

## **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 Resources (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 caliber 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 ARR (Average Room Rate) and RevPR (Revenue per Room).

## **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 Human Resource Management 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 hotels 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

### **3. 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.

#### **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, training and development practices of employees.
- 2) Assess the salary and other benefits to the employees.
- 3) Assess the level of satisfaction of employees

## **5. Hypotheses**

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

1. The recruitment policy of the hotel industry in Kerala is not effective.
2. There is no equality and fairness in the selection process of employees in the hotel industry in Kerala.
3. There is no support and inspiration from the management towards employees' training in the hotel industry in Kerala.
4. There is no periodicity in appraising the performance of the employees in the hotel industry in Kerala.
5. There is no relationship between competency and compensation of the employees in the hotel industry in Kerala.
6. The employees in the hotel industry in Kerala do not show desire to continue in the present organisation.

## **6. Variables Used for the Study**

### **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. Fairness and effectiveness of training practices.
- iv. Method of performance appraisal and faith of employees in performance appraisal system.

### **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

### 6.3 Level of Satisfaction of Employees in Hotel Industry in Kerala

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

## 7. Methodology

### 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**

Classified hotels	Total No. of classified hotels (As on 31-3-2009)			No. of units selected as sample		Total
	KTDC	Private	Total	KTDC	Private	
5 Star	1	14	15	1	2	3
4 Star	2	16	18	1	3	4
3 Star	4	198	202	2	38	40
TOTAL	7	228	235	4	43	47

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 3 five star hotels, 64 from 4 four star hotels and 304 from 40 three star hotels) were selected at random. 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**

Classified hotels	Total No. of classified hotels (As on 31-3-2009)	No. of classified hotels selected as sample	Total No. of employees in the sample hotels (As on 31-3-2009)			No. of employees selected as sample		
			KTDC	Pvt	Total	KTDC	Pvt	Total
5 Star	15	3	70	242	312	14	48	62
4 Star	18	4	140	181	321	28	36	64
3 Star	202	40	380	1138	1518	76	228	304
<b>TOTAL</b>	<b>235</b>	<b>47</b>	<b>590</b>	<b>1561</b>	<b>2151</b>	<b>118</b>	<b>312</b>	<b>430</b>

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 3 five star hotels, 15 from 4 four star hotels and 47 from 40 three star hotels) were selected at random. 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 People**

Classified hotels	No. of classified hotels selected as sample			Total No. of managers in the sample hotels (As on 31-3-2009)			No. of managers selected as sample		
	KTDC	Pvt.	Total	KTDC	Pvt.	Total	KTDC	Pvt.	Total
5 Star	1	2	3	5	46	51	1	9	10
4 Star	1	3	4	4	69	73	1	14	15
3 Star	2	38	40	6	228	234	1	46	47
<b>Total</b>	<b>4</b>	<b>43</b>	<b>47</b>	<b>15</b>	<b>343</b>	<b>358</b>	<b>3</b>	<b>69</b>	<b>72</b>

Source: Directorate of Labour, Government of Kerala.

## 8. Period of the Study

The study covers a period of ten consecutive years from 2001-2010. The interview for collecting primary data was conducted during April- November, 2010.

## **9. Presentation of the Study**

The study report is presented in seven chapters.

Chapter I	Introduction
Chapter II	Hotel Industry and Human Resource Management Practices: An Overview
Chapter III	Recruitment and Selection Practices in Hotel Industry in Kerala
Chapter IV	Training, Development and Performance Appraisal in Hotel Industry in Kerala
Chapter V	Compensation Administration in Hotel Industry in Kerala
Chapter VI	Job Satisfaction in Hotel Industry in Kerala
Chapter VII	Findings, Suggestions and Conclusions

## **10. Major Findings of the Study**

### **10.1 Recruitment and Selection**

1) Clear awareness of monetary packages is a genuine stimulus to the aspiring candidates to apply for the post. In KTDC more than one half (54.3 per cent) of the employees have a notion that they are unaware of the compensation offered before they got placement whereas in private sector more than one half (61.7 per cent) of the employees purview that they have pre awareness of the monetary incentives attached with job. Star wise analysis also inferred that more than one half of the employees in all the star segments in private sector have a clear pre awareness of monetary incentives whereas in KTDC more than one half of the employees have no pre awareness of monetary inventiveness plugged with the position. But more than two third (74.9 per cent) of the management employees hold the view that there is clarity in monetary offerings at the time of recruitment.

2) Hotel industry in Kerala is a labour shortage industry. One of the best ways to overcome labour shortage is providing clear opportunities for career advancement which stimulate more committed professionals to apply for the post. Regarding the explicitness



of job notification in the matter of career and promotion opportunities available, more than one half of the employees in both the sectors are not had a vivid idea while submitting application. Star wise abstracting of data reveals that employees in all the star segment of both private and KTDC hotel group, except in five star segments in private sector, sighted that there is no clear career development can be drawn from job notification. Up to one half of the management people (49.9 per cent) also perceived that there is lack of such recruitment strategy in their organization

3) Past performance is the best predictor of future performance hence reference checking is an effective tool to validate candidates' information and to get an insight of candidates' skill and competency. Regarding effectiveness of reference checking system, more than one half (63.5 per cent) employees in private sector and more than three fourth (92.3 per cent) of the employees in KTDC hotels asserted that the existing reference checking system is not effective one. More than three fourth of the employees in all the star segments of KTDC and more than one half of the employees in three star segment in private sector also commented that there deficiencies in the existing reference checking system while more than one half of the employees in five star segment in private sector viewed that there is an effective reference checking system followed. The management people also commented that in some times they check the reference and in some time they keep silent as there is large shortage of labour it is not advisable to follow a thorough reference checking mechanism

4) Through effective selection, the organization can maximize the probability that its new employees will have the necessary knowledge, skills and abilities (KSA) to do the jobs they were hired to do. More than two third of the employees in both the sectors overviewed that the selection procedures followed in the organization is an effective one. Employees working in all star segments of both KTDC and private sectors also asserted that effective selection procedures have been followed in the organization. Most of the management people also perceived that the selection procedures help to sort out and appoint employees who have the abilities to perform the assigned job.

## 10.2 Training and Development

5) Induction Training helps in improving employee morale and productivity, and trains them on skills which the employees would require in fulfilling their responsibilities in the organization. But up to one half (49.7 per cent) of employees opined that they have not provided such type of training. Employees in all star segments, except employees in five star segment of KTDC, also overviewed that there is no induction training in the organization more than three fourth (76.4 per cent) of employees in management category also feel the absence of induction training in the organization

6) In order to revamp the knowledge and enhance the effectiveness of service retraining should be provided to the employees at regular intervals. On analyzing the employees' perception regarding retraining facilities in the organization it is found that more than one half (56.2 per cent) of employees overviewed that there is lack of such provision in the industry. However in KTDC more than one half (54.3 per cent) of employees rightly asserted that there is provision periodical updating of knowledge and skill improvement, but in private sector, more than one half (63.8 per cent) of employees see that there is lack of retraining facility. This argument is taken by majority of employees in all segments of private except five star segment, while in KTDC employees in all segments asserted that there exist ample facilities for revamping knowledge through training. The management people in KTDC also overviewed that there is facilities for retraining but in private sector most of the management people agree that there is lack of such facilities.

7) Quality of training can be measured through analyzing reactions from trainees about the training programme and these reactions can be used as a base for the improvement of future programmes. In respect of quality of training it is found out that more than two third (73.8 per cent) of the employees in KTDC are satisfied with the training programmes and these programmes helps to enhance their performance however, in private sector only less than one half (34.1 per cent) of employees perceived that the training is effective and helps to improve their performance. More than two third of employees in all star segments in KTDC and five star segment in private sector also asserted that the training imparted is of quality one and they are satisfied with the quality

of training. Most of the management people also observed that training provided to is of quality one as definite change in pattern of behavior can be observed in employees.

### **10.3 Performance Analysis**

8) In order to make a performance appraisal an effective tool for improving individual performance, review feedback should be provided so as to assess the employee the extent to which he/she achieve the expected standard. On assessing the employees comments on feedback on performance and performance based counseling, it is found out that more than three fourth (79 per cent) of employees in KTDC and one half (56.1 per cent) of employees in private sector viewed that they are provided with performance feedback and counseling for improving performance. Majority of the employees in all the star segments', except in three star segment in private sector, commented on the same direction. More than three fourth of the management people also asserted that employees are provided the needed performance feedback and counseling

9) Generally employees expect a fair performance review and performance based career advancement. While scrutinizing the employees comments regarding whether the career advancements are granted on performance data it is found out that more than three fourth (75.2 per cent) of employees in KTDC and one half (52.8 per cent) of employees in private sector overviewed that career promotions are mainly based on performance result. But only 42 per cent of employees in three star segment have asserted that the career promotions are made on performance appraisal result. Mean while more than three fourth (83.3 per cent) of management employees commented that career promotions are made only on the basis of performance based result.

10) Employees have only less faith in performance appraisal when they felt that there is rater bias. On analyzing the employees perception on faith in performance appraisal it is found that more than three fourth ( 76.3 per cent) of the employees in KTDC asserted that they have good faith in the system mean while only less than one half (49.3 per cent) of employees in private sector opinioned that the system is free from bias. Majority of the employees in all the star segments', except in three star segment in private sector,

observed that there is objective assessment of performance. But 54.3 percent of the employees in three star segment of private sector commented that they have only less faith in the system and the system is biased. Most of the management employees also commented that the performance appraisal has done on objective terms and the employees does not arise so far any complaints against performance appraisal.

#### **10.4 Compensation**

11) Internal pay equity exists when employees in an organization perceive that they are being rewarded fairly according to the relative value of their job within the organization. As regards employees perception on internal equity in salary it is found that less than one half (37.8 per cent) of the employees overruled that pay equity exist between like positions whereas more than one half (53.4 per cent) of employees in KTDC asserted that there is internal equity in pay. Star wise analysis of opinion found out that more than one half of employees in all star segments of KTDC and five star segment in private sector perceived that like positions carry like pay. But employees in three and four star segment of private sector commented that there is absence of internal equity in pay. But more than three fourth (79.1 per cent) the management people argued that there is internal equity in pay

12) The basic facilities such as provision of quality food at reasonable cost, transportation and quality accommodation are the prerequisite to all employees especially to those who are to work overnight under stressed work environment. On analyzing the opinion of employees regarding the provision of such facilities it is found out that more than two third of the employees in both sectors and in all star segments commented that they are provided with such facilities. A major chunk of management people also observed that the provision of these facilities is a common practice in hotel industry.

13) Providing health insurance and medical reimbursement is now viewed as a potential tool for attracting and retaining the workforce. On examining the employees perception regarding provision of health protection schemes and medical reimbursement facilities it is found out that more than one half of employees in both the sectors and in all the star

segments rightly commented that there is provision for such facilities. Most of the management people also commented in the same direction.

14) Provident fund and gratuity are major social security measures. On scrutinizing the provision of these schemes in hotel industry in Kerala it is found out that while more than one half (60.9 per cent) of employees in KTDC commented that these provisions are made available to them, only less than one half (48.1 per cent) of private sector employees agreed in the same direction. Majority of the employees in all star segments, except in three star segment of private sector viewed that these social security measures are available to them. Most of the management people also asserted that such social security measures are usually provided to the employees.

15) Employees usually expect annual increments in pay and a reasonable share of profit (bonus) as part of compensation. As regards the availability of these provisions in hotel industry in Kerala it is found out that more than one half of workers in both the sectors and in all the star segments except three star segment of private sector commented that annual increments and bonus are usually provided to them as part of compensation package. However, only 45.4 per cent of employees in three star segment of private hotel viewed in the same way. Three fourth (75 per cent) of the management cadre employees also commented that the compensation packages includes annual increments and bonus

### **10.5 Job satisfaction**

16) Prolonged working hours and working in the late nights may create discomfort and dissatisfaction among the employees. As regards satisfaction on working hours it is found that more than one half of employees in both the sectors and all the star segments of both KTDC and private sector, except in five star segments in private sector, asserted that the existing working hours is too heavy and it creates distress and dissatisfaction among them. Whereas 47.2 per cent of management cadre employees reserved their comment and they took a neutral attitude with regards to working hours.

17) Pay has been considered an important reward to motivate the attitude of employees. The most discussing criticism in hotel industry is that it is low paid industry. On scrutinizing the employees perception regarding satisfaction on compensation offered it is found out that more than one half of the employees in both the sector and in all the star segments of KTDC and private sector commented that they are not satisfied with the pay package. Whereas 36.1 per cent of management cadre employees reserved their comment and they took a neutral attitude with regards to employees' satisfaction on pay.

18) The quality of service provided by an employee largely depends upon the quality of support extended by the co-workers. On analyzing the employees perception regarding whether they get co-operation from the co-workers, it is found out that more than two third of the employee in both the sectors and in all the star groups strongly asserted that there is co-operation among the workers. Majority of the employees in management section also commented that there is employee co-operation in the organization

19) Periodical assessment of job satisfaction will create a favorable impression on the mind of the employees regarding the organization and working. On examining the employees comments on the frequency of job satisfaction survey, it is found out that more than one half of the employees in all star segments in KTDC asserted that the organization has not conducted job satisfaction assessments frequently whereas more than two third (68.5 per cent) of employees in five star segment and one half of (50 per cent) four star segments in private sector commented that the organization conducts job satisfaction surveys frequently

20) Job security enrich the employee commitment to work and thereby his service mentality in work. While scrutinizing the employees opinion regarding job security in hotel industry it is found out that more than one half of the employees in private sector commented that there is low job security whereas in KTDC more than one half employees asserted that the job are secured and free from arbitrary treatments of the employers. Employees in three and four star segments' in KTDC and five star segment in private sector asserted that there exist sufficient security for job in the organization.