HUMAN RESOURCES PRACTICES, POLICIES & ITS IMPACT ON SUCCESS OF HOTEL INDUSTRY-A STUDY

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ABSTRACT

The study examines the impact of HR practices, policies and success of hotel industry by understanding its overall performance and profitability. Predictive design with a sample of four hotel units of eastern region of the country was considered. The result of the study reveals that the success of hotel industry is highly associated with the human resources practices and policies. The impact is relative by the services of the personnel of hotel.

Key words: HR Practice, policy, organization commitment, performance, profitability, and associated

Introduction

The objective of any hotel is to optimize profitability by delivering satisfactory services to its guests. The value of service is the impact of the employees’ process in extending their hospitality services to their guests. The employees of the hotel are known as human recourse of the organization. The growth cycle of hotel is related to the services provided by its manpower to the guests. The efficiencies and effectiveness of the services depends on the human resource competency and the HR practices of the organization. Much of this research has demonstrates significant relationships between HR practices and organizations’ profitability (Delery & Doty 1996; Buthrie, 2001; Huselid 1995). Organizations have increasingly recognized the potential for their manpower to comprise or to project a source of competitive advantage profile (Pfeffer, 1994). Creating competitive advantage through people requires careful attention to the HR practices, which best leverage these assets. Much of the research found the cumulative business is the impact of it successful service and customized relation between the guest and the hotel. Hotel industry is considered as one of the best service industry. It’s success depends upon the knowledge, skill and efficiency of its human power. Thus, the purpose of this study is to examine how far the success of the hotel industry and its performance is associated with its human resource practices.
Scope and objective

The Indian hospitality industry has emerged as one of the key industries driving growth of the services sector in India. The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country and it has become one of the leading players in the global industry. Because of its vastness it may not be possible to study the human recourse policy and practice of all the hotels. But the researcher has randomly opted and considered four hotels of Kolkata for the present study with the following objectives –

- To find out the role of human resource in success of business
- To find out the impact of human resource practices in success of hotel industry

Review of literature

MacDuffie (1995) found that the HR practice “bundles” he measured were related to quality and productivity on auto assembly lines. Youndt, Snell, Dean and Lepak (1996) found that human capital enhancing HR practices were related to operational performance among a sample of manufacturing plants. Delery and Doty (1996) examined the relationship between HR practices and profitability in a sample of banks in the U.S. Guthrie (2001) examined the impact of HR practices on turnover and firm productivity among a sample of firms in New Zealand. He found both that HR practices impacted turnover, and that the relationship between retention and productivity was positive when firms implemented high involvement HR practices, but negative when they did not.

Regardless of the level of analysis, numerous authors have suggested the need to better understand the processes through which HR practices might impact performance (Becker & Huselid, 1998; Dyer & Reeves, 1995; Hutchison, Kinney, & Purcell, 2002. While a number of models have been proposed (e.g., Becker & Huselid, 1998; Dyer & Reeves, 1995; Truss & Gratton, 1994), very little empirical research has examined multiple potential linkages (Wright & Gardner, in press). Dyer and Reeves (1995) categorization of outcomes suggests that (a) some outcomes, such as HR outcomes, are more proximal to HR practices than others, and (b) HR practices’ impact on more distal outcomes are through the impact on more proximal outcomes.

Good human resource practice in service industry increases the employees’ service attitude towards inherent work motivation (Arthur & Bennett, 1995) and enthusiasm (Spencer & Sp 1993). With respect to the importance of human resource practices in service industry how can HR practices enhance organizational performance, Christensen Hughes (2008) cited several possible explanations for example, Bamberger and Meshoulam (2000, p. 170) proposed a three-pronged mechanism by which the effect of these techniques (i.e., high-involvement, high performance work systems, and organizational commitment) on organizational performance is theorized to occur as well as the types of HR practices that would contribute to this mechanism.

Methodology

The researcher has collected the primary and secondary data for this research work. Primary data is collected through questionnaire method and the secondary data is collected from
the journals, published materials, etc. The Front Office Managers of four randomly selected Hotels of Kolkata, irrespective of their status were requested to distribute and collect the sample questionnaires between the employees. Out of two hundred questionnaires only 115 questionnaires were duly filled and received within 15 days. The researcher has applied some statistical tools like, mean, standard deviation and coefficient of correlation for analysis purpose. Five point scale was adopted to collect the views from the respondents on some factors of HR Practices and Policies such as; compensation, decentralization, training and development, job security, retirement benefit, guarantee of fair treatment, special thanks and recognition, etc., the same has been correlated with the views on the existing labour turnover of the hotels. Good HR practices and policies of a firm are well associated with its labour turnover. Organizational instability and loss making has shown a high degree of turnover. Employees are more likely to stay when there is a predictable work environment and vice versa (Zuber, 2001). In organizations where there was a high level of inefficiency there was a high level of staff turnover (Alexander et al., 1994). The labour turnover was used as independent variable as it reveals the good and bad human resource practices.

**Analysis and interpretation**

The perpetual views of the respondents inferred that the policy of their employer is good. The mean value in this connection is 3.73 which indicate high degree of significance. Regarding framing of policies in consultation with the employees the mean value represents positive significance. About compensation management the mean value shows very good significance. With regard to decentralization, acceptance of suggestions, scope to improve skills and knowledge, job security, and fair treatment approach the mean values are 2.67, 2.76, 2.97, 2.83 and 2.79 respectively. The mean values reveal that the respondents’ views are not in favour of any firm. On the topic of labour turnover the respondents’ views are negative. Though the mean value is more than 3.0 but views of respondents were against the negative approach. With regards to the position of the hotels the views of the respondents were not in favour with mean value 2.61.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Mean</th>
<th>SD</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Policy</td>
<td>3.73</td>
<td>2.158</td>
<td>-0.840</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>2.97</td>
<td>0.583</td>
<td>-0.252</td>
</tr>
<tr>
<td>Job security</td>
<td>2.83</td>
<td>0.339</td>
<td>0.595</td>
</tr>
<tr>
<td>Fair treatment</td>
<td>2.79</td>
<td>0.871</td>
<td>0.413</td>
</tr>
<tr>
<td>Thanks &amp; Recognition</td>
<td>3.27</td>
<td>0.938</td>
<td>-0.860</td>
</tr>
<tr>
<td>Profitable and competitive</td>
<td>2.61</td>
<td>2.610</td>
<td>0.044</td>
</tr>
</tbody>
</table>

**Source:** Compilation of data

The above table reveals that except job security, fair treatment, profitability and competitiveness all other factors have negative degree of relationships. Impact of job security
and fair treatment to the employees in hotel industry somehow controls the labour turnover and which inter alia leads to success of the hotel. Apart from training and development, employees’ satisfaction testing, compensation, decentralization, and information sharing, the job security and fair treatment are considered favourable for labour policy in a hotel industry. Fair Treatment" policy, for all employees means to express problems and have them resolved in a timely manner helps organizational success, J. Willard Marriott, 1964 the Marriott Management Philosophy. In concern to alliance of profitability and competitiveness with labour turnover the correlation is positive. The sample hotels were making less profit though; the labour turnovers of those hotels were high. It can be concluded that if the labour turn over is negligible in a firm it can be presumed that the HR policies and practices of the organization is acceptable and the firms can accrue profit. Due to poor human resource practices, frequent brain drain in hotels never helps the firm to attract boarders and loose its capability to compete with the competitors.

Above analysis reveals that good HR policy and practices minimize the brain drain and fewer brain drains support the firms (hotels) to make profit by providing satisfactory services to the customers. To sustain in the market for a longer period and to maintain its goodwill the hotels should espouse better human resource policies and practices.

Limitation of the study

There was time limitation for the study. Only four hotels of one place have been considered for the study and status of the hotels were varying from each other. The sample size was very less and the perpetual views of the respondents may be biased. So the findings may not be considered as cent percent correct. Further study in this matter is highly essential.

Reference


