

# Human resource management at hyatt hotels



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Hyatt Hotels Corporation is a global hospitality company with more than 434 properties around the world. The mission of the company is to ' Provide Authentic Hospitality'. They incorporate this mission in everyday operations by focusing on the development of a relationship with associates, owners and customers.

Hyatt's business is conducted by its employees and officers, under the direction of the President and Chief Executive Officer and the oversight of the Board of Directors to enhance the long-term value of the Company for its stockholders.

The Board of Directors is elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. The Board recognizes that the long-term interests of stockholders are advanced by taking into consideration, as appropriate, the concerns of other stakeholders, including associates, guests, property owners, suppliers, the public and members of the communities in which Hyatt Hotels Corporation operates.

## **History**

In 1957, Mr. Jay Pritzker purchased the Hyatt House Motel near Los Angeles Airport. This started the story of this large company that manages, owns and franchises over 434 hotels around the world. The Pritzker family converted the company into a public entity in 1962. In 1968, a new company known as Hyatt International was formed to take care of properties around the world apart from North America. Hyatt Corporation and Hyatt International merged into a single entity in 2004 forming the Hyatt Hotels Corporation.

## **Mission, Goals and Values**

Hyatt defines that its mission is to “ Provide authentic Hospitality”. They try to practice this in a way that respects all people and all ideas. The company is looking at Superior results by working in an efficient manner.

The Goals of the company are to be considered the preferred brand in each of the segments they serve which include:

Employees

Guests (Customers)

Owners (stockholders as well as third party property owners)

These goals clearly state that the strategy of the company is based on its people apart from the basic need for a company’s existence. This will be discussed in detail when speaking about the strategy model that best fits the hotel chain.

The company claims to have certain values that are imperative in forming the culture as well as the strategies of the organization. These are mentioned below:

Mutual Respect – They are a people based company and believe in respecting ideas, thoughts and beliefs of others

Listen well

Verify

Acknowledge

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Intellectual Honesty and Integrity - Hyatt wants its employees to be loyal to the company which can form the basis of the culture of the company.

Tell and accept the truth

Honor your commitments

Humility - Hyatt does not believe in advertising loudly and gaudily. They expect the reputation of the company to be built on experience.

Let actions speak for themselves

Recognize the contributions of others

Fun - Hyatt tries to ensure that employees enjoy their workplace in order to ease the stress of the hospitality industry.

Don't take yourself too seriously

Creativity and Innovation - Hyatt promotes new ideas and concepts. They handle change well due to the following steps they use to promote innovation amongst employees.

Challenge conventional wisdom

Take action/risks

Evaluate

## **Strategy**

The word 'strategy', deriving from the Greek noun strategus, meaning 'commander in chief', was first used in the English language in 1656. The

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development and usage of the word suggests that it is composed of stratos (army) and agein (to lead). In a management context, the word 'strategy' has now replaced the more traditional term - 'long-term planning' - to denote a specific pattern of decisions and actions undertaken by the upper echelon of the organization in order to accomplish performance goals (Bratton, 2005)

## **Hyatt Hotel Corporation Strategy**

The mission and goals of the company are clear in the above diagrammatical representation. The policies of the company are based on fulfilling this mission of the company.

The value chain given above shows the prioritization of the company's strategy. Hyatt believes in keeping the customer satisfied by fulfilling the customer's needs and demands. Hyatt wants to be the preferred company for customers. This can be done through excellent service (smooth operations) which can be achieved only through engaged employees. Engagement of employees is defined by Hyatt as the experience of the employees through their career at the company. The more satisfied the employees are at the workplace, the more the engagement which leads to efficient work. Employee engagement can be improved when the company grows increasing the opportunities for the development of the team members. The performance of the hotels helps the company grow. And this performance is again determined by the customers who would prefer Hyatt over other hotels. This value chain developed by hyatt is the basis of formulation of policies for Human Resources, Marketing, Finance and Operations.

Hyatt has developed its strengths by concentrating on the most important aspects of running a company. They are making sure all employees concentrate on developing the brand image by providing excellent service according to the standards set by the company. This can be done only when the employees are clear about the brand value and quality expected. Hyatt also makes it clear in its strategy to ensure the profitability of the company in order to maintain a steady growth cycle. They have included manpower development in their strategy and mentioned that people are the company's key assets and that the company strives to keep their employees satisfied and motivated at the workplace.

## **Aligning the business strategy with Human Resources**

### **International Operations**

The International Human Resources Department is made up of team members that are located in the Corporate Office in Chicago, as well as Hyatt's Divisional Offices in Zurich, Dubai and Hong Kong. Their collective goal is to drive the People Brand ensuring the provision of an "authentic employee experience".

The roles and responsibilities at the Corporate and Divisional level are focused on creating employee preference through Employee Engagement, Top Talent Management, Workforce Planning, Succession Planning, Training and Development, effective Human Resources systems and Competitive Total Rewards. The team in Chicago concentrates on the development and oversight of Human Resources strategy while the Divisional teams focus on strategy implementation as well as hotel pre-openings.

‘ Human resources strategies’ may be defined as the patterns of decisions by management formulating policies and procedures to design work and select, train and develop, appraise, motivate and control workers. Creating these models are appealing to academics as they can analyse various configurations or clusters of HR practices and develop and test theories with the help of conceptual models. (Bamberger & Meshoulam, 2000)

In theory, academics have proposed at least three different models on Human Resource Strategy. These models have been based on various methodologies and policies developed by organizations to align the Human Resource strategy with the company strategy. These models are ‘ Control Based Model’ where the management tries to control and monitor the role and performance of each employee; ‘ Resource Based Model’ where the concentration is based on the behavior and attitude of the employee and the manager – subordinate relationship in the organization; The third model is a combination of the two above which integrates them in order to bring together the advantages of both.(Bratton, 2005)

## **Hyatt and its Strategy Model**

After a careful study of the three models and analysis of Hyatt’s Human Resource Strategy, it can be derived that Hyatt uses the combination model which is an integration of the control based and resource based strategic models. More details and explanations are provided below.

Hyatt’s strategy emphasizes on people being its key asset and concentration on the growth and development of the employees. This can be analysed to say that Hyatt concentrated on its employees needs to be fulfilled in order to

achieve efficient work from the team members which leads to better results for the company. There is a mutual relationship between the employer and the employee focusing on the development of both.

The table given below shows various Human Resource strategies adopted by companies based on the nature of the organisation and their requirements.

The table states Human Resource strategies for three components – the behavior required from employees, long or short term focus of the company and the concern for quality in the organisation. These components are reviewed in terms of Innovation, quality enhancement and cost reduction.

We can derive that the company's Human resource policies are based on the company strategy as per quality enhancement.

Hyatt works out its Human resource strategies with an emphasis on quality enhancement. The job profile and description of the employees are mostly fixed with a particular set of tasks and responsibilities, it has little or no scope for innovation or change depending on the level of responsibility. The hotel industry operates with many Standard Operating Procedures and a carefully planned and fixed way to perform tasks. This leaves very little scope for change in an individual's job description. These job descriptions are extremely elaborate and detailed in order to keep the employees aware of what is expected of them, on a day to day basis as well as overall.

Maintaining procedures and standards for operations ensures that the brand can provide consistent service around the globe making the customer feel comfortable in any Hyatt hotel without any surprises. This strategy helps Hyatt keep its brand image.



The appraisal system in the company is in place . They have an individual appraisal on a regular basis conducted by supervisors and managers but the team performance as well as the hotel's overall performance is taken into consideration when offering incentives and salary hikes. The employees are made to feel comfortable in the organisation which is required due to inconsistent work hours and the need for motivated employees. This ensures the employee putting in his/her best effort to maintain the work ethic and follow the procedures in order to benefit the company and increase productivity.

The Training and Development team of the hotels as well as the corporate offices are very elaborate and active as there is a need for extensive task as well as competency training for the employees. The training involves keeping the employees up to date with changing policies as well as ensuring that tasks are fulfilled as per the set standards. Constant coaching and emphasis on following SOP's maintain a low-risk environment which is beneficial for the organisation.

As discussed before, the human resource strategy of organisations have been classified into three different models- Control based, Resource based an Integrative model which combines the other two. Hyatt follows the integratve model of Human resource Strategy. This is explained below with the help of many examples in terms of Selection policies, Training and development and other such strategies that the company implements.

## **The Integrative model**

This model is a combination of two models, one based on managerial control in the organization and the other based on a reward-effort exchange.

Bamberger and Meshoulam have labeled the control based model as “ locus of control” and the resource based model as “ acquisition and development”.

Locus of control concentrates on monitoring the employees’ compliance with the standards and procedures set in place while acquisition and development is the strategies used to recruit the right candidates and then train and develop them in order for them to learn the processes and operations.

These two main strategies of the organisation yield four different ideal types of dominant HR strategies. The table below signifies these four strategies and how they play a vital role in the alignment of Human Resource strategies with the Organization’s strategy.

These strategies as depicted in the table show the organization’s Human Resource strategies based on acquiring and managing their employees. Hyatt follows the Paternalistic and Commitment strategies for recruitment as well as appraisals of employees. Hyatt believes in a strong training and development system therefore it ensures that after recruiting a candidate, it is imperative to keep the candidate off operations and in orientation for a week. They develop their employees according to the brand and standards that are meant to be followed. This is an illustration of the Paternalistic HR strategy. Hyatt also believes in regular appraisals and personal growth of the employee. Performance of the team is closely monitored by managers and supervisors to ensure the process being followed and the desired outcome being achieved. There is a strong emphasis on compliance of standard

operating procedures which is monitored with individual employees and they are appraised on their efficiency as well as their productivity.

## **Selection Process at Hyatt**

Hyatt's selection process is done through interviews. The application (recruitment) is done with the help of an online tool named Taleo and shortlisted candidates are called in for interviews. There may be various rounds of interviews but the initial screening is done by the Human Resources department.

Hyatt also has a training module meant for senior managers in Interviewing. This is to make sure that everyone is on the same page to select the perfect candidate and there are lesser conflicts. The training module also mentions other factors such as conduct during the interview, venue, interaction etc. Hyatt uses competencies as the foundation for the selection decision. The Selection Interviewing Module provides the people responsible for interviewing with the skills necessary to evaluate candidates using carefully developed behavioral and situational questions. This approach allows the interviewer to identify behaviors that demonstrate the personal skills, abilities and knowledge that make up the company's core and leadership competencies.

Hyatt has a guide with instructions and techniques to conduct interviews. This guide mentions how the the employees shuld be marked in terms of competencies they possess. Hyatt's core and leadership competencies used to select the right candidate are mentioned below:

## **Definition of a Competency**

Competencies are behaviourally defined personal characteristics that are required by employees for effective performance. These personal characteristics may include, but are not limited to: knowledge, skills, and abilities.

What top performers do more frequently or more effectively than other performers

Leads to performance excellence

Consistent with our direction and future business needs

## **Hyatt Competencies**

Hyatt's Core Competencies, for which they interview line applicants, are:

Action Oriented

Adaptability

Communication

Customer Focus/Quality

Integrity

Interpersonal Skills and Teamwork

Time and Task Management

the leadership competencies which are used for candidates applying for managerial positions are as follows

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Core competencies, plus:

Change Management

Commercial Awareness

Decision Making

Managing the Work of Others

Motivating and Influencing Others

Organisation Savvy

People Development

Problem Solving

Strategic Orientation

Hyatt tries to ensure that all their selected candidates either possess the above mentioned competencies or can be developed through training to fit in to the organization with the mentioned characteristics. The interviewers are supposed to grade the employees according to what they perceive from the candidate during the rounds of interviews. This fits in to the Hyatt strategy by ensuring that the right fit of people are employed keeping in check the overall mission of providing authentic hospitality. The competencies mentioned are characteristics required in employees to best match the manpower need of the company. The core competencies include a basic framework of the employees personality and how he or she will be able to adapt to the culture of the company. Hyatt requires people who are

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proactive with good communication skills and can fit in to a team by working in coordination with others. Hyatt does not concentrate on the skill as much as the overall personality of the candidate as they have an extensive training and development module to teach the employees the standard operations. This is done through various extensive task training modules and sessions that are conducted for the employees. This is discussed further in detail below.

Given below are evaluation sheets which are used to grade the interviewee and compare the candidates to see who fits the job descriptions most accurately.

This is a sample evaluation sheet for line candidates. As discussed earlier, the focus is not on skills that the candidate has, it is based on the compatibility of the candidate in terms of the competencies required for the individual to fit in to the hotel and help achieve the organisation's goal and increase productivity.

## **Training and Development**

Training may become necessary in a hotel for a number of reasons, including: new Corporate Strategy, new business goals, other changes in the hotel, external changes in the local market, employee performance shortcomings, and many other factors. Identification of training needs is done by the Training department of the hotel based on the following factors:

New computerization

Organizational changes

New procedures

Changed business goals

New product (e. g. restaurant.)

New legislation in areas which impact employee involvement

Specific need of a new client/organization/supplier

New/increased competition.

Sources of information to help identify training needs:

Corporate Strategy Articulation

Results from the Employee Opinion Survey

Business Plan

Observations of employees

Questionnaires

Interviews

Performance Development Plans

Guest Feedback and Comment Cards

Competition visits

Management Log Books

Accident Reports

Performance and Productivity Report

Consumer Audit Report.

Training at Hyatt is classified into two. Skill training and Attitude training.

Skill training is handled by individual departments with the help of task breakdowns and rotational training sessions for the employees. The following factors will impact the degree to which Skills Training is a priority need:

Competency levels of employees

The rate of employee turnover

Prior experience of employees

Quality and quantity of Departmental Trainers

Availability of time in which to train

Maturity of established standards

Degree of empowerment.

The following is a Departmental training record form which is used as tool to observe and keep a check of the training being conducted in the department to help hone the skills of the employees.

### **Department:**

Room Service



**Position:**

Waiter / Waitress

**Employee Name and Start Date**

Date and initials

of Trainer: Who was the Trainer and when was task completed

X: Trainee does not have to be taught the task

Blank: Training not carried out yet

**Name and Start Date**

**Tasks**

Kate

4/5/96

Brad

3/1/97

Tom

2/3/98

Jack

5/3/98

Mary

6/5/98

Hotel Orientation Day 1

JM

4/5/96

JM

3/1/97

JM

5/3/98

JM

6/5/98

Hotel Orientation Day 2

JM

5/5/96

JM

4/1/97

JM

6/3/98

JM

7/5/98

Departmental Orientation

DM

5/5/96

DM

4/1/97

DM

2/3/98

DM

6/3/98

DM

7/5/98

Tray Set Up

PP

6/5/96

PP

4/1/97

2/3/98

PP

,

Answering the Telephone

PP

6/5/96

PP

4/1/97

PP

2/3/98

PP

7/3/98

Folding Napkins

NM

6/5/96

NM

4/1/97

NM

3/3/98

NM

7/3/98

Cleaning glasses

NM

6/5/96

NM

4/1/97

NM

3/3/98

NM

7/3/98

Coffee/Tea set up

NM

6/5/96

NM

4/1/97

NM

3/3/98

NM

7/3/98

Learning about DND

PP

7/5/96

PP

5/1/97

PP

6/3/98

PP

8/3/98

Cleaning floors

PP

7/5/96

PP

5/1/97

PP

6/3/98

PP

8/3/98

Set up of breakdown area

RM

7/5/96

RM

6/1/97

RM

6/3/98

RM

8/3/98

Clearing breakdown area

RM

7/5/96

RM

6/1/97

RM

6/3/98

RM

8/3/98

Depositing soiled equipment

RM

7/5/96

RM

8/3/98

Storing clean equipment

RM

7/5/96

RM

7/1/97

RM



6/3/98

RM

9/3/98

Polishing silver

,

RM

7/1/97

RM

6/3/98

,

Reading a docket

RM

7/5/96

RM

8/1/97

RM

9/3/98

This document is imperative to ensure that the employees are being trained well in their day to day tasks so they are able to increase productivity in the hotel by following standards and doing their jobs the way they are supposed to. This is aligned to the strategy of the hotel by developing the employees to enhance efficiency and performance.

Attitude Training is required to communicate the values, attitudes and behavior expected by the hotel/company.

Examples of Attitude Training:

Grooming standards

Telephone techniques

Dealing with guest complaints

Principles of Upselling

Exceeding Guest Expectations

This may be impacted by the following factors:

Local culture

Rate of employee turnover

Degree of motivation

Length of service

Age of employees

Union relations/activity

Interdepartmental/hotel transfers

Repositioning of hotel standards

Local unemployment

How competitive the hotel market is.

As discussed above, Hyatt believes in the paternalistic approach to Human Resource strategy by conducting extensive training and developing the personnel to become Hyattians as well as learn the day to day tasks. The objective of this extensive training is to finally achieve the company's goal of satisfied customers and increased financial performance.

## **Performance Development and appraisals**

Hyatt International Operations approach to Performance Development (formerly Performance Appraisal and renamed to reflect the positive, forward-looking aspect of this process) is part of the company's continued commitment to the implementation of Human Resources Programs that put into action The People Philosophy, which builds on our Values, culture and competencies, all of which help to build consistent Human Resources programs and practices.

## **Relative Importance of Each Competency to Specific Job Titles**

The Performance Development Plan Evaluates the employees performance in each competency and space has therefore been provided alongside each

competency to indicate whether the competency is of low, medium, or high importance to the specific job held by the employee:

Low - where the competency is not critical to the job (although it could still be important as part of the employee's overall personal development plan).

Medium - where the competency is important to the job, but other competencies may be more important, and

High - where the competency is crucial to the job

The Relative Importance will not vary from year to year where the employee is in the same position. However, it will vary considerably between different positions.

## **Six Month Review**

Hyatt International Operations recommends a Six Month Review as a best practice in employee Performance Development. Formally reviewing an employee's performance on a six month basis has the following advantages:

It demonstrates to employees our ongoing commitment to their personal development, and reinforces the principles of The People Philosophy

It allows for adjustments in the employee's personal development goals in real time and not too long after the event

It increases the opportunity for dialogue between an employee and his/her manager - a powerful way to improve employee communication.

A sample performance development form is shown below. This form shows the