

# Impact of Technology on Human Resource Planning in Hospitality Industry

**Ravi Kumar Valliyil\***

Professor, Department of General Marketing Management, Dhanalakshmi Srinivasan College of  
Arts and Science for Women, Perambalur, Tamil Nadu

[research@dcollege.ac.in](mailto:research@dcollege.ac.in)

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## **ABSTRACT**

*An endeavors human resources or, put all the more customarily, its human resources will in general be one the most huge expenses for most hospitality ventures. In many lodgings the finance is the single greatest cost thing, while in eateries and bars it is typically second just to material expenses. Besides, human resources are normally the primary purpose of contact between a venture and its clients. The compelling administration of these human resources is accordingly imperative to the achievement of the undertaking. Globalization has brought unprecedented transformational changes in all aspects of tourism and hospitality industry throughout the world creating a number of opportunities and challenges to the industry. It is apparent that opportunities are not spontaneous which demand considerable time and efforts to realize the benefits whereas challenges are mostly immediate and by and large spontaneous.*

*Keywords: Globalization, Hospitality Industry, Service*

## **INTRODUCTION**

Globalization is no more a buzz word today; it is an influential part of real life. Neither it is confined to any particular sector; it is all pervasive to every sphere of human life. It is both a process and an outcome characterized by a greater degree of interdependence between nation states. It leads to swift and worldwide interconnections and interrelationships in all spheres of life which is typified by the rapid movement of people, information, capital and goods and services across national borders worldwide. Like other sectors and industries, globalization influences all aspects of tourism and hospitality industry. Similarly, hospitality industry plays an important role in bringing people physically together in a global community.

Tourism industry as the largest export service industry and one of the largest employers in the World is at the very core of globalization in international business. Globally travel and tourism currently employs nearly 240 million people and creates 10 percent of world GDP (WTTC 2008). Thus tourism and hospitality has become a major force in the rapidly evolving contemporary global market place.

As a service industry hospitality industry is an industry of ‘intangible products’ which differentiates it from other industries like manufacturing industries. That is why hospitality industry is often characterized by the peculiar nature of intangible products. The nature of hospitality service is quite different to that of manufacturing products. Hospitality services have much to do with the feelings, attitude and experiences. In hospitality industry customers are more involved in the production process than in any other industries. Similarly, people are the part of service products since the quality and effectiveness of services heavily rely on the way people interact with each other. In hospitality industry time factor and distribution channels are also quite important. Likewise the services can't be inventoried.

Hospitality industry is an important feature of global interdependence. Although the history of hospitality is very long, hospitality industry as we know it today began to take a form in the early 1950s and 60s, leading the way for growth into dynamic industry as we know today. Modern hospitality industry's growth has moved almost parallel to the natural outgrowth of globalization. International hotel chains were evolved in the early 50s grew in the 60s and, have been expanding in the following decades.

Hospitality is a part of life in Nepali society since long back. However, it was the second periodic plan (1962/65) that emphasized on the need of modern hospitality industries in the country. The 1972 Tourism Master Plan reiterated the need and significance of modern hotel accommodation and travel facilities for tourism development in the country. To this end the government established Hotel Management and Tourism Training Center in 1972 basically to cater the human resource needs for tourism and hospitality industry in the country. Similarly Tara Gaon Culture and Tourism Centre was established in 1974 for the promotion of Nepali type hospitality in the country.

Hyatt Regency Hotel of Kathmandu is an outcome of Tara Gaon (formerly Tara Gaon Culture and Tourism Centre) noble efforts to establish unique Nepali type hotel industry in the country. During the initial phase of the growth of hospitality industry, Nepal Industrial Development Corporation invested a large sum of money for the establishment of Star Hotels. It could not be that much effective and, thus did not last long. However, it is the private sector that truly initiated developing the hotel industry in the country; and, is continuing to lead the sector. Dwarika Hotel is a testimony of Nepali type architectural heritage. Pioneer star hotels like Soaltee Crownee Plaza and Hotel Annapurna to name a few had really a great contribution hospitality industry in the country.

### **OBJECTIVES OF THE STUDY**

1. To analyze the environmental, socio-cultural and economic impacts of tourism with special reference to the area under investigation.
2. To evolve a ‘sustainable developmental on the India STR scenario.

### **Global Employment Pattern**

Globalization has witnessed rapid changes in the global employment trend along with the technological advancement and a shift in labor market patterns for the last couple of decades.

However, in 2008 the financial crisis globalized from the developed countries experienced the worst job crisis ever since the Great Depression of 1930s.

Despite the global economic downturn the service sector continues pulling further ahead of agriculture in contributing to employment in the world. Service sector occupies 43.3 percent of jobs against 33.5 percent of agriculture sector and 23.2 percent of the industrial sector. Among the service industries, hotels and restaurants is one of the fastest growing sector. However, the scenario is different in South Asia where agriculture sector accounts 46.9 percent as compared to 30.4 percent of service sector. In the case of Nepal the scenario is still bleaker. At present around 60 percent of labor force is engaged in agriculture. This signifies the need to further expand service sector like tourism and hospitality industry (ILO 2009). At the global level, vulnerable employment accounted for more than half of the total employment in 2008 which was highest in South Asia.

While analyzing the employment trends for women, it is found that more than 60 percent women in South Asia are engaged in agriculture as compared to 37.5 of the World and 3.4 percent for the developed countries. On the other hand, only 20.3 percent of women are engaged in service sectors as compared to 45.3 and 84 percent for the World and developed countries respectively. Available data shows that only 3.4 out of 10 South Asian women of working age are working. It clearly indicates that South Asia has untapped female potential and significant decent work deficit, so is the case for Nepal although such disaggregated data are lacking (ILO 2008). Similarly, the vulnerable employment ratio is considerably higher for women (52.7 percent) as compared to men (49.1 percent). This situation signifies the need for further expansion and development of hospitality industry both at national and international level.

### **Trends and Implications of Modern Hospitality Industry**

Hospitality industry has been undergoing a period of unprecedented transformational changes since a couple of decades which is likely to continue in the future. It has undergone a number of general trends in the global village. Customers are changing and a new breed of customer has been emerged. Similarly, technology is changing too fast to embrace e-commerce and e-tourism. Hospitality industry today is operating under a very dynamic and transparent environment that creates pressures to enhance competitive strength and demands more effective customer relations management through online interaction, marketing and service delivery. Similarly twenty first century has witnessed rapid changes in the nature and structure of global markets. Emerging markets like India, China, Russia and the Gulf countries have provided tremendous opportunities for the growth of hospitality industry. Values and ethics are also changing in the direction of sustainable and responsible tourism. The concept of responsible tourism has influenced consumer demand for certain types of tourism experiences and products. International institutions and provisions like the UNWTO, WTO, GATS, TRIPS, and TRIMS have been much more influential than ever before. Similarly, modern customers are not passive service recipients; they are well informed, educated and thus demanding. Customers are well known about the facilities and hospitality services before they reach tourism destinations.

The general trend has specific implications. New breed of customers has caused super segmentation of hospitality services; a shift from service to individualized unique experiences that often challenge standardization of hospitality services for tailor-made flexibilities. For

example the leisure guests might have a quest to acquire pleasant memory to be recounted amongst friends and family members whereas the conference guests might be more interested on efficient handling of their conference sessions. Increased knowledge and awareness of responsible hospitality industry demands the industries to move in line with the potential guests and make the people feel that hospitality industry is contributing for the common good of local populace. As in other industries hospitality industry has focused on innovative services and operational efficiencies to address the dynamism of this sector. Due to the advancement in information and communication technologies, market access has also undergone a sea change.

New tourism markets like India, China, Gulf Countries etc. have emerged and there has been wider access to these emerging markets than ever before. However, satisfying the needs and expectations of visitors from different background is a daunting task. Globalization has created a tough competition among the service industries both at local as well as global level. Similarly, the demographic change that has been recently taking place has created both opportunity and challenges to the hospitality industries. Therefore, hospitality industries need to maintain striking balance between the aging consumers and the youngsters since service needs varies significantly to the age group.

As in the case of other industries branding has been extremely influential in hospitality industries. Visitors seek predictable services through credible brands. Technological advancement has significant impact on all types of industries. However, human touch is more prominent in hospitality industries and thus customer relation management has been more vital than in the past.

Despite the all-pervasive globalization the retreat to localization has getting momentum along with the struggle for identity and the growing concern and recognition of socio-economic and cultural reality. That is why hospitality industry should blend global knowledge and local realities keeping this reality in mind while designing and operating hotels in the country.

### **Skill requirements due to technological advancement**

Technological advancement is a key driver of change in skills needs. The supply of skills to invent, develop, apply, deploy and operate technologies, and to tailor their application to solve business, operational and government challenges, is one of the key enablers of technological change. Application of changing technologies, coupled with changes in working practices and improvements in the capabilities of businesses and the skills of their workers, drives productivity improvement and stimulates market demand.

### **OPPORTUNITIES AND CHALLENGES**

The global demand for travel and tourism has provided unprecedented opportunities to the hospitality industry throughout the World. Despite the global financial crisis and its overall impact on the World tourism as international tourism declined by 8 percent between January and April 2009 compared to the corresponding period last year mainly because of this crisis, both inbound and outbound tourism market in Asia has been expanded along with the increase in the number of middle class in the region (UNWTO 2009). A recent NTB publication shows that despite the overall decrease in tourist arrivals by 7.8 percent during January to May 2009

compared to that of last year, the number of tourist arrivals increased significantly from some Asian countries like Sri Lanka (19.7%), China (36.2%), Thailand (87.8%) and Singapore (65.1%). With the vast number of population, increased number of middle class, age-old religious and cultural ties with the fast growing neighboring countries and tremendous tourism development potentials backed with the repository of culture and nature and the recent policy initiatives, there is an ample avenue for tourism development in Nepal provided that it gears up its efforts to promote tourism in the Asian region. Similarly, the provisions of recently formulated tourism policy have projected the rays of hope for Nepalese hotel industry. However, a number of issues and challenges should be addressed to reap the benefits of tourism.

The new trend in tourism and hospitality industry has raised a number of issues for the global tourism and hospitality industry all over the World. The global hospitality industry has to come up with international expansion to reach at the critical mass required for marketing success along with the common product and branding for predictable services. By virtue of its nature hospitality industry is influenced by other economic and social sectors and sub-sectors posing certain challenges on the industry. Some major issues and challenges faced by hospitality industry today are discussed in brief in this section.

### **INTERNATIONAL ARRIVALS**

Tourist arrivals at the international level were 69 million in 1960 and 566 million in 1995. This was an increase of 5% over the previous year 1994. The international tourist arrivals rose to 700 million in 2000. In the next 20 years, arrivals are expected to hit 1.5 billion (excluding domestic arrivals) (Times of India, 2001a). In 1995, worldwide receipts from international tourism (excluding expenditure on international transport) rose to US\$ 393 billion, an increase of over US\$ 155 from 1994 (Latham, 1998).

In the decade 1985-94, Europe accounted for 60% of all international arrivals and about half of all the receipts. Therefore, Europe seemed to be the most preferred tourist destination. Its market share later, however, eroded mainly because of the emerging nations in the East Asia and Pacific (EAP) region (Latham, 1998). This decline in Europe clearly signals a diversification in world tourism and the emergence of alternate tourism destinations (WTO, 1995). Over the past few decades, many countries under the EAP region have shown remarkable growth in economy and tourism. Given the levels of economic development and the gains in capital investment and business expenditures, that are expected in this part of the world in the next century, this trend is likely to continue (Latham, 1998). The Americas, together with Europe and the EAP, share the world's international tourism trade.

The second highest rate of growth of international tourism is witnessed in the African countries. However, at the global level, this accounted for only 18.4 million arrivals of the world total and stood fourth. The ranking with regard to receipts at US\$ 6.4 billion also was fourth. Following a number of years of sustained growth, it was in 1994 that a slight drop in arrivals to Africa was noted mainly due to the poor performance of some countries of North Africa (WTO, 1995). However, South Africa, within the African continent achieved a substantial increase in tourism growth during the later 1980s ranking between 1985-94 (Latham, 1998). Between 1987 and 1991, tourist arrivals and receipts in Central America grew at average annual rates of 11.5% and 16.8%, respectively, thus exceeding the average rates of growth of global tourism in third world

countries and elsewhere in the Americas during the same period (Stonichet *et al.*, 1995). By 1996, more than 2.5 million tourists were visiting Central America annually and tourism contributed approximately US\$ 1.5 billion to foreign exchange earnings of the region (CAN, 1996; LADB, 1996).

### **Human Resource Management:**

The Fourth Step Traditionally, it was accepted that the individuals work just for monetary needs they generally attempt to boost their prizes and there is no contention among individual and authoritative objectives. Examines like, Hawthorne study, Harwood Manufacturing Company study, Glacier Metal Company study, and Prudential Company Study, have drawn out that the individuals are differently inspired and cash isn't the main thought for which they work. Individuals don't generally act sanely; they must be affected to distinguish their destinations with those of associations. Analysts have likewise drawn out that higher efficiency and more prominent human fulfillment gets through collaboration and representative's support.

It has now been all around perceived that the association is a social framework. Its social condition influences the occupations and the other way around. In a conventional association there exist casual gatherings. These casual gatherings impact the gathering and individual execution. Each individual in an association assumes a job and he has an assortment of desires from his job. This, thusly, influences his conduct. All these new realities about individuals had brought forth human connection development which thus has changed the methodology of the management towards the individuals at work. Where the underlying foundations of the human relations development got great hold they moved somewhat further and supplanted the term 'Faculty' by 'Human Resources' or to state 'Work force Management' (PM) was supplanted by Human Resource Management (HRM). The HRM has re-imagined the PM work and extended its job from a controloriented provider of representatives to a general human resources management, i.e., human resource arranging, development and usage approach. Human resource management is a progressively thorough way to deal with the management of individuals at work.

It could without a doubt be no more and no not exactly another name for faculty management, yet as typically saw, in any event it has the temperance of underlining the need to regard individuals as a secret weapon, the management of which is the immediate worry of the top management as a piece of the key arranging procedures of the endeavor.

With the expansion in the impact of conduct sciences, the field of human resources management concerned itself to the inspiration and development of the individual representatives. This idea of creating singular worker steadily got increasingly more significance in the evolving socio-political-financial condition. This didn't permit the term HRM to endure and the term HRM was substituted with another term 'HRD', i.e., Human Resources Development.

### **CONCLUSION**

Human resources play a crucial role in the development process of modern economics; hence it has always been a subject of discussion in the development paradigm. As a factor of production the role of human resources in labour is well acknowledged both in production and service

industries. Tourism and information technology have been reckoned as two major service sectors in the development paradigm of most of the economies today. The role of both these sectors in providing employment and supporting growth is widely accepted both by developed and developing part of the world.

Though research on human resource practices in tourism industry is its infancy, the labour intensive nature of the industry is well accepted. In capital scarce nation like India only through the development of these industries the much discussing problem of unemployment can be tackled. Hotel industry is very much depends on tourism industry. The demand for labour in this industry is seasonal.

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