Contemporary Challenges in Hospitality and Tourism Industry: An HR Perspective

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Abstract

Objective: The study aims at identifying and describing various contemporary challenges which the HR department is facing in Hospitality and Tourism Industry in India.

Research Methodology: Secondary data has been used by reviewing the related literature and many challenges has been found and summed up in the paper.

Findings: The study recognized employee acquisition, lower salaries, reputation of the industry, work life balance, workplace bullying, high attrition, training and development, low career growth, employee engagement and the new generation as some of the major challenges the industry is experiencing today.

Proposed Utility: The study will help the Hospitality Industry to realize the critical hindrances or challenges it is encountering so that it can work upon strategizing these challenges by possible talent management strategies.

Key Words: HR challenges, contemporary, tourism industry, hospitality industry.

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Introduction

Williams in his research on tourism and hospitality in early 2006 established that the industry is experiencing an evolution in the consuming patterns of the guests as the importance given to leisure activities is increasing at a fast pace. It is expected that the Indian tourism and hospitality industry will generate 13.45 million jobs across various sub segments Hotels (2.3 million jobs), restaurants(10.49 million jobs), travel agents/ tour operators (0.66 million). The top fifteen sectors in India which are luring the highest Foreign Direct Investment includes tourism and hospitality sector.

Hospitality and Tourism industry by virtue of being a part of service industry gives pivotal role to the human resource. The personality, positive behavior and the pleasing appearance of the front line or the customer contact employees is one of the suitable ways for tangibalizing the services (**Hartline and Jones**, 1996). Hospitality and Tourism Industry is employee centric as the quality service delivery is completely dependent on its personnel. The employees become a part of the service while delivering and prompts in projecting the image of the firm.

Baum et al. in 1997 and **Bharwani and Jauhari** in 2011 is their studies highlighted the importance of service delivery in order to create a competitive advantage in this homogeneous market. In this aggressive competitive scenario the potential of human resource to deliver the quality service holds supreme importance as it helps in establishing an edge over the competitors. In the same context **Kusluvan et al.** in 2010 contemplated employees to be antecedent of quality service, competitive advantage, performance of the organization, customer satisfaction and customer retention. The manpower of the hospitality and tourism organizations is the driving force is fostering customer experience centricity. So, the Hospitality and Tourism organizations to be successful need to manage and develop their talent strategically.

Human Resource holds unprecedented importance in hospitality and tourism industry and there are certain issues/challenges which the HR is facing today. In this paper an attempt has been made to critically highlight those challenges.

Methodology

This research is based on secondary data which has been gathered by reviewing relevant academic articles, research papers, case studies, general review papers, conceptual papers and other sources of secondary data such as industry reports to ascertain the most pressing contemporary human resource management challenges faced by Hospitality and Tourism Industry.

Contemporary HR Challenges

Employee Acquisition/ Labor Shortage

Hospitality Industry which is aggressively expanding also brings an innate risk of manpower shortage which has become an enduring challenge and is also pestering this sector. So, **Bharwani and Bhutt** in 2012 in their study concluded that shortage of talent is the biggest HR challenge which the industry is facing today and this in itself gives birth to newer challenges. **Parsuraman** in his research in 1987 also highlighted that tourism industry deals in intangible services and its success is dependent on experiences created by the interaction of employees with the travelers. So, technology alone cannot be the solution to all the labor issues.

Maclean also in 2016 accentuated that staffing the hotels with people who are a combination of technical and conceptual skills is an unfolding challenge which is even not getting any easier. He also identified that one of the topmost employers for youth are restaurants and are popular for offering the first jobs in their career. But the problem arises when other business firms attract this talent away from hospitality industry by offering higher packages as food service sector being customer interactive sector helps in procuring soft skills.

Tourism Industry stands in need of people with special and authentic skills like scuba diving instructors, staff for cruises, land based or marine guides, sports instructors, instructors for various other adventure activities etc. Hiring such talent and offering them adequate salary is in itself a challenge in tourism industry. In the same context **Baum** in his research on HRM in a small island perspective in 2012 also found that to promote tourism in small island destinations specialists with credible skills are required and recruitment of such specialists may need a promotion of tourism concept to the community in a way that convinces them that it is beyond just economic criteria.

One of the major challenges which the Hospitality and Tourism Industry is facing today is employee hiring or the shortage of manpower which gives birth to many other challenges.

Workplace Bullying

Einarsen et al, in 2001 in their paper proved that research also connoted that organizations internationally are facing the problem of workplace bullying.

In the same context **Frost** (2003) and **Kulik et al.** (2009), **Cowan and Fox** (2015) positioned that workplace bullying is contaminating the industry and human resource department is responsible to administer and resolve such issues. **D'Cruz and Noronha** in 2010 in their research indicated that handling and resolving bullying complaints is not an easy job for the human resource department. And if HR is not able to handle the complaint effectively it leads to dissatisfaction among employees. Then **D'Cruz and Noronha**, 2010,2011 and **Ferris** in 2004 declared that dissatisfaction of employees in this context may lead to negative behavior like declined productivity, personal harm, longer absence and also turnover.

Employee Turnover

Another very critical hindrance which blocks the smooth functioning of any organization is employee turnover. Deloitte in 2010 in a study revealed that the challenge of workforce shortage is aggravated by alleviated employee turnover rate which is presently at an alarming rate of 21 per cent.

Murray in 2016 propagated that hospitality industry is a labour driven industry, technology cannot replace the young workforce which responds according to the seasonal requirements. The unfolding challenge which the industry is experiencing today is retaining the talented employees. He also pointed out in his research that the industry is lacking in giving due consideration to the motivational and growth needs of the employees.

In the same context **Hinkin and Tracey** in 2000 also established that employee turnover brings with it negative financial impacts and the industry is showing no signs of reduction in this problem in the coming years. The costs associated with a single employee from hiring to his training are lost when he is replaced with a new employee because of attrition and it can be more than 30 per cent of an employee's salary. in 2000 underlined various reasons for high employee turnover in hospitality industry which are unfavorable perceptions of career growth, erratic employment, very less compensation, jerky working hours etc. In North America the attrition rate in tourism industry is more than 30% (CTHRC, 2012) and it is even higher in hospitality sector i.e 62% . (NRA, 2014). In the same context a study done by industry chamber in new Delhi professed that attrition rate is increasing at an alarming rate of 10% p.a. in Indian hospitality industry

Dhamija, S in 2013 in his study summed up the reasons for high attrition rate in hospitality industry: quality life and security issues, work culture, lack of professionalism, lack of motivation, job security and lesser salaries.

Lower Salaries

Kusluvan and Kusluvan in 2000 made it clear through his study that economic theory of labor market equilibrium (**Borjas**, 2015) does not hold true for tourism and leisure industry as the said theory states that if there is a shortage of manpower in market it will adjust by increasing the salaries so as to lure the talent but tourism and hospitality industry which is facing acute manpower shortage is still offering lower wage structures. Also many previous researches (**Kovach**, 1987; **Charles and Marshall**, 1992), have made it clear that attractive salaries is the top most preference of employees specially in the industries which has lower wages.

Rowley and Purcell in 2001 propagated that hospitality industry is encountering high attrition rates, difficulty in filling vacancies and also high labour shortages.

The same view has been supplemented by many other studies (**Wood**, 1995; **Riley et al.**, 2002; **Enz**, 2004) that hospitality and tourism is considered to be a poor pay master although hard work shifts are there and also there is a opinion that this sector has very limited scope for career growth and progression.

Reputation of Industry

Hospitality and Tourism Industry is facing a flawed reputation of "sweat equity" because of long working shifts, no weekends and holidays, lesser salaries and also jobs in these sectors are considered as part- time. There is a perception in the minds of people that the jobs in this sector are not permanent. So, many young workers consider career in tourism as just a starting or a placeholder job accompanying their education and seek other more lucrative options as a career. Tourism Industry also worldwide is seen with an ambiguity when it comes to investment in human resource, the employment policies are also very less flexible with an unendurable and ignored approach towards employee career development. (**Jithendran and Baum**, 2000)

Deery in 2002 also stated that industry is not seen as a industry for long term careers and is not able to attract and retain its manpower because of lower salaries it is offering, low status of certain jobs, long and hectic working hours especially in hospitality sector.

Generation of Millennials

This generation of millennials expects and demands justice and gratification in both the career and non- career involvements which creates a huge pressure for work life balance. Deloitte in a study in 2016 clearly distinguished between the present generation of millennials and the baby boomer hospitality workers by stating that the present generation cannot accept the fourteen

hour days working schedule which was common for the previous generations. The study also predicted that 66 percent of employees would replace their current job by the end of the year and the major reason behind this turnover is their leadership skills not being fully utilized and developed. This generation gives critical importance to work connectivity, fast career growth, employee empowerment, professional development and work life balance.

Work Life Balance

Work life balance issue gets aggravated when examined in context of tourism and hospitality industry which is a labor dependent industry encountering shortage of manpower. (**Deery**, 2002) **Deery and Jago** again in 2009 in their study examined the major determinants of work life balance issues in tourism industry and concluded that stress associated with the job insecurity, confusion in the role, long and hectic working hours which are unsocial hours as well, job pressures together with home pressures etc are some of reasons that lead to stress and also aggravate work life balance problems.

But studies have also proved that international hotels and travel agencies in foreign countries are trying hard to overcome these issues by implementing appropriate strategies (**Roberts**, **E** ; **Williamson**, **D.** and **Cox**, **C**) and some of the common forms of options are time off in lieu, work from home option, skewed working hours, shift switching, tele-working, shortened working hours, flexi timimg, self rostering, job splitting etc . So, the Indian Hospitality and Tourism industry also needs to follow these strategies.

In the similar context **Caira** in 2019 in his study gave his submission that like Culinary Institute of America other institutes should also make available counselors, organize meditation classes to cope up stress and induce various team sports which will help in improving interpersonal relationships. Tourism Australia has floated a new campaign "No Leave, No Life", to motivate employees to take their annual leaves which will ultimately help in maintaining a balance between their personal and professional life.

Training and Development

Hospitality Industry is emerging as a "experience economy" because all we can give to the customer is memories. The traditional skill model has gone through a drastic evolution and employees today need to broaden their reservoir of skills and be updated with the competencies required to establish a connect or bond with the guests. (**Baum**, 2006). **Bharwani and Jauhari,** 2011; **Velo and Mittaz,** 2006; **Bhushan and Bharwani**, 2011; **Ottenbacher,** 2007) in their studies summed up the skill set required to be successful in this dynamic industry. The skills required are sensitivity towards culture, team spirit, interpersonal skills, techno savvy, attitude to serve the customer, ability to handle problems with critical analysis and also cognitive skills to apply the expertise in operational settings. So, the industry needs to spend on regular training and development of employees to upgrade their skill set in lieu of the changing job roles. But Hospitality and Tourism organizations specifically smaller firms do not plunge in employee trainings if not forced to do so because of legal compulsions.

Career Growth

Studies in Hospitality by **Ladkin**, 1999; 2002 and event management industry by **McCabe** in 2008 have prospected that there are many issues regarding career development in these industries. The studies also substantiated that hospitality and tourism sectors posses very less planned and structured career opportunities. **Ladkin** again in 2013 argued that the industry holds a reputation that people work here for short periods of time and with a notion that the jobs here are momentary or temporary. And also those who choose to work for longer periods face the problem of frustration due to low career growth.

Tourism is seen more as an entrepreneurial career option. **Murray, Elliot** et al. also in their research submission realized that the industry in order to create a positive reputation regarding being a valuable career option or path has to develop a strong organization culture which understands the needs of its employees, try to reduce the wage gap issues and should also make

an effort to create pressure on the government partners for their help in establishing hospitality and tourism industry as a positive and valuable career option.

Employee Engagement

Saks in 2006 defined employee engagement as a positive emotion of an employee towards their job, possess a feeling that their work load can be managed, feel that their work is important and meaningful and also have hope of career growth.

Kulkalyuenyong in 2016 in his study on hospitality Industry recognized the requirement of engaged employees for improved service and hospitality to the guests which motivates them to visit again and again. Engaged employees supports the organization in executing its strategies, achieving its goals, and generating results. Employee engagement has a direct relation with effective internal communication, recognizing the work of employees and rewarding them, career growth of employees and employee participation in management. **Baum** also in 2007 in his study accentuated that tourism organizations which are successful and cater to the needs of high end and luxury customers give considerable importance to employee engagement and empowerment at all the levels which helps in delivering quality services.

Keep and Mayhew also in 1999 summed up by giving following HR challenges that Tourism Industry is facing today

- Rigid shift patterns and unsocial work hours
- Meager career growth
- Lower wages and skill shortage
- No trade unions
- Inefficient recruitment
- Absence of an effective HRM model
- Industry dominated by males and discriminative policies.
- High attrition rate

Conclusion

So, the findings above clearly indicates that the Hospitality and Tourism Industry also needs to follow the philosophy of "employees first, customers second, and shareholders third" because of the challenges the industry is facing. The industry has to be employee centric and has to adopt various employee centric strategies like flexi timing, work from home, flexible work shifts, self rostering, work sharing and many more which has been mentioned in the study above on the track of few international Hotels chains and software industry which is following these patterns.

Because today there has been a drastic makeover in the role of HRP who are now expected to be strategic partners, change agents, expert in administration and also employee centric as also proposed by **Ulrich** in 1997.

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