Human Resources Management in Hospitality and Tourism

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Unit 1 - Introduction to IHT2303

- Credit: 3 (3-0-6)
  - Lecture – 3 hour
  - Practice / Field – 0 hours
  - Self-study – 6 hours

- Course description
  - This course applies HRM principles to the Hospitality and Tourism Industry and includes the study of organization structure, workforce planning and analysis, staff recruitment and selection, reward and remuneration, employee discipline and termination, staff development and career planning, performance appraisal, performance standard, quality management principles and improvement techniques, managing change and strategic international HRM. Students will gain an appreciation of the importance of people and human capital to tourism and hospitality organizations.
Course Aims

- To discuss and outline the term of human resource management, and the roles of human resource specialists and human resource management function.
- To analyze human resource strategies and human resource planning, and the process of job analysis and its role in the human resource planning process.
- To become aware of the rights and obligations of both parties to the employment relationship.
Course Objectives

- To have capabilities to discuss and analyze the term of human resource management, and the roles of human resource specialists and human resource management function, as well as brainstorm.
## Learning Assessment

- **Class attendance and participation** 10%
- **Minor and Major Assignments** 30%
  - Minor 10%
  - Major 20%
- **Quiz** 10%
- **Examinations** 50%
  - Mid-term 20%
  - Final 30%
The aims of this chapter

- To recognize the importance of tourism and hospitality as an employment sector.
- To outline the diverse range of sub-sectors and occupations within the broad heading of tourism and hospitality.
- To consider the nature of the workforce.
- To review the range of models/theories concerned with human resource management (HRM) and how these might be
What is hospitality?

“Providing hospitality means offering a welcoming environment to visitors. The hospitality industry is without doubt a people industry. The product of hospitality industry is “Service”.”

“Hospitality is the act of kindness in welcoming and looking after the basic needs of guests or strangers, mainly in relation to food, drink and accommodation.”
Industry Segments

“There are many opportunities in the tourism industry. Tourism is individuals or groups that are travelling away from home requiring all providers of activities, services, and industries that delivers a travel experience.”

tourism industry a group of businesses that encompass travel/transportation vendors for air, rail, auto, cruise, and motor-coach travel, and promote travel and vacations
Hospitality and tourism encompass more than 15 related businesses.

- Accommodation
- Food & Beverage Service
- Entertainment
- Theme Parties & Festivals
- Recreation
- Spas and Health Clubs
- Functions and banquets
- Meeting Incentives Conference and Exhibitions (MICE)
- Commercial catering
- Security
- Gaming
Moreover the hospitality industry is also closely related to other sectors of the tourism industry such as:

- Travel Agents
- Tour guides
- Tourist Information Centers
- Transport Operators
- Airlines
- Cruise
- Tourist Attractions (Theme Parks)
- Retail Outlets
- Gift Shop
Travel and Tourism Industry

Transportation Services

Hospitality Industry

Destination Businesses

Activities

Retail Businesses

Lodging Segment

Foodservice Segment

Other Hospitality Segments

Source: David K. Hayes, Ph.D.
The importance of tourism and hospitality employment in both developed and developing countries is attested to by the World Travel and Tourism Council (WTTC), who suggest that travel-and tourism-related activities account for over 230 million jobs, or 8.7 per cent of jobs worldwide (WTTC, 2006). However, whilst the quantity of jobs is unquestionable, the quality of many of these jobs is of great concern to academics and policy-makers alike.
Importance of Hospitality and tourism in Thailand?

- Thailand's overall travel and tourism economy employed an estimated 4,110,000 people in 2007 or one in every 8.9 jobs (11.3%), and this is forecast to reach 4,767,000 (11.8%) by 2017.

- Tourism and hospitality contributed 6.7% (567 billion baht) to the country's gross domestic product (GDP) in 2007.

- Will continue at this rate for the next 10 years to reach 1,256.4 billion baht in nominal terms by 2017, according to the World Travel and Tourism Council's (WTTC) 2007 Tourism Satellite Accounting study.
Hospitality and tourism encompass more than 15 related businesses.

HOW TOURISM DOLLARS ARE SPENT

TRAVELERS

AIR  MOTORCOACH  TRAIN  RENTAL CAR  RV

TRAVEL AGENCY  MEETINGS/CONVENTIONS  GAS  FOOD  CAMPGROUND  LODGING  AMUSEMENT RECREATION  ENTERTAINMENT

WAGES, SALARIES, PROFITS, TAXES

OUTSIDE GOODS & SERVICES

THEATER  SPORTS SHOP  SHOPPING  SCHOOL  MUSEUM  BANK  BAKERY  FARM

$  $  $

1-3 The money that tourists spend is important to the economy.
Organizations and managers in the tourism and hospitality industry face real challenges in recruiting, developing and maintaining a committed, competent, well managed and well-motivated workforce which is focused on offering a high-quality ‘product’ to the increasingly demanding and discerning customer.
Who makes up the tourism and hospitality workforce? A brief snapshot
What is HR?

- Human Resources is the part of the organization that deals with people
- Managing the human resource
- This means acquiring developing and supporting staff as well as ensuring they fulfill their role at work
Define HRM

- Torrington et al “It is a series of activities which; first enables working people and the organisation which uses their skills to agree about the objective and nature of their working relationship and secondly, ensure that the agreement is fulfilled.”
The Policies and practices in carrying out the “people” or human resource aspects of a management position including, recruiting, screening, training, rewarding and appraising. (Dessler G)

The Charted Institute of Personnel Management “The design, implementation and maintenance of strategies to manage people for optimum business performance including the development of policies and process to support these strategies”
Human resource management refers to the practices and policies, you need to carry out the personnel aspects of your management job: specifically, acquiring, training, appraising, rewarding, and providing a safe, ethical, and fair environment for your company’s employees.

“Equal opportunity, ethics, and affirmative action”
“Employee health and safety and ethical treatment”
“Grievances and labor relations”
So the Human Resource Manager job includes:

- Conducting Job analysis (determining the nature of each job)
- Planning labour needs and recruiting job candidate
- Selecting Job candidates
- Orienting and training new employees
- Managing wages and salaries (compensating employees)
- Providing incentives and benefits
- Appraising performance
- Communicating (interviewing, counselling, disciplining)
- Training and development
• Training and Developing managers
• Building employee commitment
And what a HRM Manager should know about
Equal opportunity and affirmative action
Employee health and safety
Handling grievances and labour relations
Why is it Important?

- Staff are the largest revenue cost of any organisation.
- Staff are a volatile resource, they can leave you any time.
- Staff are a store of corporate knowledge and the means of service delivery.
- Retaining and developing good staff allows you to use skills and develop as a business.
- Individuals should contribute more than they cost.
- In the industry customer care critical and delivered by staff as representatives.
Historic Background to Human Resource Management

- **Industrial welfare**
  - The earliest activity with which the personnel practitioner was involved was welfare work.
  - During the 19th century conditions of work for men, women and children in the factories were generally appalling compared to even worst of today’s standards.
  - Then, there was the legislation to try to regulate hours of work and conditions, reducing their hours of work to 60 hours per week.
Historic Background to Human Resource Management (Cont.)

- **Recruitment and selection**
  - During the First World War, there was rapid development in many fields of personnel management, largely as a result of government initiatives to encourage the best possible use of people, and also because of legislation.
  - There was also a great deal of work done on how to test abilities and IQ, and research was undertaken into the human factors at work.

- **Acquisition of other personnel activities**
  - During the Second World War, the work spread to:
    - training
    - improving morale and motivation
    - discipline
    - health and safety
    - joint consultation
    - wages policies
Historic Background to Human Resource Management (Cont.)

- Industrial relations
  - There was an increased emphasis on health and safety.
  - In many organizations, the personnel manager had executive authority to negotiate deals about pay or other collective issues.

- Legislation
  - During the 1970s, there was a growth in the amount of employment legislation and the personnel function often took on the role of specialist adviser, ensuring that managers did not fall foul of the law.
Historic Background to Human Resource Management (Cont.)

- **Flexibility and diversity**
  - At the beginning of the new millennium, the growth in the use of the internet and moves to a 24/7 society, meant new jobs were created in e-commerce, while some jobs in more traditional areas such as shops and banks were lost.
  - These development can create opportunities for people to work at hours that are convenient to them.
  - Therefore, employers need to ensure that they provide rewarding and satisfying jobs, and show by the policies and procedures they adopt and the way in which they treat people.

- **Information technology**
  - It can assist the HR department to do their jobs, including:
    - E-recruitment, on-line short-listing of applicants, developing training strategies, testing, payroll, and employment data
HRM Ideologist

- In USA
  - The Harvard Model
  - The Michigan School
- In UK
  - Soft HRM
  - Hard HRM
A large part of this section is devoted to the Harvard 'map' of HRM. This is probably the most seminal model of HRM and has had a major influence on academic debate on the subject.

'We noted that the Harvard Business School generated one of the most influential models of HRM.

The Harvard interpretation sees employees as resources.

However, they are viewed as being fundamentally different from other resources - they cannot be managed in the same way.

The stress is on people as human resources. The Harvard approach recognizes an element of mutuality in all businesses, a concept with parallels in Japanese people management, as we observed earlier. Employees are significant stakeholders in an organization. They have their own needs and concerns along with other groups such as shareholders and customers.'
The **Harvard Map** or model outlines four HR policy areas:

1. **Human resource flows** - recruitment, selection, placement, promotion, appraisal and assessment, promotion, termination, etc.
2. **Reward systems** - pay systems, motivation, etc.
3. **Employee influence** - delegated levels of authority, responsibility, power
4. **Work systems** - definition/design of work and alignment of people.
The Michigan model is also known as the 'matching model' or 'best-fit' approach to human resource management.

In essence, it requires that human resource strategies have a tight fit to the overall strategies of the business.

As such, it limits the role of HR to a reactive, organizational function and under-emphasizes the importance of societal and other external factors. For example, it is difficult to see how the current concern for worklife balance could be integrated into this model.
The Matching Model of HRM

Internal Inter-linked components:
- Mission and Strategy
- Organisation Structure
- Human Resource management

External forces:
- Political forces
- Economic forces
- Cultural forces

Devanna et al., 1984

Emphases the ‘tight fit’ between HR strategy and business strategy
'Storey (1989) has distinguished between hard and soft forms of HRM, typified by the Michigan and Harvard models respectively.

'Hard' HRM focuses on the resource side of human resources. It emphasizes costs in the form of 'headcounts' and places control firmly in the hands of management. Their role is to manage numbers effectively, keeping the workforce closely matched with requirements in terms of both bodies and behaviour.

'Soft' HRM, on the other hand, stresses the 'human' aspects of HRM. Its concerns are with communication and motivation. People are led rather than managed. They are involved in determining and realizing strategic objectives.'
Hard and Soft HRM

- Hard HRM: A different view of HRM is associated with the Michigan Business School (Fombrun, Tichy and Devanna, 1984). There are many similarities with the Harvard 'map' but the Michigan model has a harder, less humanistic edge, holding that employees are resources in the same way as any other business resource. People have to be managed in a similar manner to equipment and raw materials. They must be obtained as cheaply as possible, used sparingly, and developed and exploited as much as possible.
HR Activities

- Recruiting and Selecting
- Training and Development
- Compensation and Appraisal
- Protection and Communication

External Influences

Internal Influences
Factors Affecting HR

External Influence
- Legislation
- The Economic environment
- The global economy
- The structure of the labour market
- The Political environment
- Changes in technology
- Need to constantly retrain staff
**Internal influences -**

- This involves an examination of factors that are found within the organisation such as

- *Organisational mission or purpose*

- *objectives and strategies*

- *culture and structure*
HRM Function

- **Recruitment and selection**: Recruiting and selecting staff with the correct attitudinal and behavioral characteristics. A range of assessments in the selection process should be utilized to evaluate the work values, personality, interpersonal skills and problem-solving abilities of potential employees to assess their ‘service orientation’.

- **Retention**: The need to avoid the development of a ‘turnover culture’, which may of course be particularly prevalent in tourism and hospitality. For example, the use of ‘retention bonuses’ to influence employees to stay.

- **Teamwork**: The use of semi-autonomous, cross-process and multi-functional teams.

- **Training and development**: The need to equip operative level staff with team working and interpersonal skills to develop their ‘service orientation’ and managers with a new leadership style which encourages a move to a more facilitative and coaching style of managing.
Appraisal: Moving away from traditional top down approaches to appraisal and supporting things such as customer evaluation, peer review, team-based performance and the appraisal of managers by subordinates. Generally, all of these performance appraisal systems should focus on the quality goals of the organization and the behaviours of employees needed to sustain these.

● **Rewarding quality:** A need for a much more creative system of rewards and in particular the need to payment systems that reward employees for attaining quality goals.

● **Job security:** Promises of job security are seen as an essential component of any overall quality approach.

● **Employee involvement and employee relations:** By seeking greater involvement from employees the emphasis is on offering autonomy, creativity, co-operation and self-control in work processes.
HRM Principle

- Patronage Principle System
- Merit Principle System
(Patronage System)

- Spoil System / Nepotism / Favoritism
The merit system principles are the public’s expectations of a system that is efficient, effective, fair, open to all, free from political interference, and staff by honest, competent, and dedicated employees.
1. Equal of opportunity

Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segment of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.

WHAT THIS MEANS:
♦ Employees are hired/advanced on the basis of their qualifications.
♦ Job information is available to the public on vacant jobs.
♦ People selected for jobs have the knowledge, skills, and abilities required for the job.
♦ Vacant jobs are filled after fair and open competition.
MERIT SYSTEM PRINCIPLE #1

RECRUITMENT SHOULD BE FROM QUALIFIED INDIVIDUALS FROM APPROPRIATE SOURCES IN AN ENDEAVOR TO ACHIEVE A WORK FORCE FROM ALL SEGMENTS OF SOCIETY, AND SELECTION AND ADVANCEMENT SHOULD BE DETERMINED SOLELY ON THE BASIS OF RELATIVE ABILITY, KNOWLEDGE AND SKILLS, AFTER FAIR AND OPEN COMPETITION WHICH ASSURES THAT ALL RECEIVE EQUAL OPPORTUNITY. [5 U.S.C. 2301(b)(1)]

WHAT THIS MEANS:

♦ Employees are hired/advanced on the basis of their qualifications.
♦ Job information is available to the public on vacant jobs.
♦ People selected for jobs have the knowledge, skills, and abilities required for the job.
♦ Vacant jobs are filled after fair and open competition.
MERIT SYSTEM PRINCIPLE #2

ALL EMPLOYEES AND APPLICANTS FOR EMPLOYMENT SHOULD RECEIVE FAIR AND EQUITABLE TREATMENT IN ALL ASPECTS OF PERSONNEL MANAGEMENT WITHOUT REGARD TO POLITICAL AFFILIATION, RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX, MARITAL STATUS, AGE, OR HANDICAPPING CONDITION, AND WITH PROPER REGARD FOR THEIR PRIVACY AND CONSTITUTIONAL RIGHTS. [5 U.S.C. 2301(b)(2)]

WHAT THIS MEANS:

♦ Opportunity is provided equitably and fairly to use family friendly work place flexibilities to all employees.
♦ Employees are encouraged to use EAP programs.
♦ Managers, supervisors, team leaders deal fairly and equitably with complaints of discrimination.
♦ Disputes or conflict are resolved fairly.
♦ Employee rights to privacy are protected.
MERIT SYSTEM PRINCIPLE #3

EQUAL PAY SHOULD BE PROVIDED FOR WORK OF EQUAL VALUE, WITH APPROPRIATE CONSIDERATION OF BOTH NATIONAL AND LOCAL RATES PAID BY EMPLOYERS IN THE PRIVATE SECTOR, AND APPROPRIATE INCENTIVES AND RECOGNITION SHOULD BE PROVIDED FOR EXCELLENCE IN PERFORMANCE. [5 U.S.C. 2301(b)(3)]

WHAT THIS MEANS:

♦ High performing employees receive monetary awards.
♦ Supervisors/team leaders are fair in giving cash awards.
♦ Pay raises depend on how well employees perform their jobs.
♦ My pay is fair considering what other employees in this organization are paid.
♦ Employees are asked about their preference for different types of rewards and recognition.
MERIT SYSTEM PRINCIPLE #4

ALL EMPLOYEES SHOULD MAINTAIN HIGH STANDARDS OF INTEGRITY, CONDUCT, AND CONCERN FOR THE PUBLIC INTEREST. [5 U.S.C. 2301(b)(4)]

WHAT THIS MEANS:
- There is trust between employees and managers/supervisors/team leaders.
- All employee’s conduct and behavior problems are addressed effectively.
- Managers and supervisors practice the MSPs.
- Prohibited personnel practices (PPPs) are not occurring in this organization.
- All employees maintain high ethical standards.
MERIT SYSTEM PRINCIPLE #5

THE FEDERAL WORK FORCE SHOULD BE USED EFFICIENT AND EFFECTIVELY.
[5 U.S.C. 2301(b)(5)]

WHAT THIS MEANS:
❖ Employees participate in development of strategic plans.
❖ Employees receive the guidance they need to do their jobs effectively.
❖ Managers communicate the organization’s mission, vision & values.
❖ Managers provide sufficient resources to get the job done.
❖ Employees are involved in improving the quality of products, services, & work processes.
❖ There is enough work to keep employees busy.
❖ A spirit of cooperation & teamwork exists.
MERIT SYSTEM PRINCIPLE #6

EMPLOYEES SHOULD BE RETAINED ON THE BASIS OF THE ADEQUACY OF THEIR PERFORMANCE, INADEQUATE PERFORMANCE SHOULD BE CORRECTED, AND EMPLOYEES SHOULD BE SEPARATED WHO CANNOT OR WILL NOT IMPROVE THEIR PERFORMANCE TO MEET REQUIRED STANDARDS. [5 U.S.C. 2301(b)(6)]

WHAT THIS MEANS:

- Supervisors provide fair & accurate ratings of employee performance.
- Supervisors provide employees with suggestions to improve job performance.
- High performers are motivated to stay with the organization.
- Supervisors deal effectively with poor performers.
MERIT SYSTEM PRINCIPLE #7

EMPLOYEES SHOULD BE PROVIDED EFFECTIVE EDUCATION AND TRAINING IN CASES IN WHICH SUCH EDUCATION AND TRAINING WOULD RESULT IN BETTER ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE. [5 U.S.C. 2301(b)(7)]

WHAT THIS MEANS:

♦ Employees receive training they need to perform their jobs.
♦ Supervisors jointly determine employees training needs.
♦ Training plans are integrated into organization’s overall strategy.
♦ Workforce has job-relevant & knowledge, skills, and abilities necessary to accomplish organizational goals.
♦ Funds are available for employees to get training they need.
MERIT SYSTEM PRINCIPLE #8

EMPLOYEES SHOULD BE (A) PROTECTED AGAINST ARBITRARY ACITON, PERSONAL FAVORITISM, OR COERCION FOR PARTISAN POLITICAL PURPOSES, AND (B) PROHIBITED FROM USING THEIR OFFICIAL AUTHORITY OR INFLUENCE FOR THE PURPOSE OF INTERFERING WITH OR AFFECTING THE RESULT OF AN ELECTION OR A NOMINATION FOR ELECTION. [5 U.S.C. 2301(b)(8)]

WHAT THIS MEANS:

♦ Employees are protected against arbitrary action, personnel favoritism or coercion for partisan political purposes.

♦ Employees do not use their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.

♦ Employees have not been pressured by an agency official to engage in political activity in violation of the Hatch Act.
MERIT SYSTEM PRINCIPLE #9

EMPLOYEES SHOULD BE PROTECTED AGAINST REPRISAL FOR THE LAWFUL DISCLOSURE OF INFORMATION WHICH THE EMPLOYEES REASONABLY BELIEVE EVIDENCES (A) A VIOLATION OF ANY LAW, RULE, OR REGULATION OR (B) MISMANAGEMENT, GROSS WASTE OF FUNDS, AN ABUSE OF AUTHORITY, OR A SUBSTANTIAL AND SPECIFIC DANGER TO PUBLIC HEALTH AND SAFETY. [5 U.S.C. 2301(b)(9)]

WHAT THIS MEANS:

♦ Employees are protected against reprisal for lawful disclosure of information that evidence (a) violation of any law (b) mismanagement, waste, fraud or abuse (c) danger to public health.

♦ Organization has informed employees what their rights are if they blow the whistle and are retaliated against.