

Enhancing productivity in the australian hotel industry: the role of human resour...

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



Nankervis, A. R. , (1993). Enhancing Productivity in the Australian Hotel Industry: The Role of Human Resource Management, Research and Practice in Human Resource Management, 1(1), 17-39. Enhancing Productivity in the Australian Hotel Industry: The Role of Human Resource Management Alan R. Nankervis Abstract The Australian hotel industry is at the crossroads. As part of the tourism strategy of the present Federal Government, it is charged with catapulting Australia out of its economic malaise.

The industry is, however, constrained in its development by market fluctuations, an oversupply of accommodation and outdated human resource management practices. Several recent research studies have underlined the significant costs of labor in overall industry costs, and the pressing need to reduce these costs and improve profitability and competitiveness by effective and innovative human resource management strategies. Hotels in Australia, as compared to their international counterparts, are less productive, less profitable and less labor intensive.

The challenge is to develop innovative human resource management practices which will enhance productivity and profitability without increasing staff levels. Significant contributions to industry viability will be achieved through comprehensive and integrated human resource management systems which ensure that the right staff are recruited, trained, monitored and appropriately rewarded in line with institutional and industry requirements.

This paper examines the constraints to development, including a culture of casualisation, negative perceptions of the industry and its occupations,

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gender imbalances, and fragmented human resource management practices. It proposes an integrated and innovative strategy for the further development of the hotel industry in Australia which will result in improved productivity and increasing international competitiveness. Introduction The primacy of the service sector, and in particular tourism, to economic recovery in Australia has become almost a truism in the last decade.

Successive federal and state government ministers, from John Brown to Alan Griffiths, have emphasised the potential economic contributions and demands of this industry sector to productivity, growth and regional competitiveness. Alan Griffiths, the current federal Tourism Minister, recently described the tourism industry as the “ economic star of the 1990s”, (ABC Lateline, 1992) predicting inbound tourist growth to reach more than half of all travellers in Australia by the magical year 2000.

Despite current hiccups in infrastructure growth, especially oversupplies of hotel accommodation in capital cities and leisure resorts resulting from the hotel-building boom of the late 1980s, the same minister projected a need to continue building hotels at a frantic pace in order to cater for anticipated levels of tourism from Southeast Asian countries. (ABC Lateline, 1992).

Whether or not the industry is primed to pull Australia out of its economic malaise or merely to survive in continuing difficult economic times, the importance of tourism, and in particular the contributions of its accommodation segment, is unlikely to diminish in the next decade. Industry analysts, citing the negative impact of events such as the 1980s Pilots’

Dispute and the current recession and the Barcelona Olympic Games, (ABC Lateline, 1992) seriously question these predictions, especially in view of industry indicators such as hotel receivership levels¹ and staffing reductions.

There are varying statistics² on the employment and financial contributions of the hotel industry to the Australian economy. Anne Rein, Chief Executive of Tourism Training Australia, is perhaps closest to reality ??? current employees, 320, 000 people in some 25, 000 mainly small establishments, contributing 5. 4% of GDP, accounting for 6% of the overall Australian workforce and amounting to \$6. 7 billion in export earnings (Rein, 1992).

In order to assure the ongoing effectiveness and global competitiveness of the hotel industry in Australia, significant issues concerning the style of service provided by hotels, their human resource management practices and overall management processes, demand to be confronted and resolved. This paper, aiming to contribute to the debate on quality assurance in the Australian hotel industry, focuses on the crucial components of effective human resource management programmes in resolving and value-adding service, productivity and profitability in this industry.

Considerable problems currently exist. However, substantial opportunities are also available to hotel managers, supervisors and human resource specialists to ensure effectiveness, cost-effectiveness and global competitiveness within this crucial industry sector. Industry Characteristics Nils Timo (Timo, 1992) observes that the Australian hotel industry is characterised by ... gendered labour markets, a relatively young transient

workforce, a culture of casualisation, seasonability, and the development of internal labour markets. " Not an ideal scenario for a burgeoning and crucial economic sector!

The recent Australian Workplace Industrial Relations Survey (AWIRS) (Callus, 1991) confirms some, but not all, of these assumptions. Gendered Labour Markets On the issue of " gendered" labour markets, AWIRS found that some 56% of employees in the " recreation, personal services and others" category are female, comparable to the proportions indicated by the Australian Bureau of Statistics studies (Timo, 1992). However, this proportion may be misleading, as the category subsumes all such industries, and fails to isolate the hotel sector.

The Bureau of Tourism Research's figure of 60% may be more realistic (BTR, 1990). A smaller, more recent, survey indicates that the representation of females in the hotel industry may be even greater than both studies suggest ??? 69. 4% (Nankervis, 1991). This survey also indicates that such proportions vary with hotel classifications. Five-star hotels appear to employ equal proportions of male and female employees, whilst three- and four-star hotels seem imbalanced towards female employees.

Both traditionally female occupations (eg housekeeping, guest relations) and the part-time, or casual, nature of " service" occupations presumably influence these statistics. A Culture of Casualisation Whilst the " gendered labour market" of the hotel industry may, or may not, be a crucial issue, it is important that the " culture of casualisation" is addressed by the Australian

hotel industry in order to ensure future success. The conjunction of “casualisation” and the high proportions of female employees may represent discriminatory and exploitative practices which are inimical to such progress.

The AWIRS study suggests that within the overall category of “recreation, personal services and other” around 54% of employees, the highest of all industries surveyed, are employed on a part-time basis, with some 68% of hotels employing more than half of their staff on these conditions (Callus, 1991). Another study, (Nankervis, 1991) taking a different perspective, suggests a relationship between gender and work status ??? whilst 57% of staff are employed on a full-time basis, 71% of these are male, often in managerial positions.

Recent revisions to the award which covers hotel employees, renamed in 1989 the Hotels, Resorts and Hospitality Industry Award implies the regularisation of casual employment “... employees who have worked a roster of at least fifteen hours per week for a period of not less than six months” (Bodi, A. , et al, 1991) ??? but still fails to provide job security. No doubt justification for continued, irregular, employment of large numbers of “casuals” in the hospitality industry relates to the industry need for numerical flexibility, especially in resort locations, and overall industry seasonal fluctuations.

It may not, however, provide either the optimal staffing scenario, nor an adequate justification for the high prevalence of female workers in this category. Young, Transient Workforce The recent AWIRS study, defining

youth workers as those 20 years or younger, found that some 55% of surveyed organisations in the “recreation, personal and other, category employed no young workers (Callus, 1991). This figure is no doubt skewed due to the inclusion of non-hotel sector organisations. Few reliable statistics exist on the levels of youth employment in the hotel industry.

However, another survey (Nankervis, 1991) suggests that there is a strong preference (75.4%) for the employment of employees with prior industry experience, which may support the AWIRS findings. This preference is highest, as might be expected, in four-star (90%), five-star resort (75%) and five-star capital city sectors (72.7%). Transience may be indicated by comparatively high labour turnover rates, which are confirmed by both Bureau of Tourism Research (BTR, 1990) and AWIRS studies (Callus, 1991) ??? 45% annually³, especially in kitchen, housekeeping, front-of-house and bar occupations.

Labour stability appears correspondingly low, with few employees overall staying more than five years (Callus, 1991). The preponderance of low-skilled occupations, “normal” seasonal fluctuations, and the apparent overall scarcity of value-added human resource activities (training, career paths, rewards systems), may contribute to these statistics, which severely challenge government and industry predictions about the contributions of this industry sector to national economic recovery. Salary Levels/Union Involvement

Hotel employees have traditionally been perceived as among the lowest paid of all Australian workers, partly due to their transience, low skills levels (and historic lack of skills accreditation), and lack of union support. These perceptions are confirmed by several studies ??? the AWIRS findings (Callus, 1991) and a more recent survey (Nankervis, 1991) ??? which indicate that less than 30% five-star city hotels, 45% resorts, 40% four-star and 22% three-star hotels pay more than the award rates.

In contrast, many hotels pay their managerial staff, often male, substantial salary supplements, especially in five-star sectors. Presumably, some hotels will increase employee wages as the result of new enterprise agreements and award restructuring activities, based upon the abolition of penalty rates and productivity initiatives. Already, a major Australian hotel chain has successfully negotiated an enterprise agreement with its employees, involving the substitution of penalty rates for higher hourly rates and increased job flexibilities (Smith, 1992).

More are likely to follow. As a highly labour-intensive industry, the hospitality sector will fail to thrive if the only solution to its problems focuses on salary disincentives and corresponding job flexibilities. Union participation is also unusually low in the Australian hotel industry ??? AWIRS estimates the level of unionised workplaces in the “recreation, personal and other services” category as 67%, the lowest, alongside “wholesale and retail trade” and “finance, property and business services”; a comparable survey suggests that 73. % respondents in the hotel industry have less than half of their employees covered by relevant unions (Nankervis, 1991). Such low levels

undoubtedly reflect casualisation, gender imbalances, transient workforces and the historically weak positions of relevant industry unions. They also provide substantial opportunities for astute hotel managers and their human resource specialists to negotiate creative enterprise agreements, covering job flexibilities, performance-based rewards systems and career management programmes. Labour Costs and Overall Industry Costs

As a highly labour intensive industry, the hotel sector is naturally becoming concerned to identify the actual relationships between labour costs and institutional profitability and competitiveness. The opportunities for increasing labour flexibility, and thus potentially reducing these costs as a proportion of overall operating costs, as well as the increasing use of minor technologies to substitute for labour (eg greater use of computerised front office systems, self-service automated telephone and mini-bar operations), are predicated on industrial relations and operations changes.

The AWIRS study suggests that half of their respondents in the “recreation, personal and other services” category estimate that between 21-40% of their overall operating costs directly relate to labour costs (CaEus, 1991). A more focused study (Tourism Task Force, 1992) found that “... the Australian hotel industry has one of the highest labour cost components when expressed as a percentage of revenue and an amount per available room. Using international comparisons, the study also found (see Table 1, Figures 1 & 2) that Australian hotels have both “... the highest percentage pay-roll cost and the second lowest employee per room (next to Europe) statistic ...” (TTF, 1992). Accordingly, the Tourism Task Force concludes that the

Australian hotel industry “... ranks last in terms of hotel Gross Operating Profit (GOP) as a percentage of revenue and GOP per available room” (see Table 2). Labour costs include direct wages, overtime, penalty rates, holiday and long service leave, training, meals, pay-roll tax and workers’ compensation premiums.

Significant components of labour costs are actual wages, penalty rates, holiday pay and pay-roll taxes. Australian hotels thus appear to employ less staff overall than their European, United Kingdom and Asian competitors, but provide them with greater salary and benefits systems. Ironically, however, the salary levels of employees in this industry are amongst the lowest of all Australian employees. Not surprisingly then, any modification of labour costs must concentrate on the “ peripherals” (penalty rates, holiday pay and leave loadings), the arena for negotiation in recent award restructuring initiatives.

However, concentration on labour cost modification alone as an impetus for industry growth and international competitiveness is insufficient, especially as the principal “ product” of at least the four- and five-star hotel segment is quality service, which necessarily requires ongoing high levels of staffing. Of perhaps more value is a comprehensive industry strategy reviewing all aspects of human resource management practices, and devising unique and long-term solutions to ensure continuing productivity, profitability, and thence competitiveness. Table 1 | | International Labour Cost Comparison | | | Australia | Far East/Asia | North America | Europe | United Kingdom | | Payroll Per Available Room (US\$): | | | | | Rooms |\$4, 028 |\$1, 962 |\$2, 836 |\$3, 551 |\$3, 430 | | F&B | 5, 325 | 3, 158 | 4, 078 | 5, 989 | 5, 851 | | A&G | 1, 813

| 1, 280 | 1, 236 | 1, 847 | 1, 779 | | Market | 523 | 450 | 643 | 384 | 445 | |
 Maint | 614 | 350 | 675 | 629 | 568 | | Payroll as a % of Sales: | | | | | | Rooms
 | 23. 4 | 13. 0 | 18. 0 | 19. 3 | 17. 6 | | F&B | 44. 0 | 31. 0 | 43. 5 | 34. 7 | 30. 7
 | | Tele. | 21. 4 | 11. 9 | 30. 2 | 13. 4 | 11. 7 |

Note: (1) All amounts are medians. (2) All dollar amount stated in US\$.

Source: Horwath International. Figure 1 Payroll as a Percentage of Revenue
 and for Room [pic] Figure 2 Full-time Equivalent Employees per available

Room [pic] | Table 2 | | Comparative International Profitability Data | | |

Australia | Far East/Asia | North America | Europe | United Kingdom | | Room

Dept Profit (% of Sales) | 65. 2 | 77. | 72. 5 | 71. 88 | 75. 1 | | Food &

Beverage Profit (% of Sales) | 11. 4 | 26. 9 | 15. 7 | 26. 1 | 31. 1 | | GOP

percent (% of Total Revenue) | 20. 4 | 34. 8 | 24. 7 | 29. 2 | 33. 9 | |

Occupancy % | 58. 3 | 70. 2 | 64. 5 | 65. 5 | 65. 0 | | Average Room Rate

(US\$) |\$82. 80 |\$65. 60 |\$72. 00 |\$80. 00 |\$79. 42 | Note: All amounts are

medians. Source: Horwath International.

As an illustration of this approach, a comparative study of middle-range hotels in Germany and the United Kingdom discovered that German hotel workers are generally better-trained and vocationally accredited, have greater skills flexibility and exercise far broader discretionary authority than their British counterparts (Prais, 1989). Additionally German hotels appear to utilise more systematic work processes, have lower turnover rates and staffing levels, their managers focus on longer-term human resource planning and marketing strategies, and are enthusiastic about the implementation of minor technological systems (eg user-friendly building

design; comprehensive computer systems; industrial, rather than domestic, vacuum cleaners, etc). Not surprisingly then, this study found that the labour productivity of German hotels was between one and half to two times higher than in British hotels.

Despite generally higher wages in German hotels, room prices were 20% lower than their United Kingdom counterparts. So neither labour costs alone, nor staffing ratios alone, are sufficient to account for the comparative competitiveness of the hotel industry. A similar study in Singapore hotels (Debrah, 1991) confirms the global dilemma faced by the industry, that: “ we cannot afford to continue to manage hotels in Singapore the same way we are managing today. ” The State of Human Resource Management in the Australian Hotel industry As indicated, the hotel industry in Australia appears to be considerably less productive and less profitable than many of its overseas counterparts.

Some of the problems can be traced to the turbulence of the Australian domestic economy, industrial relations factors, tourist choices and internal supply/demand fluctuations. However, significant difficulties exist within industry operations and management styles which contribute to the current state of malaise. The dearth of historic industry research, perceptions of industry leaders and individual hotel management have been relevant in the failure of the industry to date to face its fundamental and crucial problems. The earlier cited studies (Horwath; Prais, Jarvis and Wagner; AWIRS) all conclude that industry productivity and international competitiveness

directly relate to the efficacy of the industry's management of their workforce.

Simple solutions would suggest the ruthless reduction of the workforce, immediate and significant skills and conditions flexibilities, massive technological change and close scrutiny of financial management. Timo suggests that some of these approaches are already being implemented: “Because the level of demand for such services is highly volatile, unpredictable and perishable, management strategy has increasingly focused upon the extension of labour inflexible specialisation through a complex process of deskilling and reskilling” (Timo, 1992). He warns, however, that these processes, combined with the use of increasing numbers of transient or short-term visa employees “...engender higher turnover...and retard skill formation for some occupations...” (Timo, 1992).

In order then for the Australian hotel industry to regain its competitive position, hotel managers and industry leaders need to focus on the most effective ways of improving productivity levels, including the reduction of overall labour costs, value-added skills development and the avoidance of expensive wastage and turnover levels, realistically within the Australian socioeconomic and industrial relations context. Such strategies require attention to a broad range of human resource management practices within a long-range plan for development. The hotel industry is perhaps the least advanced of all industries in its use and integration of modern human resource management activities.

A recent study (Nankervis, 1991) found that, whilst most hotels surveyed, did in fact have a designated position as Personnel/Human Resource Manager, Training Manager, or some esoteric combination, few utilise innovative recruitment methods (eg relationships with hotel training colleges, secondary schools, older and / or disabled employees); management development, career or succession planning; performance management systems, flexible salary programmes or applied wastage/labour turnover studies. Service Standards Perhaps even more importantly, whilst most hotels possess general mission/vision statements, hardly any operationalise their definitions of “ service” into behavioural standards for housekeeping, front-of-house, and food and beverage occupations. Most appear to focus on general qualities such as the “ friendliness”, “ refinement”, “ spontaneity” or “ consistency” of staff. Whilst it is not suggested that hotels should adopt standardised, rigid McDonalds-style pattern, the absence of specific behavioural standards impacts on recruitment/selection accuracy, training and skills development programmes, appraisal and rewards systems.

It also largely precludes consistency and hence the fulfilment of guest expectations, especially in four- and five-star establishments. The development of national competency standards and benchmarks for service occupations by Tourism Training Australia and the National Training Board is a step in the right direction, as a basic skills expectation, nationally accredited. It does not, however, preclude individual hotels from adding value to their own staff, by defining additional specific behaviours relevant to their unique ambience. Failure to do so imposes constraints on quality

service and hinders subsequent employee development, appraisal and appropriate remuneration, and thence enhanced productivity levels.

In the current industrial relations and labour market climate significant opportunities exist for proactive hotel, and human resource managers to recruit more selectively; create considerable skills flexibility coupled with subsequent training and career development opportunities; and free up the historic inflexibility of hotel employees' salary systems. Recruiting Opportunities and Options For effective exploitation of the increased numbers and varied experience of the Australian labour market in the 1990s, more innovative recruitment strategies require consideration. As earlier indicated, the predominance of casual or part-time and female workers especially in service occupations (eg front office, housekeeping, food and beverage), may reflect traditional, rather than necessarily effective, sources of hotel staff.

Recent increases in the supply of trained and accredited hotel employees through TAFE colleges, private hotel schools and training establishments, certainly provide a wider and more secure source of staff. However, it may be additionally useful for hotel recruiters to consider broader options such as developing ongoing relationships with hotel schools, local secondary schools and even sources of disabled, or older, mature and generically experienced workers. In a different labour market, some Singaporean (Debrah, 1991) and German (Prais, 1989) hotels consciously seek out more mature workers for highly specialised, and sensitive, positions such as concierges, front-of-house receptionists and guest liaison.

Some writers (Tanke, 1990, Heskett, 1990, Zeithaml, 1990) suggest that North American trends in hotel employment are increasingly focused on “older” employees, especially 25-34 year old, and disabled workers, due to their low turnover and higher productivity rates (Tanke, 1990). In a scarce labour market, Singapore hotels are even resorting to “bring a friend” incentives and cash rewards for referral. On the other hand, “boutique” or resort hotels may prefer to recruit younger staff for easier assimilation with hotel philosophy and guest markets. The point here, however, is that recruitment and selection practices should reflect actual expected occupational standards and overall management philosophies. Figure 3 indicates the current use of recruitment practices in Australian hotels. More use of appropriate applicant testing schemes, site tours and probationary periods may yield considerable benefits to potential employers). Innovative sources and recruitment practices will ensure value-added recruits who are already oriented to the demands and opportunities of a career within the hotel industry. Industry Promotion and Institutional Development Associated with innovative, and focused recruitment programmes, the hotel industry would be well-advised to adopt more strategic industry and individual hotel campaigns to apprise prospective employees of the future opportunities offered by the industry.

Many regional and resort hotels already operate community-based programmes emphasising their local involvement and investments (Blackwell, 1989). The tourism industry and its leaders have also significantly reversed the traditionally unattractive image of occupations in the hotel

industry by media campaigns, work-experience programmes and career advice. The Australian industry shares perhaps some of the perceptions noted by a Singaporean researcher: "...serving people has traditionally been perceived as degrading work in Chinese culture... low social status. There is also a moral element. Many conservative parents do not want their children to work in hotels.

Similarly many men do not want their wives to work in hotels. These people see hotel jobs as one step from working in a night club" (Debrah, 1991).

However, the semi-skilled nature of many such jobs and the relative absence of true career paths within this industry may still act as a disadvantage for potentially valuable recruits. This continuing perception of hotel occupations, overcome by necessity in recessionary times, can be addressed by both ongoing and broad industry promotional campaigns, and the development of human resource management programmes post-recruitment aimed at career paths, job rotation, multi-skilling and flexible remuneration systems.

On the subject of the development of employee careers as a means of attracting and retaining quality, productive staff less likely to leave, Anne Rein of Tourism Training Australia suggests "...a nationally-recognised pattern of career advancement, linked to qualifications recognised by (and portable between) employers and education and training establishments,". (Rein, 1992), Support for the industry in its value-adding process for staff is considerable from such organisations. Individual hotel human resource managers will, however, have to be sufficiently prescient to recognise the value of such programmes, and incorporate them in their award

restructuring negotiations. Recent revisions of the industry award, retitled the Hotel, Resorts and Hospitality Industry Award (1989), permit the employment of 'regular casuals', traineeships, reduced working hours, redundancy and modified termination procedures.

Several hotels have already taken advantage of the flexibilities offered by award restructuring and enterprise agreements ??? the Melbourne International" (Bodi, A. et al, 1992). HR manager "... believes the new job classification structure can provide the first step to achieving a better working environment based on the existence of clear career opportunities". Wisely this process has been closely monitored to ensure it is used positively and developmentally rather than merely for unwarranted employee promotions. Similarly, the Sheraton hotel chain, commencing in its Melbourne operations, has recently traded restrictive penalty rates for higher hourly rates and increased job flexibility tied to career paths. The Southern Pacific Hotels group is trialling similar approaches (Smidi, 1992).

Thus, in these somewhat isolated instances, (see Figure 4) human resource managers are beginning to recognise the productivity impact of increased flexibility, including career pathing, and exchanging extrinsic (penalty rates) for intrinsic rewards (job enrichment, multi-skilling). Figure 3 Recruitment and Selection Methods [pic] Apart from clearly-defined performance expectations of hotel employees, accurate job descriptions, and career opportunities, human resource managers in hotels, as their counterparts in other industries, need to become increasingly aware of other elements of an integrated human resource management strategy designed to meet

corporate objectives and increasingly raise productivity, and thence profitability levels. These practices include job rotation, training and development, performance management, effective employee communication, rewards system, turnover and wastage analyses.

The cardinal principle behind all these activities, however, is that they are effectively integrated within the mission/strategy of particular hotels and their clientele, responsive to their specialised labour markets (eg capital city, region) and economic conditions. It is insufficient, and unproductive, to regard any of these human resource management activities as a solution in itself for long-term profitability. Job Rotation, Performance Management and Rewards Systems Often based upon European or North American models, and sometimes encouraged by the approaches of hotel training schools, hotel occupations have traditionally been segmented into particular departments. Whatever progression has occurred, has largely focused on promotion within rather than across hotel departments.

Thus housekeeping staff may be recruited at base level, and eventually rise through the various available supervisory levels in that department. Front-of-house, and food and beverage staff, similarly, largely remain within their original departments. Even within departments, staff may only progress through specific occupational routes (eg porter, porter supervisor, concierge) rather than generic departmental paths (eg porter, receptionist, front office manager). Whilst it is argued that this instils occupational depth and provides substantial experience, it may also fail to utilise employees' broader

skills, result in competitive segregation and act destructively toward productive teamwork perspectives.

A more productive approach to employee motivation and commitment, involving a perception that it is "... everyone else's responsibility (apart from front line workers) ... to, ' serve' those who directly serve the customer" (Heskett, 1990), will be enhanced by job rotation schemes, which provide both multi-skilling (for subsequent promotion and vacancy-filling options) and team-building opportunities. Job rotation schemes are currently in minimal use (less than 39. 1% according to a recent survey (Nankervis, 1991). Perceptive human resource managers will use award restructuring negotiations to develop job rotation schemes in concert with other forms of multi-skilling, training and development programmes.

Performance management programmes appear to be increasing in use in the hotel industry, especially in its upper segments (see Figure 4). This is somewhat surprising, given the relative lack of both career and adequate remuneration plans, and may even be self-defeating if such programmes are not subsequently developed. As already indicated, hotel salaries are generally far lower than average, even though they contribute significantly to overall operating costs. Award restructuring negotiations, as in the case of the Sheraton hotel chain, provide opportunities for modifications to penalty rates, and ultimately, holiday leave loadings, in return for increases in salary levels for most hotel occupations.

Job stability, in terms of secure employment, career development, training programmes and less casualisation, may well compensate for continuing low levels of salary, especially if combined with increasing opportunities for self-development including multi-skilling. Over time, the add-on costs for full-time, as opposed to casual staff rates, may also prove both more productive and less costly. The issues of differential rewards within occupational classifications on a performance-based system, and additional non-cash rewards (eg dinners, holidays, discounts, etc) may also contribute to ongoing performance and productivity, especially in occupations with little promotional opportunity. Training and Development, Employee Communication

Recent developments in the establishment of a plethora of tourism training institutions and colleges, coupled with portable national competency standards for a variety of hotel occupations, will no doubt ensure a skilled pool of potential employees. Linking such training to individual occupational criteria, and supplementing it with thorough orientation programmes, on-the-job training modules and appropriate supervision, will no doubt fill this previous gap in human resource management for the hotel industry. These developments parallel the findings of the previously-mentioned United Kingdom-Germany study (Prais, 1989), which found that Germany's productive edge was at least partly due to its nationally-accredited vocational training system.

Studies of some of the best United States and Australian hotels (Gray, 1992) also suggest that the cement which binds skilled and motivated employees

to their organisation, who are thus more enthusiastic, more committed and potentially more productive than their competitors' employees, is clear and ongoing communication between hotel managers and their employees. The "messages" sent through the host of human resource activities, strategies, policies and procedures need to be congruent and consistent, and might include promotion of mission statements, the nature of the physical working environment, plasticised credo cards, "management by walking around", staff-supervisor meetings, active (and positive) use of guest feedback, and grievance mechanisms. Figure 4 Payroll as a Percentage of Revenue and for Room [pic] Turnover Wastage Analyses, Human Resource Planning

It has already been indicated that labour turnover levels in the Australian hotel industry are disproportionately high in comparison with other industries. This is largely attributed to perceptions of the nature of hotel occupations by both potential employees and their managers, and the "culture of casualisation" referred to by Nils Timo. It may also be partly caused by the lack of careers, low job satisfaction and inadequate salaries. Whilst 60.9% of hotels surveyed (Nankervis, 1991) report using methods for analysing the reasons for, and solutions to, high turnover/wastage rates, only 30.4% respondents appear to use formal exit interviews (see Figure 5).

Few human resource managers in hotels appear to undertake comprehensive human resource planning, although preopening strategies no doubt include some degree of labour market analysis. It is however important that human resource specialists maintain strategic approaches to labour demand and supply projections, including examination of

turnover/wastage levels, in order to ensure effective, and cost-effective, utilisation of their employees to accountably contribute to the productivity of their establishments. Figure 5 Use of Exit Interviews [pic] Conclusions This paper has explored the nature of the Australian hotel industry, and in particular its human resource management practices.

Using a variety of national, and international research studies, the paper argues the case for a comprehensive and integrated human resource management strategy encompassing innovative recruitment, selection, training, development and performance management techniques, which will effectively contribute to industry productivity and profitability. The industry, appears to be characterised by a culture of “ casualisation”, like its international competitors, significant gender imbalances, a largely transient workforce which is relatively underpaid and under-represented by industry unions. As a highly labour-intensive industry, it is also disproportionately expensive, less productive or profitable than its counterparts. Human resource management practices remain fragmented and short-term oriented and without direct significance to overall hotel productivity. Notes (ABC Lateline: 1992) More than 50 major capital city/resort hotels are currently in receivership, representing more than 10, 000 tourist beds. 2 Compare UK/German hotel labour statistics ??? United Kingdom: 250, 000 equivalent full-time employees, female, 41% part-time. Germany ??? 190, 000 full-time equivalents, 19% part-time (Source: Prais, S. J. et al, p. 52). 3 Callus, R. et al 1992: p. 57 ??? 81% organisations in the “ recreation, personal and other services” category report none of their employees remaining after five years.

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