

Challenges in Implementing Latest HR Policies in the Hospitality Sector

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ABSTRACT

This paper evaluates challenges in implementing HR policies in the Indian hospitality sector. It may be noted that the hospitality sector is people - intensive and its success depends on employees being able to satisfy and delight tourists. Furthermore, the increase in size of the hospitality sector in India is stimulating demand for skilled and qualified persons whose effective utilization can ensure the competitiveness of the sector. Currently, one of the biggest challenges being faced by the Indian hospitality sector is the ability to implement human resources (HR) policies that can fulfil the above objectives. A qualitative method was adopted using secondary and primary data. From the secondary data analysis it was found that HR policy is typically related to recruitment, staffing, performance appraisal, compensation and retention. Primary data was collected from 30 HR professionals in the hospitality sector in India. Various challenges were identified. For example, the biggest challenge in implementing an effective recruitment policy is the lack of suitable manpower in the market. There are fewer young people adopting a career in hospitality which restricts manpower supply. In the training function, there is a mismatch between the demands of the external environment and training content / delivery processes. Similar challenges were identified for other functions. Based on these challenges appropriate recommendations have been made.

Keywords: HR Policies, Indian Hospitality Sector, Challenges, Implementation.

1. INTRODUCTION

Hospitality is the largest services sector in India and plays an important role in the economy of the country (Due, 2018). In 2018, tourism and hospitality generated \$240 billion of revenues in India which was 9.2% of the country's GDP for that year (WTTC, 2019). The sector generates 43 million jobs or 8.1% of the total national employment (Kumar, 2018). The sector is predicted to grow annually by 7% over the period 2018 – 2028 and generate revenues of \$460 billion by 2028 (Due, 2018). The most important reason for the fast growing tourism sector is the increase in number of foreign and domestic tourists. For example, in 2017, over 10 million foreign tourists visited India compared to 8.9 million in 2016 (WTTC, 2019). This is a growth of 16%. Similarly, the increase in domestic tourist footfalls over the period 2016 – 17 was 16.5% (WTTC, 2019). It may be noted that the hospitality sector is people - intensive and its success depends on employees being able to satisfy and delight tourists (Shukla, 2013). Furthermore, the increase in size of the hospitality sector in India is stimulating demand for skilled and qualified persons whose effective utilization can ensure the competitiveness of the sector (Kumar et al., 2015). The sector must be able to attract quality professionals, recruit, select, train, motivate and retain them appropriately. Currently, one of the biggest challenges being faced by the Indian hospitality sector is the ability to implement human resources (HR) policies that can fulfil the above objectives (Dinakaran, 2016). It is for this reason that the sector consistently faces a shortage of qualified and professional labour. Hence, while the Indian

hospitality sector is one of the fastest growing in the world, its rank in efficient use of labour is a very low 90 (WTTC, 2017). This paper explores the challenges being faced by the Indian hospitality sector to implement latest HR policies.

RESEARCH QUESTION

What are the challenges being faced by the Indian hospitality sector to implement latest HR policies?

2. REVIEW OF LITERATURE

Human Resources Management or HRM is defined as the management of an organization's workforce (Wilkinson et al., 2009). It includes attracting, selecting, training, assessing and rewarding employees as well as leadership and compliance management (Hughes et al., 2018). According to Ulrich et al., (2016), effective HRM is important as it improves knowledge, competencies and abilities of the employees of the firm, enhances motivation and productivity levels and reduces attrition as well. This in turn impacts the performance of the firm. The key HRM policies and practices that catalyse organizational growth include those related to talent acquisition, training, promotion, performance appraisal, compensation, attribution, leadership and succession planning. The objective of talent acquisition is to ensure that people with the right qualifications, experience, attitude and aptitude are selected (Reilly et al., 2016). Effective recruitment method helps organisations to find suitable talent for their required job positions. Training is important to develop the skills and competencies required to perform effectively in the organisation (Riley et al., 2016). Training must be such that employees feel empowered and more confident to handle additional responsibilities. Kusluvan (2013) said that the purpose of training policy must be to enable employees to fulfil their potential by identifying and developing their talents. Nickson and Wood (2014) opine that staffing and promotion must be done according to skills, knowledge and experience of the employees. Policies on performance appraisal must ensure that problem areas are identified and managed to see that employee performance scales up to desirable levels (Hoque, 2009). Compensation and incentives must be in accordance with industry standards and match with employee performance. Reducing employee turnover or attrition rates is dependent on HRM policy responding to employee concerns or unhappiness at work (Jameson, 2014). HRM policy must also put in place appropriate leadership training and effective successive planning processes.

Based on the above findings, the theoretical framework in figure 1 was formulated:

THEORETICAL FRAMEWORK



FIGURE NO 1

From figure 1, it is seen that HRM policy is related to recruitment and staffing, promotions, performance appraisals, rewards and recognition, compensation and benefits and training. HR policy with respect to each of these areas will determine the performance of the firm, including those operating in the hospitality sector. This paper will determine the challenges in implementing policy related to each of these areas.

3. METHODOLOGY

A qualitative approach was adopted in this paper using both primary and secondary data. Secondary data was used to identify key constructs related to HRM and to formulate the theoretical framework indicated in figure 1. Primary data was collected from 30 HR heads of different hotels in India using an online questionnaire. The questionnaire collected information on latest HR policy and the difficulties that the HR heads faced in implementing the policies.

4. ANALYSIS & DISCUSSION

From the interview analysis with the respondents, figure 2 indicates the challenges faced by India's hospitality sector in implementing policies related to recruitment and staffing.

CHALLENGES – RECRUITMENT AND STAFFING



FIGURE NO 2

All the respondents agreed that for the hospitality sector in India, the biggest challenge is implementing a recruitment and selection policy that ensures that right persons are hired for relevant internal positions. In this connection, all the respondents stated that there is a lack of suitable, qualified manpower in the market despite several hotel management training institutes. Respondent 3 stated that 'Nowadays most young people prefer working for IT, BPO and engineering firms which means that the hospitality sector gets people with sub-optimal language skills and personality fit'. This point was reiterated by most respondents, who stated that hotel management institutes are witnessing fewer young people, most of whom opt for other professional courses. Fewer still complete their courses making it difficult for the hospitality sector to find quality staff during the recruitment processes. Another difficulty in implementing a suitable recruitment process was the economic constraints that the hotel industry faces in terms of offering suitable salaries, benefits and other emoluments that make it attractive for young people to join.

Some of the respondents indicated that recruitment is still an arbitrary process in the Indian hospitality sector and there is no selection framework in place. This framework must comprise setting standards of quality that the hotel aspires to, identification of skills and competencies among recruits that will deliver standard quality of service, evaluation and assessment methods. The framework must explicitly have as its mission 'quality enhancement' whereby hotels

constantly strive to improve their quality of service. Because this vision is absent in the recruitment process, unsuitable people are most often selected. Respondent 13 mentioned how important it is to 'select recruits with good internal and external fit. Internal fit ensures that the candidate fits into organizational goals and objectives while external fit ensures that the hotel is able to maintain market standards of quality of service'. Most respondents were unanimous that the only way to solve the manpower challenge is to implement proper 'earn while you learn' programs and for the industry to brand itself more appropriately. These programs ensure that students are able to pay for their education as they study and are readily absorbed into the sector upon graduating while employer branding will highlight the attractiveness of the hospitality sector as a preferred career option for young people.

Figure 3 indicates challenges related to training and development.

CHALLENGES – TRAINING & DEVELOPMENT

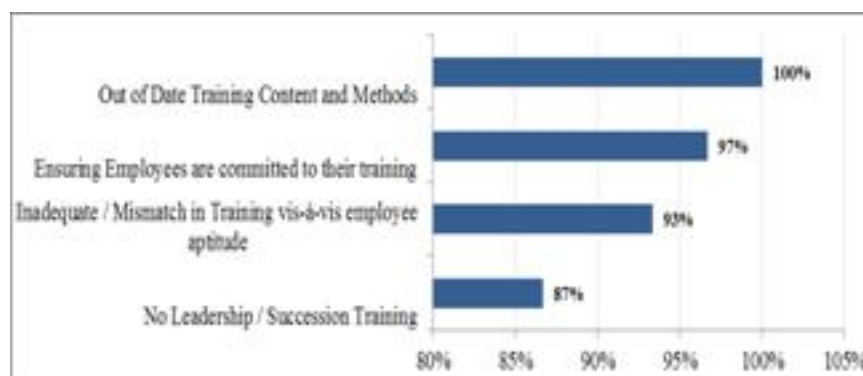


FIGURE NO 3

The respondents indicated that an effective training and development policy must identify development needs of human resources, audit skills, plan, design and deliver training and evaluate its effectiveness. However, several difficulties were identified in implementing such policy. Respondent 18 stated that 'The training content must match with demands in the external environment. In the hospitality sector, this means training must keep pace with changes in customer demands, needs and requirements'. Currently however, most respondents stated that the curriculum in their training programs needs to be updated. Furthermore, the current classroom based training delivery systems must give way to 'on-the-job' programs, job-rotation and even to technology based simulations wherever possible. Another challenge was that hotel employees are themselves not very interested during training and regard such programs as being a chore. There is little commitment to learn and improve their skills. Respondent 25 stated that 'Often there is a mismatch between employee aptitudes, interest and the training programs they are sent for. Employees do not see how training fits into their career aspirations'. This implies that to stimulate interest in training, the programs must include a skills, needs and interest assessment and also link the program with employee overall development plans. A third challenge mentioned by most respondents was the lack of leadership training in today's curriculum with the training mostly focused on skills enhancement. This has lead to a big gap in managerial and administrative capability in the hospitality sector today.

Figure 4 indicates challenges related to performance appraisal.

CHALLENGES – PERFORMANCE APPRAISAL

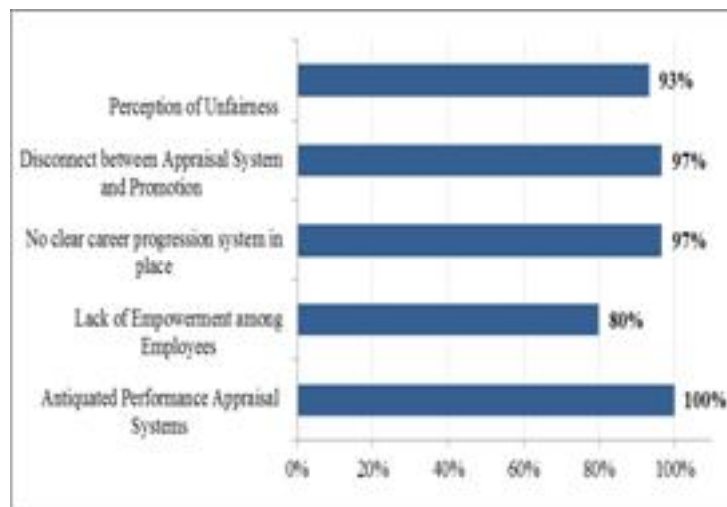


FIGURE NO 4

Most respondents indicated that an effective performance appraisal program must evaluate employee performance and provide feedback in an open and transparent manner. Furthermore, employees must be informed about their career prospects in the organization and guided to appropriate careers that are available in the organization. However, the challenge in implementing a contemporary performance management system is that most of the hotels in India still adopt a traditional top – down appraisal system. Respondent 23 stated that ‘traditional appraisal processes must give way to contemporary processes that help evaluate customers, conduct peer reviews and team-based performance appraisals. It is also very important that subordinates be allowed to review and appraise their managers’. Respondent 16 mentioned that it is very important that ‘performance appraisal systems in the hospitality sector focus on customer service quality goals and the required behaviour and performance of employees to sustain this’ which currently is not the case. It was pointed that if performance appraisal process must get employees to change their behaviour and attitudes, it must be perceived to be fair and transparent. However, the ad-hoc and casual manner in which such appraisals get conducted in most hotels, leaves employees feeling frustrated. Also most respondents agreed that employees cannot see a link between their performance appraisal, incentives and career progression. This disconnect between appraisal and promotion means that employees themselves do not take feedback provided to them seriously. Appraisal is regarded as a paper activity. Furthermore, most hotels in India have non-existent career structures and use seasonal employment strategies which mean that they cannot implement an effective performance appraisal process that is linked with career progression and skills enhancement.

Figure 5 indicates challenges related to compensation.

CHALLENGES – COMPENSATION AND BENEFITS

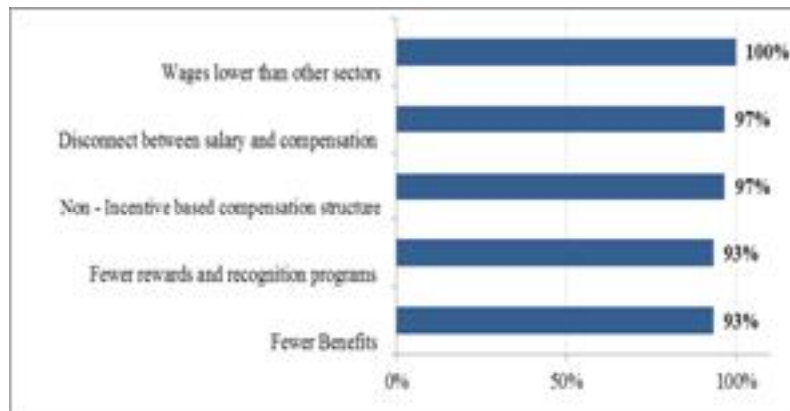


FIGURE NO 5

All the respondents agreed that to attract and retain quality talent, it is important that employees be provided with competitive remuneration. However, the biggest challenge in implementing a competitive remuneration structure is the inability to pay wages that match those offered by other sectors such as business management, IT, BOP etc. Furthermore, most employees perceive that their efforts and long hours that they put in are not commensurate with their compensation levels. Respondent 15 stated that ‘the only solution to this problem is to move from a fixed-pay compensation structure to a variable incentives based structure where employees are provided with a host of benefits according to their performance and position’. According to respondents 10, 18 and 23, implementation of a robust rewards and recognition program and a clear career development program are very important along with providing incentives to counteract the disadvantage of lower wage levels.

Figure 6 indicates challenges related to retention.

CHALLENGES – RETENTION

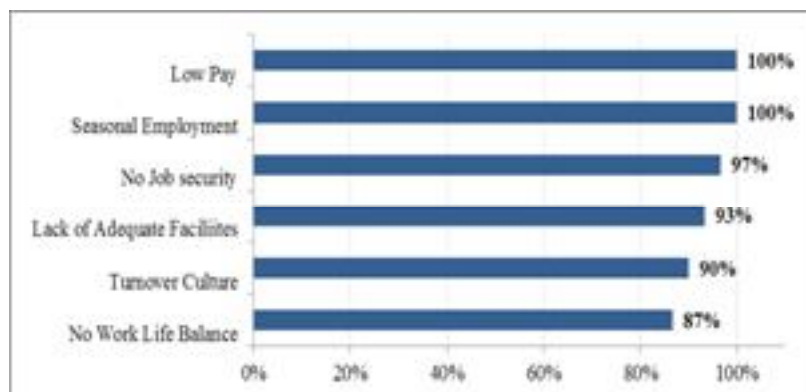


FIGURE NO 6

The respondents pointed out that effective retention policy must ensure that employees are engaged enough to stay with the hotel for longer periods of time. Low pay is the biggest challenge in retaining employees in the hospitality sector which has given rise to a high-turnover culture. Employees do not hesitate to leave their current organizations for another one

even for small increases in pay. The current habit of hotels engaging in seasonal employment means that there is little job security in the hospitality industry. Employees must be made to feel secure in their jobs if they are to continue. Also most respondents agreed that employees in the hospitality sector suffer from long and unsocial work hours, have to be away from their families for long periods of time and often lack facilities like transportation, meals and adequate accommodation. Implementing an effective retention strategy will involve addressing each of these ‘pain – points’.

Table no 7 summarizes the key challenges in implementing effective HR policies in the Indian hospitality sector.

CHALLENGES IN IMPLEMENTING EFFECTIVE HR POLICIES

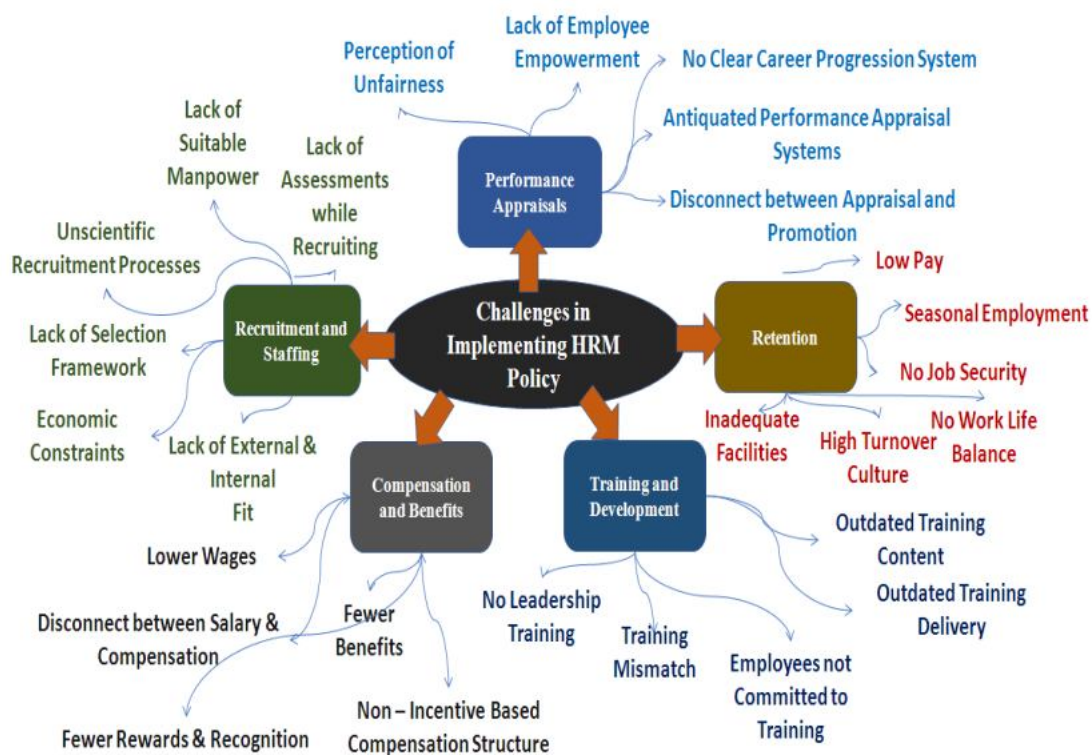


FIGURE NO 7

5. CONCLUSION AND RECOMMENDATIONS

From the findings in section 4, it can be concluded that if the Indian hospitality sector is to become competitive, it must focus more on its human resources. This is essential if the sector is to provide tourists with memorable and exceptional customer service and to ensure further growth of the Indian tourism sector. To develop its human resources through implementation of proper HR policy, the following recommendations are made:

- It is recommended that the hospitality sector implement ‘Earn While You Learn’ programs that will attract high-quality young people to the hospitality sector.
- Hotels have to brand themselves in an attractive manner so that young people will consider hospitality as a viable career option.

- The current arbitrary selection routines in hotels will need to give way to more structured formats to include needs assessment, skills identification and proper internal & external fit analysis.
- To implement training policy, the content and delivery of training must be structured such that they match with expectations of external customers.
- During training, employees must be provided with clear links between training provided to them and their career progression.
- Hotels must conduct a needs and aptitude analysis to ascertain where employee interests lie and provide training in those areas only. This will ensure greater commitment and effectiveness of the training program.
- Training programs must include leadership training and skilling.
- Current performance appraisal system has to be replaced with 360 degree system where feedback is provided not just in a top-down manner but by all stakeholders including management, employees and their peers.
- Performance appraisals must be linked to promotions and clearly articulated career paths.
- Performance appraisals must be given importance by hotels so that employees perceive that the process is fair and transparent.
- It may not be possible for hotels to provide higher salaries like other sectors. However, they can provide more incentives linked to employee performance, rewards and recognition programs and better career opportunities that will motivate and engage employees.
- An effective retention policy will depend on hotels being able to offer competitive salaries, actively redress employee grievances and complaints, provide greater job security and give employees opportunities to maintain their work-life balance.

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