HUMAN RESOURCE MANAGEMENT AS A FACTOR OF COMPETITIVENESS IN TOURISM AND HOSPITALITY

Snežana Milićević¹; Jelena Petrović²;

Abstract

The dynamic development of tourism and hotel industry depends to a large extent on the efficient use of available resources, of which human resources are one of the most important. Numerous scientific studies show that the quality of human resources in tourism and hotel companies directly affects the competitiveness and survival of these companies in the market. Special attention in this paper is devoted to the analysis of specific characteristics of human resources in hotel industry and tourism, and especially the quality of jobs in this activity. Many authors point out the negative aspects of employment in tourism, such as low wages, extended working hours, high volume of work, short-term and part-time jobs due to the seasonal nature of the work, etc. Therefore, tourism and hotel companies face problems in hiring and retaining high-quality workforce, on which their competitiveness on the tourism market also depends. For this reason, in tourism and hotel industry, increasing attention is paid to the quality management of human resources.

Key Words: human resources, management, tourism, hospitality, competitiveness
JEL classification: E24, J24, M54, Z32

Introduction

Tourism is one of the world’s largest economic sectors and one of the main sources of foreign income and employment generator for many countries (Petrović & Milićević, 2017; Milićević & Đorđević, 2017). According to World Tourism Organization, a total of 1,326 million

¹ Snežana Milićević, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Vojvodska 5A, Vrnjačka Banja 36210, Serbia, + 381-36-515-00-24, snezana.milicevic@kg.ac.rs
² Jelena Petrović, Ph.D., Associate Professor, University of Niš, Faculty of Science and Mathematics, Department of Geography, Višegradska 33, Niš 18000, Serbia, 381-18-533-015, jelena25@pmf.ni.ac.rs
international tourist arrivals were recorded in destinations around the world in 2017 and international tourism receipts was US$ 1,340 billion (UNWTO, Tourism Highlights, 2018 Edition). This development of international tourism has influenced the increasing role of tourism in the overall economic development of most countries around the world (Petrović & Miličević, 2015). According to the World Travel and Tourism Council (WTTC), the total contribution of Travel & Tourism to world GDP (direct, indirect and induced impacts), was 10.4% in 2017, while visitor exports generated 6.5% of total exports (WTTC, Travel & Tourism Economic Impact 2018, World). The growth of the tourism sector is relevant for the ‘health’ of national economies (Krstić et al., 2016). Tourism encourages growth of large number of enterprises whose employment growth is provided through their operations (Sekulić et al., 2015).

Tourism is a labor-intensive activity, which means that it requires a lot of workforce for its performance. This is the area in which the largest number of jobs is created (Miličević & Petrović, 2018; Stanišić & Milutinović, 2016). 2017 recorded the number of 313,221,000 of those employed in economic activities that are directly and indirectly related to tourism, or 9.9% of total employment. In 2017, Travel & Tourism directly supported 118,454,000 jobs (3.8% of total employment). Every 10 jobs in the world belong to the tourism activity (WTTC, Travel & Tourism Economic Impact 2018, World).

The last decades in international tourism are characterized by competitive advantage that tourism companies achieve with the help of educated staff (Sekulić et al., 2015). Under the conditions of a highly competitive tourism market, the basic strength of every tourist company is neither technical equipment nor space, IT equipment, or the type of tourism product – because all of it can be replaced, mirrored and changed. The basic strength of every tourist company is human resources (Vlahović, 2007). The overall satisfaction of guests with the tourist offer depends directly on the quality of services provided by tourism workers.

Rare are economic activities that are to a large extent dependent on human resources, such as in tourism. Although this can also be said for other tertiary activities, characterized by the contact of bidders with a customer, in tourism, which rightly carries the attribute face to face, a great role is played by a host providing hospitality to guests. Namely, tourists arriving at a tourist destination, stay in an unknown environment,
where they expect their hosts to pay great attention and provide the best accommodation, food and other tourist services. The quality of such a temporary, tourist stay depends to a large extent on the engagement, goodwill and education of staff (Pirijevac, 1998; Miličević & Štetić, 2017).

Human resources, therefore, represent a very important factor of competitiveness in tourism and hotel industry (Miličević & Petrović, 2018). Human resources are among the most important resources of a tourism company, which directly affect its competitiveness and survival in tourism market. All resources in tourism companies are important, but human resources are those that connect all other resources to a coherent organizational unit. Only high-quality personnel can respond to challenges posed by a highly competitive business environment.

In order to acquire and maintain one of the competitive advantages once achieved, tourism companies must constantly develop the knowledge, creativity and innovation of human resources, since successful companies in the future will be the sites of knowledge, quality and capabilities due to which they will always be able to respond readily to short-term market anomalies (Premović, 2010).

**Characteristics of human resources in hospitality and tourism**

In all economic activities, including tourism, human work has an important and specific role and significance. Tourism continuously adapts to contemporary trends in tourism market. Accordingly, human resources in tourism through its living, work and business philosophy, education and work, are trying to adapt to the increasing demands of the users of tourism services (Petrović & Bonacin, 2017).

Human resources in tourism include not only those employed in tourism, but also their total values, qualities, useful abilities and skills, available knowledge and experiences, possible ideas and creations, degree of motivation and interest in achieving business goals (Pržulj, 2002; Ubavić, 2011; Miličević & Petrović, 2018). In other words, human resources, i.e. their knowledge, skills, abilities and competences are the key factors for the success of every business, organization, institution (Kuka, 2011).

However, tourism companies and managers face problems in hiring, development and maintenance of a competent and motivated workforce, which is focused on providing quality services to increasingly demanding
consumers. Many authors point out the negative aspects of employment in tourism, such as low wages, extended working hours, high volume of work, short-term and part-time jobs due to the seasonal nature of the work, etc. (Radosavljević, 2009).

On the one hand, tourism and hotel management provide an attractive work environment with high status, competitive wages and working conditions. There is a high demand among labor force, whereas the fluctuation of employees in the sector is low. The other side of the medal consists of poor conditions, low wages, high fluctuation of employees, problems in engaging qualified people in some key areas, poor status and practically lack of professionalism (Moutinho, 2005).

A large number of authors considered the problem of the quality of jobs in tourism. There are four commonly held beliefs about tourism employment, these being (Choy, 1995; Moutinho, 2000):

1. Tourism generates primarily low-skilled jobs.
2. Tourism generates low-paying jobs.
3. Tourism jobs do not offer high levels of job satisfaction.
4. Tourism offers limited opportunities for advancement for local residents.

Most tourism employees are not sufficiently educated. They mostly finished high school, while tertiary education is rare. Second, short-term and part-time jobs are common because of the seasonal nature of the job. Salaries are in most cases low and working hours are not favorable. Third, it is difficult to build a career in tourism in the traditional sense of the word. For all these reasons, the fluctuation of workers is much higher here than in other activities. All this affects the level of service quality, since it is unlikely that someone who is not committed to a company in the long term will have the motivation, knowledge and experience to contribute to the development process of a given company in tourism. On the other hand, this can be an advantage. Fluctuation of workforce leads to the exchange of staff among tourism companies in some area, which can increase knowledge transfer (Hrabovski Tomić, 2006).

Pirijevac (1998) points out the following basic features that characterize the problem of tourist staff (p. 100-101):

- High percentage of employment of female labor force. In hospitality industry, household jobs, food and drink service, kitchen jobs, reception jobs, cash registers, administration, etc. are performed
mainly by women's workforce. A similar situation exists in tourist agencies, where women's staff prevails.
- High participation of unskilled labor. There is a wide range of jobs in tourism sector for which no special qualification is required.
- The need for numerous seasonal workforce. Seasonal workforce that is not recruited from the local population, but from other places, even countries, can affect the creation of social problems in a tourist destination.

In terms of unfavorable working hours, for certain occupations, especially in the hotels of the boarding-house type, the daily unevenness of work, or split-shift working hours, is characteristic. It is not a rare case that the same staff is intermittently engaged even three times during the day (related to the time of preparing and serving main meals). This type of engagement causes more fatigue, while reducing the time spent on holidays, thus complicating working conditions and affecting employees in a destimulative way. Multiple engagements of staff during a working day are characteristic for hotels with seasonal business, that is, seasonal workforce (Kosar, 2015).

Within the broad classification of travel and tourism, there is massive diversity in the types of jobs generated. To further illustrate this, we should note the range of people that a person buying a package holiday is likely to interact with (Moutinho, 2000, p. 171):
- retail travel agent;
- insurance companies;
- ground transport to and from an airport;
- at least two sets of airport handling agents (outbound and return);
- airport services (shops, food and beverage outlets, bureau de change) (outbound and return);
- the airline on all legs of the journey;
- immigration and customs services;
- local ground transportation;
- hotel or apartment;
- tour services at a destination;
- companies and individuals selling a diversity of goods and services at a destination (retail, food and beverage, entertainment, cultural and heritage, financial, etc.);
- emergency services at the destination (medical, police, legal);
- service providers on return (photography processing, medical).
Thus while the physical product is important, for most tourists the quality of their experience is likely to be also reliant to a large degree on the interactions they will have with the variety of front-line staff in the travel and tourism industry (Baum, 1993, 1997).

The fact is that the quality of offered service depends on the quality of employees, and therefore the competitive advantage of a tourist company. However, it should be kept in mind that not all employees in the company are in the same position in relation to tourists and that they do not all have the same impact on tourists. Employees in tourism can be divided into (Milićević & Štetić, 2017):

- Employees providing services and directly coming into contact with tourists, on whose kindness, immediacy and professionalism depends the satisfaction of a tourist with the service offered;
- Employees who explore the wishes and needs of tourists, and who therefore create ideas and create services in tourism.

The most frequent contact with tourists is provided by workers at counters in info centers, tourist agencies, hotel receptions, tourist guides, followers, animators, waiters, bartenders, etc. This staff represents the entire company, gives the first impression and very often it is the only one that affects tourists, which explains the service and ultimately sells it. From such a significant role of these staff, the need arises that they should be especially tested and selected, to have a special position in the company and to be regularly rewarded (Tomka, 2012). Insufficiently motivated and unqualified personnel will not be able to provide quality service. The real challenge of managing human resources in tourism is the recruitment and retention of workers with true skills, knowledge and attitude towards the job.

By studying tourist business, it is obvious that human resources in tourism require special competencies, qualifications and skills. That is why hotels, travel agencies and other companies in tourism employ quality staff and invest in their education. If we agree that the people are those who are crucial to business success, it follows that the basic task facing companies is to try to attract and retain the best people. The companies need to know what kind of staff they need and how they can find, attract, and encourage them to work for them. In other words, it becomes obvious that human resources represent the most valuable and unique intellectual capital by which companies differ most from one another (Pokrajac & Štetić, 2013).
Human resources management in hospitality and tourism

Bearing in mind that tourism and hotel industry are characterized by the diversity and heterogeneity of jobs, the basis for the competitiveness of each tourist company is the quality of services provided to tourists, i.e. human resource management in such a way that they are able to offer quality service (Moutinho, 2005). The term "human resources management" itself appears for the first time in the US, in professional literature, in the mid-1960s (Strauss, 2001). The objective of human resources management is to ensure a constant improvement of the skills of employees in order to increase the level of their commitment which should lead to improved performance, efficiency and organizational performance (Delaney & Huselid, 1996).

Human Resources Management refers to the management of people and their interactions within the company. The goal is that every company uses the ability of its employees in the right way. Regardless of whether it is a multinational or family business, it is necessary to find the best way to manage human resources. It is a development process that includes activities such as: employee planning, employee selection and training, employee relations, rewarding, career development, motivation of employees, etc. (Radosavljević, 2009).

The process of human resources management involves appropriate measures and activities involving two parties: those who manage (managers) and those who are managed (executors of jobs and work tasks). Managing people, their behavior and opportunities has never been an easy task (Čerović, 2013).

Human resource management has become one of the leading preoccupations of modern managers and organizations. More and more companies base their competitive advantage on the way of recruiting, selecting, motivating, rewarding, promoting, developing and educating their employees. The value of a company is no longer expressed only in annual income and other financial indicators, but also in the quality of its employees. In the 21st century, competition among companies has been expanding from product market to labor market. Those companies that manage to recognize this fight for human resources on time are now the most successful in their fields (Vlahović, 2007).
Business philosophy "Your employees represent your company" and "Clients are second, in the first place are the employed" is applied by more and more companies in service industry. The reason is that companies have recognized that their employees are also their best clients. If the receptionist at a hotel is in a bad mood, if the waitress is unfriendly, it is certain that the tourist will notice it and be dissatisfied and change the hotel (Vlahović, 2007).

In other words, dissatisfied employees can not satisfy their guests (Kordić & Miličević, 2018).

Therefore, the issue of employee satisfaction, their motivation and commitment to the organization is of particular importance in tourism and hotel industry (Domínguez-Falcón et al., 2016).

Human Resources Managers must constantly monitor and anticipate changes in the internal and external environment in order to respond to them in a timely and adequate way. They must, therefore, have an entrepreneurial and proactive approach, which is why increasingly modern human resources management is described by the attribute strategic (Premović, 2015).

In contrast to other economic sectors, tourism sector is characterized by specificities that have direct and indirect effects on human resource management strategy (Marić, 2014):

- In tourism, the service of a single bidder is not being sold, but a package of services for various market participants. The quality of each individual part of this service package significantly influences the formation of the attitude of tourists about the overall quality of the product. Therefore, special skills are required from tourism personnel.
- Tourism is an area that requires intensive work. The quality of tourist services depends on the available number of employees.
- The quality of a tourism product is determined by numerous market participants, which means that connection with other economic sectors and social activities is very strong.
- Employed in tourism must have basic knowledge of all the activities involved in tourist product creation, and thus ensure the quality of the entire product. High degree of interconnection with other sectors opens up great opportunities for creating a quality tourism product.
- The tourism sector requires staff with a broad qualification profile.
Human resources management process in hospitality and tourism

Bearing in mind that the most popular form of work in tourism and hotel industry is human work, which forms the basis of the non-material resources of each company, this part of management is an extremely important managerial function. Human resources management process itself involves a number of activities needed for employment in one enterprise and maintaining high performance of employees. Human resource management process is an integral part of management, and it consists of seven basic activities: human resources planning, recruitment, selection, introduction to the work environment (socialization), training and improvement, assessment of the quality of work performance and employee allocation (improvement, relocation, degradation and dismissal) (Milićević & Štetić, 2017).

Human resources planning is usually defined as the process of anticipation and the creation of care for the movement of people in the enterprise, in order to ensure the necessary number and structure of employees, as well as their optimal use (Buble, 2006). In human resource planning, human resources management has the task of anticipating the number of jobs and executives who will perform business activities in the most efficient way (Milićević & Štetić, 2017). Workforce planning is the creation of plans to fill in future vacancies in an enterprise that is based on predicting vacancies and deciding whether these jobs will be filled by candidates who already work in an enterprise or outside the company (Dessler, 2007).

Personnel recruitment involves the process of attracting qualified candidates to fill vacancies, which will be chosen by management of a company most appropriately during selection process (Bogićević Milikić, 2008). The process of searching for suitable candidates begins with advertising inside the company (internal sources) or outside the company (external sources). The internal recruitment resources include filling jobs for already existing workers who have necessary qualifications to fill vacancies, while external sources are most often: labor market, employment agencies, educational institutions, advertisements, etc. An external source of recruitment is an option when an enterprise is unable to recruit from internal sources.

Selection of personnel is a procedure by which candidates, who best satisfy job requirements, are selected by applying predefined and
standardized methods and techniques for a particular job (Bahtijarević Šiber, 1999). This is the process of choosing among the applicants who are the best and most competent to fill in a vacant position. At this stage, applicants are analyzed (their biographies, interviews, tests, etc.), their capabilities for carrying out their work, as well as their personal characteristics (what motivates them, how they act "under pressure", what are his/her priorities, how he/she behaves with people, etc.) and readiness for teamwork. This process involves making judgment, not only about the candidate, but also about the relation of candidates and workplace, taking into account knowledge, skills, abilities and other characteristics necessary for doing the job. The goal of the selection is to choose the "right man" and to put him in the right position (Krstić, 2016).

**Introduction to the work environment and socialization** is the phase of introducing new employees to a company, other employees, organizational structure and its rules. At this stage, the company should play a "good host" role in order to release new workers as soon as possible from the initial discomfort and fears and adapt to the new work environment as soon as possible (Miličević & Štetić, 2017). It is very important that newcomers are provided help to emotionally adapt to the new workplace. They should be directed to whom to contact in connection with the work they perform and how their role fits into the whole enterprise. Processes of introduction into the workplace and socialization are usually used to introduce new workers to cultural messages what the company expects from them and what they can expect in return (Torrington et al., 2004).

After selecting the staff whose knowledge will be invested in, it is very important to find the right kind of **training and development of employees**. Investing effort in a careful selection of staff does not in itself guarantee that they will be effective (Dessler, 2007). Staff training involves preparation for occupation or specific skills. It is less person-oriented, but more job-oriented (Buble, 2006). Training is considered to be the method of acquiring new skills and knowledge necessary for doing business. Through training, both new and existing workers, as well as managerial staff, pass through. Most commonly used are the internal forms of training (teaching, job rotation, etc.) and external forms of employee training (courses, seminars, training, education, etc.). Training benefits are numerous: productivity increases, the number of employees leaving the company decreases, employee salaries increase, employee motivation and satisfaction increase, as well as their commitment to a
company (Milićević & Štetić, 2017). All leading hotel chains apply training. Forms of training are different, but the most famous hotel chains notice a similarity that implies the existence of appropriate rigid standards of work and precisely determined norms for performing particular working operations in kitchen, at reception, in sale, etc. Large companies look at training as an investment in the future, and not as an expense (Radosavljević, 2009).

One of the most delicate activities is assessing performance and determining the compensation of employees, as well as taking corrective measures in case an employee is not at a satisfactory level. Evaluation of the performance of employees is a process of organized and continuous monitoring, evaluation, guidance and adjustment of their results and their working behavior in order to achieve organizational goals, and based on appropriate criteria, methods and assessment systems (Čerović, 2013). In other words, grading is a system of (permanent or periodic) employee evaluation, in relation to the standards set by the company. This sets out workers who need additional training, from those who deserve rewards, bonuses and promotions. The assessment process is of paramount importance for career development. When it comes to determining compensation, companies most often use job descriptions in terms of required qualifications, knowledge and skills as the basis for the introduction of payment scales (Milićević & Štetić, 2017).

In order to increase productivity, most companies are developing a rewarding system through stimulations (e.g. salary addition) and benefits (e.g. paid holidays, scholarships, life and health insurance, equity participation, etc.). All this is aimed at motivating employees, keeping the best and increasing their loyalty to the company (Milićević & Štetić, 2017). Loyalty comes directly from employee satisfaction in the workplace and implies mutual benefit for both employees and the company (Matzler & Renzl, 2006).

The deployment of employees within the company, through improvements, transfers, degradation and dismissals, is a very important aspect of human resource management. These steps are consequential in nature and are directly related to the work performance of employees, their engagement, commitment, abilities, etc. (Milićević & Štetić, 2017).
Career development is linked to acquiring new knowledge, skills and abilities that enable an individual to take on new, more complex jobs. Unlike training, which is oriented to work, career is oriented to the individual and his potentials. Career is a concept that combines individual and organizational interests and needs, since interest in career development is not just by an individual, but also by a company (Radosavljević, 2009). Career development encompasses a range of activities that an individual does to improve his/her knowledge and skills and gain a better position in the workplace (Jovanović Božinov et al., 2004). The fact that the possibility of career advancement is one of the most motivating factors of employees only emphasizes the importance of this phenomenon for modern companies (Đorđević Boljanović & Pavić, 2011).

Conclusion

Human resources are the main source of competitiveness in modern society, but they do not create a competitive advantage, a priori and per se, it is necessary for the enterprise to put available human resources in the function of creating and achieving a competitive advantage and to use them in a superior way in relation to competition in the branch (Premović, 2015). Tourism is such a business activity where employees are those who make the difference, who "mark" and differentiate tourist service from the competition, i.e. they create comparative advantages and are the only resource that cannot be copied (Kovačević, 2012).

However, tourism and hospitality industry has faced many challenges over the years in terms of managing, retaining and motivating its human capital (Enz, 2001). Unfortunately, tourism and hospitality industry jobs have been touted to be high stress and low pay, which are factors that work against employee motivation and organizational commitment (Stamper & Van Dyne, 2003). Therefore, human resources management has become one of the leading preoccupations of modern enterprises and one of the key factors of competitiveness in tourism and hotel industry.

Human Resource Management involves various activities whose ultimate goal is to find and engage "the right people at the right places" in order to achieve successful business operations through efficient management and coordination of employees' activities. Human Resources Management is a top-level management function under the responsibility of a top manager.
As such, it includes management decisions and procedures that directly affect all human resources of enterprises (Premović, 2015).

References


