

# HUMAN RESOURCE PRACTICES IN THE NON-STAR CATEGORY HOTELS IN KOLKATA

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**Abstract** *In this empirical study, the authors made an attempt to examine the challenges faced by the human resource managers and employees as well as the benefits extended to the employees in the non-star hotel segment in the city of Kolkata. It was also endeavoured to ascertain the standards maintained by these hotels specifically the hygiene, safety, work environment and to mandatory legal and regulatory compliances. The results show that while these hotels were profitable and enjoyed a healthy market, the human resource practices were unhealthy and discriminatory in nature. Employees were neither provided with minimum wages and benefits nor have the establishments shown any interest in adhering to the mandatory compliances. This could largely be attributed to predominance of largely unskilled or inadequately qualified employees and a large pool of outsourced manpower.*

**Keywords:** *Non Star Hotels, Human Resources, Standards*

## BACKGROUND

The accommodation<sup>1</sup> sector in India has developed greatly in recent times with a number of multinational chains and brands vying for a share of the market. The development of hotels has been phenomenal in most of the country. However the eastern region of India remains far behind compared to the rest of the country. Mumbai alone boasts of a larger list of approved hotels compared to the entire state of West Bengal. This work focuses on the non-star<sup>2</sup> category approved accommodation segment of Kolkata. This segment comprises of the largest number of hotels in the city and provides accommodation to a huge number of travelers and businessmen. Interestingly most of the hotels go fully occupied throughout the year and also enable the owners to generate high revenue from room sales as well as from food and beverage sales.

This work is an insight into the operations of these hotels with emphasis on the human resources that are engaged here. Effort is made to get information from internal as well as external sources to appreciate the status of the force employed in these properties and bring out recommendations to the employers as well as employees on what could be the best possible way to improve for the future. (Sandilyan, et al., 2013). In continuation to the pilot study conducted

by (Sandilyan, et al., 2013) on eight hotels, this work is an expansion with approximately 20% of the total hotels of the category. In this work 20 hotels of the non-star category have been examined on the human resource practices and strategies. The research questions and objectives remain very much in line with the earlier work.

## HUMAN RESOURCE MANAGEMENT PRACTICES IN HOSPITALITY INDUSTRY

Hospitality industry is known to be diverse and spread globally and reflects the outlook of the region being studied. It also has a number of small individual stakeholders as well as a number of big multinational stakeholders. The studies highlight the role played by human resources in the delivery of product and services. According to many the chief features may be categorized under low wages, lack of career planning, high levels of attrition, unsocial hours and work shifts, unstructured human resource policies, gender bias and male dominations at higher levels and absence of constructive trade unions (Keep, et al., 1999).

Other researchers also reported about the high rate of employee turnover in Hospitality industry as one of the prime challenges that the industry needs to address (Walsh, et al., 2007) (Boella, 1996) (Bratton, et al., 1999). In various forms of press and also in academic literature, tourism and hospitality services work has been largely characterized

1 Consists of hotels, lodges, guest houses and other facilities that provide lodging on rentals.

2 Includes hotels providing basic facilities to customers.

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as “low skills”. These operations focus on low levels of education, low wages and have a high dependence on seasonality. They are constantly plagued with high turnover of labor and related concerns predominantly in developed countries (Westwood, 2002) (Baum, 1996) (Burns, 1997).

Human resources are unique and valuable because they are different in their abilities and thus in their contribution to the organization. Human resources are inimitable as it is difficult in duplicating the skills and knowledge of a person. Human resources are a rare commodity and are not easy to replace as it is not possible to find replacements of the same capacity, skill and expertise (DeSaa- Perez, et al., 2002).

In the contemporary work place it is becoming increasingly important to match the organizational commitment of the employees with appropriate teams and team work. (Adebanjo, et al., 2001). Before the middle of the 20<sup>th</sup> century the human resources were treated as one of the many factors of the production process that was meant to be exploited and terminated at the convenience of the employer. Issues related to human rights, intellectual ability was ignored. After behavioral social scientists came out with their ideas and research results new dimensions were introduced into the practice of human resource management where men or manpower was recognized as a resource that needs to be handled with care (Starr, et al., 1977).

An issue that affects almost all aspects of people’s life is work-family conflict. This can affect their mental and physical health, their families and their work places. The implication of work family conflict propagates a need to move towards commitment-oriented work practices from control-oriented work practices. It is necessary to frame human resource strategies that bring in high commitment work practices (Bhatnagar, 2005). Employees need to depend on themselves and take charge of their development to maintain and enhance their employability. In today’s scenario they must not depend totally on their employers. Career development directly influences job satisfaction and commitment. Organizations expect employees to assume greater responsibility for both themselves and the firm (Puah, et al., 2006). Similarly, it is suggested that employees who have advanced are likely to put more effort in their work. The policies of the company are crucial in providing opportunities for career growth. Increased commitment across all stages of career would benefit the organization. Enhanced commitment at the entry level is important for minimizing turnover and in mid and late career stages for reducing absenteeism and improved performance (Cohen, 1991).

In developed and developing nations the proportions of dual earner families has risen and has increased the number of female labor force. Further, a growing number of aged dependence has brought a larger number of employees who have family responsibilities (Hall, et al., 2005). The idea of

flexible timings and working conditions has been supported by researchers and identified the need for organizations to accommodate such employees. Employees maintain high levels of commitment despite facing work life conflict provided they perceive that the procedures of planning and implementing decision in the organization is fair (Siegel, et al., 2005). The time an employee spends at work can be an outcome to measure his commitment and work interference with family may be an indicator to denote devotion to work (Lee, et al., 1999).

In a study on upscale restaurants of Kolkata and other cities of West Bengal, it was found organizations using unskilled and inefficient employees as cheap labor (Dey et al., 2011). These restaurants did not have any career planning for entry level employees or any incentive scheme to improve performance and service quality. Similarly, dissatisfaction with regard to the rewards and remuneration amongst junior employees in hotels of West Bengal is also persistent (Sandilyan et. al 2011). Other dimensions worth noting here are: a). There was no gender bias for employment as well as growth in this sector; b). To promote loyalty and commitment towards the organization, the employers need to highlight the values and success stories of long serving employees making visible to all their career progression and benefits of loyalty; c). It is imperative for the organizations to plan for career growth as well as training and development of employees.

In a study on hospitality organizations of West Bengal it was found that education had an influence on the level of employment as well as the opportunity of growth available (Dey, et al., 2011). Since, most of the employees were on contract they were not pleased with the welfare activities and benefits. Poor human resource practices that were prevalent resulted in declined economic and other associated benefits and this decline led to the decline of the industrial growth (Bansal, et al., 2012). However, good human resource practices would lead to higher job satisfaction and commitment from employees which have an effect on customer satisfaction, as found in their study on the selected restaurants (Dey, et al., 2012).

## STUDY OBJECTIVES

This study has been focused on the following objectives:

- a. To examine the financial viability of the non-star category hotels.
- b. To examine the major human resource challenges in small scale hotel segment and to advance probable suggestions to address.
- c. To assess the expectations of the employees working in the sector and to suggest the mechanisms needed to maintain their satisfaction levels.

- d. To assess the policies and practices found in the sector and suggest probable measures for its sustainable growth.

While addressing the above, following specific questions are being addressed: a). What are major challenges the human resource managers face in recruitment and retention of manpower in this market segment? b). Are the policies and practices being adopted adequate to sustain for future manpower needs?

## DATA REQUIREMENT AND METHODOLOGY

Secondary sources such as published articles, both in global and Indian contexts, were used to formulate a clear perspective on the subject matter and to frame specific points for inquiry. The published statistical data were also gathered from relevant sources and examined. However, most parts of the data requirements were met through primary data source viz. structured questionnaire-based survey that was administered separately for the employees, HR managers and the employers. A total of 73 variables were covered and those categorized under the themes such as monetary benefits, welfare practices, manpower development practices, rewards and recognition and workplace facilities. Specifically, the questionnaire administered to the employees had five aspects of human resource practices namely a). Monetary benefits (MB), b). Welfare practices (WP), c). Manpower development practices (MDP), d).rewards and incentives (REW), e). Work place facilities (WPF).

About 10% of the total employees of each hotel were randomly selected and appropriate representation of each

hotel was taken for the study from the selected hotels. The employees were from various categories namely managers, supervisors, junior-level and outsourced. Further, the researchers visited the hotels to gauge first hand knowledge of the working conditions and facilities offered to the employees in these hotels.

## RESULTS AND ANALYSIS

### Profiling of the Hotels

A total of 20 non-star hotels located in the city of Kolkata were covered in this study and those were categorized in to three categories based on the number of rooms. The purpose was to gather insights on whether the physical capacity/size of the hotel has impacts on the occupancy rate, revenue structure and employment structure. The result suggests that about one-third of the employees were either matriculates (31.2%) or post-matric (33.5%) followed by the graduates (28.8%) whereas professional degree/diploma holders were just about 6.5%.

The analysis of the education and job profile stands to suggest that only better qualified persons were serving at the managerial level jobs but more than half of the supervisory level jobs were occupied by those holding Plus-2 level qualifications. Striking, hardly any female employees found working in the non-star hotels covered for this study in Kolkata.

Further, hotel units with more number of rooms enjoyed higher occupancy rates and a healthy revenue structure thereof (Table-2). It was also interesting to note that hotels

**Table-1: Education and Job Profile**

Qualification	Job Profile (%)			
	Managerial	Supervisory	Support service	Outsourced
Up to 10th	Nil	4.4	35.7	87.5
Plus-2	Nil	52.9	38.1	12.5
General graduate and above	70	35.3	26.2	Nil
Professional degree/ diploma	30	7.4	Nil	Nil
Total (N= 170)	20	68	42	40

**Table 2: Occupancy and Revenue Structure of Non-Star Hotels**

Hotel category	No. of hotels	Av. room occupancy (%)	Av. daily revenue/ room (Rs)
Up to 29 rooms	5	90	1915
30-50 rooms	10	95	1891
Above 50 rooms	5	98	2441

**Table 3: Employee Ratio/room and Average Remuneration/ Employee**

Hotel	Employee/ room ratio	Av.Remuneration/ employee (Rs)
Up to 29 rooms	1.3	7052
30-50 rooms	1.4	5720
Above 50 rooms	1.3	5398

**Table 4: Nature of Employment and Cost Structure of the Hotels**

Number of hotels (%) - Total: 20	Regular employees (%)	Outsourced employees (%)	Number of employees/ room	Av. monthly salary/ employee	Cost of regular employees*	Cost of outsourced employees*
25	100	0	1.2	9206	18.3	0
75	68.9	31.1	1.4	5345	8.9	3.03

\* As a percentage to total monthly revenue

having more number of rooms recorded higher occupancy rates as compared to those with lesser rooms.

When the employee/room ratio was examined, it was found to be around 1.33 persons per room. But, examination of the average remuneration per employee reveals that hotels with more room capacity had comparatively less expenditure per employee and vice versa (Table-3). When the employee structure was further analysed, three-fourth of the hotels were found to have a mix of regular (68.9%) and outsourced workforce (31.1%), whereas amongst the remaining, only regular employees could be seen. Outsourcing being cost-effective, hotels found to have only regular employees can be seen incurred more cost on account of maintenance of the employees (Table-4).

Another notable aspect was a lower employee/room ratio in those hotels where only regular employees could be found. In such hotels, average salary was also comparatively higher, which in a way could also explain lower employee/room ratio. As regards to cost of employees against total monthly revenue of the hotels, it was found to be higher at 18.3% in those hotels having only regular employees whereas it was around 12% where outsourcing were also practiced.

Attempt was also made to ascertain the feedback of the employees on the overall working environment and their level of satisfaction. Specific to the wages paid, nearly half of the respondents found it to be not competitive whereas for 33%, it was fulfilling their expectations. The later groups were not skilled and appropriately educated but an income opportunity like this was adequate. As regard to the rating of working environment, it was reported as largely good (35.3%) or satisfactory (34.1%) whereas only 11.2% found it to be very bad and such respondents happened to be better educated or professionally qualified.

## Analysis of Employment Condition and Human Resource Practices

The feedback gathered from the employees on a total of 70 questions covering demographic information, monetary benefits (MB- 05 nos.), welfare practices (WP- 09 nos.), manpower development practices (MDP- 10 nos.), rewards and incentives (REW-09 nos.), work place facilities (WPF- 08 nos.) and remaining on the level of job satisfaction (JS), work life balance (WLB) were gathered to analyse the prevalence of human resource practices, results of which are discussed below.

## Reliability Analysis

The reliability of the questionnaire was analyzed using Cronbach's alpha by Statistical Package for Social Sciences. The Cronbach's alpha score of 0.847 signifies high reliability of the instrument used (Nunnally, 1978). Further the correlation between the average of responses on the five broad parameters namely MB, WP, MDP, REW and WPF was done with JS and the results are furnished in Table-5. The correlation results clearly show that job satisfaction is strongly dependent on monetary benefits and welfare practices. Prevailing manpower development practices also has significant bearing on job satisfaction. However, in the non-star segments, rewards and recognition and work place facilities do not have much influence on job satisfaction perhaps due to scant or lack of availability of such practices. This in a way provides to suggest that the manpower development practices (MDP) prevailing in the non-star hotel segments are very poor in nature and therefore, it may not attract enough qualified manpower.

**Table-5: Correlation of Human Resource Strategies with Job Satisfaction**

Human resource strategies	Job satisfaction (Pearson's correlation)
Average of monetary benefits (MB)	.626**
Average of welfare practices (WP)	.592**
Average of manpower development practices (MDP)	.380
Average of rewards and recognition (REW)	.015
Average of work place facilities (WPF)	.064

\*\* Correlation is significant at the 0.01 level (2- tailed)

## CONCLUSION

Major findings emerged from this investigation was more or less in conformity with the existing propositions on the subject. For, the financial viability of the non-star hotels was found to be encouraging on account of reasonably higher level of occupancy and that contributed towards financial stability also. The units in general were operating with a low employee/room ratio and that perhaps facilitated higher profit margins though it failed to attract professionally qualified manpower. The major reasons for this were the poor manpower development practices, non-appealing nature of wages and perks, the working condition and overall environment. To save on cost, employees were also hired on outsourcing basis for certain departments like the security and they happened to be less educated or unskilled.

There is adequate potential for the sector's growth but the strategies and practices in existence are found to be discouraging to explore the possibilities that it offers. One of the core concerns is found to be a lack of appropriate human resource practices in most hotels where neither a dedicated human resources department nor a manager was in existence. Similarly, most of the employees are also seen either less educated or unskilled or both, whereas, hardly any women were found employed.

The working conditions are not of required standards and the guidelines on safety and hygiene were not complied with. Contrarily, most managers and employees were not aware of international guidelines and standards like HACCP, ISO etc. The kitchens and equipments were maintained in unhygienic condition whereas the routine sanitization practices are given a miss. Both the pay and perks were found discouragingly low whereas the employees were expected to work beyond mandatory working hours without any proper compensation. However, to materialize the sector's immense potential, the owners must be prepared to employ qualified people and manage various hotel functions including the human resources. It is imperative that the manpower must be approached as an asset and not liability or cost that is to be managed as a resource.

Characteristically, most hotels were single units and family owned, wherein, the members of the family assumed the role of managing the operations; often conducting themselves whimsically. The empowerment practices like training and development, retention, motivation etc. were totally alien to the workforce. Perhaps due to these, unlike in other countries, qualified and professional manpower hardly chose to work in this segment in spite the fact that this segment holds considerable potential and create various development opportunities.

Given the above, it is necessary for the hotel owners to understand their responsibility towards the employees and the society at large by ensuring that all legal requirements in conducting the business are adhered to. Needless to say the quality, safety and hygiene standards call for improvement but the additional costs towards this should be treated as investment since improved standards and practices are going to add value incrementally. In addition, it is also suggestive to introduce some forms of reward system so as to motivate the workforce and achieve better productivity as well as to reduce attrition, which is a major challenge for the hospitality sector. The legal and regulatory agencies are also to act more proactively in ensuring that the essential laws and regulations are complied with by the hotels. Violations in any form need to be restrained since it not only contravene the statutory framework but it could also affect the very image of the destination.

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