

## **CONCEPTUAL MODEL OF EMPLOYEE ENGAGEMENT IN HOSPITALITY INDUSTRY**

**Y AZITH**

Research Scholar, Department Of Management, Madhav University, Pindwara, Distt-Sirohi, Rajasthan.

**Abstract:** To study the present scenario of employee engagement by appraising HR practices in the hospitality industry. To develop conceptual model by ascertain the antecedents and consequences of employee engagement in the hospitality industry. Present study is descriptive and conceptual in nature. Data have been collected from secondary sources such as research journals, books, newspaper articles, expert's interviews and hoteliers' suggestions. Digital sources like e - reports and surveys, websites were visited to collect data to reconnoiter problem area and existing HR practices and programs in the hospitality industry. This paper outline the current issues and challenges in the hospitality Industry in terms of HR practices. Different issues and challenges in terms of financial and operational practices are not included in this study. Many others direct and indirect factors expected constant. Hotel Industry is suffering from voluminous challenges like high attrition, high turnover, low retention, huge gap between demand and supply of hotel management students. This plagues hospitality industry very acutely. Serious steps must be taken to eradicate this immoral culture. The paper addresses the current challenges in the hospitality industry in India based on appraising HR practices and their outcomes. This study based on secondary sources of data. The study contribute hotelier sustaining in competitive advantage.

**Keywords:** Attrition, Career Development, Employee Engagement, Job Characteristics, Training and Development, Turnover.

**Introduction:** Human resource department plays a very vital role in mounting hotel's image. They recruit, screens prospective employees, train, develop and provide career progression. The major challenge of HR department is in its interactions with other hotel departments. The human resources department's effectiveness depends on its manager's ability to form effective working relationships with managers of other departments, to motivate and engaged them actively in their

role work. As per article on The Hindu in Business Line segment by R. Ravikumar (2011) hotels like Indian Hotels Company, EIH Ltd and Hotel Leela Venture reported 17 to 29% increases in employee cost during year 2010. To ensure availability of enough talent, ITC Hotels has increased the number of candidates for management training three times to sixty in 2011. According to hotelnewsnow (2013) correspondent Chitra Balasubramaniam speaks that lack of skilled manpower still plagues the Indian hospitality industry. If the shortage persists, the hotel industry faces two key challenges; the rising cost of skilled labor and enhance the capacity of their in-house training programs said Parvadhavardhini, principal of Welcomgroup , Graduate School of Hotel Administration , Manipal. Sadiq (2014) explored the various challenges faced by Indian hospitality by highlighting the importance of employee engagement. Author stated that lack of well-trained staff and lack of infrastructure facilities are two main issues to be sorted for the survival of Indian hospitality industry.

**Objectives of the study:** The following objectives covered under this study:

- To study the present scenario of employee engagement by appraising HR practices in the hospitality Industry.
- To present a conceptual model of employee engagement by viewing its antecedents and consequences in the hospitality industry.

**Research Methodology:** Present study is descriptive and conceptual in nature. Data have been collected from secondary sources such as research journals, books, newspaper articles, expert's interviews and hoteliers' suggestions. Digital sources like e - reports and surveys, websites were visited to collect data to reconnoiter problem area and existing HR practices and programs in the hospitality industry.

### Review of Literature

**Employee engagement and HR practices Relationships:** Tourism is a people intensive industry. Although the role of staff turnover might vary from one location or sector to other, staff turnover in tourism occurs primarily voluntarily and in unpredictable frequencies, while it is mostly found amongst staff working at operational levels. Milman (2003). In hospitality industry, commonly named causes of staff turnover include the low specialization of skills and limited opportunities for career progression. (Derry and Shaw 1997; Hartman and Yrte, 1996).

Organizational causes like peer relationship, family relationship or leader links creates turnover intentions. Recurrent changes in work availability, job demands, resources available, part-time staff switches for additional source of income, active staff take career break or hunting. alternative job common behaviors to turnover. Overall dissatisfaction with the type of the tourism job and its employment terms e.g. low financial rewards, monotonous job content, working conditions (Griffeth et al. 2000).

**Retention and Employee engagement:** The strong correlation between engagement and retention is well understood by Blessing White Report “Beyond the Number: A practical approach for individuals, managers, and executives” (2011) which states that employee’s specified desire to remain with their current employer, is a strong predictor of actual turnover. It is also an indication of how strongly committed an employee is to their current employer’s success. Globally, 60% of all employees report that, given the choice, they plan on remaining with their current organization for the next 12 months. However, this number jumps to 81% among engaged employee but drops to 23% among the disengaged. Neha Gupta (2013) discussed the reason behind high attrition rate in tourism industry on the basis of survey among the employees of travel agencies and tour operators. She suggested that employee retention could be used as tool to lower down the rates. HR practices like career development program, employee recognition, reward program and quality of supervision could be supportive to gain retention.

**Attrition and Employee engagement:** Per a report by Market pulse; Study to Assess the Requirement of manpower in Hospitality and Travel Trade Sector (2012) under Ministry of Tourism, Government of India there is attrition of 28% amongst the students trained for hospitality sector. They do not take up hospitality as a career after completing their course. The survey has also estimated a net demand of 5.65 lakhs in the hospitality sector in 2011 – 12, the supply is 72,000. After accounting for attrition, the net supply works to just 52,000. This amounts to 9%; hence, the current gap between demand and supply of manpower is almost 91%. If this is not addressed, the gap between demand and supply will widen further to 8.64 lakhs by the year 2021-22. Farooque and Habibuddin (2015) accentuated various factor behind attrition of hotel employees in the city of Bangalore. Authors analyzed exit interview forms of all employees from 2014-15. They conclude salary and wages, long working hours, nature of work, improper employment practices and competition. The impact of attrition rate on hotels include low customer satisfaction, low sale increased turnover and loss of reputation.

**Turnover and employee engagement:** In human resource context, employee turnover is the rate at which an employee gains or loses employees. In other words “how long employees tend to stay”. Low turnover means employees are happy, healthy and engaged with the organization and their performance is satisfactory to the employer. High turnover means employees are unsatisfied, unhappy as well as unmotivated with the employer. Lack of career advancement, relationship with leader, working conditions, unsafe or unhealthy conditions of job, low package are some of the cited causes of high turnover. A highly committed and motivated workforce can make a difference when coupling in the market. Thus, the main challenges in hospitality industry could be owing to high attrition and turnover and low retention. If we recover the three key sides of organization i.e. ART- Attrition, Retention and Turnover by innovative and effective HR practices like employee engagement, then human wealth will have developed and performance and yield of organization would increase. Thus, the theoretical study is done to communicate the present scenario of employee engagement by appraising human resources practices in hospitality Industry.

**Present the Employee Engagement Scenario in the Hospitality Industry:** HR is the important variable for the sustainability and growth of any organization. The process starts the recruitment of good quality employees and selection of the precise people for the precise jobs. Employee engagement is directly related on the selection of right people for right jobs (Hunter and Schmidt, 1983). Present scenario of employee engagement in the hospitality industry could summarize and understood by reviewing present HR practices. Industry experts believe that employee engagement is the key in maintaining benevolence for a value –based industry like hospitality. Thus, along with traditional practices coupled with innovative HR concepts like job characteristics, training and development, rewards and recognition, career path, relationship with peers and supervisor, engagement practices, OD intervention and Human Resource Information System should be the new “call word” in Indian hospitality world.

**Employee management:** It is important to note that in this new era of doing business, the employee does not need the organization; rather, the organization requires the employees (most valuable assets) to survive. Employee engagement is a key for make best use of this assets. Employee engagement is a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to

develop and nurture engagement, which requires a reciprocal relationship between the employer and the employee Robinson et al. (2003). Priyanka Anand (2011) focused on the two important HR practices i.e. performance appraisal and employee engagement in the hotel industry. Author conducted research on HR processes and practices in ITC Maurya. The basic methods and systems were described keeping in mind the general trend in the industry. Her findings identifies that ITC Maurya conducts the Q12 Gallup survey on its employees, this method is used to assess the existing levels of satisfaction amongst employees. The employees are involved and highly satisfied with the work environment. The performance appraisal standards are updated and different methods of appraisal are used across the organization. DiPietro and Pizam (2007) testified a study of employee alienation (equal with disengagement) in 595 quick service restaurants found that employee alienation was not uniform across surveyed. The authors of this study concluded that employee disengagement is not necessarily caused by the nature of the work (unpleasant working conditions, inconvenient hours, low pay but instead, by the leadership style and practices in the organization.

**Job characteristics:** Job characteristics are those tasks that provide challenging work, variety, use of different skills and the opportunity to make important contributions. Jobs high on core characteristics provide opportunities for individuals to bring more of themselves to work or become more engaged Kahn (1990). “Initiatives like celebrating birthdays, interactions with parents and family members, social meetings, pepping up and boosting employee motivation are some engagement practices used hoteliers these days. Traditional and conformist tools like bonuses and hefty salary were hard to offer an inspirations cue” says H.N. Shrinivas (SVP-HR) Head, The Indian Hotels Company Limited (2009). Venkatesh Kulkarni (2002) quoted that majority of the students that get admitted to hotel management programs go through some form of industrial exposure. These students have already been introduced to the hierarchy of department of most hotels; as a result they find themselves at the lowest ring of the hierarchical ladder. He also utters due to the high percentage on the guest needs there is a little predictability about timings. Thus over-work leads to less engaged in work. Long working hours and tight shifting schedules make employee tiresome and less motivated towards work. Thus, job characteristics positively influence employee engagement.

**Training and Development:** Training and development refers to an activity aimed at bettering the performance of individuals and groups in organizational settings. This shows the extent to

which the organization will support the current and future development needs of the employee (Wikipedia). Hospitality companies face the dual challenge of equipping their employees for the complex dynamics of their industry along with attractive career progression and training and development for shifting the focus for young recruits from jobs to careers. Ravi Shankar, Chief HR Officer, Mahindra Holidays highlights one of the biggest challenges in organization is “Developing internal talent to take leadership roles, within a short time”. This could be followed by individual-focused training programs. Primarily factors which contribute 70% of all attrition within the hospitality industry is due to the way employees are treated, working conditions, career prospects and salaries offered says Prabhjot Singh Goomer HR Director, Hilton, New Delhi. Debashish Sengupta, academician and along with HR practitioner S. Ramadoss in their book “Employee Engagement” have elucidated and illustrated cases for employee engagement. The Taj Hotel in-depth case explains some engagement practices like Vibes, TAP ME, The Orange Club, TajBuzz and also explained how the hospitality industry recovered after the dastardly attacks on the Taj Hotel in Mumbai in 2008. Authors also expounded other’s business engagement stories like Titan, TCS, Google and Bharti Airtel. Another book “Closing the Engagement Gap” (2009) by Gamal Aziz and CEO of MGM Grand’s and co-author Don Lowman Managing Director of Tower Perrin highlights MGM carrying out human resource programs. Hotel’s six month courses REACH on basic supervisory skills for ambitious hourly workers. Book also reveals employee’s outcomes like recognition dinners and rewards led 90% of MGM Grand employees satisfied with their jobs, 89% feels special meaning in their work, 91% are proud to tell others where they work.

**Rewards and recognition:** Maslach et al. suggest that a lack of rewards and recognition can lead to burnout, while the presence of rewards and recognition can be important for engagement.”(Maslach et al. 2001) Abukhalifeh and Som (2013) focused on the antecedents that influence employee engagement in food and beverage service departments. Literature reviewed indicates that there is a significant relationship between employee communication, employee development, rewards and recognition, and extended employee care. The Incentive Research Foundation (2011) estimates roughly 100 to 200% of an employee’s base salary is spent to recruit and train a replacement. In an arena where customer satisfaction is important the labor pool is shrinking, keeping employees satisfied and engaged is serious. Rewards is most impressively conveyed through amalgamation of pay, bonuses and other financial and non-financial rewards like welfare facilities, recreation facilities, extra holidays, voucher schemes etc. Reimbursement

and salary alone cannot consider as the only aspects for engaging employees rather employees must believe their recognition and reward packages is fair and market –related in order to acquire employee engagement.

**Relationships with peers and supervisor:** Karatepe et al. (2010) aimed to develop and test a model that investigates core self-evaluations as a mediator in the relationship between coworker support and work engagement. Data were collected from a sample of 100 full-time frontline employees of the five- and four-star hotels in Iran. The relationships were tested using hierarchical multiple regression analysis. The results demonstrate that core self-evaluations partially mediate the impact of coworker support on vigor, while it fully mediates the relationship between coworker support and dedication. In contrast, core self-evaluations do not function as a mediator in the relationship between coworker support and absorption. Implications of the findings are discussed and avenues for future research are offered.

**Career development:** Career development is the process of engaging employees and this call for the dying need of formulating diversity and conflict management policies. Bassi (2010). If there is no career progression, or limited career advancement opportunities, then employees will definitely be disengaged at certain level and shall not remain committed with an organization. Career progression is very crucial in the sphere of hospitality zone. Fresh recruits are more focused on rapid career growth. Career Development no more choice for entry-level hospitality degree holders and experienced hotel executives. Others service sector like BPO and retailing offers better work-life balance, greater comparative remuneration. According to an article in People Matters (2012) on Industry focus 60% of those who are leaving the organization are the age group of 23-30, mostly due to aggressive nature of the young recruits. On the other side, to meet the expectations of the employees all over the world, Accor India defined the framework of a worldwide compensation and benefits policy, which is adapted according to the specifics of each country. Jean-Michael Casse, Senior Vice President, Accor India (2010) speaks that “employee will have benefit from career development through a change of function, profession or country, while remaining within Accor. Mathew Cooper, GM of Courtyard by Marriott Gurgaon believes “that the growth of sub-sector within the hospitality including Regions Tourism, Medical Tourism, Eating Outlets, and MICE Tourism will add foreign tourist, develop upwards mobility among Indian professionals and creating greater travel opportunities”. Kuntal Rai Bhatnagar, Practice Head, Grassik Consultants (2010) in his article “ Provide a Career Not just a Job”

consider education , ethnicity , training resources, quality manpower as main prominent hurdles for career advancement.

**Customer satisfaction:** Ncube & Jerie (2012) paper explored employee engagement contribution in enhancing competitive advantage in the hospitality Industry. Both qualitative and quantitative approaches used through graphs and tables to illustrate data. The study used cross case analysis to compare Hotel A and Hotel B (total n = 78). The study revealed the contribution of employee engagement to competitive advantage and highlighted how employee engagement acts as a key determinant of competitive advantage. Donna A. Dickson (2008) conceptual paper explored the need for enterprises in the hospitality industry to have managers who are not adept at the technical competencies of them, but have significant capability in people management. Author also studied the ability to raise employee engagement. Thus, due to heterogeneity nature of hospitality industry, employee's way for delivering service is very important factor behind customer satisfaction.

**Conclusion:** Hotel Industry is suffering from voluminous challenges like high attrition, high turnover, low retention, huge gap between demand and supply of hotel management students. This plagues hospitality industry very acutely. Hotels need to be able to retain committed, motivated, and engaged employees to encounters these challenges. The problem of Attrition, Retention and Turnover (ART) is presented which could be solve out through new and innovative HR call "employee engagement". Employee engagement is a way- two relationship between employer and employee. Employee engagement level is measured through existing HR tools and techniques like job characteristics, training and development, rewards and recognition, assertive relationship between peers and supervisor, and career development. Present scenario of employee engagement is moderately critical, on one side HR Practices and Programs in large hotel chains are very promising and satisfactory which leads their employees not only satisfied and committed but also engaged towards their work and organization. On the other side small and budgets hotels suffering from unsatisfied and unmotivated employees, making overall engagement scenario middle-of-the-road. Thus, from a review of past literature, a conceptual model is development. The model is develop shows a relationship between employee engagement and customer satisfaction. Customer satisfaction, low attrition, high retention, and low turnover are one of the key consequences of engaged organization. Customer satisfaction could be increased via employee engagement, which in turn positively influence by five independent variables called as

its antecedent. Employee engagement plays a mediating variable between stated antecedents and consequences. This paper outlines the current issues and challenges in the hospitality Industry in terms of HR practices. Different issues and challenges in terms of financial and operational practices are not included in this study. This paper based on secondary source of data, a conceptual model on the antecedents and consequences of employee engagement has been proposed. Limited factors are considered affecting employee engagement; other factors like employee personality, organizational stress, culture expected as constant.

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### About Author:

**Y Azith**, Currently working as an assistant professor in the department of MBA, Brilliant Institute of Engineering and Technology. He has completed Graduated in B.Com from Sri Krishnaveni Degree College, Vijayawada, which is affiliated with ANU, and Post Graduated in MBA from Nova College of Engineering and Technology, Hyderabad, Affiliated to JNTUH and Ph.D. Research Scholar in the Department of Management Sciences at Madhav University, Pindwara, Distt-Sirohi, Rajasthan. He is having 9 years of experience in academics, teaching, and administration. He has been active in research for more than 4 years and published many journals, Conferences in the field of Management Sciences.