by both peers and team leaders.

Budhwar Pawan (1996) in his study highlights the recent developments in the field of HRM in the Western World. The increased level of competition in the national and international market with low level of productivity tempted the organizers to make a change in their attitude towards human resources. In this study he specifies that human resource is the main factor for combating these challenges.

Chauhar Daisy (1995) in his study points out that through a systematic and effective human resource development system, ‘ordinary people’ can be converted into ‘extra ordinary’ performers. He further argues that in the fast changing environment it is necessary for an organization to invest in human resources. It is essential not only for the growth and development of industry but also for the very survival of the organization. The enterprise should create an ‘HRD spirit’ within the organization. Such a spirit should be emphasized more on employee-centered approach than on purely mechanical and employer centered.

Clark Ronald, A, Hartline Michael. D and Jones Keith, C (2008) in their article, ‘The Effect of Leadership Style on Hotel Employees’ Commitment to Service Quality’ examine how the leadership styles affect employees’ performance. They rightly comment that even though the recruitment, selection and training practices are often standardized across hotel units, employees’ performance varies with change in leadership styles. Based on the findings of the study they argue that the ideal leadership style for managing frontline hotel employees is transformational.

Daniel, J. Christopher (1996) has noticed that many organizations in India do not have a written ‘people philosophy’, nor do they have even realized the need for evolving such a philosophy. He further states that in many organizations there exists poor communication as the employees will never know about the human policy of the organization.

Dayal Ishwar and Sahgal Punam (1996) in their published article discuss input as well as output measures to assess the effectiveness of HRD interventions. According to them both quantitative as well as qualitative measures are necessary for
assessing the effectiveness. An organization should examine whether the purpose for which the programme was started is being served or not, and how well the various components are individually contributing to its effectiveness.

Debrah Yaw, A (1994) in his article ‘Management of Operative Staff in a Labour-scarce Economy-The Views of Human Resource Managers in the Hotel Industry in Singapore’ examines how external and internal environment factors affect the HRM of operative staff of hotel industry. The study reveals that the problems in the HRM of the operative staff, as a result of labour shortage, have been compounded by the lack of coherent and systematic HR practices and strategies in hotels. This study suggests that to mitigate the effect of external environment successfully, HR managers should pay more attention to the development of internal HRM practices and strategies.

Denvir, A and Mcmohan, F (1992) in their analysis ‘Labour Turnover in London Hotels and the Cost Effectiveness of Preventive Measure’ argue that individual hotels experience different levels of turnover, thereby confirming the view that ‘turnover is partly within the control of management, and conflicts the widespread impression that turnover is high and uniform through the industry’ and hence an uncontrollable characteristics of the industry. They further suggest that turnover is manageable through effective and strategic human resource practice.

Dey Beta, K (1994) expresses his views in a study related to Indian system of management to point out the gross weakness pertaining to HRM and HRD. He also points out the concepts, significance and relevance of HRM and HRD in a general level. He strongly argues that, HRM, indeed the whole management, needs to be equipped with an inspiring on moving mission through professionalism, innovative creativity, risk taking adventurism, result orientation and achievement motivation.

Duncan, T (2005) in his paper ‘Current Issues in the Global Hospitality Industry’ viewed that there are three main issues in the global hospitality industry: issues relating to employees, issues relating to taxation and environmental issues. Employee’s issues are connected with payment of poor wages and prolonged working hours. The discriminated taxation policy and heavy pollution are the other major issues confronting the industry.
Evangelos Christou (2002) in the article, ‘Core Competencies for Hospitality Management’, published in FHRAI Magazine examined the core competence required by hotel managers. He identified the most important skill in the hospitality industry as the ability to manage guest problems with understanding and sensitivity.


Ghooose Ajith, K (2004) in his paper, ‘Globalization and Employment in Developing Countries’, evaluates the effect of globalization on employment in developing countries. He has rightly come to the conclusion that globalization has not had a systematic positive effect on employment in the modern sector while it has had a systematically negative effect on employment in traditional sector. In short, findings of the study show that globalization can be said to have a negative employment effect in developing countries.

Glenn F. Ross (1993) in his article, ‘Management and Life Values as Predictors of Tourism/Hospitality Industry Employment Interest Levels among Potential Employees’, investigates management and life values and interest in tourism/ hospitality industry employment. Respondents regarded trust and fairness on the part of managers as most important, and saw an interest in employees’ personal problems on the part of management together with the ability to mix socially with management as being of lesser importance. This study also reveals that major life values such as sense of accomplishment, a comfortable life, honesty, family security and independence are preferred by the respondents and they give only a lesser emphasis on social recognition.

Gowri Kustagi (2001) 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 in
achieving success. A well trained work force, which ensures customer satisfaction, is the basic requirement of a successful business.

Hayness Peter and Fryer Glenda (1999) in their study, ‘Changing Pattern of HRM and Employment Relations in New Zealand: The Large Hotel Industry’, investigate changes in the pattern of employee management in the large hotel industry in New Zealand in order to illuminate developments in employee management at the enterprise level within the industry. The findings of the research indicate that human resource management practices have not changed in such a way as to secure commitment of workforce on a long term basis.

Hinkin Timothy and Tracey Bruce, J (2002) in their work, ‘The Cost of Turnover: Putting a Price on the Learning Curve’, identified and examined many of the hidden costs associated with employee turnover at hotels. In this work, they developed a model of labour turnover by considering the separation cost, the cost of recruitment, selection, hiring, and lost productivity. Based on this model they proposed that increase in employee wages (to encourage retention) may ironically reduce payroll costs at most hotels.

Hoque (2000) in his study, ‘New Approach to HRM in the UK Hotel Industry: A Comparative Analysis’, considers that the hotels within his study approach the management of human resources in a more strategic manner than that found in manufacturing companies. These larger hotels claim to have an HR strategy and substantial proportion of respondents claim that this is integrated with their business strategy.

Indradevi, R. and Gomati, S (2009) in their study, ‘Human Capital Development in Software Companies’, analyze the agreement level of respondents on various items of human capital development. This study reveals that HR managers of software industries should concentrate not only on the regular training but also on empowering employees to make better, faster, and more productive decisions. The study also recommends that managers do succession planning for tackling future challenges by identifying and selecting right employees and training them to develop their skills and competencies for future business needs.
Ivy Philip (2003) in his thesis, ‘Human Resource Management in Public Sector and Private Sector Hospitals in Kerala’, evaluates human relations and teamwork among medical personnel in the public and private sector hospitals and also appreciates job satisfaction of medical personnel in the public and private sector hospitals. The study reveals that private sector medical personnel have more job satisfaction than in public sector hospitals. He also points out that efficient teamwork and better human relations can be found among private sector medical personnel.

Jha and Pathak (2003) in a study of the nature of differences in the levels of job satisfaction among the executives of four public and private sector organizations of eastern and northern parts of India, made an analysis of different aspects of job satisfaction viz. the job itself, pay and security felt by the executives. These aspects were found significantly higher in the case of private sector organizations compared to public sector organizations.

Joseph Thomas Thoomkuzhy (1998) in his study points out that personal management is one of the major functional areas of management which is concerned with increasing the effectiveness of human performance that contributes to the success of any organization. In order to maintain a stable, harmonious and productive work force, it is essential for an enterprise to pay more attention to their personnel management practices.

Jyothi, P (2004) has made a detailed study on the relation between Human Resource Practices and Employee Commitment in Hotels in UK. In this article it has been made clear that objective recruitment, structured training and development are strongly associated with highly committed employees.

Klass, et al. (2001) in their study, ‘Outsourcing HR-The Impact of Organisational Characters’, investigates the relationship between a number of organizational characters and decisions to outsource HR. Determinants of the outsourcing of four categories of HR are also examined: HR generalists’ activities, transactional activities, human capital activities and recruitment. As per this study reliance on HR outsourcing should be associated with idiosyncratic HR practices, strategic HR involvement, Positive HR outcomes, promotional opportunities, demand uncertainty and pay level.
In a comparative study of work attitudes and performance of employees in public and private sectors, Kumar (2003) observes that employees working in private organizations have higher work motivation and perform better as compared to their counterparts in the public sector.

Li (2004) in his study, ‘The Effects of Organizational Culture and HRM Strategy on Operational Performance in Benchmarked Hotels’, analyze the impact of HRM strategy and organizational performance in five star hotels in Taiwan. His study reveals that innovative and customer-oriented organizational culture will help the organization in better performance. It has a long lasting impact on employee relation also.

Markkar Urvashi (2001) in his article gives some creative strategies to ensure a high degree of motivation of employees. Lack of loyalties and attachment between employer and employee will naturally lead to increase in labour turnover. When higher labour turnover rates lead to declining production and increasing cost of employees, it is a good business sense to keep current employees satisfied and motivated. It is a well established fact that organization needs people and people need organization. In the present scenario, it is the mutuality of interest that can be the guiding principle leading to a win-win scenario where there are no losers.

Marcel Fafchamps (2000) in his article, ‘Human Capital, Exports and Earnings’, makes an attempt to test whether returns to human capital are higher in exporting firms. This study reveals that there is no significant difference between the earnings of educated and uneducated work force, when they work for exporters.

Mitra. D. K (1993) strongly argues in his study that trade unions are no doubt an integral part of modern industrial organization. Their political ideologies bear no harm, but subordination of interest of labour to them is usually harmful and weakens the organization. Trade unions should be adaptive to modern technologies in such a way that wasteful practices are eliminated and quality is improved.

Mohandas, S.R (1995) argues that trade unions have a very important part to play if the current economic restructuring is to become a grand success. The study reveals that we do not have a trade union movement, but only a generalized labour
movement. What a performing society needs is not just a movement but well established organizations with self reliance and strength.

Mohapatra Ashis Kumar (2001) is of the view that organizations should be clear as to how to match the human resources with their requirements and continue to foster and develop them as the organizations strive. He specifically points out that development of personnel is a basic management area which is closely related to the full utilization of skills, potentialities and talents. This poses challenges to the management as to how full potentialities of employees can be harnessed towards the achievement of the organization’s goals. Finally the success and progress of an organization largely depends on the full utilization of talent and potentialities of the employees.

Mohinder Chand (2009) in his article, ‘Human Resource Management Strategies for Managing the Aging Workforce in Indian Hospitality Firms’, examined the critical issues relating to the management of aging work force in the hospitality firms. The findings of the study indicate that a number of different HRM strategies are important for the efficient use of aging work force in Indian hospitality firms. The study shows that HRM strategies such as work life balance, flexible work practices, work force planning, career planning and retirement, pension schemes, training and development are critical in this respect.

Nageswara Rao (1999) in his paper stipulates that the Indian HRD professionals now need to have a broader vision and have to renew their enthusiasm and reliability. Above all, they should be committed to developing and managing human resources in the new economy amidst continuous organizational environmental and technological changes.

Nandakumar Damodar Prasad (1992) in his research work argues that if an organization consists of right people, the chances of survival and prosperity are many. Human resource management has a crucial role to play in the context of globalization, customer demands for improved quality, technology innovations, demographic and social change. The ideal conditions human resource management can aim at are increased production, productivity coupled with harmonious and peaceful labour relations and a new work culture.
Philip Worsfold’s (1999) study, ‘HRM Performance, Commitment and Service Quality in the Hotel Industry’, reviews the nature of HRM and the extent to which it is adopted in Australian Hotel Industry. He also makes a comparative study of the HRM in the hotel and catering industries with other sectors. This study identifies service quality as a performance indicator. The various determinates of service quality are considered in relation to HRM.

Podder, C. K (1996) states that retention of employees will be the greatest challenge human resource management will face from now onwards. Employees will seek greener pastures elsewhere, irrespective of the length of service in the organization. This is mainly because of the feeling that the existing jobs do not provide enough satisfaction to employees. If an organization cannot provide adequate professional challenges, career enhancement and satisfaction to such people, the organization will be a great loser. Analysis of employees’ feedback and appropriate remedial measures based on the feedback are the most suitable solutions to this very critical issue.

Premchand, J (2003) in his thesis, ‘Hotel Industry of Kerala-a Study on Operational Problems and Management of Human Resources’, has made a detailed study on the satisfaction level of employees and the general problems faced by the industry. His study reveals that the hotel employees are forced to work with low salary and very few incentives. There is lack of training, transport, promotional schemes and benefits such as PF and medical reimbursement. He suggests a separate labour code for the hotel employees for alleviating the problems.

Price, L (1994) in his study, ‘Poor Personnel Practices in the Hotel and Catering Industries: Does It Matter?’, finds a strong correlation between the size and the existences of HRM practices in UK hotels. The majority of firms employing more than 30 employees used written contracts, disciplinary procedure and equal opportunities policies. He rightly commends that majority of examples of good personnel practices were found amongst relatively large employers and that these employers were clearly improving their personnel practice.

Price, L (2000) in his review, ‘Poor Personnel Practice in the Hotel and Catering Industry: Does it Matter?’, found that hotel industry tended to ‘live with high
levels of labour turnover and rely on the external labour market to fill vacancies’. He suggested that ‘an organization can theoretically the influence turnover by various intervention processes that include placement and orientation, performance evaluation, training and development.

Raji Ezhil, S (2009) in his article, ‘Gains through Healthy Human Resource Practice in Tourism and Hospitality Industry’, views that HR philosophy of the company is reflected in the strength of the organization to satisfy the employees’ needs. He further suggests that the reward system should include both monetary and non monetary benefits. He also finds the issues such as shortage of qualified manpower, insufficient training facilities, lack of strategies for human resource development and huge gap between training capacity of the institute and actual need of the industry as the major constraints of human resource development in tourism and hospitality industry.

Ramanna Murthi, R. and Deepak Kumar Behra, V (2009) in their article, ‘Employment Potentials in India’s Service Sector in the Post Liberalization Period’, observe that Indian economy is experiencing a disproportionate growth in the service sector. They argue that even though the service sector is the fastest growing segment in the Indian economy, in the post liberalization period, the employment potential in this sector is drastically declining and is nearly stagnant. The urban bias, male dominance and declining public sector employment are now the defining characteristics of Indian service sector employment.

Rao (2004) in his article stated that the reward system has undergone a sea change since globalization. In today’s talent market place, one can retain one’s people only by differentiating in their favour and by offering a mix of monetary and non monetary rewards. The key though is not to reward ‘high’ but to reward the ‘right people ‘in the ‘right way’.

Ravi Wazir (2005) in his article, ‘Humanise Your Organisation’, published in EHC, observed that the Indian hotel industry is popular as one that is people oriented. The Human factor represents our very culture. It is the human element that determines the direction of work relationship within and outside the establishment. The levels of
success in these relationships determine the level of success experienced by the establishment. Therefore, we should humanize our organization.

Ronald L. Jacobs and Yoonhe Park (2009) in their article, ‘A Proposed Conceptual Framework of Workplace Learning: Implications for Theory Development and Research in Human Resource Development’, highlights the importance of work place learning. They suggest that structured on the job training (S-OJT) which uses experienced employees to train new workers on a unit of work in the actual work setting or a setting that resembles the work setting can successfully compete for enabling work place learning.

Rosemary Lucas, et al (2004) in their paper, ‘HRM Practices in Emerging Economies: a Long way to the Slovak Hotel Industry’, argue that the situation of the labour market influences HRM practices. In spite of high unemployment rate, there is a problem with the recruitment of qualified and motivated staff and skilled managers in the hospitality sector. Retention of skilled workforce becomes difficult especially when training and flexible work practices have limited implementation.

Ross Glenn, F (1993) in his study, ‘Management and Life Values as Predictors of Tourism/Hospitality Industry Employment Interest Levels among Potential Employees’, examines the interest of respondents in tourism/hospitality employment. This study also investigates life and management values as predictors of tourism/hospitality industry work interest. Major life values of relevance were a sense of accomplishment, family security, and independence whereas major management values included involvement in employees’ personal problems and demonstration of trust.

Ross Glenn, F (1995) in his article, ‘Visitor directed Helping Styles, Service Quality Ideals and Tourism Impact Judgment among Potential Tourist/Hospitality Industry Employees’, analyzes the service quality of tourist/hospitality industry employees and visitors’ satisfaction. He rightly points out that the word of mouth recounting by visitors of experience, based on poor or excellent service can, over years, have a major impact upon the flow of people to a destination. If a destination and in particular its tourism/hospitality industry workforce gains an image of being
unhelpful or even hostile to the visitors, then a negative economic implication will likely follow.

Ross Glenn, F (1995) in his study, ‘Tourism and Hospitality Work Interest and Motivation Among Potential Employees’, mentions that human resource planning within the tourism and hospitality industry is now recognized as an important area of enquiry. Majority employers in the industry face constant problems in the acquisition of talented and suitable staff. The findings of the study show that many potential employers do not find tourism/hospitality industry as a path for their career growth.

Saratchandran (2000) in his article, ‘A Perfect HR Manager is One Who Applied the Doer Developer Concept’, published in EHC, emphasizes the significance of human resources. He strongly argues that proper human resource development will lead to employee satisfaction which in turn will result in guest satisfaction. Increased competition in the working environment changes the motivational factors. He also states that incentives will not have a lasting effect in sustaining employee satisfaction, but proper pressure and growth opportunities within the organization are of much higher impact as long as one is efficient.

Sharma and Kumar (2004) argue that public sector employees are in a better position in terms of their job satisfaction than the employees of private sector organizations. Top management employees are more satisfied than the middle and lower level employees. Conversely the public sector employees are more dissatisfied with their working conditions and incentives than the employees of the private sector.

Simons Tony and Kinkin Timothy (2008) in their article, ‘The Effect of Employee Turnover on Hotel Profits: A Test across Multiple Hotels’, analyze the impact of employee turnover on profit in hotel industry. They have collected data from 105 hotels throughout the United States. In this study they make a comparison between the cost of turnover and the cost of retention. They come to the conclusion that employee turnover affect Gross Operating Profits (GOP), and that it has a greater effect on higher-price hotels than on low priced ones.

Singh, C.P, et al (2009) in their study, ‘Building Relationship @ BPO India’, state that even though India’s BPO sector can provide good wages and better
facilities, it is not capable of arresting the high turnover ratio. The respondents of a survey viewed stressful working conditions as one of the main reasons for the desire to quit. The survey suggests that creating better manager-employee relationship inculcating Indian value culture, encouraging family ties and creating social welfare measures can alleviate the turnover problem of the BPO sector.

Singh Kuldeep (2000) in his study, ‘The Effect of Human Resource Management Practices on Firms Performance in India’, concluded that HR in organizational context is to ensure the availability of competent, motivated and learning employees to an organization. The HR function has been quite a success in performing the role in terms of developing capacity, knowledge, attitude and skill of the employees. He argued that in recent times there has been a shift in on the expected role of the HR manager. These developments demonstrate that investment of human resource contributes to the better result of the business.

Sreenivasan, K.S (2001) in his article, ‘Taj HR programmes Aims to Create Quality Professionals’, observes that HRM is an integral part of service industry. He asserts that HR as function is like a partner in business in any organization: and it cannot operate as its own. It is the key to the effective utilization of the manpower that the hotel industry depends on. The Indian hotel industry is the most labour intensive since the number of people serving the guests is the maximum here. It is not merely the monetary rewards that the employees seek today; the true incentive is the long experience that the job promises.

Suborno Bose (2000) in his article, ‘Hotels Are Poor Pay Masters’, points out that the basic problem of HRD in the hospitality industry is the fact that it is one of the poorest pay masters. Quality staffs work with satisfaction only if they are well paid, otherwise they would join other sectors. This trend is very strong. Moreover, the job involves greater mental pressure in un-conducive work environment. He recommends higher wages to the staff for the prosperity of a hotel. He further points out that at the entry level in hotel management graduates salary is Rs. 2500-6000, whereas in the IT sector it is Rs.10000-12000. Further, hotels do not give benefits like PF, medical expenses, etc to most of their staff. Hence naturally the staffs are not satisfied.
Terziovski and Dean (1998) in their study, ‘Best Predictors of Quality Performance in Australian Service Organizations’, collected data from 130 service companies and found that the linkage of quality management practices to strategic planning was the best predictor of increased productivity and competitive advantage. Quality management practices include a quality culture, in which all members of the organization have responsibility for quality. There should be quality management practices on all systems and procedures, training, and performance measure of employees.

Thomas Jacob (2000) in his research work submits that the greatest competitive advantage of any organization depends on the quality of its human resources and the effectiveness with which they are deployed. Acquisition of adequate and appropriate kind of human resources is perhaps the most crucial, complex and perpetual task of the management of any organization.

Tom Simon, and Cathy A. Enz (1995) in their article, ‘Motivating Hotel Employees beyond Carrot' and Stick’, emphasize how management can motivate their employees to provide excellent and efficient services to the guest. The management can’t force their employees to be motivated, but if they know what they want from employees, they can create a co-coordinated work environment, including coaching, skill development and rewards that help employees be motivated.

Tzafrir, S.S. and Gur, A.B.A. (2007) in their article, ‘HRM Practices and Perceived Service Quality: The Role of Trust as a Mediator’, state that HRM plays a central role in the exchange relationship between the organization’s management and its employees. This study recognizes that compensation and feedback practices are the most important HRM practices that affect perceived service quality. The study further indicates that investment in employees and nurturing employment relation based on trust are required for providing high quality service to customers.

Veerakumar, P and Chandramaohan, R (2009) in their article, ‘Evaluation of Employees Performance Using Traditional Techniques’, analyse various traditional performance appraisal techniques. They critically evaluate the use of various traditional techniques such as confidential report, essay method, paired comparison, forced distribution method, graphic rating scale, check list method, critical incident
method, group appraisal method and field review method in appraising employees’ performance. They conclude that an employee should be evaluated objectively.

Venu Gopal (2000) in his thesis, ‘Human Resource Management in Information Technology Industries in Kerala-with special reference to Technopark, Thiruvananthapuram’, analyses the various HR policies relating to recruitment, selection, and performance appraisal and employee compensation among IT professionals. This study reveals that the recruitment and selection policies in information technology industries in Kerala are good. The training, performance appraisal system and compensation package are also found good.

Wasmuth William, J and Davis Stanley, W (2001) in their work, ‘Strategic Choice and Organizational Context in HRM in the UK Hotel Sector’, argue that human resource management in UK hotel industry is typically held to be informal, instrumental and associated with poor employment relations. This article examines the diversity and the influence of organizational context in the formation of HRM strategy. This research finds out that there is strategic employee employer relationship in large sized hotels but the smaller hotels may find difficult to adopt a strategic employee-employer relationship.

Wen (2005) in his study, ‘The Effect of Pension Reforms on HRM Practices to the Hotel Industry in Taipei City’, investigates the perception of human resource managers in the hotel industry in Taipei city Taiwan. He argues that with the implementation of the new pension scheme, labour costs are likely to increase. The study further indicates that the hotel establishments would adopt varied HRM practices in terms of recruiting, educating, assigning and retaining, in response to anticipated increase in labour cost.

William Nick (2006) in his article, ‘Strategic Choice and Organizational Contest in HRM in the UK Hotel Sector’, views human resource management in the UK hotel industry is associated with poor employment relations. This study reveals that by identifying pattern of employee relations practices to examine the influence of market factors and establishment size and the extent to which there is scope for strategic choice in HRM.
Wu, W.C and Chen, H.M (2002) have conducted a research titled ‘Manpower Requirement of Hospitality in Taiwan’, considering both demand and supply perspectives of labour. They identify three HRM issues confronting the hotel industry in Taiwan, namely the shortage of professional and qualified workers, the variation in workforce demand between peak and off-peak seasons, and high turnover rate. They have also noted significant gap in the terms of criteria perceived to be important in the industry; the educational institutions believed that language proficiency and interpersonal communication as the most important factors, while the industry regarded working attitude as the most significant factor because of the perceived linkage organizational image and performance.

Zhu Cherrie Jinshua (2005) in his book, ‘Human Resource Management in China; Past, Current and Future HR Practices in the Industrial Sector’, analyses the emerging human resource management practices of the Chinese economy with the transition of the command economy to market economy. For analytical purposes the book divides the Chinese economy into four viz. state owned enterprises (SOE), collective owned enterprises (COE), private owned enterprises (POE), and foreign invested enterprises (FIE). The findings of the study show that SOE’s COE’s are still found to be determined more by politically determined priorities than by efficiency criteria. POE’s were relatively free to resort to efficiency criteria for HR planning, recruitment and training. The FIE’s were much more free to import HR practices from their mother countries.

1.1.2 Institutional Studies

The survey of Procurz.com, New Delhi (2000) reveals that 45 per cent of the total hotel industry turnover in India comes from five star hotels and 75 per cent of the hotel properties in the country fall under the unorganized sector. This report classifies hotels in India in terms of revenue and analyses sectoral growth. The total size of Indian hotel industry ranging between 3 and 5 sectors segment today stands at US $ 1 billion. The market share of the unorganized sector stands higher at 75 per cent in terms number of hotel rooms. The average room rent varies from Rs. 1300 to Rs.5000 for three star hotels.

A study conducted by Tata Consultancy Services (2001) in Kerala centers around two main ideas. The first idea concerns training. Though lack of training and
incompetent human resources is a major problem, 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 programmes and trainers should be chosen keeping in view the basic principles of development and success of the industry. The second idea concerns the way of nurturing and treating HRD. By being nurtured and treated well, even an ordinary person can be made extraordinary. A well trained and nurtured manpower can develop an ordinary organization into a distinguished one. The training imparts a good impression about the company in the minds of the employees because he would feel that the company cares for him.

The Centre for Hospitality Resources at Cornell University’s School of Hotel Administration (2001) published a survey report in the Cornell Quarterly. The report reveals that the most important issue in the industry today resolves around human resources. 50 per cent of hotel managers from different countries, who responded to the survey questions, confessed that they were mostly troubled by HR issues. The great difficulty according to them was attracting talented people to the industry. Retention, motivation, training and development of the work force were the second. Some of the problems noted related to poor wages, long working hours, and seasonality.

Executive search on Indian hospitality compensation, a survey report of HVS, New Delhi (2002) compares the annual compensation package for key designations for the year 2001-2002. Annual compensation includes basic salary, house rent allowance, conveyance allowance, city compensation allowance, education allowance, annual bonus, leave travel concession, and reimbursement of actual fuel, telephone and cellular phone charges. The survey reveals that there is a significant difference in the pay package of independent and chain hotels.

The CII Kerala chapter study report (2003) analyzes the various problems of tourism in Kerala. It finds that high taxes, license fee, and power tariff hamper the growth of tourism industry though it is a major provider of employment and the facilitator of rapid growth in allied sectors like ayurveda, handicrafts, and cottage industries. The report points out that ‘government apathy and lack of proper vision impede the growth of the sector’. The report urges the State government to rationalize
taxes and levies imposed on the tourism sector following the model practiced by the Union government.

The Top Ten Issues of the Hotel Industry, a study report of ISHC published by FHRAI magazine (2003), identifies human resource issue-finding, motivating and retaining employees as one of the top ten issues of hotel industry. High labour turnover-cost of semi-skilled and unskilled workers, growing bargaining power of labour unions, high demands of workers and the consequences of terrorist attack on WTC on 9/11/2001 have worsened the situation. As a result production 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.

Realizing the need for a common strategy for development the government of Kerala has formulated a Tourism Vision-2025 (2005) which aims ‘to make Kerala an up market high quality destination through rational utilization of resources with focus of integrated development of infrastructure sector conserving and preserving the heritage and environment and enhancing productivity, income, creating employment opportunities, alleviating poverty and thereby making tourism as the most important sector for the socio-economic development and environment protection of the State’. This vision envisages increase of earnings by 10 per cent per annum and generation of employment opportunities by 10000 persons per year and also an annual growth rate of 7 per cent foreign tourists’ arrivals and 9 per cent increase in the case of domestic tourists.

The government of Kerala has also formulated a tourism policy (2006) with the objective of consolidating the gains of the state and projecting a clear strategic vision. The core areas of the policy concentrate more on employment and income generation, intergovernmental co-ordination, providing safety to tourists, creating awareness among the stakeholders in the sector and crating tourist friendly destinations.

Executive Search on Indian Hospitality Compensation, a survey report of HVS, New Delhi (2008) that compares the annual compensation package for key designations for the year 2007-2008, suggests enhanced compensation as the single

most powerful tool to leverage and retain employees. This instrument, however, has not been utilized to its full potential till now. The survey finds that in order to retain baseline managers and to develop them into future heads of departments, it may be prudent to revise the existing salary structure.

In contrast to this, the findings of All India Survey on Indian Hospitality Industry (2008) find that salaries in the Indian hospitality sector have increased by over 40 per cent in the past two to three years. It is estimated that the trend will continue and the industry can expect to see a growth of around 25-30 per cent in salaries over the next year.

A meticulous survey of the available literature reveals that no sufficient, empirical and exploratory studies have been made so far to evaluate the HRM practices in hotel industry in Kerala. It is in this context that a study of the present nature is highly warranted. The researcher has, hence, carried out an in-depth research on the HRM practices in the hotel industry in Kerala, particularly in the area of recruitment, selection, training and development practices of employees, their salary and other benefits and also their job satisfaction in order to put forward creative suggestions emerging there from.

1.2 Statement of the Problem

Organizations consist of people, and so the development of these people should be a key task of the organizations. Every organization begins and ends with people. The importance of human resources within an organization is becoming increasingly accepted in today's rapidly changing and uncertain business environment. In today’s complex business scenario, no one can deny that the most important cog in the wheel of management is human resources, around which all other management facts revolve.

An organization’s success increasingly depends on the knowledge, skills and abilities of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors. With appropriate HR practices, organizations can hire, develop and utilize best brains in the market place, realize its development goals and deliver better results. Effective human resource management is crucial for every organization’s success. The quality of the organization’s human
resources, their sense of fair treatment, their enthusiasm and satisfaction with their job, all affect the organization’s productivity, customer service, reputation and survival.

The outlook on HRM in India has witnessed a sea-change in the last two decades. Economic liberalization in 1991 created a hyper-competitive environment. As international firms entered the Indian market bringing with them innovative and fierce competitiveness, Indian companies were forced to adopt and implement innovative changes in their HR practices. Increasing demand for skilled performers forced the companies to shift focus on attracting and retaining high-performing employees in a competitive marketplace. But such a general change has not taken place in hospitality industry, especially in hotel industry in India. The available literature in this regard shows that HRM practices in this industry are poor and in some cases, the worst. Most of the hotel organizations have neglected manpower planning in the recruitment of human resources at its various levels. Unscientific methods of selection are followed in this sector. Most of the employees are forced to work at a low salary and there is no specified working time also. In most cases, employees are forced to work for more than twelve hours. The opportunities for training and development are low and there is a high level of labour turnover in this sector.

The net result is widespread dissatisfaction among employees affecting their motivation to work. Inevitably, it leads to the decline of their commitment towards the organization. The study is intended to provide an insight into the human resource practices prevailing in selected hotel organizations in Kerala.

1.3 Scope and Significance of the Study

A service industry like hotel industry cannot afford to neglect the human element because the efficiency of the employees determines, to a great extent, the quality of service rendered. But the authorities have not so far given due consideration to the development of human resource in this sector. Hotel industry in India is often criticized as a sector with poor employee management practices. A number of studies on this regard reveal that this sector is characterized by poor employee relation, low pay, and high labour turnover. All these pitfalls are mainly on account of poor HRM practices. In order to develop hotel industry in a sustainable manner, there is an urgent
need to revamp the situation and to have an appropriate HRM practice. Such a change is needed not for the development of hotel industry alone tourism and hospitality industry also will benefit from such a change. Kerala’s economy is largely dependent on the tourism and hospitality industry. Proper development of human resources is the need of the hour for developing the hospitality industry to its full potential. A good employee management practice will create satisfied employees and only satisfied employees can make the guests satisfied. Satisfied guests will create more revenue to the state and in turn it will create a good image for the nation. The present study is significant in that it analyzes the HRM practices prevailing in the hotel industry in Kerala. It looks in to the pitfalls on the employee management practices and puts forward remedial measures to resolve serious drawbacks.

The current study is confined to classified hotel industry in Kerala. It covers three, four and five star segments both in the private sector and KTDC hotels. The study purports to gather the opinions of employees, cross-check them with what the management has to say and to arrive at a rational inference regarding HRM practices in the classified hotels in Kerala. The variables identified for the study are recruitment, selection, training and development, performance appraisal, compensation and job satisfaction of employees. The study also examines whether there is significant difference in the responses given by private sector and KTDC and between three, four and five star segments in Kerala.

1.4 Objectives of the Study

The major objective of the study is to assess the human resource management practices in the hotel industry in Kerala. To be specific, the study aims at the following objectives:

1) Examine the recruitment, selection, and training and development practices of employees.
2) Assess the salary and other benefits to the employees.
3) Assess the level of satisfaction of employees.

1.5 Hypotheses

In line with the objectives of the study the following hypotheses have been set:

1. Not more than one half of the employees are satisfied with the recruitment policy of the hotel industry in Kerala.
2. Not more than one half of the employees are satisfied with the equality and fairness in the selection process in the hotel industry in Kerala.

3. Not more than one half of the employees are satisfied with the attitude of management towards employees’ training in the hotel industry in Kerala.

4. Not more than one half of the employees are satisfied with the periodicity in appraising the performance in the hotel industry in Kerala.

5. Not more than one half of the employees are satisfied with the skill and competency based compensation in the hotel industry in Kerala.

6. Not more than one half of the employees in the hotel industry in Kerala show desire to continue in the present organisation.

1.6 Variables Used for the Study

1.6.1 Recruitment, Selection, Training and Development Practices of Employees in Hotel Industry in Kerala

   I. Fairness and effectiveness of recruitment policy
   ii. Adoption of scientific selection procedures and effectiveness of selection
   iii. Method of performance appraisal and faith of employees in performance appraisal system
   iv. Quality of training, retraining facilities and management’s attitude towards training.
   v. Overall satisfaction on training facilities

1.6.2 Salary and Other Benefits to the Employees in Hotel Industry in Kerala

   i. Internal and external equity in pay
   ii. Provision of welfare facilities
   iii. Provision of security facilities
   iv. Overall satisfaction in pay

1.6.3 Level of Satisfaction of Employees in Hotel Industry in Kerala

   i. Satisfaction on working environment
   ii. Satisfaction on working hours
   iii. Satisfaction on co-operation extended from colleagues, immediate supervisors and guests
   iv. Satisfaction on social status of job and work life balance
   v. Satisfaction on career growth and development
   vi. Satisfaction on job security
1.7 Methodology

1.7.1 Selection of Sample

The population for the study consists of employees and management people of classified hotels in Kerala. In Kerala, there were 235 classified hotels as on 31-03-2009 (consisting of 15 five star hotels, 18 four star hotels and 202 three star hotels). For intensive study, 20 per cent from each category of hotels is selected at random. Thus, the total number of hotels selected as sample has come to 47 (three from five star, four from four star and 40 from three star) (Table 1.1).

Table 1.1: Selection of Sample Hotels

<table>
<thead>
<tr>
<th>Classified hotels</th>
<th>Total No. of classified hotels (As on 31-3-2009)</th>
<th>No. of units selected as sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KTDC</td>
<td>Private</td>
<td>Total</td>
</tr>
<tr>
<td>5 Star</td>
<td>1</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>4 Star</td>
<td>2</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>3 Star</td>
<td>4</td>
<td>198</td>
<td>202</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7</td>
<td>228</td>
<td>235</td>
</tr>
</tbody>
</table>

Source: Department of Tourism, Government of Kerala.

The respondents for the study consist of the employees and management people of the sample hotels. There were 2151 employees in the 47 sample hotels as on 31-03-2009. From them, 20 per cent (consist of (62 from five star hotels, 64 from four star hotels and 304 from three star hotels) were selected at random (based on Slovin’s Formulae). Thus, the total sample employees selected for the intensive study has come to 430 (Table 1.2). While selecting the sample employees, care has been taken to select employees working in all the operating departments’ viz., Food and Beverage, Housekeeping, Front office, Accounts and Marketing.

Table 1.2: Selection of Sample Employees

<table>
<thead>
<tr>
<th>Classified hotels</th>
<th>Total No. of classified hotels (As on 31-3-2009)</th>
<th>No. of classified hotels selected as sample</th>
<th>Total No. of employees in the sample hotels (As on 31-3-2009)</th>
<th>No. of employees selected as sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KTDC</td>
<td>Pvt</td>
<td>Total</td>
<td>KTDC</td>
</tr>
<tr>
<td>5 Star</td>
<td>15</td>
<td>3</td>
<td>70</td>
<td>242</td>
</tr>
<tr>
<td>4 Star</td>
<td>18</td>
<td>4</td>
<td>140</td>
<td>181</td>
</tr>
<tr>
<td>3 Star</td>
<td>202</td>
<td>40</td>
<td>380</td>
<td>1138</td>
</tr>
<tr>
<td>TOTAL</td>
<td>235</td>
<td>47</td>
<td>590</td>
<td>1561</td>
</tr>
</tbody>
</table>

Source: Directorate of Labour, Government of Kerala.
For cross-checking the opinions of the employees, the opinions of the management people were also taken. There were 358 management people in the 47 sample hotels as on 31-03-2009. From them, 20 per cent (10 from five star hotels, 15 from four star hotels and 47 from three star hotels) were selected at random (based on Slovin’s Formulae). Thus, the total sample management people selected for the intensive study have come to 72. Systematic random sampling method was used for selecting the sample hotels, employees and management personnel (Table 1.3).

**Table 1.3: Selection of Sample Management Respondents**

<table>
<thead>
<tr>
<th>Classified hotels</th>
<th>No. of classified hotels selected as sample</th>
<th>Total No. of managers in the sample hotels (As on 31-3-2009)</th>
<th>No. of managers selected as sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KTDC</td>
<td>Pvt</td>
<td>Total</td>
</tr>
<tr>
<td>5 Star</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4 Star</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3 Star</td>
<td>2</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>43</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: Directorate of Labour, Government of Kerala.

### 1.7.2 Collection of Data

The present study is empirical in nature. Both primary and secondary data were used for the study. The primary data were collected from the sample respondents—employees and management personnel—by administering structured interview schedules (given as Annexure I and II). The secondary data were collected from the records of hotels under study, official publications of the KTDC, ITDC, Ministries of Tourism, Government of India and Government of Kerala, books, periodicals, reports and the Internet.

### 1.7.3 Tools for Analysis

The data collected were suitably classified and analyzed keeping in view the objectives of the study. For the purpose of analysis, statistical tools such as average, percentages, trend analysis, chi-square test, Mann-Whitney U test, and Z test were used. The measures of central values were used to assess the order of preference associated with the selected variables, while the chi-square test was applied to examine the significance of variation in the opinion among respondents in star wise and the Mann-Whitney U test was applied to assess the significance of variation of opinion in sector wise. The Z test was used to test the hypotheses.
1.8 Period of Study

The study covers a period of ten consecutive years from 2001-2010. The primary data was collected from the month of May to December, 2010.

1.9 Limitations of the Study

While stating that maximum care has been taken in carrying out this study, the researcher would like to point out a few limitations:

1. The sub variables selected and grouped under four main variables are not exhaustive. They have been selected on the basis of various study reports, models and of the characteristics features of hotels industry. More sub variables could have been included in the intensively selected sub-variables to make the inferences more conclusive.

2. Though the sample size is statistically found sufficient, the primary data required for the study were collected from 430 employees and 72 management personnel only and hence are subject to normal errors inherent in social science research.

3. The findings of the study are based on the expressed opinion of the respondents which might have its own limitations. The attempted objectivity has normally been restrained by the extent of respondents’ readiness to give factual information. Possibility of hiding certain facts on the part of the respondents could not completely be ruled out, although all possible efforts have been made to elicit authentic information.

1.10 Presentation of the Study

The study report is presented in seven chapters.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Introduction</td>
</tr>
<tr>
<td>III</td>
<td>Recruitment and Selection Practices in Hotel Industry in Kerala</td>
</tr>
<tr>
<td>IV</td>
<td>Training, Development and Performance Appraisal in Hotel Industry in Kerala</td>
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<tr>
<td>V</td>
<td>Compensation Administration in Hotel Industry in Kerala</td>
</tr>
<tr>
<td>VI</td>
<td>Job Satisfaction in Hotel Industry in Kerala</td>
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<tr>
<td>VII</td>
<td>Summary of Findings, Conclusion and Suggestions</td>
</tr>
</tbody>
</table>