



# UNIT-5

## Human Resource Management

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Discuss the importance of Human Resources management in tourism industry
- ✓ Explore the need for an effective Human Resources Development Strategy

## Unit 5

### Human Resource Management

#### The Importance of Human Resources



Fig: 5.1

The need to develop human capital is the starting point for all development. Nothing is possible without trained and skilled people.

A human resources development policy can be split into two parts:

- To offer competitive employment conditions and career opportunities to ensure the adequate recruitment of all levels of personnel.
- To provide educational and training opportunities for all occupations and specializations, at agreed and specified levels of skill wherever necessary in the country.

The responsibility for human resources development at the GTA is normally assigned to a separate department. This department should coordinate all aspects of a national tourism human resources development strategy. Developed countries tend to have more money to spend on training initiatives. However, they often spend money on expensive training at

the tertiary level; training which might be provided more cheaply in secondary schools or through on-the-job/work-based training schemes. They may also develop adult training schemes which only seem to compensate for inadequacies in earlier education and training, or are merely a response to high rates of unemployment. Governments may also assume other training responsibilities (adding, many would say, to the costs of an already burdensome bureaucracy), which are best left to the private sector. The relative roles of the public and private sectors do differ from country to country. Much will depend on the stage of development of the private sector, and its capacity and willingness to tackle training effectively. This, in turn, may depend on the level of organization of the professional and trade associations. A human resources development strategy, covering education and training at all levels addresses these questions.

## The Characteristics of Tourism as a Sector and Their Impact on the Management of Human Resources

These features establish the parameters within which people work and are managed in tourism. The characteristics of tourism service operations include the following features.

1. **Most tourism services include a significant intangible component.** Most services are intangible in that you do not receive something physical or tangible in return for your money. You are buying an experience and the evaluation of this experience may include a strong subjective element as well as aspects that you can judge objectively. The punctuality of an airline's service can, generally, be measured objectively, while the quality of the service offered on board is much more subjective. The human contribution to the delivery of both tangible and intangible aspects of tourism services is core.
2. **Tourism services cannot be inventoried.** If left unsold, the sales opportunity for a service is lost. A hotel room left unsold overnight or an empty seat on a theme park ride is lost revenue and an opportunity that can never be recouped. In other words, services cannot be inventoried or stored in the manner that many non-perishable manufactured goods can be held in a warehouse until trading conditions become more favourable. This reality has a major impact on how service organisations, especially those in the tourism sector, organise themselves, particularly with respect to sales and marketing. This feature induces a constant level of stress into tourism operations and these impacts upon employees in that they are constantly required to respond to short-term sales requirements. The operation of effective yield management systems by, for example, the low-cost airlines can reduce this pressure on the individual to a considerable extent.
3. **Tourism services are time dependent.** Tourism services are frequently prepared/ produced, served and consumed almost simultaneously, frequently within sight of, and possibly with the participation of, the customer in a way that is infrequent in manufacturing. The human contribution within this process is critical.
4. **Tourism services are place dependent.** Many tourism services must be offered to the customer where they are required. Delivery and production cannot take place remotely or in a centralised location. Hotels must be located where people want to stay and not where it suits the hotel company. The emergence of e-technology means that this consideration is no longer as absolute as it once was. Sales/reservations, customer services departments (call centres) and financial processing operations are examples of service functions that are no longer location dependent. As a result, many European and North American companies are locating these functions off-shore, in countries such as India where language barriers do not exist and where technology literacy is high. Place dependency impacts on the recruitment and welfare of tourism employees in that they are frequently recruited within the local host community of the tourism operation. This local dimension has implications for skills and training within the workforce and, in some cases, the ability of tourism organisations to deliver some of their services.

5. **Consumers are always involved in the production process.** Simultaneous production and service inevitably involve the customer in aspects of the production process, overtly in the case of self-service facilities or restaurants where there is the opportunity to barbecue your own fish, but also in a more general sense. Fellow customers, whether friends or strangers, are part of the atmosphere or ambiance that we buy into when we go to a restaurant or attend a concert.
6. **Tourism services cannot be quality controlled at the factory gate.** Tourism services are difficult to standardise because they generally require a high level of human intervention for their delivery and are, thus, subject to variability because of the human element. As a result, you cannot return or substitute a service which has been unsatisfactory in the way that you can seek to exchange a faulty good such as an umbrella or personal stereo. Once your experience of a service is concluded, the provider can seek to compensate you for a bad experience but cannot replace the experience.
7. **A different concept of marketing is required for tourism services as a total organisational function (relationship marketing).** Most staff in tourism organisations has the opportunity to work in direct contact with the customer or operate in very close proximity to customer service points. This means that the marketing role is the responsibility of all tourism staff in the organisation and cannot be confined to a dedicated marketing unit.
8. **There is a human role in tourism service delivery or mediation which creates a degree of uncertainty and unpredictability.** Human behaviour, whether staff or customer, is unpredictable although good management and effective training should minimise this unpredictability among employees in good organisations. Human interaction at the point of production and service inevitably produces an element of uncertainty that is not faced on the factory floor in manufacturing or, at worst, can be eliminated through effective quality control.

These characteristics of services in general apply within the tourism sector in particular and contribute to the manner in which tourism organisations are structured and operate. They influence the operational culture of organisations and also how they market their services, how their finances are structured and, in particular, the management of people within organisations.

## The Human Resources Development Strategy

The human resources development strategy can also be published as a short document. It should cover the following main areas:

- The relationship of the tourism development policies to human resources
- The current tourism product and the existing labour force - this will summarize characteristics such as numbers of staff, geographical distribution, age, gender, educational level, staff turnover, length of employment, seasonal employment, training background and experience, occupation, and levels of skill. It will also assess the level of technology, operational standards, and occupational skill standards.

- The expected development of tourism and future workforce and training needs indicating the expansion in the number and category of hotels and other tourism enterprises.
- The current situation in the development of all training and education for tourism - both for pre-employment and post employment levels. This will assess the adequacy of existing courses and programmes, location, capacity and output. As a result it will identify existing and future training gaps.
- The future development of all levels and types of education and training, located where it is needed and including the establishment of any new public and/or private sector tourism training institutions. It may also propose measures to encourage the development of other new private sector training initiatives.

### Working Conditions

Tourism has developed steadily but conditions of work, worldwide, have not kept up. Workers, in many countries, have been forced to tolerate poor conditions. This has been mainly true of hotels, catering and similar establishments. The International Labour Organization's (ILO) Hotel, Catering and Tourism Committee are of fairly recent origin. The first meeting was held at the ILO in Geneva in December, 1989. A convention concerning working conditions in hotels, restaurants and similar establishments, ILO Convention 172, was not adopted until 1991.

This convention applies to hotels and similar establishments which provide lodging, and restaurants and similar establishments providing food, beverages or both. The convention, which is rather general in content, states that workers should be entitled to reasonable working hours, overtime provisions, and daily and weekly rest periods, according to national law and practice. They should also be given sufficient advanced notice of work schedules. Workers should be compensated in time or pay, if they work on public holidays, as determined by collective bargaining or in accordance with national law or practice. They should also receive annual leave with pay also as determined by collective bargaining or in accordance with national law or practice. If not entitled to full annual leave, they should receive leave proportionate to the length of service or payment of wages in lieu. Regardless of any tips, the workers concerned should receive a basic remuneration that is paid at regular intervals. The sale and purchase of employment are prohibited. Although this is all the convention covers, it represents a step forward. However, such a belated and limited starting point gives an idea of the backward nature of the sector on a worldwide basis.

Many of the more developed countries have already legislated far more comprehensive conditions for their tourism workers. Also the travel trade may often be more advanced in this area than the hotels, restaurants and similar establishments. At the same time as the convention, the ILO also adopted a recommendation (ILO Recommendation **179**) which goes further but lacks the teeth of a convention. It states that measures fixing hours of work and overtime should be the subject of consultations between the employer and workers or their representatives. Overtime work should be compensated by a higher

rate of pay than normal. Working hours and overtime should be properly recorded, and each worker should have access to the records. Split shifts should be progressively eliminated. The number and length of meal breaks should accord with local customs and traditions, and with whether the meal is taken in the establishment itself or elsewhere. Weekly rest should be not less than **36** hours which, wherever practicable, should be an uninterrupted period. The average daily rest period should be **10** consecutive hours. If the length of paid annual holidays is not four weeks for one year of service, it should be brought progressively to this level. Programmes of vocational education and training, and management development, should exist. They should **be** aimed at improving skills and the quality of job performance, and enhancing career prospects. A GTA should encourage consultations between workers and employers to arrive at sound, fair and mutually acceptable working conditions. These are fundamental to the successful development of the sector.

## Education and Training

There are various definitions of the terms education and training. Education **is** about teaching ideas and knowledge; it's about understanding the world better. Training teaches specific skills; it's about how to do a job effectively. In most cases students need some of both. This is particularly true when studying vocational subjects at an advanced level, for example, medicine, engineering, business, tourism and hotel management. The exact mix and balance between skill and educationally slanted subjects are questions of judgement.

The dividing line between education and training is often very fuzzy. The usage of each term also tends to differ from country to country. To avoid such difficulties, it is often best to link the two terms together - education and training. Sometimes there is an aspect of superiority in the rejection of training. Superficial values often judge education as superior. **As** a result students are taught too few skills, and may be poorly qualified to take up many jobs.

### **A National Council for Tourism Education and Training**

The GTA will look for ways to achieve the best possible coordination between the various agencies and organizations involved in human resources development. It is possible to establish either a national committee or council for tourism education and training. This committee or council can be advisory and consultative, aimed at bringing together all the various interests: the government agencies responsible for tourism, labour and education; the worker's organizations (unions); and the professional and trade associations (employers). Also the association of the country's hotel and tourism schools, if it or a similar organization exists. The committee or council provides for the active participation of the tourism sector itself, in setting standards and reviewing policies, objectives and results. It also monitors educational and training activities, watching for adjustments and improvements as they become necessary. The committee or council will be required to:

- Monitor labour market conditions, and all related trends.
- Keep under review the existing and future needs for management, supervisory, skilled and unskilled staff.
- Keep under review the existing education and training institutions and centres and their relevance to the identified needs. Liaise closely with the appropriate authorities and recommend any changes or modifications as considered appropriate.
- Recommend, based on the above, the development of any new centres or programmes listing their proposed objectives and programmes.
- Liaise with the university system so as to promote the development of appropriate programmes and activities.
- Encourage the private sector to take initiatives in the provision of training facilities and programmes, and to recommend any tax and fiscal incentives.
- Advise, in particular, and encourage the sector in the development of in-service training programmes, establishing guidelines and organizing workshops.
- Keep under review a current database on the numbers and backgrounds of lecturers, instructors and trainers needed to meet existing and future needs.
- Set out guidelines as to the career development of vocational.

## Linking Types and Levels of Training

Training should last a lifetime. One should build on what has gone before, adjust training to changing demands, and develop and upgrade people's skills. The links should exist between various stages and types of training. Each successive type of training should open up a further stage of personal advancement. These links are important. Training and education should not be categorized, and then sealed **off** within tight compartments. People should be able to transfer between different levels and types of course. The chef, for example, should be free to study management. The university graduate in management should be free to study cooking.

## Surveys of the Workforce

The first step in formulating a human resources development strategy is the study of the workforce. If adequate data do not already exist, surveys of the personnel currently employed in the tourism sector should be carried out. These will identify their characteristics (e.g. age, gender, educational level, staff turnover, length of employment,

seasonal employment, training background and experience, occupation, and level of skill), and training needs. They will also assess the level of technology, operational standards, and review the development of occupational skill standards for the sector. Surveys start by identifying the number of hotels, tourist facilities and services in the country by size, category and geographical distribution. The methodology used to collect and analyse data should be discussed and agreed with the private sector itself.

### **Estimates of Future Workforce Needs**

The various employment ratios from the survey, adjusting for trends, can be applied to the expected development of tourism to estimate future workforce requirements by occupation and level of skill. The expected development of the tourism sector will cover growth of tourism traffic, number and location of new hotels and tourist facilities, and other future perspectives. These requirements for new staff should be reconciled against labour market conditions and the sector's current recruitment and selection policies.

### **The Adequacy of Existing Education and Training**

The current situation in the development of all training and education for tourism - both for pre-employment and post-employment levels, also needs to be surveyed. As a result the adequacy of existing courses and programmes, location, quality, capacity and output, should be evaluated. All educational institutions, centres, and training programmes should be identified and their curriculum, training materials and standards assessed for their current relevance and effectiveness. Post-employment training, including all in-service training, and train-the-trainer courses should also be assessed.

### **Future Training Needs**

Future workforce needs should be translated into future training needs. These can be compared to the capacity of the existing educational and training facilities and programmes. As a result, shortfalls in this capacity to meet future needs can be identified. These are termed training gaps. They are gaps which will need to be filled. One should develop a strategy to respond to all future training needs. It has to be developed according to all levels, all specializations and all parts of the country. It should cover, as appropriate, universities, tertiary level vocational training institutions, and secondary schools. It will also cover a framework of minimum standards, in-service training, supervisory and management short course programmes, and foreign language training. It will also recommend, if justified, the establishment of any new public and/or private sector tourism training institutions - to interrelate appropriately with the national educational and vocational training framework. And it may also propose measures to encourage the development of other new private sector training initiatives.

### **Recruitment, Retention and Turnover**

The mobility of staff within tourism is a direct factor of the wider environmental, structural and sectoral operating characteristics that we have addressed above. Sectors of tourism in some countries (particularly developed ones) face ongoing challenges to recruit appropriate staff, skilled and unskilled, to key positions in the industry. They also face challenges with respect to retaining these staff once they are recruited, and reducing what can be very high rates of labour turnover. The impact of variable demand (seasonality), issues of remuneration (see below), unsociable working conditions and generally negative perceptions of the sector for employment contribute to problems faced in this regard. Tourism

is also an industry that is seen to be highly reactive to short-term local and international events in terms of its willingness to retrench staff in order to meet short-term financial requirements. The impact on travel and transport sectors in the immediate aftermath of events on September 11, 2001 is a major case in point. Potential employees may not wish to risk their long-term security in an employment environment that is perceived to be unstable. At the same time, the small business environment within tourism means that the recruitment process may not always be conducted in such a way as to ensure the selection of the best and most suitable employees for the job. Limited credence is given to the outcomes of formal education and training while opportunities for workplace development are limited. As a consequence, the recruitment technique of internal promotion is not as widely used in tourism as it could be.

### **Rewards, Benefits and Compensation**

The popular perception of the tourism industry in many developed countries is that of relatively poor pay (Baum, 1995; Wood, 1997). This is a reflection of a number of factors:

- perceptions of tourism work as synonymous with the large but not necessarily typical hotel and catering sub-sector;
- the low-skills environment of many jobs within tourism;
- limited workplace organisations in some tourism businesses, although this is not true of, for example, the traditional airline sector;
- seasonal and part-time work;
- the grey or 'tipping' economy within many tourism operations, undermining core remuneration;
- trends to de-skill work in tourism through technology substitution;
- accessible employment to the majority of the population through seasonal and other temporary work.

At the same time, tourism can offer highly remunerated and high-status employment within, for example, airlines. In the developing world, tourism employment may be highly prized, and its remuneration, relative to local conditions, is competitive with other opportunities in the economy. The experience of newly industrialised states such as Malaysia, Singapore and Taiwan, however, is that as the economy develops, the attractiveness and competitiveness of remuneration in tourism declines, presenting a real challenge to the sector in meeting its employment needs.

## Human Resources Information System



Fig: 5.2

The human resources information system will form a part of the GTAs MIS, normally coordinated through the research department. It will monitor trends in employment, the profile of the labour force and labour market, the continuing trends in sectoral growth and development, future manpower and training needs and the capacity of existing education and training systems to respond to them. To do this, it should input the results of the surveys described above. **As** a requirement in the annual licensing of hotels and other tourism enterprises, applicants may be asked to supply specific human resources data.

From time to time, other special surveys may be conducted to complement the information system. These may cover certain sections of the sector, or particular questions, or specific locations and provinces.

### **A framework of minimum standards Occupational skill standards, trade testing and certification**

Occupational skill standards are the minimum standards of knowledge and skills that a worker in a particular occupation, at a particular level, should possess. These are minimum acceptable standards - staff can do better than the standards but nobody should fall short of them. The emphasis of these standards is on employable skills. There is also a certain amount of knowledge needed with each skill. Standards for different occupations are agreed, and trade testing and certification are developed according to basic, intermediate and final levels of skill. Corresponding curriculum development and skills testing follow on.

There are three steps: The standard specifies what people have to be able to do, where, when, how and under what conditions. It indicates both the skills and knowledge they should possess. Curriculum and teaching material which reflect the standard enable the trainee to reach the correct level of performance.

- The test validates that the trainee can reach satisfactorily this level of performance. Skill standards help support sector-wide quality targets. They also assist employers in performance

appraisal, career planning, recruitment and selection, and the development of training plans and targets. They create a basis for inter-company comparison, and they enable skills development to be monitored for the whole sector. National certification enables the quick recognition of levels of skill as well as the outputs of training institutions. Through the system of testing, all personnel can gain recognition for their level of skill. Where classification schemes exist for hotels and other tourism enterprises, minimum training requirements (the number and categories of staff certified according to the skill standards) may also be included.

At first glance, it may seem that industry-wide occupational skill standards are very production oriented rather than market oriented. One starts by asking - what do workers do? One then asks what skills and knowledge they should possess to be able to do it. A marketing approach would start with what staff should be doing to meet the needs of the customers. Skill standards, however, are usually influenced by the major hotels and tourism enterprises, many of which are operated by multinational companies. Usually these enterprises have already attuned their product to the mainstream market demands.

### **Minimum Requirements for Training Institutions**

Regardless of which government agency is authorized to approve and license training institutions, minimum standards should also be established. Applications and submissions should include:

- A plan covering a period of at least five years. It will describe the needs and justifications for the courses offered, and give details of student recruitment and links with the hotels and other tourism enterprises.
- Standards and curriculum describing their interrelationship with the relevant national skill standards and curriculum. Examples of teaching materials and methods should also be included.
- The number of instructors and teachers, their qualifications and experience, and teacher/student ratios. The numbers of students enrolled or targeted, and the capacity of the programmes and their annual outputs.
- The financial structure including capitalization projected operating results and sources of funds; government or any other grants and any proposed student fees.
- The facilities: land area, floor area ratio, range of facilities, planning ratios, classrooms, offices, laboratories, library, student facilities, and other areas.
- The organization and the administrative staffing and systems.
- The employment expected to be obtained by students, on the completion of their education and training.

## Pre-Employment Education and Training

### Vocational Secondary Schools

Some secondary schools may have, or should have, courses specializing in hotel, catering and travel subjects. This will keep this type of basic pre-employment course at the secondary level of education, leaving the tertiary level to concentrate on higher level courses. These basic courses will prepare school leavers for careers in the sector. Courses may cover accommodation-related subjects, travel and tour operations, and food preparation.

### Government-Funded Tertiary Level Hotel and Tourism Educational and Training Institutions

Tertiary level institutions of this kind are usually costly to build and equip and expensive to operate. Some countries have attempted to leave this level of training to the private sector. However, the private sector may not be sufficiently well developed to make this feasible. In such cases, the public sector will need to play a catalytic role setting up one or two key institutions to:

- Teach and develop management and supervisory level courses and programmes
- Conduct research on employment trends, manpower and training needs, acting as a resource for the GTA, and assisting in the up keep of the human resources section of the MIS.
- Maintain well-developed libraries, centres of documentation, and possibly computer Internet access.
- Act as a key resource in the development of national vocational skills standards and curriculum, and a system of trade testing and certification.
- Develop training material for all levels of tourism education and training.
- Train future vocational teachers for the country's secondary schools, as well as for private tertiary level hotel and tourism schools. Act as a major resource in the development of government tourism officials in tourism management and tourism development planning.
- Act as resource centres in certain specialized areas of tourism development, for example, in acting as custodian of the culinary heritage, or in acting as a resource centre in the promotion of small enterprise development in tourism.

In developed countries, without limitations of resources, there may be numerous tertiary level institutions offering hotel and tourism courses. Their contribution should be monitored by the GTA and any national committee or council.

### Training For Small Hotel and Tourism Enterprises

As small and medium-sized tourism enterprises offer an important source for new jobs and income generation in rural areas. New business activity of this kind can also create more opportunities for the employment of women. Assistance will focus on those areas considered essential for successful business establishment and growth, namely:

- The identification of business opportunities.
- Technical assistance in project formulation and feasibility studies.
- Training in the basic skills and knowledge necessary for starting and running a business enterprise (management, financial, entrepreneurial, social and technical skills).
- Assistance in obtaining appropriate loan finance.
- Ongoing technical assistance and advice.
- Development of support networks for small businesses.

### Cooperatives

The development of cooperatives also relates to the area of small and micro-tourism enterprises. There is a strong case for the creation of cooperatives among these operations, particularly small hotels, with a focus on marketing and training.

### Further Reading:

- ✓ *Susan Jackson, Randall Schuler, Steve Werner, (2012, 2009), Managing Human Resources*
- ✓ *Michael Armstrong, (2006), A Handbook of Human Resource Management Practice*
- ✓ *Scott Snell, George Bohlander, (2013), Managing Human Resources*