T.E.I. Thessaloniki
Greece

Institut for Economic
Promotion,
Austrian Economic
Chamber,
Vienna, Austria

Department of Tourism
Management

HUMAN RESOURCE MANAGEMENT IN THE HOSPITALITY INDUSTRY

Slobodan Ivanovic
Maja Blazevic
University of Rijeka, Croatia[1]

Abstract: An enterprises human assets or, put more conventionally, its human resources tend to be one the most significant costs for most hospitality enterprises. In most hotels the payroll is the single biggest cost item, whilst in restaurants and bars it is usually second only to material costs. Furthermore, human resources are usually the first point of contact between an enterprise and its customers. The effective management of these human resources is therefore vital to the success of the enterprise.

Key words: hospitality, motivation, growth, personnel, incentives.

INTRODUCTION

Since the middle of the twentieth century, in spite of many economic ups and downs, the leading developed nations of the world have seen many fundamental and far/reaching changes within society. The major one, with little doubt, must be a vast improvement in economic wealth, which, in turn, has led to considerable improvements in standards of living for the majority of the people living and working in these countries. These changes have involved improved productivity and a redistribution of the workforce away form the primary and secondary sectors into service industries and, increasingly symbolic of the twenty-first century, into knowledge (information) industries and occupations.

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[1] **Slobodan Ivanovic**, Ph.D., Associate Professor**, Maja Blazevic,** M.Sc. Student, University of Rijeka, Faculty of Tourism and Hospitality Management, Opatija, Croatia.

From the hospitality industry's perspective, there are many accompanying societal changes with great significance for the industry's operators. These include increased disposable incomes, more time for leisure (although it is reported that this trend is reversing in some countries), easier and cheaper travel and, as a consequence of improved lifestyles and medical services, increased longevity, resulting in increasing populations and demographic restructuring. Alongside this, the media in their many forms are informing and shaping people's behavior as never before.

It is, of course, to be expected that some aspects of working in the hospitality industry may be unattractive when considered alongside other sectors. There are intrinsic and largely unavoidable challenges such as having to work evenings, weekends and bank holidays. Other problems, however, can certainly be reduced or eliminated by determined management action. These problems include unnecessary split-shift working, staff reliance on tips, ignorance of methods of calculating pay and distributing service charges, and management's reluctance to involve staff in matters that affect their working lives.

A number of reports have highlighted these difficulties which, together with some management attitudes and practices, undoubtedly cause much of the industry's labor problems. Even today, for example, many employers and managers expect all employees, whatever their position and wage rate, to be dedicated to their jobs, to have a vocational fervor towards their work and to sacrifice leisure time for pay that is not high by general economic standards. This attitude is not confined to the commercial and more entrepreneurial sectors of the industry but is found as a discordant element in many organizations. These same employers and managers fail to recognize that their own motivation to work is usually completely different from that of their staff, and that many work people throughout the community are becoming less work orientated for various reasons.

Employers in industry must reconcile themselves rapidly to the fact that the majority of potential staff are less likely to be singularly and vocationally committed unless ways and means are found to harness what some researchers claim is a natural motivation to work. And employers in the hospitality industry must recognize this position. Staff, if they are to stay and develop, expect competitive conditions of employment and motivational management approaches, and unless these are offered the industry's staffing problems will persist.

The increased demand for tourism and international travel services is a worldwide development and one consequence is the internationalization of many of the leading hotel companies. One consequence of this for the Croatian hospitality industry's employers is that many potential employees now look overseas for employment. At the same time many foreigners come to the UK, in many cases, to learn English.

The industry is, of course, responding to major changes in the demand side of the industry, i.e. the consumer side. Demographic changes alone, such as the increased proportion and number of older people, have created demands for more products catering for their needs, and the reduced number of young people is creating both

demand and labor market problems. Among the younger population, changes in eating habits – a shift to 'grazing', for example- have created opportunities for many different types of fast food outlets. The move to healthy eating too is responsible for a range of new products and a related growth in vegetarianism.

A breakdown in the traditional socioeconomic usage of different catering products is probably of significance. No longer are most different products used exclusively by particular socioeconomic groups. Instead, the use of catering products, to a greater extent than previously, is determined by the occasion (behaviorally determined) rather than by the socioeconomic group.

1. HUMAN RESOURCE MANAGEMENT

An enterprises human assets or, put more conventionally, its human resources tend to be one the most significant costs for most hospitality enterprises. In most hotels the payroll is the single biggest cost item, whilst in restaurants and bars it is usually second only to material costs. Furthermore, human resources are usually the first point of contact between an enterprise and its customers. The effective management of these human resources is therefore vital to the success of the enterprise. In smaller enterprises, management of the staff is by line managers who are often also the owners of the business. In larger enterprises the line managers will be assisted in staff management issues by human resource or personnel managers.

Human resource policies are normally a part of an organization's overall policy, which will consist of a number of components. The extent to which they are a sub policy or an essential component of the overall policy may be a key indicator of how an organization values its human assets and its human resource or personnel function.

Virtually every management decision affects, to a greater or lesser extent, the people working in the organization. Most decisions are made within an organization's policy framework, explicit or implicit. Policies represent the aims, purposes, principles or intentions of an organization and provide the framework or guidelines for management decisions. Policies, sometimes expressed as 'mission statements', may be written down, as is the case with many larger organizations. Alternatively they may be merely inferred by decisions taken. Some companies in the hotel and catering industry, such as McDonald's, have a policy to operate within a narrow product sector. Other companies, such as Whitbread and Accor, have a policy to operate within many market sectors. These policies provide the management with the framework within which they make their decisions; e.g. where to expand, what to divest, how to expand, such as through organic growth, franchise, or merger and acquisition.

1.1. Personnel management as a specialist function

Personnel management, as a distinct specialization of management, is relatively new and consequently its specialist role and definition vary much more than is the case for older established specializations such as management accounting. In

addition, because it leans heavily on the social sciences, its definitions and duties are more fluid.

Frequently the personnel manager is seen, particularly in the private sector, as no more than a cost centre, or as the company's social conscience, by those managers who have to 'make the profits'. This should not be the case, because it must be recognized that for most organizations, there are two major functions: one is to achieve the 'group goals' such as increased sales or profits or, in the public sector, to provide services; the other is 'group maintenance', i.e. the role of creating and maintaining the group so that it can achieve its goals. Personnel managers assist management to achieve their objectives in the most effective manner by ensuring conditions of employment that attract, retain, motivate and obtain the commitment of the appropriate labor force.

1.2. Human resource policies

Human resource policies do not develop in a vacuum, however. They are an expression of the style of management of an organization, an expression of its values. Human resource policies should be dynamic, both changing with and bringing about changes in the behavior of the workforce and the organization. The part a personnel department can play in helping to formulate human resource policies will depend crucially on its current standing in the organization. However, its importance can often be estimated by looking at the levels of risk with which the function is involved.

1.3. People at work

The study of people at work falls within the province of the social sciences which are concerned with studying the relationships between individuals, groups of individuals and their environment. The knowledge obtained can be used in two principal ways, namely to understand and predict changes, i.e. to focus on 'content', and to bring about change, i.e. to focus on 'process'. The fundamental conclusion to be drawn from the work of behavioral scientists, and Abraham Maslow in particular, is that humans are satisfaction seeking animals motivated primarily by their biological needs. Hotel and catering managers should be more conscious of the truth of this than most others. In addition, and unlike most animals once humans' biological needs are satisfied, further needs emerge- mainly of a social nature. This manifests itself in the pursuit of status, security, power and other outward signs of success. Most people may not be conscious of these needs that drive or motivate them. If, however, management can recognize them, they can take appropriate steps to ensure that these driving forces can be used to the advantage of both the organization and the individual.

2. RECRUITMENT

The hospitality industry appears to have recruitment problems associated with a poor image as an employer. At the international level this has been highlighted by the International Hotel and Restaurants Association resolutions in Israel in 1995 and The

Netherlands in 1999 that national associations should take initiatives to improve the image of the industry as an employer.[2]

2.1. Primary labor market

The primary labor market consists of those people who through education, training and experience are committed to an industry, sometimes even a sector of an industry. In the hospitality industry these include hotel managers, chefs, hotel receptionists, hall porters and cocktail bar staff. Such people intend to develop their careers in the industry and in many cases view their opportunities nationally, even internationally. As a consequence many of these people are mobile, both geographically and organizationally.

2.2. Secondary Labor Market

The secondary labor market consists of people, on the other hand, who have skills of use to an employer, but who may not be committed to a career in a particular industry. They probably attach more importance to a geographical area than to a career. Typically the secondary labor market contains housewives, students and unskilled working people who choose to work in a particular industry in order to earn a living rather than because of a strong commitment to that industry. The secondary labor market also includes people with skills that may be common to many industries, such as secretaries, maintenance people, book-keepers and accountants.

2.3. Discrimination

Whatever the reason for recruitment, plans have to be prepared in the context of employment legislations, which covers issues such as the employment of children and women, sex, age and race discrimination and the employment of disabled people.

In addition to the statutory obligations of not discriminating on the grounds of gender, race or disability, there are employers who decide not to discriminate in other ways also, for example, on the grounds of a person's age. In any event, with the demographic increase of average age of people in Croatia, employers may find that discrimination on grounds of age is no longer a practical proposition, since the older age groups will provide an increasingly important source of labor in the future, although the employers' forum on age reported in 1999 that little real progress was being made in changing attitudes to the employment of older people.

2.4. The recruitment process

Recruitment is the process used to attract suitable applicants from whom the most suitable person may be selected for a particular job. It depends upon having the proper information available, including a job or role description, a personnel

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[2] Dimitrios Buhalis, Carlos Costa, (2006), Tourism management dynamics

specification and a knowledge of the labor market. The process starts with the production of a personnel specification, based on a job description or job specification and ends with the appointment of a successful candidate.

2.5. Personnel specification

From the job description a 'personnel specification' – a description of the type of person most likely to be able to carry out the job described by the job description – can be prepared. The precise nature of a personnel specification will depend upon the degree of sophistication or otherwise of an organization.

2.6. Internal recruitment

The first step always in filling a position is to consider promoting or transferring existing employees. Considerable dissatisfaction can be caused by bringing newcomers in over the heads of present staff, which is often done with the intention of causing as little disturbance as possible to the organization. Unfortunately, because the hopes of some individuals in the organization may be frustrated, they may leave or behave in other unsatisfactory ways and the long-term effect is therefore far more damaging.

2.7. External recuritment

The next step, if no existing staff are suitable, is to go on to the labor market. This is where most problems arise and where most money and effort can be wasted. The numerous and varied means of recruitment include:[3]
- Newspapers: national, local and trade
- Agencies
- Executive selection and management consultants
- Posters
- Colleges
- The armed forces
- The internet

3. THE SELECTION PROCESS

One of a manager's major responsibilities is to initiate action but to do this he or she has to receive and interpret information in order to arrive at conclusions that will lead to the right action. The further up the hierarchy of management that people move the more they exercise skills of judgment and the less they carry out routine and supervisory tasks. In fact, a senior manager's job should normally be devoted almost entirely to making decisions that implement action and to designing systems that enable better decisions to be made. The skill of selecting staff is concerned entirely with this same process.

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[3] Michael Boella, Steven Goss-Turner, (2005), Human resource management

Selection procedures attempt to predict, as accurately as possible, a person's likely performance in a particular job or, where there are several vacancies, the job in which he or she is most likely to be successful. Most selection methods are of a 'historical nature', i.e. they base their predictions about future performance on a person's past performance.

4. TRAINING

There are three main components that an individual requires in order to do a job effectively: knowledge, skills and attitudes. Each of these can be developed or improved upon by effective training. Each component, however, needs a different training approach. Knowledge, for example, can be imparted by talks, lectures and films, but these techniques would prove almost valueless in imparting the second component, skills such as handling a knife. In this case, practice is necessary. The third component, a person's set of attitudes, is the most difficult to impart or to change, even with soundly based training, and it requires deep understanding of human behavior among those responsible for training. Training techniques in this field may include discussions, case studies and role playing. It is agreed, however, by many behavioural experts that because attitudes are extremely difficult to modify, it is better to select people with the right attitudes rather than attempt to train people who have attitudes that conflict with those of the employer.

In order to design effective training programs the following principles should be known and understood:[4]

1. training can only be successful if it is recognized that learning is a voluntary process, that individuals must be keen to learn and consequently they must be properly motivated; for example, if trainee waiters are losing earnings in the form of tips in order to attend a course, they may well begrudge the time and therefore may be unwilling to participate actively.

2. people learn at different rates and, particularly in the case of adults, often start from different levels of knowledge and skill and with different motives and attitudes.

3. learning is hindered by feelings of nervousness, fear, inferiority and by lack of confidence.

4. instruction must be given in short frequent sessions rather than a few long stints; for example, if a trainee is being instructed in the use of kitchen equipment, ten lessons lasting forty-five minutes are obviously far better than one lesson lasting seven and a half hours.

5. trainees must play active roles- they must participate; for example, lecturing puts the trainees into a passive role, whereas discussions or practical work gives them active roles.

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[4] Peter Mason, (2003), Tourism impacts planning and management

6. training must make full use of appropriate and varied techniques and of all the senses, not just one, such as the sense of hearing.

7. trainees need clear targets, and progress must be checked frequently.

8. confidence has to be built up by praise, not broken down by reprimand. Learning has to be rewarding.

9. skills and knowledge are acquired in stages marked by periods of progress, standstill and even a degeneration of the skill or knowledge so far acquired. Instructors must know about this phenomenon, as it can be a cause of disappointment and frustration for many trainees.

5. WHAT DO MANAGERS DO?

Before designing detailed management development plans it is important to consider what managers do so that the development plans meet the needs of the organization and of the individual. The Council for Management Education and Development suggested that there are a number of management competences which fall into three main levels. These are concerned with different issues according to the seniority of the managers concerned.

As a person moves up the organizational hierarchy, tasks will change from mainly routine ones, concerned with supervising operations, to non-routine interpretation of management information and organization of change. The question of management competencies also needs to be seen in the context of the international, multi-cultural nature of many hospitality firms, though such competencies could be seen as essential in any environment.

6. FORMAL WAGES ADMINISTRATION

In the hospitality industry a major responsibility of owners and their managers is to decide how to distribute fairly among all employees the money set aside for payment of staff. This may range from as little as 10% of revenue in some efficient public houses to over 40% in top-class hotels. This money may derive from normal revenue or may also come from retained service charges.

Managers may decide by looking at what competitors are paying, what has been historically the employer's practice and, in many cases, what is necessary to overcome a current crisis. The result is that considerable anomalies exist in many hotels, catering establishments and, indeed, whole firms. Newcomers may be paid more than similar staff with long service and more-senior staff may earn less than some juniors.

7. PRINCIPLES OF INCENTIVE SCHEMES

In designing an incentive scheme, whether for the hospitality industry or any other, there are several principles that should be adhered to for it to be effective in the long term:[5]

1. Take into account cultural differences- some forms of incentives just do not work in some cultures.

2. The undertaking's major business objectives should be promoted and their achievement assisted by incentive payments. These payments should enable individuals to identify with the success of the undertaking; for example, if food gross profit is vital, the chef and maybe his staff as well should be rewarded for achieving gross profit targets. But only elements over which a person exerts control should be included. A chef, for example, has no control over the rent and the rates, so there is no point in including these in a scheme for the chef.

3. When an incentive scheme is to be introduced, all workers should be considered because of the effect the scheme may have on existing earnings differentials and the possibility of creating friction between staff.

4. Payments should be related to results by comparing actual performance with forecasts, targets, standards or budgets. This may be done individually or on a group basis.

5. Targets should be realistic, i.e. achievable with reasonable effort and agreed with the person or group concerned.

6. Targets should be reviewed regularly, and at least annually, so that payments are something to be earned with effort rather than something that becomes a matter of right. They should also be reviewed f circumstances change considerably; for example, if a vast new office opens next door to a snack bar, trade will probably increase greatly, through no effort of the manager. The turnover and other targets should, therefore, be reviewed at the same time, bearing in mind that extra work will be created and that wages and salaries may have to be increased.

7. An incentive scheme should be simple and clearly understood by those within the scheme.

8. Payment of the incentive should be made as near as possible to the period in which it was earned. Long delays in payment cause irritation and reduce the incentive element.

9. All elements of a scheme and any rules should be objective. Management should not incorporate discretionary rules such as 'management reserves the right to withhold payment without giving a reason'. Incentives, if earned, should be a matter of right, not for management to dispense on a discretionary basis, and the terms of the incentive scheme should become part of the contract of employment.

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[5] Michael Boella, Steven Goss-Turner, (2005), Human resource management

CONCLUSION

As in many parts of the hospitality industry, this paper could have been very long. We have seen an overview of what the human resource department covers and what its responsibilities are in general. The individual that wishes to pursue himself further into this branch must see that there is no limit to the knowledge and skills that one can acquire. Furthermore we must use this knowledge to bring better quality into the hospitality industry through our best assets, ourselves. Being careful to implement proper action in certain situations can better a companies image with the customer as well as with the employees, and the only proper action is to use proper knowledge of what it is that we are doing.

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