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**HUMAN RESOURCES MANAGEMENT PRACTICES IN  
TOURISM AND HOSPITALITY SECTORS IN INDIA: ISSUES  
AND CHALLENGES (A THEORETICAL OVERVIEW)**

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"You can dream, create, design and build the most wonderful places in the world. But it requires people to make the dream a reality". **Walt Disney**

**ABSTRACT:**

India is a large market for **travel and tourism**. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. **Human Resource Management** is an organizational function which helps in providing proper direction to the people working in an organization. It also helps in managing and recruiting man power. It is a function which deals with issues related to training, administrating, employee motivation, benefits communication, wellness safety organizations development, performance management, hiring and compensation. Human Resource Management is a function that involves a lot of activities. But the main challenge arises during staffing.

**KEYWORDS: HRM Practices, Tourism and Hospitality in India**

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## INTRODUCTION

### 1.1 Human Resource Practices:

Human Resource Management, an integral part of an organization, often ensures the success of the shared relationship between employees and an organization by identifying and satisfying the needs of the employees beginning with recruitment and continuing throughout their career.

**Redman and Matthews (1998)** outline a range of HR practices which are suggested as being important to organizational strategies aimed at securing high-quality service:

- **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 behaviors 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. The use of educative and participative mechanisms, such as team briefings and quality circles are allied to changes in the organization of work which support an “empowered” environment.

In simple terms best practice is likely to entail attempts to enhance the skills base of employees through HR activities such as selective staffing, comprehensive training and broad developmental efforts like job rotation. Additionally, it also encourages empowerment, participative problem-solving, teamwork as well as performance-based incentives.

## **1.2 Tourism and Hospitality Sectors In India:**

**Tourism** is a practice of travelling for recreational or leisure purpose. Tourism has become a popular global leisure activity. It is a short term and temporary movement of people. It provides a source of income for the country.

**Hospitality** is the relationship between a guest and a host. Hospitality is the act or practice of being hospitable. Tourism and hospitality industry are related to each other. Hospitality is the act of welcoming, receiving, hosting or entertaining the guest. It involves warm and generous welcome of the tourist.

**India’s tourism industry** is one of them most profitable industries in the country, and also credited with contributing a substantial amount of foreign exchange. The tourism industry has helped growth in other sectors as diverse as horticulture, handicrafts, agriculture, construction etc. The Indian tourism and hospitality sector is integral to the Indian economy as it is driving socio-economic growth, triggering the development of infrastructure in various regions and facilitating growth in other sectors such as retail, construction and transport.

The launch of several branding and marketing initiatives by the Government of India such as ‘**Incredible India!**’ and ‘**Athiti Devo Bhava**’ has provided a focused impetus to growth. Incredible India 2.0 campaign was launched in **September 2017**. In September 2018, the Indian government launched the ‘Incredible India Mobile App’ to assist the traveller to India and showcase major experiences for travelling. The Indian government has also released a fresh category of visa - the **medical visa or M**

**visa**, to encourage medical tourism in the country. The Government of India is working to achieve one per cent share in world's international tourist arrivals by **2020** and two per cent share by **2025**.

### **1.2.1 Contribution of Travel and Tourism to GDP:**

Year	Value (% share of GDP)
2006	9.6
2007	10.1
2008	10
2009	9.6
2010	9.2
2011	9.2
2012	9.2
2013	9.2
2014	9.2
2015	9.4
2016	9.5
2017	9.4

(Source: [www.knoema.com](http://www.knoema.com) )

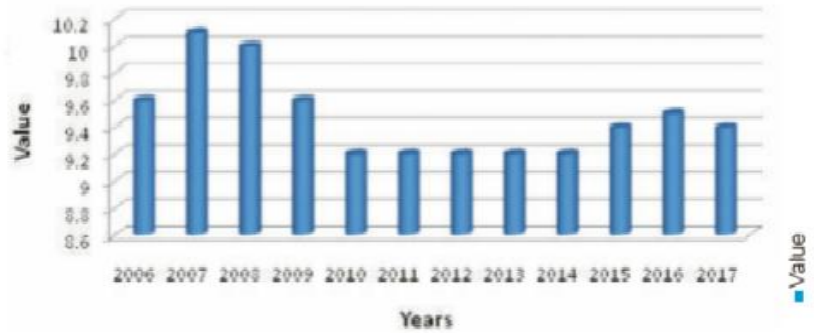
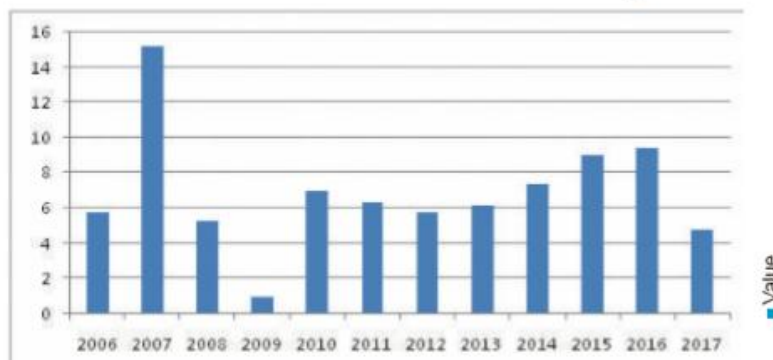


Figure shows that the share of tourism sector in GDP actually declined by one percentage point between 2007 and 2010 (from 10.1% to 9.2%), and then for five years i.e. from 2010 to 2014, the percentage share remained constant. There is marginal improvement from 9.2% to 9.4% between 2014 and 2017.

#### **1.2.1.1 Contribution of Travel and Tourism to GDP growth rate**

Year	Value (% share of GDP)
2006	5.8
2007	15.2
2008	5.3
2009	1
2010	7
2011	6.3
2012	5.8
2013	6.2
2014	7.4
2015	9
2016	9.4
2017	4.8

(Source: [www.knoema.com](http://www.knoema.com) )



There is reduction in the contribution of travel and tourism to GDP growth from 2007 – 2017. The contribution of travel and tourism to GDP growth (where GDP growth taken as 100) decreased from as high as 15.2 in 2007 to 4.8 in 2017.

### 1.2.1.2 Contribution of travel and tourism to GDP (in Rs crore)

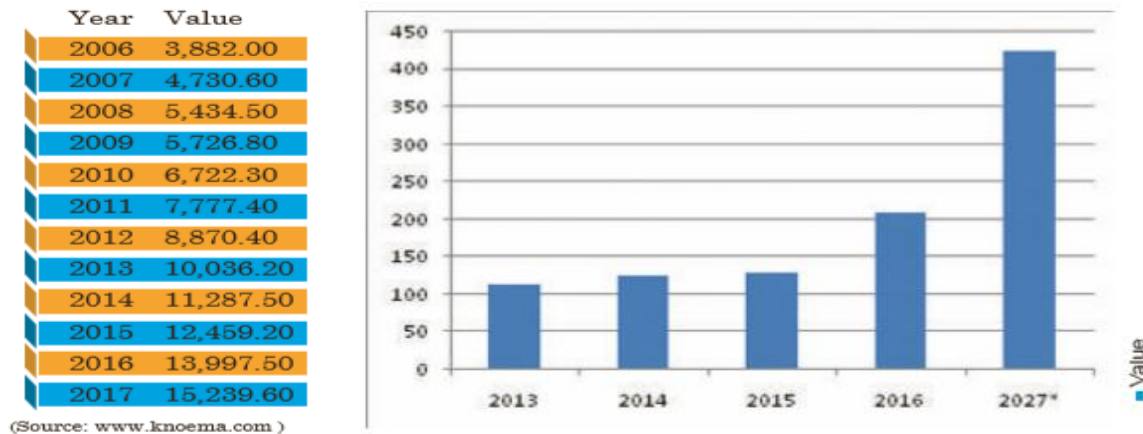


Figure shows the total contribution of travel and tourism to GDP in India from 2013 to 2027. With an increasing trend in the value contribution of Travel & Tourism in India from 2013 to 2016, the total contribution of travel and tourism to Indian GDP is expected to be doubled in a decade from \$ 208.9 billion in 2016 to \$ 424.5 billion U.S. dollars by 2027. India was ranked **7th among 184** countries in terms of travel & tourism’s total contribution to GDP in 2017.

### 1.2.2 Travel & Tourism's Contribution to Employment

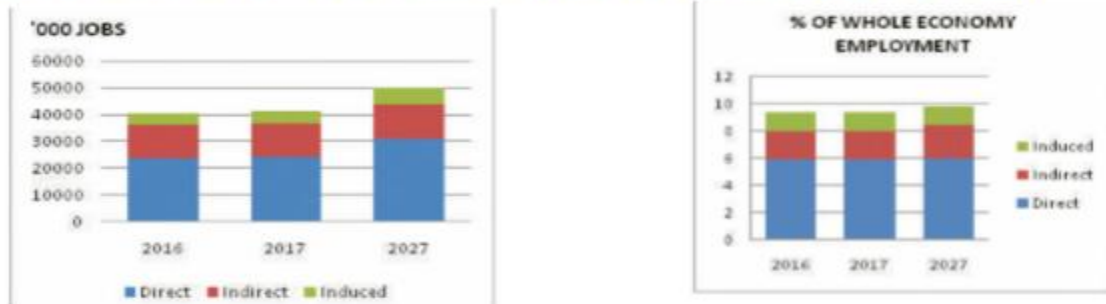
“Tourism is a big employment generator and has a multiplier impact on the economy,” **Finance Minister Arun Jaitley** said while presenting the Union Budget 2017-18. As of 2017-18, **81.1 million** people are employed in the tourism sector in India which was **12.38 per cent** of total employment in the country. The Government of India has set a target of **20 million** foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well.

Travel & Tourism generated 25,394,500 jobs directly in 2016 (5.8% of total employment). This includes employment by hotels, travel agents, airlines and other

passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2027, Travel & Tourism is expected to account for 31,910,000 jobs directly, an increase of 2.1% pa over the next ten years. I.II Tourism as employment Generator

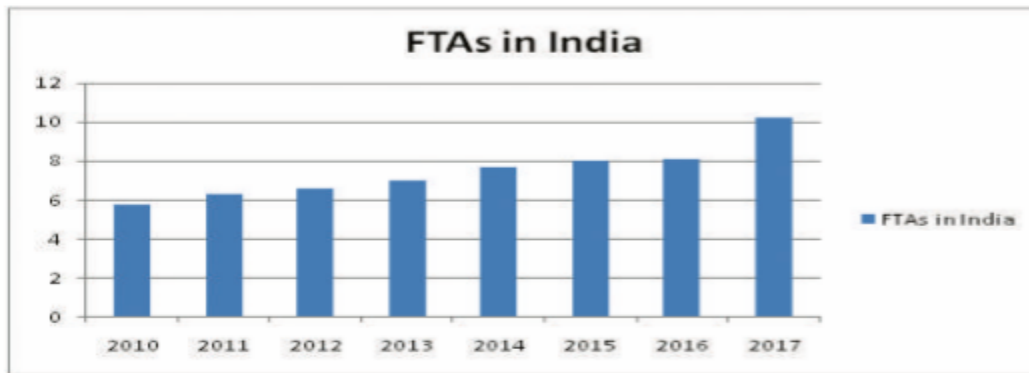
(Source: TRAVEL & TOURISM ECONOMIC IMPACT 2017 INDIA, World Travel and Tourism Council)

### India: Total contribution of Travel & Tourism to Employment



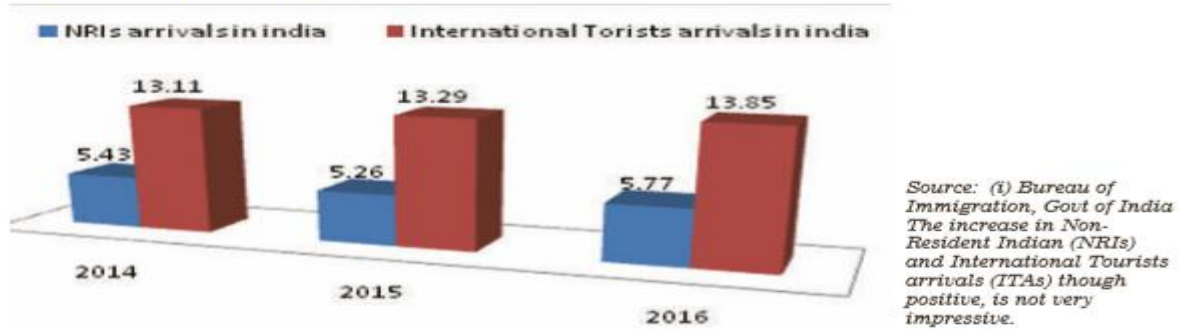
### 1.2.3 Foreign Tourist Arrivals:

#### Foreign Tourist Arrivals (FTAs):



There is a fourfold increase in the number of tourist arrivals into the country though there are wide fluctuations in Y-o-Y and percentage change in number of tourist arrivals. In the last 7 Years i.e. from 2010-2017 the number of tourist arrivals almost doubled.

## NRIs & ITAs in India



## Tourist Inflows to India

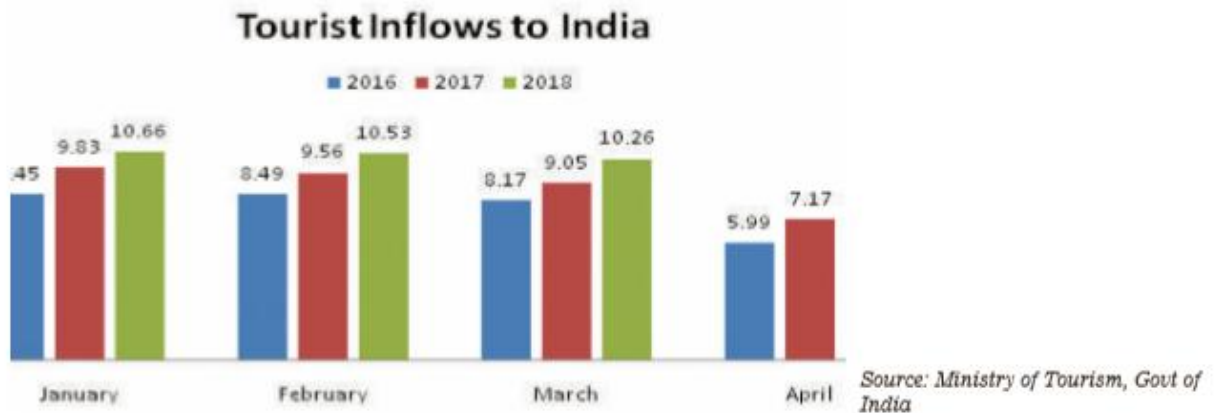


Figure shows that compared to 2016 there is a decrease in the tourist inflows when we compare the figures on month on month basis from Jan, Feb, March and April of 2016 to 2018. This indicates that the tourism opportunities in India are not aggressively promoted by the government and other stakeholders.

### 1.2.2.1 FTAs on e-Tourist Visa:

Tourism is one of the significant instruments for economic growth and employment generation in the country and recognizing this government of India took various initiatives to promote tourism in a big way. One of the key initiatives was introduction of Tourist Visa on arrival (TVOA) scheme. Travel and tourism is the third largest foreign exchange earner for India. During 2018, Foreign Tourist Arrivals (FTAs) increased **5.20 per cent** year-on-year to **10.56 million** in the same period. Foreign tourist arrivals for medical purpose increased from **427,014 in 2016** to **495,056 in 2017**. During 2018, arrivals through e-tourist visa increased **39.60 per cent year-on-year to 2.37 million**.

## Comparison of Tourist arrived on e-Tourist Visa in India during January-april 2017 and January- april 2018



With the implementation of e- Tourist visa there is jump in the number of tourist arrivals, for example, it was increased to 918792 in January-April 2018 as compared to 581783 in January-April 2017.

### Foreign exchange earnings (Fees) through tourism in India (Rs in crore)

Years	FEE	Growth Rate (%)
2017	180379	17
2016	154146	14
2015	135215	

FEEs from the tourism sector in India increased from Rs.154146 crore in 2016 to Rs.180379 crore in 2017 recording 17% growth rate. FEEs for the period January-April 2018 was Rs. 68,629 crore as compared to Rs. 60,079 crore during the same period in 2017 showing growth of 14.2%.

### **1.3 Human Resources Practices In Tourism And Hospitality Sectors In India:**

Human resources in the hospitality sector require not just a human touch and “**service with smile**” but also yearn for individuals who are multi skilled, cross trained, forward looking in terms of perspective and mind set and embodies strategic creative and systematic thinking. To encourage tourists to choose a specific hotel, the hoteliers must meet or exceed the guests’ expectations of service quality. But human resource



managers in the hospitality industry are experiencing rapid changes due to the inundation of information technology and ever increasing globalization.

The National Tourism Policy, 2002 focused on enhancing employment potential within the tourism sector as well as to foster economic integration through developing linkages with other sectors. The policy takes into consideration seven keys that will provide the thrust to tourism development - **Swagat (welcome), Soochna (information), Suvidha (facilitation), Suraksha (safety), Sahyog(cooperation), Samrachana (infrastructure development), Safai(cleanliness).**

Travel and tourism play an important role in India's economy. Tourism can offer direct and indirect aid to a nation's economy. Directly it provides economic support for hotels, retail shops, transportation services, entertainment venues and attractions, while indirectly helps in creation of economic activities through government spending on related infrastructure, plus the domestic spending of Indians employed in the tourism sector.

**According to Nankervis and Deborah (1995)**, hotels must develop human resource practices which enable them to recruit, select and retain competent employees who can contribute to the achievement of desired organizational objectives.

**According to Ross (1995)**, the hospitality industry expects prospective employees to have formal educational qualifications, experience and trade skills before entering the field. Introduction of several new hospitality institutes across India has significantly improved the quality of hospitality education, and graduates are increasingly becoming better skilled and better trained to work in this glamorous and fast growing industry.

Hospitality institutions must conduct training programs in order to produce trained and qualified professionals to work efficiently in the hospitality sector (**Menon, 1999; Gunn, 1998**). Educational institutions are developing model curricula to enhance the skills of the students for the hospitality industry. Some of the incorporated changes include written and oral communications; interpersonal skills and computer literacy as part of skills enhancement.

**Draft National Tourism Policy 2015** released by The Union Ministry of Tourism on 1 May 2015 aims in boosting tourism sector in the country. Its objective is to increase India's share in world tourist arrivals from **0.71% in 2016 to 1% by 2020 and increase to 2% by 2025**. The marginal share of less than 1% in world tourist arrivals indicates that the penetration of India into the world tourism is yet to gain momentum compared to the potential & opportunities for tourism sector in India. Given the vast size & various geographical variations such as large number of scenic beaches, hill resorts, forests, sanctuaries, pilgrimage importance there are huge opportunities for tourism sector's growth and creation of large number of employment to local people. The large number of popular artifacts & handicrafts of various States, if promoted vigorously (strongly) can provide livelihood to large number of artisans and also help in reviving these arts

#### **1.4 Issues and Challenges:**

One of the most challenging aspects of the hospitality industry is management of Human Capital. Although there is a Human Resources Manager who does specific tasks with his team; in retrospect, human resources are the responsibility of all functions in the hospitality industry. This is easily understood if one sees that essentially a manager or supervisor manages people.

It is people that drive the day-to-day work of a hotel, restaurant or any other hospitality enterprise. The word 'hospitality' itself suggests that it can be delivered by human beings. The smile, a polite greeting, good food, efficient service – from the moment a guest walks into the hotel to the time he or she leaves – are all delivered by people. Hence, everyone from the General Manager down to the Security Manager is effectively managing human resources.

In India, with the major workforce in the industry being unqualified and uneducated, this task becomes all the more daunting. Hotels and restaurants are mushrooming at a phenomenal rate and hence the attrition rates of lower grade staff has shot up in the

past few years. It is not unusual to find that the human resources team is struggling with recruitment most of the time and therefore cannot concentrate on the other important aspects of HRM i.e. **Training and Development, Welfare, Succession planning, and structured Performance Appraisal**. This is especially true of smaller hotels and restaurants where the human resources team is small or sometimes even non-existent.

Given the circumstances, what can we do to ensure that an adequate and trained workforce is always available to deliver the levels of service required to differentiate ourselves in the industry and deliver a ‘wow’ experience to our guests?

**Challenges** before Indian Hospitality Industry There are various challenges faced by the Indian hospitality industry which are as, Lack of well trained staff according to the requirement of hospitality industry. Lack of infrastructural facilities available.→ Inadequate financial support by the Government. Lack of coordination between Central and state Government.

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