HOTEL EMPLOYEES IN CUSTOMER SATISFACTION – A STUDY ON LUXURY HOTELS IN BANGALORE

Mr.D.S.Duke Thavamin

(Research Scholar), Assistant Lecturer, Institute of Hotel Management Catering Technology and Applied Nutrition, Bangalore (under ministry of Tourism Govt of India), Near Ms Building and SKSJTI Hostel, SJP Campus, Bangalore - 560001.

Dr.R.Kannan

(Research Supervisor), Associate Professor & Director i/c, Centre for Tourism & Hotel Management, Madurai Kamaraj University, Madurai - 625021

Abstract

This Study, based on the Luxury Hotels in Bangalore, indicates that the Hospitality & Tourism Industry requires more adequate policies and standards in the Human Resources Management in order to minimize the highest rate attrition prevailing in this sector. Since the Employee satisfaction is directly linked with customer satisfaction, it is very important that Hotel Management gives more focus on to retention of their employees and improve their work culture in order to optimize the productivity and the satisfaction. This study reveals major areas where the hotel employees expressed their dissatisfaction. it is also the fact that all the Luxury Hotels in Bangalore are understaffed. Catering Institutes are not able to support the industry because of many other lucrative job options are available for the Hospitality graduates. It is clear from the study that it is high time now to revamp the Human Resources policies and strategies so as to give importance to employee satisfaction there by retaining their customers with highest satisfaction index.

Keywords: Luxury Hotels, Bangalore Hotels, Customer satisfaction, Branding, Service quality, Professional Approach,

Introduction

The hospitality industry in India is experiencing good business, better than ever before. Hotels across all segments are reporting strong occupancies and average rate. A buoyant domestic economy, the aviation and real estate boom, initiatives to liberalize foreign investment and improve infrastructure and, perhaps, most importantly, efforts to communicate the Brand India message have contributed to strong demand conditions in most cities across the country, with the result that India is, today, one of the world's fastest growing hotel markets. In recent times, the hotels in Bangalore have encountered difficulties due to the increase in customer demands and the strong competition developed in the industry. However, hospitality

Industries main concern across the globe is to cater for its customer needs and their desires, which are mostly addressed through personal services. Therefore, the hotels that

are able to provide quality services to ever demanding customers in a warm and efficient manner, are the ones likely to obtain long term competitive advantage over their rivals. This study is based on Luxury hotels in Bangalore, indicates that the Hospitality industry requires more adequate and comprehensive policy and strategy to compete with the multinational brands and also to make each customer satisfied with quality of service offered to them. This study emphasizes the importance of minimizing the gap between the customer expectations and the quality of service and employee satisfaction. There are many factors directly involved in determining the customer satisfaction especially in Hotel Industry.

Growth of Hotel Industry in India

Indian Hotel industry had only seven or eight brand hotel Market till few years before. But there are forty brand hotel markets by the end the year 2010. It shows tremendous growth by redefining both personality and structure of the hospitality Industry as it stands today. There are very important changes expected at macro and micro level, and these changes will become the important issues for the industry in the forthcoming years. There will be tremendous competition between international and national brands where in Indian Hospitality service Sector will witness major alterations in its organisation and management and the industries impact will be felt in other corporate sectors of the business. The entry of new branded properties will be stiff competition for talent. According to preliminary estimates, there are about 55,000-60,000 rooms presently under construction and this amount accounts for only 50% of the estimated demand of 100,000-125,000 rooms over a five-year horizon. At an average of 1.5 employees per room, there will be demand for 187,500 new jobs in operations and at the managerial level. Money will no longer be the only motivation; those seeking to make a career in hospitality will closely evaluate the hotel's/company's work environment and work culture and opportunities to learn and grow.

There will be some of the international companies having larger operations in India than several domestic players. Most of the Indian cities now witness the presence of new hotel projects either by an Indian Hotel group or a multinational brand. A city like Bangalore would be having around 10,000 more rooms added to the approved category of Hospitality service sector (Express Hotelier & caterer-2008- July) As such there are cut throat competition prevailing among all the existing hotels at Bangalore.

The World Tourism and Travel Council (WTTC) have recently notified India as one of the fastest Growing tourist economies in the world as per the statistics provided based on the past seven years contribution of Indian tourism Industry . The GDP has increased from 958.17 billion to 2190.24 billion and the employment in the Industry has increased

has increased from 21.9 billion to 25. 6 billion. The growth in the Indian tourism Industry both in terms of tourist arrival and foreign exchange has also improved. Indian Tourism Industry is expected to have a growth rate of 8.8% over the next decade as per WTTC. It also states that India is the highest in the world with a target to reach a figure of 10 million tourist arrival in the year 2010. The Contribution in the gross domestic Product has been estimated to be up to INR 8, 50,000 crores and the Industry will be employing 8.78% of the total employment which shows that there will be huge demand of skilled and trained manpower in the Industry. There are some issues like poor infrastructure in terms of lack good roads, rail , airports and Hotels more over huge tax structure of the govt: lack of qualified and competent staff in the Hospitality service sector which include both operational and managerial levels, huge gap between supply of manpower required and the demand for the same exists in the market.

Objectives of the Study

1. To understand the quality of work life of the Hotel Employees affects the customer satisfaction level.
2. To identify the challenges facing in the hospitality service sector in India

Limitations of the Study

Since the study is based on Bangalore Hotels, it may not be the same in other parts of the country.

Review of literature

Customer satisfaction

The concept of customer satisfaction has a long history in marketing thought. Since Cardozo's (1965) initial study of customer effort, expectations, and satisfaction, the body of work in this field has expanded greatly, with more than 900 articles focusing on customer satisfaction and dissatisfaction and complaining behavior in 1982-1990 alone (Perkins, 1991). Studies of consumer behavior emphasize customer satisfaction as the core of the post purchase period (Westbrook & Oliver, 1991). Because customer satisfaction presumably leads to repeat purchases and favorable word-of-mouth publicity (Cardozo, 1965; Fornell, 1992; Halstead & Page, 1992), the concept is essential to marketers. In saturated markets, customer satisfaction is thought to be one of the most valuable assets of a firm. Customer satisfaction serves as an exit barrier, thereby helping the firm to retain its customers (Fornell, 1992; Halstead & Page, 1992). The impact of loyal customers is considerable; for many industries, the profitability of a firm increases proportionally with the number of loyal customers, and up to 60% of sales to new customers can be attributed to word-of-mouth referrals (Reichheld & Sasser, 1990).

Frequently presented as a promising tool for increased customer satisfaction, total quality management (TQM) has entered the vocabulary of businesses and industries, governments, and public services around the world. Sashkin and Kiser (1993) argued that TQM implies that the organization's culture is defined by and supports constant attainment of customer satisfaction through an integrated system of tools, techniques, and training. This involves continuous improvement of organizational processes, resulting in high-quality products and services.

Research on quality issues concentrates mainly on process issues . For instance, TQM argues for an approach in which every member of the organization is included in the process and statistical tools are employed to track performance. Reichheld and Sasser (1990) emphasized a "zero defections" approach, in which any failures are tracked through interviews with lost and dissatisfied customers, and corrected accordingly by the organization. Keeping the amount of failures to a minimum is marketed as the secret to quality assurance in the TQM literature, although few attempts have been made to identify which areas are genuinely important to the customer when quality is evaluated.

Another problem is that despite the overwhelming attention given to TQM, practitioners committed to customer satisfaction still experience difficulties when trying to implement total customer satisfaction programs. Comment cards, satisfaction surveys, and more or less systematic registration of customer compliments and complaints are examples of instruments practitioners use in their effort to track customer satisfaction. These efforts frequently suffer from low response rates, and more importantly, the information yielded is often insufficient to provide actionable feedback to managers. The trade press offers simple solutions with little consideration for conceptual developments in customer satisfaction research and for industry-specific needs and characteristics. The academic press, on the other hand, focuses largely on conceptual issues and underlying processes, paying less attention to the more pragmatic task of measuring and improving customer satisfaction.

Hospitality operators around the world concur on this issue--human resource concerns are consistently listed as the number one item of concern for hotel and restaurant operators (Enz, 2004; Enz, 2001). The study of human resource management (HRM) in hospitality is so crucial and specific to the industry that some argue that it warrants its own line of inquiry and sphere of academic journals separate to generic HRM theory (Lucas & Deery, 2004). A service organization's human resources are its potential for competitive advantage. According to the resource-based view (RBV) of gaining competitive advantage, differences in firm profitability are often due to the capabilities that are internal to a firm--including expertise, systems, and knowledge (Voola, Carlson, & West, 2004). Apart from the relatively rare scenario of a natural-resource monopoly, the

intangible resources of a firm, particularly its human resources, internal functions and processes, are more likely to produce a real competitive advantage--because engaged and committed employees who render quality serv Another strategic approach used in gaining competitive advantage comes through a 'service orientation'. Such an 'orientation' can be thought of as a strategic response and a distinctive way of implementing the firm's marketing concept, competing by means of outstanding service to enhance competitive advantage and customer value. There is mounting interesting in the service orientation concept--both conceptually and empirically--as it appears to be one defining factor in the creation of superior customer value (Lytle & Timmerman, 2006). A service orientation only exists if it is perceived by the employee. This point is particularly salient in service businesses where face-to-face service encounters take place regularly, as it is the perceptions of employees as to the extent to which the firm's leaders practise service excellence that most influence the quality of customer interactions. Ices are difficult for competitors to emulate (Hitt, Bierman, Shimizu, & Kochar, 2001).

Service Quality

Parasuraman, Zeithaml and Berry (1985) developed a widely accepted conceptual model of service quality. They argued that customer satisfaction comes from the difference between customer's perceptions and expectation of the service. De moranville and Beinstock (2003) identify service quality as a measure to asses service performance, diagnose service problems, manage service delivery and also as base for employee and corporate rewards. However, expectations are established from word of mouth, personal needs, past experiences, and external communication. Whereas the perceived service quality is created through the moments of truth. When the perceived service is beyond customer's expectations, the customer is satisfied. However, when the service is below expectations, the customer is dissatisfied. Service quality has been defined in different ways. Garvin (1984) believed that service quality derives not from customers objective evaluation but from subject recognition of service. It is also considered as an attitude about an overall evaluation of service. Bitner, Booms & Mohr (1994) proposed that service quality comes from customers subjective decisions. Therefore, it is always better to be defined as a subjective perception referring to the evaluation of the service that customer encountered and focusing especially on interactions with the service provider. The main responsibility of the hoteliers is the delivery of quality service to the customers (Su-2004) (Hanny, Felix-2005) suggesting that to be successful in the industry, hoteliers must provide with customer satisfaction .

Quality Work Life of Employees

The Term that has been used to describe values that relate to the quality of human experiences in he work place. Quality work life (QWL) is affected at a composite of factors on the job, including factors that relate to work itself, to the work environment, and the employee personally . People are the key factor in improving productivity. If the productivity is to be improved, both the nature of people and the organizations in which they work must be understood. People are the highest order of resources and, as such, are responsible for controlling and utilizing all other resources. Increased productivity means motivation, dignity and greater personal participation in the design and performance of the work in the food service organization.

A classic Study conducted a number of years ago by Khan & Katz(1960), two behavioral science researchers , found that a particular leadership style was more effective in increasing employee satisfaction and the customer satisfaction.

The characteristics of this style of leadership are
1. General Supervision rather than close, detailed supervision of employees.
2. Willingness to permit the employees to participate in the decision making process,
3. Better working environment and welfare of the employees.
4. Much attention to planning of work and special tasks.
5. safety and security of the employees

Challenges in the Hospitality Service Sector in India

Highest rate of employee attrition

A study conducted by an industry chamber located in New Delhi reveals that the attrition rate in the hospitality industry in India is set to double to nearly 50 per cent by 2010, up from the earlier 25 per cent growing at an alarming rate of 10 per cent per annum. A hospitality professional once said that "the source of recruiting new people for us is the hotel management and catering training institutes. Many people join us at levels of operational trainees, front and back office management, in kitchen or service but not many stay back. They move on either to some other country or industries like BPO, Banking, Call centres etc. Moreover, they explore better opportunities in the West Asia and Europe as well. As per estimates about 80 per cent of people prefer going to UK and Dubai to join the food and retail industry. Since Radisson Hotel was amongst the frontrunners to set foot in Punjab, we have seen youngsters treating it as a training ground and later shifting base. The attrition rate here is also growing between five-10 per cent per annum" The industry is losing its professionals at the top management level. Supporting this view, the Federation of Hotel & Restaurant Association of India (FHRAI) has gone on record saying that the industry leaders are worried about losing qualified trained

professionals to outer shores. But owing to the development in the hospitality sector, the hotel management institutes in India have mushroomed from just 18 to over 280 at this time. Most of us claim that high attrition rates are a serious issue in the hospitality industry. We have new scientific methods, international consultants, high-tech software, but we conveniently forget that human resources only want yes men for the job who will not rock the boat. Many students, after their first industrial training during the hotel management course, decide not to join the hotel industry. A hotel management graduate after putting in three to four years of hard work is offered a much lower salary by hotels as compared to other industries. The only exceptions are those who are sourced directly from the campus by reputed hotel chains. The solution is to compare remuneration with other service industries and take corrective. One of those frequently asked questions is that if a hotel works for 24 hours, how many hours is an individual expected to work? We must accept that every human being must maintain a work-life balance. The software /BPO industry allows flexi timings and its employees work five days a week.

Poor Pay Packages

The hotel industry is facing a manpower crunch especially at entry and junior management levels. More than half of the students, who pass out from catering institutes, are not as keen to serve the budgeted hotels. On the contrary, they opt for overseas jobs, cruise liners, and airlines, which offer attractive remuneration. This again has created problems for hoteliers to recruit qualify staff at entry level. Estimates reveal that an assistant housekeeping manager with two to three years experience on the cruise lines makes about INR 80,000/- a month. An assistant purser front desk receptionist for the same liner, with some experience, will get about INR-70,000/- a month.. Where in, the salary structure for these positions in India would be around INR- 10,000/- and 8,000/- per month respectively. The travel and tourism sector is clearly enjoying the fruits of boom time. On the other hand, the hospitality industry is witnessing a significant churn. Today, attrition in hotels is not restricted solely to entry level. With a large number of new properties on the anvil and lucrative opportunities in other service segments, the churn at senior levels is happening. In order to cope, hotel chains are putting retention programmes in place, while poaching from other industries like financial services. At this juncture, manpower crunch - especially skilled and trained manpower, is a major issue. Mere mushrooming of catering institutes and colleges will not suffice. The industry should work on how to attract good talent and how to retain existing talent. And, naturally, poaching has become the order of the day, resulting in at least 30 to 35 per cent attrition. India has a hotel room inventory of over 1,10,000 across all categories in the organised hospitality sector.

Lack of Job Satisfaction at the Lower Level Staff

Satisfied employees provide a higher level of external service quality, the service experience that customers receive and evaluate, which leads to increased customer satisfaction (Arnett, Laverie & McLane, 2002; Griffith, 2001; Heskett, Sasser, & Schlesinger, 1997; Johnson, 1996; Ryan, Schmit & Johnson, 1996; Spinelli & Canavos, 2000). Arnett, Laverie and McLane found that employee satisfaction is linked to positive employee behaviour such as having a customer orientation.

Most of the lower level employees expressed their views that they are not really satisfied with the kind of job what they do. There are several factors responsible for the highest rate of dissatisfaction. Society plays a major role in this regard. Lack of self esteem, lack of respect from others and superiors, odd working hours, Poor pay packages, more physical stress and lack of career growth contributes to the highest rate of Job dissatisfaction among the Hotel employees. Since more number of works force is required at the lower level jobs, and the applicants are not many for such jobs makes the hotel Human Resource department to keep the existing manpower without career growth as much as possible, leads to attrition. Most of the catering Institute students in India are not interested to join the hotel Industry at the entry level job positions, because of the work culture and the poor pay package persist. Further, Most of the catering Institutes levy high fees for their three year or four year Degree course in Hotel Management because of high investments required to operate the Hotel Management programs and high operating cost compared to other degree programs. Therefore, students look at the rate of return after completing the course.

Availability of Other Job Options in the Market

It is the fact that the other job options available in the market at present for the hotel Management graduates or diploma holders with better pay scale and work timings attract them very much. For example, Retail market segment, Airlines, Cruise lines etc. These sector of industries offer better pay package and it is considered as lucrative and also makes them feel respected by the society

Lack of Professional Approach

Most of the placement coordinators of the catering Institutes opined that, there is no professionalism followed while recruiting catering students. For example, one of the leading Hotel groups based at Madhya Pradesh had announced their recruitment program for entry level positions and specified that there will be a presentation about the Hotel group, written test, Group discussion, first interview and final Interview. The salary would be INR 6,000/- Pm. One of the students immediately replied that, "sir what is the difference between my maid servant and me? Because, my Dad pays INR 6,000/- pm to our

maid servant. I have spent lakhs of rupees and four years of study, gets the same amount then what is the use of this degree?". There are lots of investments happening in the Hospitality service sector, more and more projects are coming up but the professional approach has to be initiated to retain the employees.

Conclusion

The gap between the global and Indian companies in terms of performance measurement practices is reducing. As the multinational companies in hotels and restaurant sector are coming to India, this gap would further reduce and practices in sector would become of international standard. The sector is mainly aiming for the customer satisfaction, improving market share and providing quality and personalized services as strategic objective. Hotel services uses mainly the activity based costing approach, which is having high impact on the performance of the organization. The human behaviour is the main distortion factor in the performance measurement system. The cost based strategy is mostly adopted by the companies in hotels to achieve the stated objectives. Most important performance indicator for this sector is customer satisfaction. Customer behaviour, competition level, change in business objectives and approach have all combined in such a way to make the change in business system in the hotel industry India.The highest dissatisfaction reflected on the salaries and other benefits offered at present, followed by Work culture decision making process persist at present. Since Hospitality Industry is an absolute service oriented Industry , Job satisfaction of the people involved in the process of extending service to the customers are highly important in terms of achieving optimal customer satisfaction. Therefore, it is very much important to concentrate more on developing a comprehensive Human Resources policy and professional manpower management system to minimise the highest attrition rate existing in the Hotel Industry especially in a city like Bangalore, and also to have more loyal and reliable employees who possess high self esteem and positive attitude towards their career in the hospitality Industry. Further, the pay package prevailing in the industry at present is already out dated. Since major dissatisfaction of the employees has been noticed on the kind of remuneration what they get. It is quite clear from the study that, most of the issues related to the Human Resources management of the Hotel employees could be solved if the employees are well paid. Most of the Hotel Management Institutions across the country are unable to fill their seats for almost past three years. Though the demand for trained and skill oriented manpower is quite high in the Indian Hospitality & Tourism Sector, but many are not coming forward. It gives a clear indication that the present generations of students are losing interest in the Hospitality & Tourism sector because it is not rewarding as compared to other sectors. Therefore, lack of required number of

Manpower, Highest attrition rate, Poor pay structure and work culture in the Hotel Industry are the major reasons resulting in lower customer satisfaction in the Hotel Industries in Bangalore.

References

1. Zeithaml, Valarie A., Leonard L. Berry, and A. Parasuraman. 1988. "Communication and Control Processes in the Delivery of Service Quality, Journal of marketing 52 (April) 35-48.
2. Customer satisfaction and waiting staff by J D Prattern- Emerald International Journal of contemporary Hospitality Management- vol-16- Nov-06.2004-pp335-338.
3. Journal of marketing practice; Applied Marketing Science, Vol.5 1999. Pp 200-212.
4. Eleventh Five year plan of India (2007-2012) Planning commission of India.
5. Manpower requirement in Hotel Industry, Tourism. Ministry of Tourism Govt: of India 2009.
6. Critical Service encounters: the employees view point, Journal of marketing: Bitner M Booms, B and Mohr L.1994, vol 58. No.4 pp 95-106.