

The axe of staff budget

[Business](#), [Management](#)



Minimum profit margin due to increasing number of four star hotels.

Employee morale is down and there are increasing incidences of absenteeism and minimum staff turnover affecting the profit margin still harder

Contingency Plan adopted by Management

To reposition the hotel from four star hotel to three star hotel through the following activities

Minimizing the number and quality of services provided

Save resources and money by reducing the expenditure on capital and consumer goods

Minimizing the staff budget by 25%

Cancel the lounge and room service options and also portering of luggage to and from guest bedroom.

Minimize the redundant assistant manager posts and assign the responsibilities of assistant manager to department manager for better performance and manpower management during crisis.

Rebranding of hotel within the time frame of 4 months.

Plan of action

The HR activities are of prime importance in order to resolve the crisis and also to sustain employee morale.

Minimizing the number and quality of services

Analyze the preferred services by customers and retain them and eliminate the services which are not required frequently by regular customers.

Devise the staffing plan according to the changes made in the services to ensure quality and hospitality.

To plan strategic initiatives to sustain the productivity and efficiency of the hotel in terms of service.

Cancel the lounge and room service options and also portering of luggage to and from guest bedroom

It is ideal to do a SWOT analysis (Strengths, Weakness, Opportunities and Threats) and minimize the number of services accordingly.

Save resources by minimizing expenditure on capital goods

Reduce the instances of complementary package services

Ensure strict compliance on conservation of resources like water and electricity for the entire hotel

Introduce flexible shifts and alternate work week patterns for increased production and reduce the overhead costs of the hotel.

Minimizing the staffing budget

Devise strategies for optimum strength on manpower to meet the requirements.

Reduction of Salary may be one of the most preferred options for minimizing the staffing budget but the same needs to be implemented with care and

caution. Some of the risk factors involved in minimizing the salary are

Market scenario on pay scale offered for the same job in similar 3 star hotel

Risk of losing good employees as they are demotivated because of pay reduction.

It is of prime importance that HR should not consider reducing pay without a strategy for recovery and readjustment for normalization when the economic slump disappears.

Downsizing is another option for reducing the staff budget. Internal

document maintenance is very important for downsizing . Eliminating assistant manager post and assigning the tasks to department manager is one such option. Once downsizing occurs; it is evident that changes should be incorporated in job descriptions and internal process document.

Increasing the employee contribution to health care oriented premium services.

One of the important roles of HR is retain the best employees by identifying their real potentials and strengths using employee performance data.

Strategies to boost employee morale

Introduce Job rotation and flexi-time options for employees

Identify employees who are really good and average

Communicate with employees on bad times and motivate them by sharing a long term vision

Listen to employee grievances and resolve them

Introduce reward schemes for outstanding performers either monetary or provide financial assistance for their knowledge enrichment through education.

These are the activities to be planned by HR in order to save the hotel from disaster and also to sustain employee performance.