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REVIEW ARTICLE

IMPLICATIONS OF HRM PRACTICES IN TOURISM INDUSTRIES

Implications of HRM Practices in Tourism Industries

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INTRODUCTION

Do good, get good, is the new human resource management mantra. Every bit of the human resource of any organization has to be respected and bestowed with befitting HRM practices to generate service oriented behaviours for fantastic and phenomenal success in the global tourism. So, this study has practical and policy implications for the organizations, and service organizations in particular. Organizations can certainly make significant improvements to their performance by emphasizing excellent human resource management practices. Research papers, articles, newspapers, books, internet etc. are all flooded with dialogues on globalization. In fact, it is no exaggeration. It is the catch word now-a day. The massive change in the style and structure of businesses has further strengthened the belief that globalization is heading its way for even bigger dimensions and at an ever increasing pace. Economies are witnessing a new face of competition. In a fast-paced, globally competitive economy, efforts to boost productivity and quality never end (Cascio, 1998). The Indian government companies need to learn from the practices adopted by the private/multinational companies especially with regard to competitive compensation, selection and socialization of employees, and contemporary HR practices. Gone are the days when experience was the basis for deciding seniority, which in turn was the basis for deciding compensation.

MATERIAL AND METHOD

Moreover, private/multinational companies fared better on the issue of rewarding employees as it is evident from the practices adopted by these companies based on customer feedback/evaluations of service performance which is not in the case of Indian government companies. Further, age and experience is no bar, gender is no bar, and above all culture is no bar when we talk of globalization. But, cultural variations across countries exist as has been pointed out by Hofstede (2001). It has implications for both Indian government service companies and private/multinational service companies.

Moreover, service companies are human centric. So, Indian government companies have to be careful while copying human resource management practices from multinational companies as multinational company might come from different culture.

As culture is historically created designs for living (Krocher and Kluckhohn, 1952) and a pattern of basic assumptions (Schein, 1985), Indian government companies must modify and tailor-make the hired human resource management practice to suit local culture and conditions. It has implications for multinational companies as well. While hiring human resource management practices from Indian government companies, multinational companies must understand the Indian cultural ethos in which particular human resource management practices are matured. Moreover, the longevity of tenure in government organizations in contrast to the hire-fire concept of private/multinational organizations brings implications too.

Since the employees stay for a longer duration in a government company, they get better opportunities for development programs providing service orientation to managers. Hence, the private/multinational companies need to look into this aspect, as an overall development of employee results in better performance and results, which further contribute to better performance appraisal results and more chances of career advancement. This is consistent with the results of the study where government companies fared better than multinationals on the aspect of performance appraisal along with employee development.

This, further, leads to lesser intentions of employees to resign which is also one of the important results of the study. According to this study, in government organizations, the intentions of employees to resign were less as compared to private/multinational companies. Though the Indian government companies scored better on these aspects, still there has to be more emphasis on them. The organizations may feel complacent regarding these practices due to the labor surplus economy of India. Organizations must enrich the human resource management

practices, such as performance appraisal in terms of service delivery, service oriented training programs, and service performance based tourism and other benefits. Service organizations should plan to attract employees having a service attitude and orientation. A rightly selected and well socialized service employee can be expected to exhibit organizational citizenship behaviour which leads to more commitment towards the organization, better service delivery, better retention, lower absenteeism and hence increased productivity and performance. So, it has implications for both types of organizations. Service organizations must attract service oriented employees to deliver better service. To manage it well is an essential part of human resource management strategy. There has been a phenomenal growth in service industries (Bateson and Hoffman 1999). Services are human resource intensive businesses. To Major Findings and Implications gain competitive advantage, service organizations ought to lay greater emphasis on human resource management practices, as has been indicated in the results of this study (service organizations). A strategy that focuses on the human side can be an effective way for competing in the current environment (Verma, 2000). A well-defined framework of human resource management practices benefits not only the organization but also the employee. Human resource management policies of an organization benefit the employee by providing better opportunities for growth in terms of better compensation, benefits, training and development opportunities, and career management, in turn leading to job satisfaction and self fulfillment.

Further, this study will be helpful for the organizations to develop entrepreneurship/ corporate entrepreneurship. Organizations can cultivate corporate entrepreneurship (entrepreneurship of the whole staff) to enhance corporate innovation and performance (Chen et al., 2005). Lee and Peterson's (2000) research reveals that a culture with a strong entrepreneurial orientation is important to global competitiveness. This is contingent on the high performing HR practices being implemented in organizations. Both banks and insurance companies, and Indian government and private/multinational must learn how to develop entrepreneurial behaviour of employees to deliver better services. The employee service behaviour influences the firm performance. This is because the behaviour of a service employee affects the customer loyalty towards an organization as the service employee is the public face of an organization. This has policy implications for both types of organizations. Particularly for the private/multinational organizations, it needs to be realized that shorter tenures lead to lesser teamwork and support of co-workers as there is not much time to develop comradeship. Further, it takes time to internalize the corporate philosophy and service excellence philosophy; therefore, the multinationals have to learn from the Indian government companies regarding these issues. However, the fast-forwarding life of the global world attracts the attention of the government companies towards adopting certain

practices from the multinationals, particularly related to employee rewards and customer feedbacks. Indian government service companies (banks and insurance companies) must learn from the customer feedback for delivering better service quality as the multinational are doing. The fact that customer, as the queen/king, cannot be and must not be ignored.

The findings have indicated a significant impact of human resource management practices on service quality performance, particularly the role of human resource management practices like employee development, performance appraisal, and procurement of human resources. The banks and insurance companies, both Indian government and private/multinational, need to focus on these human resource management practices if service quality performance is a prime concern. Specifically, after hiring the service oriented employees, service organizations must concentrate on training and development and performance appraisal of employees as these two practices have the highest impact on service quality indicated by this study. As far as employee service behaviour antecedents are concerned, companies must improve their supervisory support towards employees. This has policy implications as the commitment of employees towards the organization is greatly influenced by exemplary leadership practices in companies. There has to be laid a greater emphasis on the internalization of service excellence as an employee who understands the core of the service delivery process will be able to understand the intricacies of it and will be able to deliver the desired level of service to the customers. Not only the above mentioned behaviours have to be catered to, but also the companies have to keep an eye on the practices related to enhancing teamwork amongst employees and fostering co-workers' support. The service employees have to be given an optimal level of autonomy in jobs to make them feel good while delivering a service. These desirable behaviors along with smart HRM practices form the basis for the effective and efficient service delivery performance.

Firms in the tourism industry have two ways to influence the service performance. Improving human resource management practices is one and the other is taking care of the employee service behaviours. This is because human resource management practices and service behaviours influence service performance directly, and, indirectly, as improved human resource management practices will lead to improved service behaviours of employees further leading to performance in service delivery processes.

CONCLUSION

There is an implication for firms, both Indian government and private/multinational that is improved service quality performance leads to lesser

intentions to resign and more job satisfaction. It is a well known fact, as far as human intensive businesses are concerned, that a satisfied employee will lead to a satisfied customer and a satisfied customer will lead to successful business. An employee who does not intend to resign will not leave an organization soon. This behaviour certainly will reduce the costs of an organization for recruitment, selection, induction and initial training of new employees. Every penny matters and so does every employee, thus, It implies for service organizations to concentrate on the aspect of service delivery performance and service quality.

Despite the different sources, different timing of data collection, and high alpha values of data, a potential limitation of this study was that the data were collected by using same construct (using self-completion questionnaires) with same method. The relationships among the variables and sub-scales could be influenced by common method variance. Podsakoff and Organ (1986) recommend that researchers should at least report results from a test of single-factor hypothesis as an explanation of inter-correlation of the variables. Harman's one-factor test on the HR practices and service behaviour antecedents constructs showed that the first factor accounted for only 31.511% and 27.186% of the covariance among measures, respectively (Podsakoff et al., 2003; Podsakoff and Organ, 1986), suggesting that common method variance is not a severe issue.

Another limitation was that the data were collected from Indian bases, which could have been collected from the wider area. The study could, however, be extended cross culturally in order to have more generalized conclusions. Researches may be taken up to cover a wider area and more respondents with cross cultural extensions. The study has covered banks and insurance companies, future researches may take up other types of firms of the service industry.

The study has included the responses from employees of banks and insurance companies, future researches may take up the responses from customers too along with employees/executives for a comprehensive approach to determining service quality performance. There is another limitation of the study i.e. the study has included subjective/perceptual measures of performance, not the objective measures based on tourism statements or official data of any company like profitability, sales volume, net profit, etc. Future researches may take up such studies using objective measures of performance also.

One more limitation of the study is that the researcher has taken one dependent performance variable (service quality) along with human resource management practices and service behaviour antecedents as independent variables. To see the overall firm performance, service quality performance

is one aspect and may not speak about the overall firm performance.

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