TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA
Tourism product as a factor of competitiveness of the Serbian economy and experiences of other countries
BEST HUMAN RESOURCES PRACTICES IN THE HOTEL INDUSTRY

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Abstract

The hotel industry in Serbia is subject to tough global and local competition, which creates the need to improve the efficiency of business management and increase the quality of products and services in order to maintain and improve market placement. Only the hotels focused on the service quality and their guests’ satisfaction can achieve positive results. The quality in the hotel industry is related to many factors, and the most important are human resources. Modern business management in the hotel business imposes high goals to the management which can be achieved only if attitude toward people is changed. This paper’s aim is to show the human resources management practices within international hotel chains as bearers of standard within the business. The task of this paper is to give ideas to Serbian hotel managers whose implementation will raise the level of hotel service to a higher level.

Key Words: hotel, human resources within the hotel industry, international hotel chains
JEL classification: J24, J53, Z32

Introduction

Human capital is the most important resource an organization can have as it has a direct and significant impact on the organization’s success. Knowledge, skills and competencies of the employees are the resources that create all other resources necessary for the company to function. Some components of these resources (knowledge and skills, i.e. competencies) require investing time and money in order to be created,

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while others are internal reserves, which can be used without any additional investments (Ćerović, 2013).

Human capital is defined as a productive potential of knowledge and activities of an individual (Gagić, 2014). Human resources management should care not only about the needs, interests and demands of companies and institutions, but also about the needs, interests and demands of the employees who are engaged within the wide spectrum of various businesses (Lutovac, 2012).

Hotel industry is a specific business activity where human labor takes the most important place and this will remain so in the future as well. The service quality and thus, guests' satisfaction and loyalty depends on the employees' skills (Vlahović, 2007). A well-organized sector of human resources guarantees a success for the hotel companies (Šekarić-Sotirovski, 2015).

The most important component of the process of managing quality is to involve the employees in management on all levels and to provide assistance. Employee assistance is one of the most important aspects of a socially responsible management of a company, since the employees’ motivation, their satisfaction, improvement and development is both personal and the company’s improvement (Tepšić, 2012). In the hotel industry the importance of human resources is undeniable considering that only a satisfied employee can give a high quality service and satisfy the guests’ needs but also exceed their expectations (Petrović & Petrović, 2013).

Most of the services in the hotel business are about guests meeting the staff (the receptionists, waiters, cooks, the uniformed team etc.). For the guest, the decisive criteria for a long-term service quality assessment are skills, approach and personal relationship with the employees. The point of sale in the hotel business is in the human relationship between the staff and the guest. The ability of the employees to meet and satisfy their guests’ specific wishes is of particular importance (Trdina, 2010).

The management needs to transfer its mission to its people in order for them to follow it. J. W. Marriott, the chairman of the Marriott company states: ‘The system, the method and the policy of our company must primarily serve the people who serve the guests.’ and ‘Take care of your employees and they will take care of you.’ This type of ‘concern’ for the
employees is not only related to raises and other types of material gain but also treating them as one of the guests (Gagić, 2014).

The employees’ job is one of the most important factors of service quality which means that the hotel staff represents the hotel's identity and significantly affects its image. The business of providing service in the hotel industry is one of the rare jobs which will not be possible to replace entirely by machines as it assumes immediate contact between the employees and the guest. The employees must predict, recognize and offer what the guest wishes and expects – this is the key of business success of any hotel (Vrtiprah & Sladoljev, 2012; Kovačević, 2012).

In the past, human resources planning in the hotel business was given little or not enough attention. It was thought that it is more important first to finish the project and that the labor force will be easily acquired by giving a short intense training for the applicants in order to prepare them for the job. The training was conceived ad hoc. Such thought process turned out to be inefficient very soon, which is why adequate approach to managing human resources has become the key activity in every hotel (Bartoluci & Birkić, 2011).

The human resources management in the hotel industry

Managing human resources is a complex process which consists of the following activities: planning, job description, recruiting, selection, orientation or directing, trainings, courses, compensations and rewards (Čerović, 2013).

Some of the employers skip some of these activities and make their selection based on personal experience, interviews with the competition or based on instinct. They search for human resources in their surroundings, by interviewing their associates and business partners, at fairs, business dinners, at their competitors, at educational institutions etc. However, the companies will be able to adequately respond to their competitors’ moves or unexpected changes only if they have an adequate human resources planning within their activities (Gagić, 2014).

The analysis of the internal and the external state of the market is part of the preparation for human resources planning. With the preparation, information on the state of the structure of human resources is being
gathered within the company as well as on the external market (Đuričin & Janošević, 2009).

The company should draw up a job description for each job position. Job description is a detailed list of activities and the expected outcomes of performing a certain job. It includes knowledge, qualifications and skills required for a certain job position. This document is beneficial both for the employee as well as for the company as the individual knows what is expected of him/her and which standards he/she needs to comply, and it is easier for the supervisors to control the tasks (Miletić, 2016).

Recruiting attracts appropriately qualified candidates who will be considered, while in the selection phase the number of the applied candidates decreases by choosing one or the desired number of the attracted candidates with bringing the final assessment. The recruiting process can be done in two ways: internally (on a supervisor’s recommendation, via a friend, acquaintance etc.) or externally (with the help of employment agencies, news adverts, via Internet, at fairs, universities etc.). Internal recruiting may be quicker and cheaper. In this form of recruiting the candidates are re-grouped from the already existing human resources and are familiar with the company’s policy, and the offers for career advances may positively affect their motivation. In internal recruiting there is the danger of demotivating the employees who are not promoted while they had expected to be. In the recruiting process it helps to engage one of the employees who works at a certain job position and is familiar with the procedures as well as the job. Apart from the previous experience of the potential candidates, knowledge demonstration can also be useful during the recruiting (for example, a cook who will prepare and arrange a certain dish).

Selection is a process where the remaining candidates are being selected for a certain job and decision is made on their hiring. In order for the selection to be successful there are instruments which help in selecting the applicants in order to assess them as well as possible: information on skills and personal characteristics are being acquired (skills and personality tests, interests, pattern of work, interview) (Suton, 2016).

Very often new employees are told where their work space is and given short notes about the job and after that they start work. Orientation gives the new employees a chance to get the first impression of the place where they will spend most of their day as well as to overcome the fear of the
unknown in the future. Very often the manager brings the new colleague to the department where the employee will work, tells to the experienced employees to ‘introduce him/her to the job’, which often does not happen or is done superficially so the new employee must manage for him/herself. The new colleague should be presented to the rest of the company, introduced to the operation (standards, quality, corporal identity, security measures and regulations) as well as the new job (Gagić, 2014).

One of the most important activities within the human resources management process in hotels is the training and education program. It is a process which helps to maintain or improve the existing performance realized at the work place. The training programs are focused on maintaining and improving the performance at the existing job, while the education programs involve developing skills required for a future job (Vujović et al., 2014). Management training programs have become almost regular in all companies in the hospitality industry. Simply put, the number of demands the managers must respond to almost daily is increasing continuously and management training through regular work only is a long lasting and unreliable process and it is necessary to train them with additional modern programs. Therefore, many companies, particularly in the hotel industry, invest in management training to a great extent. Training at the work place should not be neglected, either. There are several methods to do this, such as: education, job rotation, trainings and planning of daily activities (Dimanić, 2013).

Compensation in the form of monthly income, i.e. salary is something which is implied in every job. It is determined based on the position the person is along with the legal regulations and requirements to the state. The practice of developed countries has shown many times the importance of motivation of the employees for the improvement of the image, competitiveness and business success of the company on one hand and efficient realization of needs, goals and wishes of the employees. The reward system is desirable within every hospitality company, but it is not only material compensation but also raises, bonuses or a promotion plan (Boardman & Barbato, 2008).

Motivating the employees in the hospitality sector in order to achieve their positive attitude towards the guests and give quality service is based primarily on giving importance to the employee, their work and the importance of their behavior for the hospitality facility. The value of each
employee, their work and their personal contribution must be publicly recognized. This can be achieved by giving bonuses on top of a regular salary, by giving certain recognitions or sending the employees to educational courses. Any praise from the guest must reach the employee who is deserving of it (Chiang & Jang, 2008). Positive assessment by guests makes the work atmosphere better. The manager should praise the employee immediately, explain to the employee what has been done well and how this job well-done is beneficial for the company, give encouragement to keep up the good work, give support to the employee in the future work and create enthusiasm (Jovičić et al., 2013).

The importance of human resources in international hotel chains

International hotel chains are characterised by a strong brand, recognizable on the tourist market, application of mutual standards, high-quality level etc.

According to the number of hotels, in 2014 the biggest hotel chains were: Wyndham Hotel Group, Choice Hotels International, InterContinental Hotels Group, Hilton Worldwide, Marriott International, Best Western International, AccorHotels, Plateno Hotels Group, Shangai Jin Jiang International Hotel, Group Co. and Home Inns & Hotels Management (Boardman & Barbato, 2008).

Today there are several hotel chains on the Serbian market. These are InterContinental (Crowne Plaza, Holiday Inn hotels in Belgrade), Best Western (hotel M and Šumadija in Belgrade, My Place in Nis, Prezident in Novi Sad and the Gloria hotel in Subotica), Rezidor Hotel Group (Radisson Blu Old Mill, Belgrade), Starwood Hotels (hotel Metropol Palace), Hyatt Hotels (Hyatt Regency in Belgrade), as well as Falkensteiner Michaeler Tourism Group (hotel in Belgrade and on Stara planina) (Dimanić, 2013).

One of the main challenges that big hotel chains face is a consistent implementation of practice of managing human resources around the world (IHG operates in around 100 countries, the Marriott in 68, the Hilton in more than 76). The problem is not different sizes of hotels and different organization but also the differences in legal regulations. Another challenge is to find ways for the best practice to be transferred from one region to another or from one hotel chain to another. The third challenge is related to the capability of individual hotels which are part of
the chain to adopt standards of human resources management in their franchise relationship. Usually the franchisor specifies in the franchise contract certain requirements related to managing human resources and enables support in implementing trainings and development programs. In case the standards are not implemented in the hotel who owns the franchise, the integrity of the brand is being corrupted and conditions are met to lose the rights to use the brand name (Boardman & Barbato, 2008).

All international hotel chains point out to the importance of the employees in achieving business goals, since only motivated, trained and satisfied employees who continually strive to improve their knowledge and skills may contribute to the quality of products and services and increasing guests’ satisfaction (Radosavljević, 2008). Hotel chains quickly adapt to changes and the reason for this is the involvement of these organizations in development and training of their employees (Jovičić & Gagić, 2016)

Global human resources programs in international hotel chains

Many hotel chains have their brand programs and human resources policy in order to facilitate the communication and consistency among the regions.

Marriott has a Spirit to Serve program which defines the way Marriott manages business, particularly in the relationship with the employees, guests and the surroundings. Within the selection process this company points out that it bases its success on their employees, who are provided with regular trainings in order to master the skills and knowledge required for delivering supreme experience for the guests. This company recognizes and rewards the commitment of its employees through various programs (Marriott International Inc, Human Rights Policy Statement).

Hilton focuses on investing in human resources and constant indulging the guests in order to make this hotel chain the first choice of global travellers. The employees are being treated as members of a large family, a team whose members mutually encourage and help each other. Such philosophy of human resources shows commitment and faith in their employees. In the Hilton hotel chain managing talents is seen as the most important task in maintaining the competitive advantage in the future. The Hilton International operates by applying the Esprit program. It is a motivational tool designed to make work more pleasant and successful.
Recognition, respect and rewarding are the key elements in the success of the *Esprit* program, which involves a range of trainings and development initiatives, reward programs (hiltonworldwide.hilton.com).

Best Western, aware of the fast development and changes, tends to encourage their employees to implement new knowledge and skills and be prepared at all times. Encouraging the employees is reflected in different stimulations such as advances on the hierarchy ladder, higher income, benefits and praises. Psychological motivation is very important and it involves praises, recognitions, rewards that are a very important motivational factor. The priority list of the Best Western involves the following: employee assistance program; communication with the employees; recognizing the employees’ needs; human resources development and employee trainings; creating a positive atmosphere; keep in touch with the happenings.

The InterContinental Hotels Group (IHG) state that their mission is not only about hospitality and selling accommodation, but it involves the employees who give an unforgettable experience and supreme service to their guests in over 100 countries around the world. The company attracts and develops the best employees by creating work environment which is safe and where the employees can express specificities of their personality and their contribution can be appreciated accordingly. Employees are the key of success of the company in terms of creating guests’ satisfaction and income for the company. In order to ensure for all the employees from all around the world to realize the company’s mission by creating ‘supreme quality hotels the guests will love’, the IHG company is committed to creating environment and culture which will enable the employees to achieve the best results, and such program was called ‘Room for you’ by the company. One of the greatest challenges for this hotel chain is to attract, keep, motivate and encourage the employees to achieve the primary goal of the company. The international hotel chain gives four promises to its employees through the employee assistance program. These promises are related to the beginning of their work engagement, active involvement in the business, possibility for growth and promotion and recognition of their contribution. Numerous awards indicate that the company has one of the best employee assistance programs in the world (Jovičić et al., 2013).
Employment in international hotel chains

The basic part of the business strategy of the international hotel chains is to have a share in the local economic growth of the countries where they operate. Apart from this, all international hotel chains are dependent on the possibility of recruiting a significant number of employees on a local level. For example, within the Hilton group, an Elevator program was used for faster growth by focusing on hiring graduates of certain nationalities important for their region. In Egypt particularly, 13 out of 18 Managing Directors are Egyptians (www.ladbrokesplc.com, Hilton Group Report).

The InterContinental Hotels Group hotel chain recruits its employees through online sites and from prestigious global educational institutions. For example, in China, the hotel chain has developed an initiative to recruit young talents who may be involved in the process of opening new facilities (www.ihgplc.com).

The hotel company Marriott, for example, applies the following elements which are studied during the selection process of human resources through interviews (Gagić, 2014):

- attention to detail – responses which express perfectionism and thoroughness are desired, as well as those which reflect the ability to perform the tasks precisely and accurately;
- interpersonal connections – ability to negotiate, compromise and tactfulness, a positive attitude and appreciation of others, team spirit, politeness and cheerfulness;
- knowledge of the business – competence and confidence in what they do and know, responses which express the desire for growth and expansion of the competencies;
- verbal communication – the ability to analyze, objectivity and understanding as well as communicating the message to the listener, whether it is a guest or a colleague;
- obeying orders – willingness to perform the tasks within the set guidelines, accepting the hierarchy structure, desire to change the conditions or adapt to them;
- organization – ability to perform the tasks according to priorities, maintaining control over the situation, understanding and solving problems, creative approach;
- administrative details – willingness to improve the existing administrative systems in case they are not in accordance with the past practices, typing carefully and checking for grammatical errors;
- cooperativeness – an insight into the ability to cooperate with other colleagues is desired;
- calmness and stress management – whether the candidate stays calm when working under pressure;
- flexibility and adaptability – how well the candidate can adapt to changes in the work environment;
- responsiveness and forcefulness – the interviewer needs to see that the candidate is forceful, willing to react and that he/she is entrepreneurial;
- reliability – how much the candidate is committed and how seriously he/she takes, accepts and performs the tasks;
- awareness of the situation and the environment – it is necessary for the candidate to take notice of details and what is happening around him/her in order to react timely;
- self-motivation – the candidate must show the desire for success;
- patience – the ability to control a violent reaction;
- sociability – ability to work in a large team, maintaining harmonious interpersonal relationships with the colleagues, a positive attitude to team work.

Many hotel chains are engaged in a large number of external initiatives to help in capacity building within the sector and to fulfill various local social needs. For example, in cooperation with the youth initiative for career building ‘International tourist partnerships’, the Marriott enabled more than 1,000 young people to be trained in the hospitality sector. The program combines six months of classroom training along with working in the hotel. By realizing success in Australia, Brazil, Poland, Romania and Thailand, the program expanded to four new countries – Costa Rica, Egypt, Jordan and Mexico (Ashley et al., 2007).

Most of the hotel chains recognize and appreciate the diversity of people, ideas and cultures and believe that diversity of the employees is very important for success. All international hotel chains support the inclusion culture where employees on all levels can reach their maximum in accordance with personal potentials. Their strategy involves and formulates rules against discrimination, harassment and intimidation (Kusluvan et al., 2010).
Economic migration sometimes presents a problem for the hotel industry since some migrants are not as skilled as the local population. Although they go through the inclusion process, they often end up at lower job positions for a longer time which raises basis for suspicion of discrimination (Hjalager, 2007).

Diversity is one of the Hyatt’s basic values. Its aim is to be a leader in the business and employ different populations. The proof of diversity which is nourished at Hyatt is the focus on 5 key elements sought after in employees: commitment, responsibility, training, measuring impact and communication. Examples of trainings which nourish diversity at the Hyatt (www.hyatt.com):
- *English as a Second Language* (ESL), communication program for the employees whose mother tongue is not English, which is implemented in order to improve communication with the employees and the guests and
- *Valuing Differences*, managerial development program which is focused on valuing style, abilities and motivation regardless of race and gender.

An example of good practice is also given by the Hilton where diversity policy is established by the corporate management board. Diversity of the labor force is reflected in the mission created by the board, which is: ‘To create and maintain cultural diversity at the work place which strengthens the business value of the company and recognizes the Hilton Hotels Corporation as a leader in the global market industry.’ More than half of the employees at the Hilton family and nearly half of the people at the executive positions are national minorities and women (www.hiltonworldwide.com).

**Training and development of the employees in international hotel chains**

The defined policy of human resources in international hotel chains offers numerous possibilities for the employees to develop their abilities, particularly through trainings and mobility programs (Boardman & Barbato, 2008). The management should understand that training is not an option, but a prerequisite for a successful business and a satisfied employee. Trained employees give quality service and are committed to the company (Vujičić et al., 2015).
The Marriott’s management training program enables managers to identify appropriate courses in order to satisfy their personal and professional needs. The training starts with *Management Development Program* and it often continues with other possibilities for development during the first year (www.marriott.com).

In order to support employee development the employees in the IHG have developed the online *Careers Room*. Through individual training programs created for all levels within the company, the employees are enabled to achieve better outcome and greater satisfaction with the job. There are many intense programs and trainings offered by the company which make these people experts in their field. The hotel chain has also developed the IHG academy in order to enable students to master all the necessary knowledge and skills required by the hotel business. For the time being, the IHG Academy operates only in China, but the hotel chain is expected to expand to the USA and Russia in the future period.

InterContinental Hotels Group is committed to supporting their employees and ensure them a chance to be promoted and develop their careers. Employee development on all level is a critical factor of achieving the primary goal – to be the best within the hotel management sector and make hotels where guests will gladly stay. With continuous knowledge tests from the managers the company enables the talented employees to improve and give them positions which will help them improve their skills. The possibility to improve their knowledge and training programs are offered to all the employees regardless of their job position. Online programs and new online management system helps the employees develop their knowledge in a flexible way, without taking classroom courses (www.careers.ichotelsgroup.com).

Some hotels have developed educational centers such as the Académie Accor or the Hilton University. At the Académie Accor, there is a possibility of training the staff starting from the maid up to the manager. Most trainings take place within the network of 14 academies. The first one opened in 1985. The courses are designed in accordance with the working environment and priorities of the local managers. Training at the work place is developed through an e-course and learning with the help of CDs.

In China the ‘Career development’ and the ‘National management team of China program’ have been conducted and more than 120 of the employees took these trainings. As many as 70 students have had the
chance to become Head of department, Assistant Managing Director or Managing Director (www.accor.com).

The Hilton University was founded in February 2002 and it offers the possibility of training all the employees at Hilton. Its universities cover a range of skills necessary for the hotel industry, from operational and technical to financing and managerial techniques. The university is a virtual center for learning, support and development of the employees which offers hundreds of subjects with various topics and offers a new way of learning through a range of innovative e-learning courses. Each hotel now has a special room for studying – a quiet place where the employees can study in their free time (www.hilton-university.com).

In the Hyatt Company, aiming for continuous quality, the human resources service organizes trainings, not only for the newly employed but for all other levels of management which are taken each time when there is a promotion or when taking another job position. Along with their executives, the employees have an annual evaluation of their department for the previous year as well as an activity plan for the following year. In order to ensure safety of their guests and employees in case of fire there are regular employee trainings and an external specialized company which is in charge of the safety. Over the weekend, some of the managers are on duty in order to react in case there is a complaint by the guests and he/she is in charge of solving the problems and writes a report (www.hyatt.com).

Best Western ensures support and trainings for the ten thousands of their employees. It has also developed a unique personal training scheme Management Training Scheme. It is developed in such way that it enables each individual to reach the top of their potential within the company. This process involves trainings in key departments of the hotel. When the course finishes, the individual gets the position of the Manager trainee. With this program the hotel chain nourishes entrepreneurial potentials of their employees (Jovičić et al., 2013).

**Working conditions in international hotel chains**

International hotel chains analyze their working conditions on a regular basis (salaries, working hours, investments in trainings, etc.) in order to maintain competitiveness on the market. Most hotel chains offer a comprehensive package which involves a range of benefits for the
employees. This is usually on the company’s site under the part which deals with employees’ careers (Bohdanowicz & Zientara, 2009).

Hilton’s policy is to ensure salaries and benefits which will attract and keep members of the team and reward good performance and achievement of goals. During the recruiting process, each employee is presented with working conditions.

Recognizing effort in their employees, taking care of theirs and their family’s health, providing opportunities for improvement and facilitating balance of work and private life is offered at Marriott. Apart from this, the employees at Marriott are also given the following: health insurance, life insurance, annual income growth, pension insurance, paid scholarship, paid trainings and courses as well as discounts on accommodation, food and drinks in their hotel (Boardman & Barbato, 2008).

The IHG Company tends to help its employees in order to create balance in private life and work. Safety of the employees, health insurance, assistance programs related to maintaining a healthy life style and stress management are some of the benefits the employee at the IHG can expect. According to research, which measured the engagement of the employees, the employees in the company identified five things which make them feel included and that the company is taking care of them: happiness and satisfaction when performing various activities, company’s efforts, intention to stay in the company, willingness to make additional effort and feeling proud of the company’s achievements (www.careers.ihg.com).

All international hotel chains have precise international standards and procedures for health and safety which take place on an operational level. They take into account the local regulations in developing the procedures (Kimpakorn & Tocquer, 2009).

In general, international hotel chains expect that their members ensure healthy and safe environment for their employees, customers and visitors in accordance with the current local regulations related to environment protection, safety and health. It is expected that risks related to job positions are identified and that measures are taken in order to reduce the risk for the employees and the visitors.
Hotel chains also develop programs beyond basic safety in order to offer support to their employees. The example would be raising awareness on diseases such as HIV/AIDS and malaria, relaxation and stress management, healthy nutrition and fitness programs (Boardman & Barbato, 2008).

Conclusion

Human resource management is an essential element of every business, which is even more distinct in the hotel business considering that only a satisfied employee can give high-quality service as well as satisfy the guests’ needs, but also exceed their expectations.

Activities and efforts of the international hotel chains in this paper are examples of the best practices of human resources management within the hotel industry. What is common for these companies is that they clearly point out that their employees are the essence of success, gaining and maintaining the competitive advantage on the market. Hotels chains are the bearers of quality standards in the hotel industry and they significantly affect defining the standards in all areas of business. In this sense, the examples above should serve as a model for all companies in the hotel industry, since only satisfied employees can make their full contribution, give high-quality service as well as ensure competitive advantage and a long-term success of the company.

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