

HRM PRACTICES ADOPTED BY HOTELS ON PRODUCTIVITY OF ITS EMPLOYEES

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Abstract

In the recent years, the word productivity has gained popularity in the business world. The problem of scarcity has a deep rooted impact on the economies of each and every business unit. Almost all organizations, either reactively or proactively, have become serious on issues related to labour productivity.

The characteristics of hotel industry make productivity management in this industry more difficult and challenging. However, the hotel industry cannot just sit over the problem and thus, have to find a gateway to deal with the issues of productivity management in hotels. Moreover, in the hotel industry product is in the form of service provided to the guests. Thus, enhancing productivity means, enhancing the service delivery process leading to greater guest satisfaction. This study is aimed at exploring the Productivity Management System adopted by the hotels along with the employment practices followed by them with an objective to analyze the impact of such employment practices on employee productivity. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 100 hotel employees from the management and the associates categories to understand their views on the subject. The responses received were represented graphically and analyzed using basic analytical tools. The findings of his research states that although the industry is concerned with the issues related to employee productivity, the implementation of the productivity management system is not very effective.

Also, there is positive impact of employment practices on employee productivity. Practices related to 'Monetary Benefits', 'Work-life Balance', 'Training & Development, have the highest impact on enhancing employee productivity.

Key Words: 'Employment Practices', 'Employee Productivity', 'Human Resources' , 'HRM'

Introduction

In the recent years, the word productivity has gained popularity in the business world. The problem of scarcity has a deep rooted impact on the economies of each and every business unit. Almost all organizations, either reactively or proactively, have become serious on their productivity. Moreover, in today's world of cut -throat competition, every organization is striving hard to have an upper edge over their competitors. The organizations have realized that enhancing their productivity goes a long way in success of

their business operations and thus productivity has become a matter of great concern amongst them. There is a well established positive relation between fair employment practices followed by the organizations and the motivation and efficiency of its employees. Thus it may not be an exaggeration to say that adherence to fair employment practices have a positive impact on employee productivity. However, to generalize this statement, we need to clearly define “Productivity” and “Fair Employment Practices” and check the intensity of its impact in enhancing employee productivity.

“**Productivity** is an average measure of the efficiency of production. Productivity is a ratio of production output to what is required to produce it (inputs of capital, labor, land, energy, materials, etc.). The measure of productivity is defined as a total output per one unit of a total input.” (Source - Wikipedia)

“**Employment Practices** may be defined as any recruitment, hiring, or selection practice, or any transfer or promotion policy, or any benefit provision or other function of the employer's employment process that operates as an analysis or screening device.” (Source - Towson University, Maryland, USA)

Although these definitions have a universal application to all trades, productivity management is a big challenge to organizations especially when the product is in the form of a service. The characteristics of service industry make productivity management in such industries more difficult and challenging. Hotel industry being a part of such a service industry faces a similar problem. However, the hotel industry cannot just sit over the problem and thus have to find a gateway to deal with the issues of productivity management in hotels.

Employee Productivity Management is series of interlinked activities or tasks right from formulating a productivity management model to suit the organization to take measures in enhancing the employee productivity. This study aims at analyzing the productivity management system adopted by the hotels and the challenges faced by them is implementation of the same.

Literature Review

1. Mohinder Chand, (2007), explored that hotel performance is positively associated with hotel category and type of hotel (chain or individual). Furthermore, hotel performance is positively related to the HRM systems of recruitment and selection, manpower planning, job design, training and development, quality circle, and pay systems.
2. Li-Yun Sun, (2007), examined processes (mediation and moderation) linking high-performance human resource practices and productivity and turnover, two indicators of organizational performance and revealed that service-oriented

organizational citizenship behavior (OCB) partially mediated the relationships between high-performance human resource practices and both performance indicators. Unemployment rate moderated the service-oriented OCB-turnover relationship, and business strategy (service quality) moderated the service-oriented OCB-productivity relationship.

3. Liz Price, (2007), reviewed the evidence suggesting that personnel practice in the commercial sector of the UK hotel and catering industry tends to be poor. In particular, she presents the findings of her own recent surveys which demonstrate that few hospitality employers meet all of the basic requirements set by employment legislation and that managers/proprietors are poorly advised/trained about „good practice“. She argues that poor personnel practice is of concern because, ultimately, it threatens UK success in tourism and hospitality markets as well as providing only low quality employment for many people.
4. Seonghee Cho, (2006), investigated the relationship between the use of 12 human resource management (HRM) practices and organizational performance measured by turnover rates for managerial and non-managerial employees, labor productivity, and return on assets. The results of regression analyses indicated that companies implementing HRM practices such as labor-management participation program, incentive plans, and pre-employment tests are more likely to experience lower turnover rates for non-managerial employees.
5. Erdem, (2006), examined the impact of employee relations programs on organizational performance in the lodging industry. These programs provide employees with opportunities to participate in planning and improving work-related tasks.
6. Pendrous, (2005), discussed issues facing human resource directors and managers at the food industry in Great Britain and stated that there is a need to increase productivity and efficiency of employees. The industry should invest in staff training and development. It is also important to identify transferable skills.
7. Sheng-Hsiung Tsaur, (2004), explored the relationship among human resource management practices, service behavior and service quality in the tourist hotels in Taiwan. The results indicate HRM practices had partially a direct effect on customer perceptions of service quality and an indirect effect through employees' service behavior.

Objectives of the Study

1. To explore the employee productivity management system followed in the Hotel Industry.

2. To identify the various employment practices followed by hotels.
3. To conduct a comparative study of the impact of employment practices on employee productivity in the Hotel Industry in between the employees belonging to management and associate category.
4. To identify the most effective employment practices having the greatest impact on enhancement of employee productivity.

Limitations of the Study

1. This study is purely based on the information given by the employees and management of the sample hotels.
2. The study is conducted in the current scenario and the opinions, perception and expectations of the respondents may differ with time.
3. The study does not differentiate respondents on basis of their demographic factors which may have an influence of their perception, thereby, identifying scope for further research.

Research Methodology

Collection of Data

The data required for the research was collected using the following techniques:

- **Personal Interviews:**
The researcher conducted personal interviews with employees and Human Resource managers of reputed hotel brands to explore the productivity management system and identify the employment practices followed in their organizations.
- **Questionnaire:**
A questionnaire bearing straight forward and relevant questions was drafted and handed over to the sample to obtain their response.

Sampling Techniques:

The population being “employees of Hotels” is less homogeneous in nature, since the characteristics and service conditions of the industry are almost similar in nature throughout the population. With due consideration to this fact, a sample comprising of 100 employees representing „Associate“ & „Managerial“ categories of various hotels from five star to service apartments was selected on random basis to conduct the study.

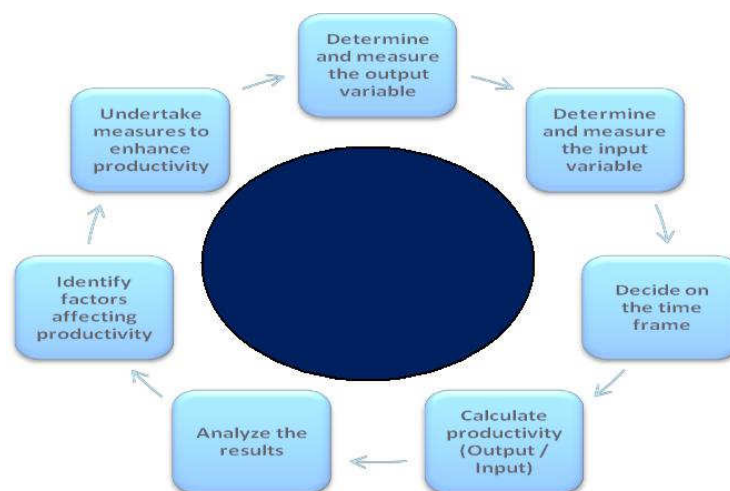
Observations & Discussions

Labour is the costliest and most critical variable expense in the hotel business. The most commonly used parameter to calculate the return on labour investment is evaluation

of the “Labour Productivity” of the organization. It is imperative that hotel managers should learn to design and effectively implement the employee productivity model that suits the best to their hotel. Once the productivity model is developed it becomes a blue print of the Productivity management process. Amongst all the measures undertaken by organizations to enhance employee productivity, the measures pertaining to the human element are the most effective and efficient ones especially in the Hotel Industry or any service industry at large. “Human Resource” plays a predominant role in the service delivery process and cannot be replaced with machines due to the characteristic human element of any service delivery process. The Human Resource Departments of hotels are very well aware of this fact and thus are developing employee centric employment practices to attain higher levels of employee productivity. Fair employee practices have a direct impact on the motivation levels and moral of the employees which further enhances their efficiencies leading to higher levels of productivity. However, the management must examine the impact of each of these employment practices at a micro level and develop a model that is best suited for their hotel.

Employee productivity management model:

A model is nothing but a skeleton or a flowchart of inter linked activities that become a guideline for developing any process. A model should be flexible enough to be modified as per the needs and requirements of the process.



Methodology adopted to enhance employee productivity in Hotels



- **Transparent Productivity management system:**

The employees should be aware of the Productivity Management System adopted by the organization. The various parameters of measuring the productivity should be clearly defined and adhered to. It is a good practice to involve employee representatives in designing the system so as to make the system more effective. When the employees are aware that their productivity is being monitored by the management, they consciously or sub-consciously strive to improve on the same.
- **Training & Development:**

This is the most vital measure of improving employee productivity in any organization. This measure focuses on a positive approach towards the Productivity Management System wherein the employees are empowered to tackle the operational challenges. Training may be in the form of knowledge, skills enhancement, adaptation to automation, stress management, general work approach etc. In all these forms, training aims at the holistic development of the employees. A well trained employee is gateway to success of any organization.
- **Motivation:**

Along with regular training & development, motivation plays an important role in enhancing the employee productivity. When the employees get a feel that the management is acknowledging their efforts, they go an extra mile to prove their capabilities. The literal meaning of “Motivation” is “To move”, thus by motivating the employees, they start moving towards achieving the organizational goals.
- **Fair employment practices:**

Adherence to fair employment practices is a key to achieve high levels of employee productivity. Fair employment, in a nut shell comprises of creating a better work place for the employees. It may consist of compensation, work culture, rewards & recognition system, employee welfare, employee relations, etc.

Role of employee in the service delivery process

As discussed earlier, the hotel industry is a part of the service industry where the product “Service” is in the intangible form. The most prominent characteristic of service is the continuous interaction between the producer and the consumer i.e. the service provider and the guest. This series of interaction with the customer is termed as “Moment of Truth” (MOT). Customer MOT can be defined as “In customer service, instance of contact or interaction between a customer and a firm (through a product, sales force, or visit) that gives the customer an opportunity to form (or change) an impression about the firm. Managing reputations and managing problems are especially important for service organizations. Services sell intangibles, through expectations and promises of what is to come. A critical moment, which forms or destroys the relationship with customers, is a “moment of truth” for service organizations; this is the point where the customer and organization come together. Jan Carlzon, former President of Scandinavian Airline System (SAS says, “A Moment of Truth is a chapter in which the customer comes into contact with any aspect of the company, however remote, and thereby has an opportunity to form an impression.” Each customer contact is a unique, unrepeatable opportunity for a company to differentiate itself from the competition. Every decision should be made with the customer in mind and viewed as another opportunity to make a favorable impression. Unfortunately, failure to satisfy a customer on any Moment of Truth will quickly destroy the customer’s memory of good service. On the other hand, getting it right can erase all the wrongs that the customer previously experienced.

Thus, for a MOT to be successful, the customer contact employee of the organization has to play a very crucial role. The importance of customer-contact service employees can be understood because of the following statements, which will also show that why employees may be the most valuable asset of a services organization. Customer-contact service employees are very important because:

- They are the service
- They are the organization in the customer's eyes
- They are the brand
- They are marketers

(Source - Services Marketing Integrated Customer Focus Across the Firm by Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne D. Gremler.p28, p 354-355.)

In many cases, in a service, there is just the employee and nothing else. This means that the service being offered by the business is the employee. Thus, investing in the employee is same as investing in the manufacturing of a product.

Employment practices followed in the Hotel Industry:

Above discussion only points to one thing, generally for every business, and particularly for a services industry like Hotel, employees are definitely the most valuable assets. The employees should be highly motivated, efficient and possess a high moral to participate in the service delivery process that would lead to a better customer satisfaction. Thus, more and more attention should be paid to role of employees in services and investments should be made to improve the most valuable asset of services. In response to this fact, the hotel industry have restructured their employment practices to achieve greater employee efficiencies.

The employment practices followed by the hotel industry can be classified in the following areas:

- **Monitory Benefits**

The hotel industry is known as one of the poor pay masters. The salary paid to the employees is much lesser as compared to any other industry. There are several reasons for the same. Moreover, due to extreme competition in the hotel market, hotels are struggling for their survival. Due to the high overhead and other fixed costs that the hotels have, generating profits is a very challenging task. Thus, salary or the labour cost is the only cost that may be controlled or kept within a limit. In addition to that, the forces of demand and supply of labour have kept the salary at a lower level. However, due to the increasing competition in the industry, employees have options available and therefore the attrition rate has increased in the industry. To curb this and to keep the employees satisfied and motivated, the hotels have revised their compensation strategies by introducing the following monetary benefits to its employees:

- Better salary & wages
- Incentive schemes
- Overtime compensation.

- **Training & Development:**

This is an ongoing activity in any organization to enhance the skills of the employees. Like others, the hotel industry has introduced extensive training and development programmes for its employees. These programmes may be in the form of on the job training or formal classroom training. The industry believes in continual development of its service delivery process to match the international standards. Moreover with the entry of international chain hotels, the hotels have identified the need of its employees to cope up with the challenge by acquiring the necessary skill sets through these activities.

- **Work-Life Balance:**

The hotel industry is characterized with long working hours in different shifts, hard work, unpredictable weekly offs etc. Thus the employees have a poor work-life balance with negligible social life. The average working hours of the hotel employees is 12-14 hours during which they are expected to be on their feet almost all the time. Moreover, due to seasonal variations in the business, the hotels operate with meager staff so as to keep the labour cost low especially during the off-peak season thereby increasing the workload and work timings of the existing employees. The operations in hotels are very dynamic and unpredictable in nature many a times. To cope up with the same, employees have to work on their scheduled day offs at the cost of their plans with their families on such days. It is a known fact that during festive seasons the hotel business is in boom thus, the employees are expected to be on their toes while their families are enjoying the festivals without them. Although, the industry has started realizing this fact, it has not been able to find a solution on the same. With a motive to lower the gravity of this problem, hotels have initiated the following measures:

- Additional Leaves / Holidays / Weekly offs
- Employee Leisure Clubs / Family Get together
- Fixed number of working hours per day

- **Work Culture:**

Work culture or Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. (Source- Wikipedia). It affects the way people and groups interact with each other, with clients, and with stakeholders. In the service industry, unlike any other industry the emphasis is on client or guest interaction which has a direct influence of the work culture prevailing in the organization. Work culture may comprise of:

- **Employee relations:** The professional relationship between “Employers - Employees” & within employees.
This is a major component of work culture since the operations of the organization revolves around the same. Especially in the hotel industry where it is more of a team effort in making the guest experience memorable, professional relationship within the members of the team or “Team bonding” is crucial. A healthy work culture creates a hassle free work atmosphere in which the employees can fully focus on the core operational issues.
- **Interactions:** These are an essential part of any organization. Interactions within the formal organization may be in the form of vertical or horizontal

interactions. As discussed earlier, it is more of a team effort that is required to offer a service to the guest. This effort is meaningless without proper interactions within the team members. These interactions may be by way of meetings, briefings, discussions, orders, directions, feedback etc. The success of any business highly depends on these interactions.

- **Healthy work atmosphere:** A stress free work atmosphere is characterized with just & fair organizational policies, amicable employee relations, well defined organization structure with clarity of each and every individual's role in the organization. Such an atmosphere leads to higher employee moral which has a direct impact on the employees' performance and overall productivity.
- **Employee Welfare:** Occupational welfare is welfare distributed by industry as part of employment and it includes perks, salary-related benefits, measures intended to improve the efficiency of the workforce and some philanthropic measures. (Source- Wikipedia). These welfare measures have a great impact on the employees. In fact in today's competitive environment, organizations are focusing on this employment aspect to attract and retain talent. The hotel industry is no exception to this. Although every hotel has its own corporate policy towards provision of employee welfare activities, the following practices are followed by majority of the hotels.
- **On the job Meals:** This is a very common feature observed in all the hotels. Employees are provided with on the job meals. Hotels being in catering business, provision of meals to its employees is convenient and economical. Although this aspect is taken for granted by the employees, it proves to be a very important facility especially when employees are working in odd shifts or working for long hours.
- **Transport Facilities:** This facility is not a very common feature in the hotel industry. However, few hotels provide this facility to outstation employees. The biggest reason for not providing this facility is uneven work timings of the employees. However, it is mandatory to provide a home drop facility to women employees working till late night.
- **Accommodation Facilities:** This is a common feature observed in Resorts where majority of the employees are outstation and rental accommodation is limited and expensive. However, business hotels provide family or shared accommodation to its outstation employees on a temporary or permanent basis with or without a nominal charge depending upon the policy of the hotel.

- **Family Medical Benefits:** Based on the organizational policy, this benefit may be in the form of medical insurance schemes, Employees State Insurance Scheme (ESIC), medical allowance or reimbursement of medical expenses to the employees. However, this may be restricted only towards employee liability and may not be extended to his family. Although a few hotels extend the same to family members of employees, it may be restricted only for senior management as a perk.
 - **Child Education Plans:** This provision is very rare in the hotel industry. However, a few hotels may provide the same to its senior management as a perk.
 - **Family Pension Scheme / Insurance schemes:** Based on the organizational policy, this benefit may be in the form of group insurance schemes, Employee Provident fund etc.
- **Employee Recognition:**

Recognition of employees goes a long way in motivating them towards enhancing their performance. It shows that the management acknowledges the efforts taken by the employees. Employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce with your chosen means of recognition, the actions and behaviors you most want to see people repeat. An effective employee recognition system is simple, immediate, and powerfully reinforcing. A few employee recognition tools commonly followed in hotels are:

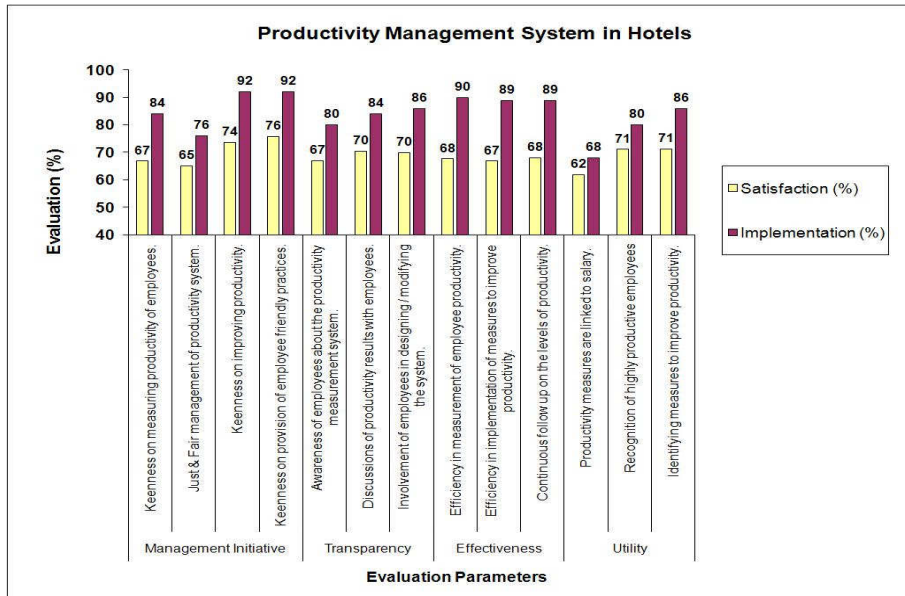
 1. Rewarding employees for outstanding performances.
 2. Appreciation of steady performing employees.
 3. Employee of the month for exceptional contribution during the month.

Impact of Employment practices on employee productivity:

It is a known fact that the employee practices followed in organizations have a positive impact on the performance of the employees. It boosts their moral and motivates them to give in their best to enhance their performance. Productivity is a measure to evaluate the performance of the employees towards attainment of the organizational objectives. However, the impact of each of these practices on productivity of the employees needs to be tested. Once the impact is identified, organizations can focus on such practices to enhance the productivity of its employees.

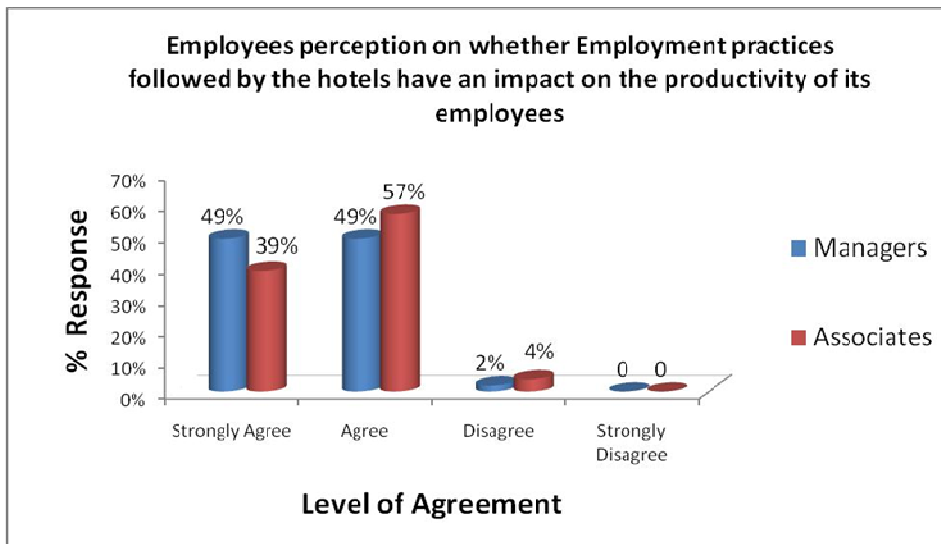
Findings

Productivity Management System in Hotels



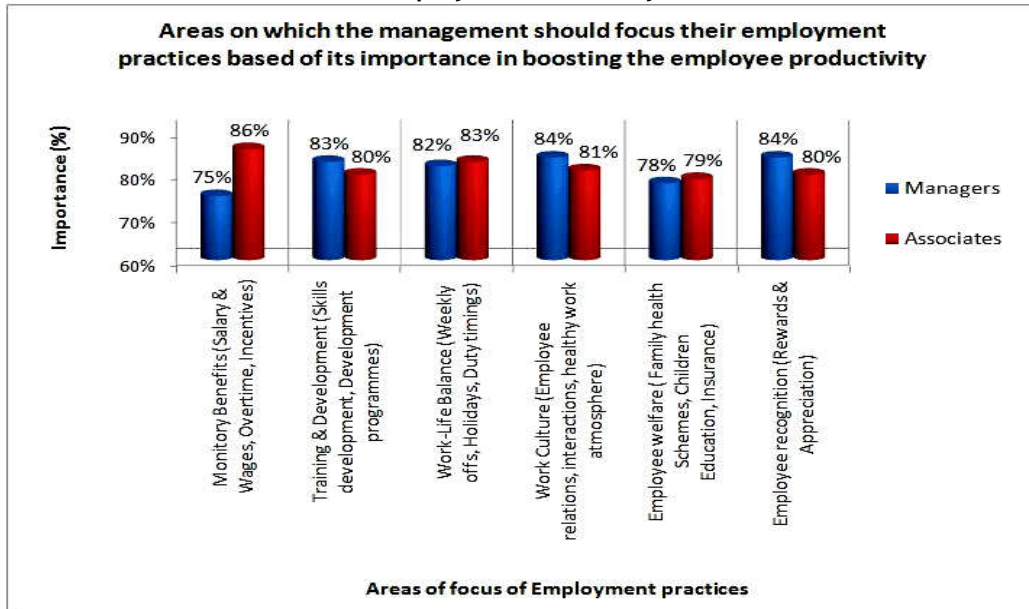
(Table 1)

b. Impact of Employment Practices on Employee Productivity in Hotels

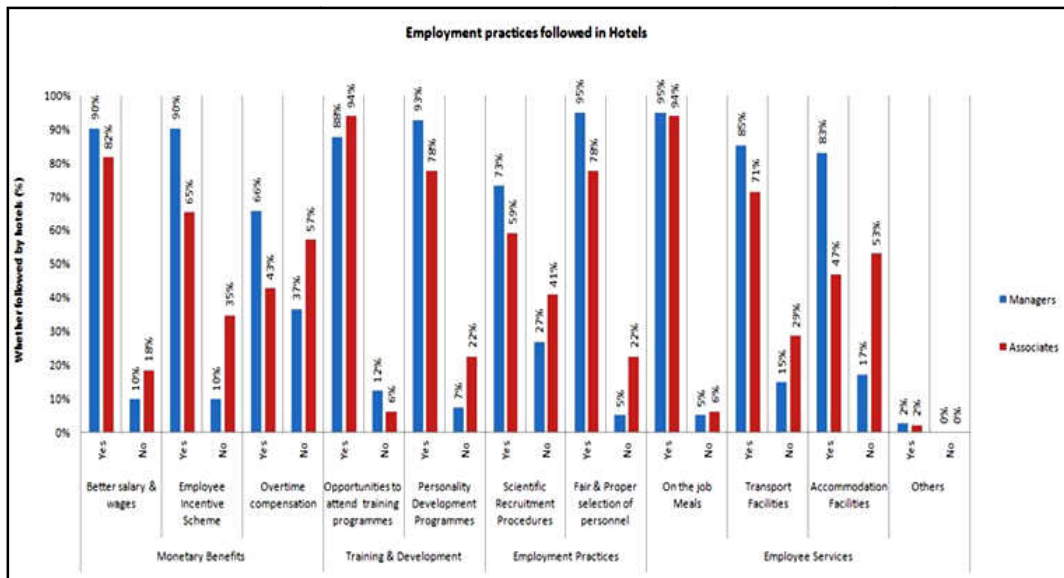


(Table 2)

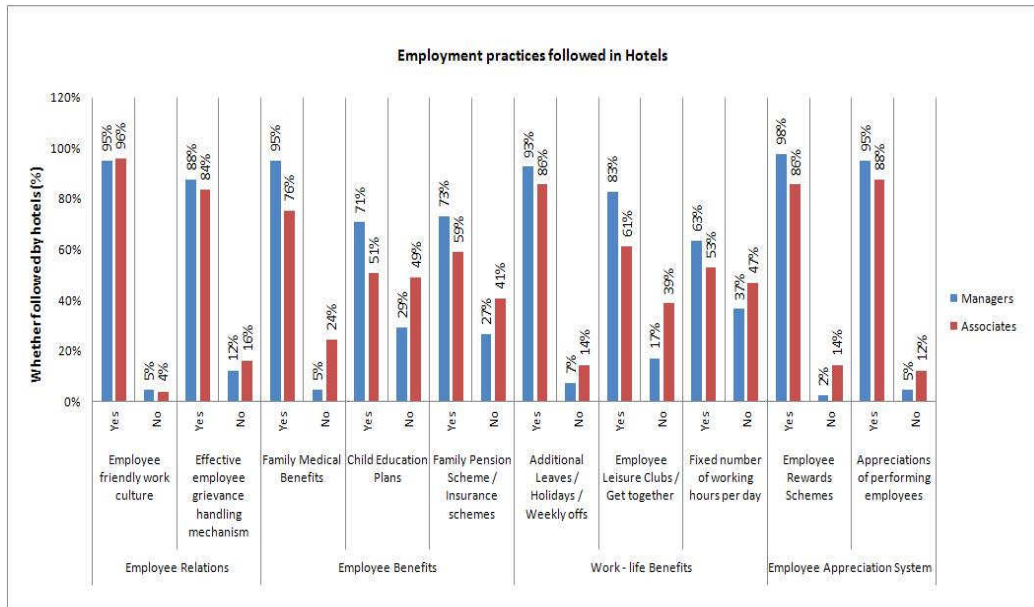
Key Areas on Which the Management Should Focus their Employment Practices to Boost Employee Productivity



c. Employment Practices Followed in Hotels that Have an Impact on Employee Productivity

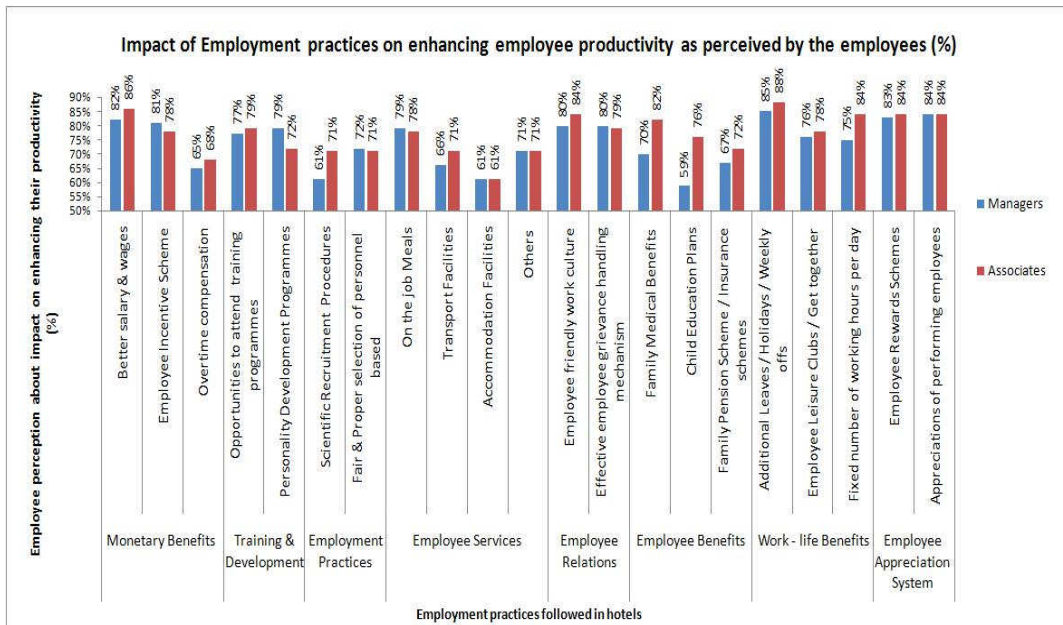


(Table 4)



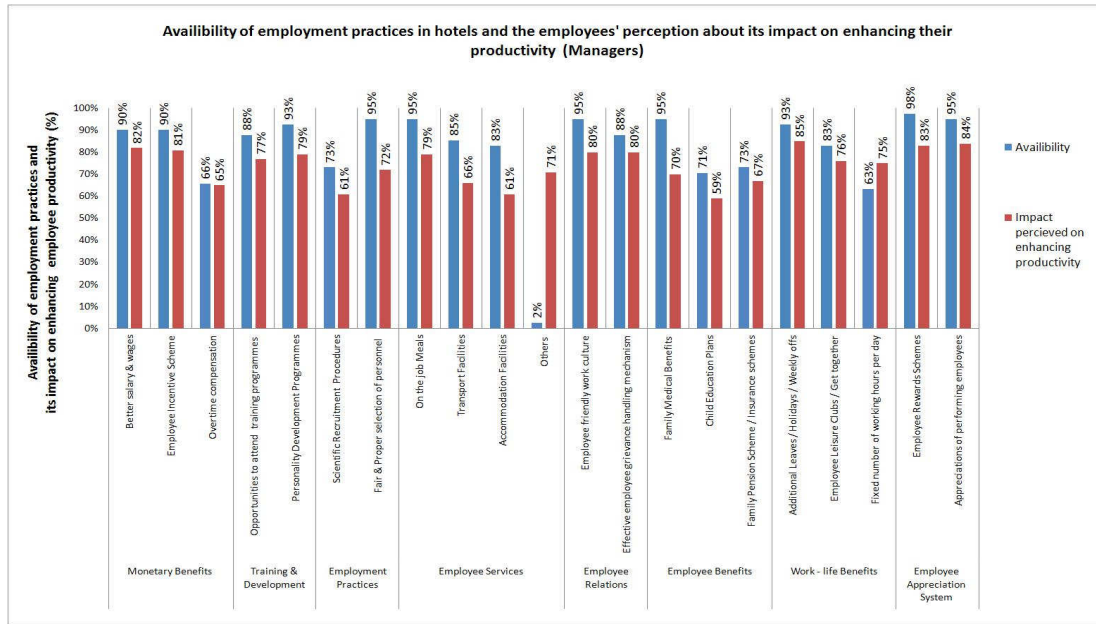
(Table 5)

d. Impact of Employment Practices on Enhancing Employee Productivity

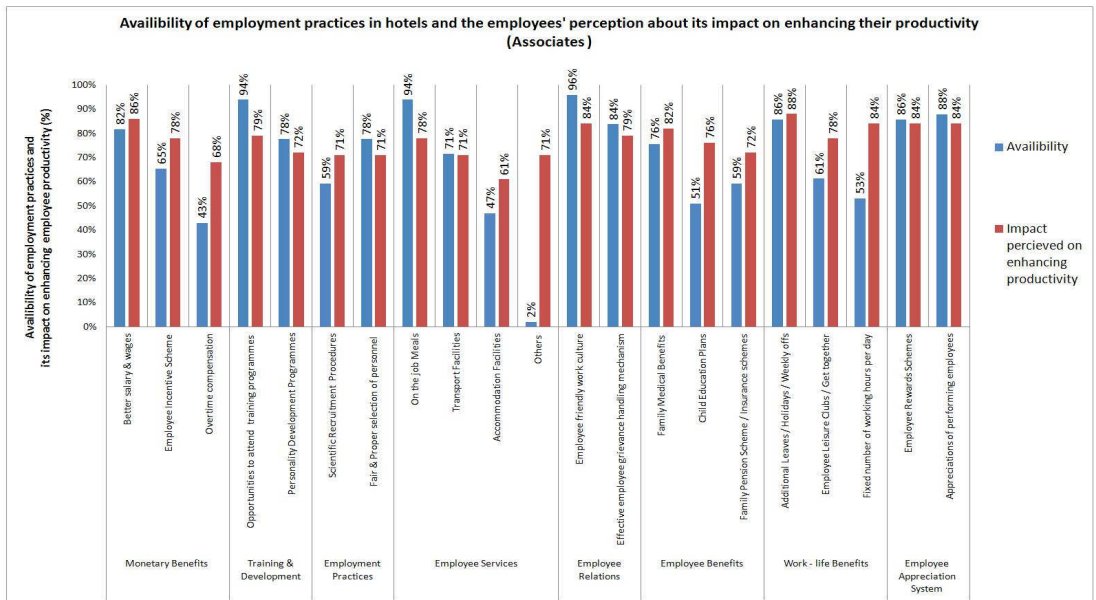


(Table 6)

e. Availability of employment practices and its impact on enhancing employee productivity:



(Table 7)



(Table 8)

Conclusions

The findings of the research can be concluded as under:

1. The hotel industry is concerned about the issue related to employee productivity and most of the hotels have the Productivity Management System in place, however, its implementation is not very effective.
2. Almost everyone in the hotel industry agrees to the fact that the employment practices followed by the hotels have an impact of the productivity of its employees.
3. Employees belonging to the „Manager“ category feel that hotels should focus on the employment practices pertaining to Work culture, Employee recognition & Training & development since they have a maximum impact on their productivity.
4. Employees belonging to the „Associate“ category feel that hotels should focus on the employment practices pertaining to monetary benefits, Work culture & Employee recognition , since they have a maximum impact on their productivity.
5. Employees belonging to the „Manager“ category feels that the employment practices that have a greater impact on enhancing their productivity are satisfactory followed by the hotels where as employees belonging to the „Associate“ category feels that the employment practices in hotels are not adequately available in proportion to its impact on enhancing their productivity.

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