

# Changes and trends of the hospitality industry



In the last few decades, the hospitality industry has gone through many changes. According to Go and Pine, (1995) and Guerrier et al. (1998), changes in the industry are mainly due to the globalization, the changes are mainly due to globalization. Supported by Barrows C. W and Power T. (2009) globalization, in a sense has become old news but with the falling of trade barriers brought on by the North American Free Trade Agreement and the European Community has made borders seem nonexistent. With North America and European countries having a major trading role with other countries, the ease of financial transaction and information is an important step in the restructuring of the hospitality industry. Besides globalization, the growth of multiple ownership of hotels and stronger hotel brandings in the late 90's and early 20's has affected the hospitality industry, especially in organizational structure. (Go and Pine, 1995 & Guerrier et al, 1998)

Moreover, in this day and time, while those changes are still relevant, there are many other factors that contribute to the ever-changing nature of the hospitality industry. World changing incidents such as the tragic terrorist events in North America, Madrid, London and Bali, the severe acute respiratory syndrome (SARS), hurricane Katrina, the economy downturn, the A (H1N1) influenza pandemic and political tensions of the past decade will have a lasting effect on how the hospitality industry will operate. While there are challenging issues in the past, never has the industry have to face with so many issues at one time. However, in the face of these challenges, the hospitality industry is set to beat expectations on economic recovery with Global Travel & Tourism Economy real GDP growth is expected to rise by 2% this year beating the estimate of 0.5%, and thus creating an extra 946,000

job worldwide. (WTTC, 2010) High profile hospitality institutions have gotten together and hosted panel discussions and studies on the effects of these tragic incidents on the industry particularly on the terrorist incident of September 11, 2001. Both short term and long term effects are seen on the hospitality industries. These studies have identified different effects ranging from people not travelling for any reason to travelling for important needs and finally to somewhat normal travel patterns of the past. Surely but slowly the patterns will reach normal levels but the question here is when.

### **Trends of the hospitality industry**

These days as more and more people travel the world be it for pleasure or business, they want somewhere as close to home to feel comfortable. However, there are other people who want otherwise, something different rather than having the same feeling at home, they want a different experience of living style which they can only dream off. (Weissinger, 2000) Therefore, there are many diverse types of hotels that sit under the umbrella definition of 'hotels'. On that note, the front office department is often considered the nerve centre of a hotel and is unchanged in terms of roles to be played. (Bardi, J. A., 2007) According to Vallen and Vallen (2004) front office is defined in terms of role as the first and main contact point between a guest and an operating hotel. Generally the front office activities can include all functions that center around the reception desk and its allied areas. This can be simplified from greeting guests, providing of information, checking in and out, till the moment they leave the property. Roldan (2004) states that the key to success of a hotel business starts off with the first contact between the guest and the hotel personnel. Being the first contact

point, the front office staff's first impression upon a hotel guest is vital; the way they are received and treated can mean repeated patronage in the future.

The future professionals of the industry have to analyze who their customers are and what they want. In today's day and age, Bardi J. A., (2010) and Barrows C. W., and Power T., (2009) supports Go and Pine, (1995) and Guerrier et al., (1998) in its changes of factors in the industry and moreover identifies additional aspects such as the different trends of customers that foster growth in the industry, the author says that, the trend towards the increase in leisure time and working less years is one reason behind the growth. The second factor would be the pleasure concept of consumers that was brought forth Barrows C. W., and Power T.,(2009) reinforced by Bardi, J. A.,(2010) stating that the work ethic of the eighteenth and nineteenth centuries have greatly influenced the way Americans play, as recreation and leisure was were considered privileges. With that in mind, in the world today, as the current trend for discretionary income in the emergence of two-way income and family planning is booming, the hospitality industry is changing.

## **Problem Statement**

The hospitality and tourism industry is an ever-changing industry with new technological advances and trends that comes in waves and then disperses. Hotels being a part of the industry have to adapt and change as well. The hotel front office is one area that has to constantly reorganize with the changes in the industry. In regards to the fluctuating environment of the industry, the industry is still making a comeback, stronger each year. Both the demand and supply for workers are present at state; however, the <https://assignbuster.com/changes-and-trends-of-the-hospitality-industry/>

qualities of these workers are still in question. The high labour turnover experienced in the hospitality industry is common in this day and time and can be due to many factors such as long working hours, low pay, the wide array of job opportunities and many more. In the hospitality industry, especially in the hotel sectors, service is the key to retaining customers (Maxwell, Watson and Quail, 2004) and is what separates competition these hotels from one another. Therefore, it is not a problem to be taken lightly and this study aims to take a look at the people of the workforce itself.

## **Research Questions**

What are the key skills and attributes needed to be effective in the front office department?

Does graduating with a high school certificate, diploma or degree in hotel management make a difference in terms of performing?

What are the future prospects of front office employees?

What are the intentions of front office employees?

What are the natures of front office work?

How do the industry players retain its employees?

## **Research Objectives**

To investigate and analyze the key skills and attributes to be effective in the front office department.

To look into the subject of obtaining a high school certificate, diploma or degree in hotel management; does it make a difference?

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To further gain insight on the future prospects of front office employees.

To investigate the intentions of front office employees and what they want.

To investigate further the scope of front office work.

A research into the 'whys' of employee turnover reasons.

With the informed data gathered upon answering said questions on top, the enablement of the hospitality industry players to estimate

## **Hypothesis**

### **Human Capital > Internationalization**

Human capital positively affects the internationalization of an enterprise.

### **Human Capital > Service Innovation**

Human capital positively affects the innovation of service employees in regards to their work.

### **Internationalization > Performance**

Internationalization affects the performance of a firm whether it is financially or through guest satisfaction level.

### **Service Innovation > Performance**

The innovation of the workforce leads to better performance and guest satisfaction.

## **Theoretical / Conceptual Framework**

The original

Degree of Internationalization

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## Entrepreneurial Orientation

## Performance

## Service Innovation

## Human Capital

The original framework was built for professional service firms especially small and medium enterprises (SME) (Radulovich, 2008). It was constructed to relate a service firm's entrepreneurial orientation, human capital, the firm's degree of internationalization, service innovation, and performance. This framework was constructed upon thoroughly examining in the aforementioned areas above.

## Adapted Framework

## Degree of Internationalization

## Human Capital

## Performance

## Service Innovation

## **Skills and training (Human Capital) > Internationalization and Service Innovation > Effective workforce > Guest Satisfaction and Performance**

This framework has been adapted and changed accordingly to fit into the hospitality industry's index. The core conceptual framework is unchanged with the exception of excluding the Entrepreneurial Orientation aspect which

is highly unlikely to affect the core concept and theory that is to be explained. As changes are made, Human Capital will now be the core driving force.

### **Hypothesis Related to Human Capital and Degree of Internationalization**

In a study done by (Hitt, et al, 2006) concludes that human capital is a primary resource contributor to professional service international expansion. The theory here is that a firm's degree of internationalization is closely related to the human capital of the organization. Key factors identified as contributing factors are knowledge (Autio Sapienza & Almeida, 2000) and also top management characteristics (Bloodgood, Sapienza & Almeida, 1996). This study also identified that the characteristics and experience of the top management team relates positively to the internationalization of an organization. Another more recent study also proves that there is empirical study which shows support for human capital resources as influencing degree of internationalization. (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006) Therefore it can be concluded that there is positive influence of human capital professional service towards the internationalization.

### **Hypothesis Related to Human Capital and Service Innovation**

Human resources can be defined as interpersonal and business skills and is proven that there is a positive effect on a firm's innovation strategies. In a study done in the US, human capital at both the individual and firm level is identified as a positive effect on service innovations (Zhou, 2007). Shane (2000) also recorded that prior knowledge affects an individual ability to



perceive new opportunities and to contribute innovative solutions. To support this theory, an in-depth study was done with 8 firms conducting a study on examining innovation and opportunity recognition and is reported that prior experience affected their ability to perceive opportunities and innovate. (Edelman, Brush, Manolova, 2005). Furthermore, the prior knowledge and specialized knowledge of the internal human resources are significant contributors to the innovation of work speed and competition level as recorded in Taiwanese high-tech ventures. (Wu, Wang, Chen, & Pan, 2008)

### **Hypothesis Related to Degree of Internationalization and Performance**

Studies relating the degree of internationalization and performance are not new and there is empirical evidence to support this theory which positively affects a firm's performance (Bloodgood, Sapienza, & Almeida, 1996; Delios & Beamish, 1999; Grant 1987; Hitt, Hoskisson, & Kim, 1997). Studies also show that as a new venture firm gets into the international markets earlier gains better advantages over their competitors and improved performance. (Brock, Yaffe, & Dembovsky, 2006). In the view of hospitality terms, a brand name can be created upon trust and loyalty which is an important factor for continuous visits.

### **Hypothesis Related to Service Innovation and Performance**

Service innovation on service performance has been theoretically and empirically confirmed with studies done in recent years. It is confirmed that in differing context of globalization that innovation still improves performance of a firm. Zhou, Yin and Tse (2005) have documented this

relationship in their study done in the emerging market of China. As China is a transitioning and developing market, it is only comparable to the market of Malaysia. The comparison of the effects of China to the economy of Hong Kong found that innovation plays a major role in both these markets. (Luk, Yau, Sin, Tse, Chow, & Lee, 2008)

## **Scope / Limitations**

**Scope:** In this study, the author has chosen to conduct the research in all 5 star hotels in the area of the city of Kuala Lumpur. This scope will help dictate and represent city hotels in Malaysia as it is busiest all year round, and the job scopes of the hotels are wide enough to obtain data. On a deeper level, a survey will be conducted to all front office staff (e. g. Front office attendant, bellboy, front office accountant, etc) in order to obtain information.

**Limitations:** As for limitations, time restraints and resource limitations would be the biggest factor. As the author would only have approximately 6 months to collect and analyze the data, the depth of the research may not be too detailed. Besides that, there will be a limit to research options available to the author due to insufficient knowledge on research ways and as this will be the first research paper done by the author. Notwithstanding, being a student, there will be limitations in terms of access to data because of monetary issues and outlets to gain information in the industry.

## **Significance of Study**

This research paper intends to analyze the different behavioural needs and wants of the front office workforce. By gathering the work backgrounds,

studying the motivation factors and the intentions of this group, a better and effective workforce can be established to be in line with the transitioning aspect of the industry. Ongoing research is a must in this area because of the ever-changing prospects of the Hospitality and Tourism Industry, especially the front office department. Key skills and attributes are to be identified as a benchmark for structure when hiring by the Human Resource department. This paper would be a guideline for the hotel industry players to attain information on the behaviour of front office staff and their intentions for the future. Employing and constantly motivating a workforce is one of the hardest things to keep up in any industry. Without proper information on the behaviour and the intentions of the workforce, being in a labour intensive workforce and service oriented industry, there surely will be a loss in terms of customer satisfaction and the profits of a hotel and this is unacceptable.

## **Chapter 2 – Literature Review**

### **Hospitality Skills and Nature of Hotel Front Office Work**

‘Jobs commonly retain a low-skill character, especially in the fastest-growing sectors’

Bradley et al (2002) (p. 129)

The hospitality sector is growing with a tremendous rate, especially in East Asia and the Pacific, Asia, the Middle East and Africa. These areas are forecasted to show a rate of 5% growth each year and 4.1% in Europe and Americas. (WTO, 2010) There has been long standing debate over the skills and nature of the front office work. It is widely characterised in both academic and popular press as a low-skilled job dominated by low skills

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profile. (Wood, 1997) In support of this theory, Shaw & Williams (1994) first claimed that the hospitality industry workforce were ' uneducated, unmotivated, untrained, unskilled and unproductive' (p. 142). Upon further research, the nature of front office work revealed by one side is in terms ' un-unique' (Mullins, 1981; Lashley & Morrison, 2000). Mullins and Lashley argue that the technical skills of the hospitality sector have relevance and can be applied to other sectors of the economy. Another dimension of why there is the public perception that the hospitality industry is regarded as ' low skilled' is because there are no real prerequisite for employment in terms of qualification (Huddleston and Hirst, 2004).

As far as the research of Baum & Devine (2007) and Baum (2007) goes the educational attainment of a person is not an influencing factor to undertake the front office job. In terms of front office, the industry has considerable cross-over work of other sectors such as office administration, accounting, and IT systems management, these generic skills tend to overlap each other. In this argument, where is the uniqueness of work skill? By any means the hospitality industry is just borrowing a number of skill forces from different industries, in this case with a lower pay wage and a lower career development opportunity.

This theory of unskilled labour in the hospitality industry does not go uncontested, in the forthcoming years after the thesis (Baum, 1996, 2002). Baum questions the validity of hospitality work as a low skilled job universally based solely upon the assumption of westernized, international hospitality work. It may be perceived so in general, but it is not applicable in

the developing world whereby the technical demands and skills are lower than those of the developed countries.

Another such example of a considerable contest comes from Burns (1997), Burns categorizes the labour force into two, 'skilled' and the 'unskilled'. Burns uses a very distinctive definition of skills in the hospitality for this saying:

'...the different sectors that comprise tourism-as-industry take different approaches to the human resources, and that some of these differences...are due to whether or not the employees have a history of being 'organized' (either in terms of trade unions or staff associations with formalised communication procedures.' (p. 240)

Both these factors are separated by manpower planning paradigms for the manufacturing sector and as for the workforce, it comes in traditional power, organization. The workforce takes control through the use of trade unions and control the supply of labour through apprenticeship and training.

Contributing factors worth noting are factors put forth by Seymour (2000) and Warhurst et al (2000), gives an added dimension to the work of hospitality employees. Seymour adds in 'emotional labour' arguing that the added management of emotions as part of the day to day job is the difference between working in fast food as opposed to traditional areas of service work. The added 'emotional labour' is there for the benefit of guest experience and that they are paid to do it. In Baum T. (2007), it is further perceived that there is the need for emotional intelligence (EQ) as defined by Goleman (1998)

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‘. . . the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. (p. 317).’

Explained by Warhurst et al. (2000) and Witz et al. (2003) the added aesthetic labour to the tools of trade is indeed of importance to the hospitality workers, especially to front office staff. In describing aesthetic labour it is the skill required to look, sound and behave in a manner that is required for the job while meeting the expectations of the customers. They have to demonstrate the ability to engage in different aspects with the customers such as cultural, social, and economical matters. This on hand requires a certain level of education to be obtained.

### **What industry wants: employers’ preferences for training.**

In the industry, while representatives state that they prefer industry skills and experience above education skills and knowledge, it is only realistic that a mixture of both these qualities are required, which is lacking in the workforce. (Smith & Kemmis, 2010). In the hospitality industry most of the training is informal. Only a small portion (14%) of employees has gone through higher education in the respective industry. ( 2-1) The other 86% comes from the private sector and employer training in the industry. It was found out in a study that the National Vocational Qualification curriculum, found out that training in higher educational institutes would not cut it in the industry. (People1st, 2009) In the same interview, two interviewees stated that on-the-job training is particularly the way to go in an industry that is interaction based in order for skill development. The focus on experience and skill over education is proved in a study done.

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vocational education and training (VET) practitioners

Both industry groups felt that the most important skills and knowledge for trainers to possess were related to industry rather than education

There was a lack of tradition of training in the industries compared with other industries, with relatively new qualifications for most jobs, and managers in the industries were underqualified, meaning it was difficult for them to drive high standards in training. Given these circumstances it is perhaps surprising not that training for the service industries exhibits many challenges, but that it does the job as well as it does. This observation was supported by hospitality employers who acknowledged the difficulties faced particularly by TAFE teachers, and were very ready to make excuses on their behalf.

The recession, as in Australia, had provided opportunities for cross-fertilisation among industries as people lost their jobs in one sector and looked to move into other work where the skill set was similar (People1st, 2009). The standard of service in both industries was felt to be lower than required (especially in a situation where customer expectations were continually rising), with both industries also reporting a need for improved management skills. The hospitality industry had a skill shortage in chefs (People1st, 2009).

Customer service is paramount in these industries; Maxwell, Watson and Quail (2004, p. 159) point out that for hospitality 'the customer reigns supreme', and Huddleston and Hirst (2004, p. 6), for retail, state 'customer service is becoming the most essential employee skill.' In a study of training in the Hilton chain, Maxwell et al. (2004, p. 269) note that a service culture is

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deeply imbued in organisational structures and practices, and cannot be added on simply by training individual staff.

## Chapter 3

### Research Design and Methodology

#### 3. 1 Overview

In this chapter of the sample proposal, an explanation on the research methodology and design is written. In the first part of Chapter 3, there will be a brief introduction on the purpose, aims and objectives and benefits of the study. Following that will be a discussion on the research design of the study. Exploratory details such as the population, sample and sampling procedures are discussed. On the third section of the chapter, there will be added explanation on the data collection procedures and data analysis steps. A brief explanation on the questionnaires will be given to give an insight on the questions asked.

#### 3. 2 Introduction

The purpose of this study is to illustrate the current behaviour conditions of the front office. The information gathered will compose of the nature of front office work, education attainment level, skills, work background, attitudes towards the area of work and plans for the future. By analyzing these areas and acquired from these group of people in the hospitality industry will enable the industry players such as managers, policy and decision makers to get a more personal insight look at the wants, needs and future perspectives of these in demand people. Appropriate changes and more effective

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strategies in regards to high satisfaction levels can be developed and be used in the industry to decrease labour turnover and low level performances.

### 3. 3 Research Design

#### Population

The study is intended to collect data on one of the most important workforce in the hospitality industry; the front office workers. The population of the survey intended will be Front Office workers in the area of Kuala Lumpur.

#### Sample

The sample population identified in the survey goes by the different distinct areas of Kuala Lumpur (Table 1). The sampling method that will be used is Cluster sampling. Having already divided them into different location categories, the target sample is then identified as the front office workforce in hotels.

#### **Name of Hotel**

#### **Area/Location**

JW Marriot Hotel

Bukit Bintang

Park Royal Kuala Lumpur

Bukit Bintang

The Ritz Carlton Kuala Lumpur

Bukit Bintang

The Westin Kuala Lumpur

Bukit Bintang

Sheraton Imperial Kuala Lumpur

Golden Triangle

Hilton Kuala Lumpur

KL Sentral

Le Meridien Kuala Lumpur

KL Sentral

Ascott Kuala Lumpur

KLCC

Crowne Plaza Mutiara Kuala Lumpur

KLCC

Hotel Maya Kuala Lumpur

KLCC

Hotel Nikko Kuala Lumpur

KLCC

Mandarin Oriental Kuala Lumpur

KLCC

Micasa All Suite Hotel

KLCC

Pacific Regency Hotel Suites Kuala Lumpur

KLCC

Prince Hotel and Residence

KLCC

Renaissance Kuala Lumpur Hotel

KLCC

Shangri-La Hotel Kuala Lumpur

KLCC

The Gardens Hotel and Residences

Mid Valley

Palace of the Golden Horses

Mines

Grand Dorsett Subang Hotel

Petaling Jaya

Holiday Villa Subang

Petaling Jaya

Sunway Resort Hotel and Spa

Petaling Jaya

The Saujana Kuala Lumpur

Petaling Jaya

## **Table 1**

For this study, a survey will be carried out on all the 5 star hotels in the city of Kuala Lumpur. On identifying the 5 star hotels located around Kuala Lumpur, the works of KL-Hotels. com were used. This will be verified again by...

Upon identifying the sample population, a sample frame will be created to categorize the hotels into different location categories for the enablement of easier data managing. An invitation will then be sent out to the General Managers of each selected hotel for approval on participating with the survey. Upon approval, the questionnaires will be distributed among the front office staff of the hotels.

### **3. 4 Data Collection Procedure**

Primary data – The data collected from the questionnaire will be the main source of primary data.

Secondary data - much research has been done regarding the effectiveness of a workforce and how to improve. These sources are highly resourceful and will come in helpful when data analysis is been done. The theories and conclusions can be used to support and disregard some of the findings in this study. The secondary data may come from a number of literature forms such as journal articles, textbooks and written experiences.

A formal proposal will be sent out to the General Managers of each of the selected hotels to ensure participation in the survey. Upon approval, the identification of all front office staff is indentified and recorded. As per identifying all the front office workers (night auditors, concierge, bellboy, front office assistant, etc) in the selected hotels, the questionnaire will then be distributed electronically to the head of the front office department; Front Office Manager. After the questionnaire is finished, the questionnaires should be collected and given back for data analysis. The data received will then be analyzed with the help of the SPSS data software. With the help of the SPSS program, bias answers and unreliable answers can be disregarded. As the data is sorted out and conclusions are done, comparisons will be done to reaffirm findings or to oppose them.

### **3. 5 Questionnaire Design**

The goal of the questionnaire is to collect data from within the front office department. To achieve this, questions pertaining to the nature of the job, the work background, intentions for the future and key skills and attributes will all be posted. In regards to explaining the structure of the questionnaire in sections, there will be 4 sections. The first section of the questionnaire will be in regards to personal details. The second part of the questionnaire will be

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closed ended questions with choices to choose from. This part of the questionnaire is to get a response from the employees regarding their views on the hospitality industry. The third section of the questionnaire will be about the nature of the front office work, and also to get an inner look to their needs and wants. The fourth and final section is designed to completely give freedom to the respondents with open-ended questions regarding their views on management levels and their thoughts on training and skills in the industry.