

The indian hospitality industry business essay

[Business](#)



This report is commissioned to analyse the Indian hospitality industry with regard to the existing human resource (HR) practices. It also provides recommendations to an incoming multi-national company (MNC) which in the case of this report is an international hospitality organization aiming to establish in India. This report highlights and examines the Indian legislative framework, employment relations and employee career management practices in terms of the HR perspective. Finally, it concludes by stressing on the implications and their importance for the incoming MNC and mentions how it could best address these HR issues. The Indian legislative framework encompasses issues surrounding minimum wages, working hours and women and child labour. Findings indicate that these issues are vital to consider for the incoming organization as there are major issues around working conditions, working hours and women and child labour. To control the exploitation of the workers in the hospitality industry, the government has taken the initiative to place the industry under the Factory Act and all organizations are compelled to comply with the same. Employment relations focus on the relationship between the management and the employee. As the management perspective towards employees is changing due to the globalization and westernization of the Indian hospitality industry, the collective bargaining power of trade unions is declining. This then makes the management more assertive and pro-active which further improves the employer-employee relationship. Career management practices include recruitment and selection, training and development, and performance appraisals. Evidence shows that on the job training is the most common approach used by hospitality organizations in India. Findings indicate that training is become an alarming issue which is being given immense attention

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as more and more hospitality organizations establish collaborations with institutions to maintain and enhance the quality standards. Performance appraisal also is seen as a key issue which dramatically affects the employee efficiency. This also helps engage in actively managing diversity within the organization.

Introduction

Indian hospitality industry is believed to be one of the most lucrative markets accounting to 740 million domestic travellers in 2011 and 6.3 million foreign tourist arrivals (FTA) (ICRA , 2012). It accounts to 8.5% of the total labour force, employs more than 12 million people and generates more than 4% of the Gross National Product (GNP) (Chand & Katou, 2007). Over a number of years, the international hospitality industry has witnessed numerous turbulences such as the earthquakes in Japan, floods in Thailand, civil unrest in the Arab countries and most significantly the on-going EU economic crisis. Despite these turbulences, FTA's in India increased to 8.8% accounting to 6.29 million whereas the tourist arrivals internationally increased by 4.4% accounting to 980 million tourists in 2011 (ICRA , 2012). However, 2012-2013 has witnessed a decline by approximately 5-8% in the ' Revenue per available room' (REVPAR) during the first quarter, followed by declining average room rates (ARR) and occupancy (ICRA Research Services , 2012). India has around 170,000 hotel rooms of which 60,000 are branded and another 60,000 hotel rooms are expected in the next three to five years (ICRA , 2012). Even with this expansion, the industry is expected to fail to meet the demands of the economy. After the Indian economy was liberalized in the 1990's, there was a phenomenal amount of pressure which was put on

the Indian personnel function which emphasized the development of its human resources (Budhwar P. S., 2003). For instance, a number of changes were witnessed which included the commencement of a Human Resource Department (HRD) ministry at the central government level, organizations and academic institutions were facilitated with the development of new HRD/ human resource management(HRM) departments and the establishment of HRD related professional institutions which provided a significant amount of training and development programmes (Budhwar P. , 2000). Thus, it could be assumed that great emphasis will be put by Indian firms on training and development of their employees. Furthermore, to prove this there has been an increasing amount of money that is been seen to be spent on training employees in organizations. (Budhwar P. S., 2003). In order to be successful, it is crucially essential to lay heavy emphasis on human resource development (Chand & Katou, 2007). This report analyses the HRM practices that need to be taken into consideration regarding the Indian hospitality industry. It also provides recommendation for the incoming MNC who is seen to be an international hospitality organization aiming to establish in India. The key elements of this report include the Indian legislative framework which deals with minimum wage, working hours and women and child labour, employment relations with regard to trade unions and career management practices which encompass analysis on recruitment and selection, training and development, performance appraisals and reward systems.

Indian Legislative Regulations on Labour and Employment

The employment-relevant law frameworks in India has five different aspects which includes working conditions, industrial relations, wages, welfare and social securities (Amit, 2013). These five aspects could all be categorized as the Industrial Law. Post-Independence, laws were constructed and construed to safeguard the interests of the workers. In addition, more than fifty national laws with other state-level laws were framed to regulate the employment concerns (Lalit, 2007). In India, there are three categories of employees namely government employees, employees of public sector undertakings which are corporate organizations of the government and the private sector employees (Lalit, 2007). The hotel industry was initially under the Shops and Establishment Act, 1953. The government has further included hotel industry under Factories Act, 1948 since 2008 (ILO, 2013). This Act defines the rights of workers in factories including health, safety, welfare, working hours and leave. Based on the distinctive environment encountered by the state government, they are empowered to further amend these regulations (Amit, 2013). The primary issues concerning labour and employment in India include minimum wage, working hours and woman and child labour. Since, poverty and population is a major concern in India; it is phenomenally significant for MNC's to address these issues. In order to cope with these issues, the government has enforced a legal legislative framework which is discussed as below.

Minimum wages

India is one of the first developing countries which developed minimum wage policy and the system of the regulation on minimum wage. This system is

also the most intricate one globally (Belser and Rani, 2010). There are three implications generated from the legislative statutory. One is that in different sectors and companies, the relevant authorities determine different level of minimum wage; one is that only part of the occupations are covered by the policy; the other one is that for the same employments in different states, the minimum wage could be different (Belser and Rani, 2010). There are two main authorities which could set the minimum wage. One is the Central Government and another is the state government. Central government is responsible for setting minimum wage for state-owned enterprises and the minimum wage policy of any other types of companies is determined by the state governments. There are also the Advisory Boards who supervises the implementation of the laws. Furthermore, in terms of who could be covered by the relevant laws, in India, there were 13 different types of jobs called "scheduled employments" covering by the minimum wage policy. In these occupation sectors, there was no collective bargaining and also the employees were been seen as vulnerably to be exploited by the employers. However, the Factories Act 1948 does not limit the uses to any specific industries or jobs. And the Act gives the governments the right to enlarge the types of scheduled employments if it is necessary. Consequently, at the end of 2005, there were 311 different types of scheduled employments in total covered by the Act. Some of the state governments expanded the list of scheduled employments largely but some of them hardly updated the list and still remain the 13 original ones. As to the precise levels of minimum wage in India, there is more than one answer. The Labour Law system does not decide the minimum wage and the minimum wage levels differ in different states and industries. According to the report from India's Labour <https://assignbuster.com/the-indian-hospitality-industry-business-essay/>

Bureau, there are more than 1700 different minimum wage rates in different job categories (Belser and Rani, 2010).

Hours of Work

In India, the official weekly hours of work are 48 hours and no workers should be asked to work more than 9 hours a day (Wordpress, 2008, erlaws, 1948). However, for the hotel industry, it does not follow the hours of work above. The legal hours of work in this industry is 8 hours per day according to the Factories Act 1948 (2008). The hours of work for different jobs and positions in hotel industry differ. For instance, the workers working in room division has relatively long and non-standardised hours of work, while for the workers in other departments like Human Resource, they have standard hours of work per week (Panwar et al., 2012). One problem with the working hours in India is that workers are always required to work in additional hours which extend the hours of work per day. The reason could be that when the employers promote the employees, they give the workers more job responsibilities therefore the hours of work have been lengthened (Panwar et al., 2012).

Women and Child Labour

With the modernisation of Indian Society, women in India now realise that except becoming a good mother and wife, it is also important to become a member of the modern life (inflibnet, 2013). Furthermore, according to a report released by Catalyst (2012), in 2009-2010, 26. 1% of rural workers and 13. 8% urban workers in India comprised of women labour force were only paid 62% of men’s salary for identical jobs. Also, companies do not pay attention to the careers development of female employees (Catalyst, 2012).
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In terms of law, most of the major labour law set by the Central Government are applicable for female workers and there are some other statutory regulations protecting the rights of female workers (Lalit, 2007). For instance, if there are more than 30 female employees, the employer has to build a free crèche in the properties for children less than six years of age. As to the child labour, it is a serious problem confronting to the India society. It is estimated that there are more than 30 million child labour force in the country and it is the largest child labour force globally (savethechildren, 2013). The central government has taken effective steps to tighten the child labour laws since 2006 for which it has amended the Child Labour Act, 1986 to forbid children under 14 years working as a " domestic servant" (Lalit, 2007). Moreover, the Government proposed to punish any employer who exploits child labour under 14 or 18 years in hazardous industries (Kazmin, 2012).

Recommendations

After deciding entering the India market, then the company should understand the stages to register and invest a new hotel and acquire project approval from the Ministry of Tourism. Under the regulations set by both the central and state governments, the company first offer a nice working environment to the employees in each different department. And following the statutory hours of work, each employee is eligible to have time to rest as well as to work for 48 hours per week. As to the overtime work, employees should be paid according to the relevant policies. However, due to the characteristics of the industry, the company has to inform the potential employees before recruitment that it is common to work for extra hours in

this business but could obtain salaries. Furthermore, the company could design a more sophisticated and flexible shift schedule to allow the employees working for different shifts and guarantee the operation of the hotel simultaneously. For instance, it could a 3-shift schedule. One is from 8am to 5pm; one is from 4pm to 12am and another could be from 12am to 8am. Consequently, the management could allocate each worker into different shift depending on the personal willingness and practical needs. In addition, in terms of wage, in order to illustrate work equity to the employees, the basic salaries for the same work should be the same but the bonus could be fluctuated depending on personal performances. Also, there should be no different between female and male workers on salary level as well. For female employees, their rights should be expected for example having maternity leave and provide a supervisor to help their daily work and provide internal consultancy to them. Another aspect the company should pay attention is that it is illegal to employ child labour. Before recruitment, the company has to ask the applicants to provide legal certificates of age to avoid employing illegal employees.

Employment relations in India

Employee relations management (ERM) addresses personalise employee relations which is crucial for any organisation operating in a competitive environment. There is a paradigm shift from industrial relation's short term reactive approach towards problems which is a collective agreement and bargaining between the management and trade unions to ERM which is more proactive long term strategic outlook adopted by the management (Singh, 2011). ERM in India can be analysed by applying Dunlop's (Industrial

Relations System, 1958) model which considers three factors which include management/employer, employees/union and the state/government. In India there is existence of interpersonal relations due to the strong social family relationship which exist in the country. Such relationship might influence job related decision which can be based on more inter personal context rather than as required by duty. This has influenced the first factor which is the Indian management system which comprises of a mixture of social, political, religious and economic aspects. But over a period of time the outline of management has been influenced by the western practices due to training of manager overseas and adoption of such practices by the Indian Institutions. Such training programmes has inculcated work ethos which is global and professional (Budhwar, 2001). The Indian managers who were initially not focusing are now putting more emphasises on career development, performance review, involvement and participation, rewards and promotion (Singh, 2011) which will be discussed in the next section. This has resulted in building trust, commitment and helped develop good relationship with the employees which have enhanced employee relations. Trade Union, a voluntary organisation is another vital factor for ERM. Trade unions are governed by the Trade Union Act of 1926 which entitles registered trade unions an identity of a corporate body and enables them to participate in collective bargaining with the employers in order to promote and protect the interest and welfare of the employees (BUSINESS. GOV. IN, 2013). In India, trade unions have political affiliations with vested interest. Every political party has dominance and control over the trade unions like the major central federation AITUC has link with the Communist Party of India, INTUC with The Indian National Congress, while the UTUC is politically tied to Revolutionary <https://assignbuster.com/the-indian-hospitality-industry-business-essay/>

Socialist Party (Sinha, 2009). Such relationship has resulted in external leadership of union rather than emergence from the workers itself leading to furtherance of political goals rather than focus on immediate issues prevailing (Singh, 2011). The Hotel Employees' Federation of India (HEFOI) is a first national federation of Hotel trade union in India which was established in October, 2007. It consists of the independent and affiliated hotel unions and also has support from the various central federations in India as mentioned above and also the IUF which is a world-wide federation of trade union (AsianFoodWorker, 2007). The main agenda of the HEFOI is to bring Hotel industry under Factories Act, secure 10% service charge and protect the exploitation of seasonal, trainees and temporary worker who comprises of majority of hotel workforce (Hotel Employees' Federation of India, 2010). Thus, Union plays a significant role in influencing employee relationships. The state/ government, the third actor plays an important role for ERM. It passes various labour policies in order to encourages trade unions, maintain industrial peace and also include unions to play a prominent role in the formation of the five year economic development plans(Budhwar, 2001). It has established various labour laws to protect the interest of the employees which was discussed in the previous chapter. The hotel industry which is already under Shops and Establishment Act will now need to relook its rulebook as The Ministry of Labour and Employment has now put Hotel industry under the Factories act since 2008 to ensure safety and welfare of employees in the Hotel industry(Business Standard, 2008). Thus the state plays an imperative role in maintain ERM.

Employee Career management practices

Career planning and management (CPM) is assumed to be one of the fastest growing fields within the area of human resource management (HRM) (Baruch, 1999). CPM relates to all the activities and techniques that are facilitated by the organization concerning career development for employees. This encompasses two elements - planning (future preparation) and management (emphasizing and operating a plan of action) (Baruch, 1996). A 'career' is referred to as a development process for an employee gathering experience from different jobs from one organization or more (Baruch & Rosenstein, 1992). The nature of labour markets depicts the quality of manpower that is available in a country. Riley (1996) explains internal labour markets (ILM's) by stating that it governs the movement of people and the pricing of jobs by establishing a set of conventions and rules. These rules comprise of criteria for promotion, opportunities for training, differences in the pay scales and job evaluations (Riley, 1996). The features of a weak labour market as determined by Riley (1996) include: Hiring standards that are unspecified, Numerous entry ports, Specificity of low skill, Lack of on the job training, Promotion and transfers lack an established criteria, Weak workplace customs, Differences in pay scale over time. The Indian hospitality industry is seen to have weak labour markets considering the above factors as opposed to strong international labour markets. This is determined by excessive labour, an organization structure that is bureaucratic in nature, long working hours and low minimum wage rates (Jauhari, 2006). Since there are a large number of hospitality graduates for a small number of management positions in the Indian hospitality industry, the industry faces the challenge of lack of management training. In order to

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establish a competitive advantage, the learning in the strategic HRM process is essential (Khandekar & Sharma, 2005). Findings indicate that: Figure 4. 1: Significance of organizational learning as perceived by various organizations (Khandekar & Sharma, 2005)

Recruitment and selection

Staffing problems are a major concern in the hotel industry. Major challenges have been witnessed by employers in retaining their employees, thus facing problems of lack of skill, consolidating labour market and high levels of employee turnover (Chand & Katou, 2007). Qualified applicants coupled with selection procedure which are provided by recruitment procedures have a dramatic influence on the type and quality of skills that new employees possess (Khandekar & Sharma, 2005). Contract labour could prove to have disadvantages in terms of helping the organization to learn (Jackson, Hitt, & DeNisi, 2004). In regard to the luxury hospitality industry in India, organizations such as the " Oberoi Group of Hotels" and the " Taj Group of Hotels" (5 star Indian hotel chains) recruit laying heavy emphasis on the applicant's ability to abide by corporate standards and share the organization's values (oberoigroup, 2013)(tajhotels , 2013). The Oberoi Group has its own recruitment process known as the Oberoi Central Employment Registrar (OCER) which is an annual and step by step recruitment process and candidates are allotted to different hotels in different regions to commence their careers (Oberoi Hotels, 2013). This in turn makes these organizations reluctant to recruitment on the basis of an individual's personal traits supporting the organization values adding to the efficacy of the recruitment system. Moreover, Helmut Meckelburg (General

Manager and Area Director, Goa – Taj Group of Hotels) states that an individual's cultural learning and intellectual stimulation comes to an end often faster when once the needs and demands of his/her particular job are identified, which results in people losing their interest in the job and looking elsewhere (Gautam, 2005). However, the Six Sigma approach could be used to optimize the organizations performance. 'Six Sigma' is a data driven approach which is used to achieve stable and predictable process outcomes, reducing process differences and flaws (Laureani & Antony, 2010). Snee (1999) defines it as a business strategy which recognizes and eradicates causes of flaws in business processes by emphasizing on outputs that are crucial to customers (Snee, 1999). The main results indicate a reduction in employee turnover by saving on costs (Laureani & Antony, 2010).

Instruments such as interviews based on behaviour and ability tests are becoming increasingly common and are recommended to be used by employers to measure and analyse one's personal traits and organizational values. HVS International, a consulting firm that provides services to the hospitality industry, has also introduced a software called '20 20 skills™' which eases the identification of peak performers and evaluates new employees (Gautam, 2005). Another implication as seen in the recruitment practices of the Four Season hotels is that the top management is recruited from the home or foreign countries in order to maintain corporate standards, while middle management and front line employees are hired from the local labour pool so as to gain from their understanding of local culture (Praporski, 2008). Furthermore, Rajeev Menon (head of Marriott hotel chains in India) states that it is essential to maintain a good cultural mix when setting up a new hotel. This is why they have a policy relating to staffing the long-time

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employees with the top-executive committee of a new hotel (Ganguly, 2012).

Training and Development

Hall and Soskice (2001) state that vocational training and education is one of the key areas where a firm or organization emphasizes to develop its core competencies (Hall & Soskice, 2001). Moreover, vocational training might be highlighted in numerous ways and only a few of these are likely to succeed in a particular country (Noble, 1997) if the necessity of the vocational training and education systems matches with its corporate government systems and the nature of its industrial relations systems. Colleges, training bodies, employees associations and trade unions are seen to be integral support systems which help firms in their administration, monitoring and certification (Edwards & Rees, 2011). In India, there are approximately 180 institutions issuing certificates, diplomas and degree courses in specialized fields of hotel management (Jauhari, 2006). Moreover, it is also common for hospitality organizations to collaborate with universities. A profound example of this is the collaboration of the Taj Group of Hotels in India with the Institute of Hotel Management in Aurangabad in India (Ramswamy, 2004). Furthermore, there are management training programs offered by the Taj Group such as the Taj Management Training Programme (TMTP) and the Hotel Operations Management Trainee Programme (HOMT) (Taj Group, 2013). It is advised that the firm may establish training and development programs by collaborating with institutions in India and it would also create a brand name by adding and maintaining a service standard in terms of quality. Moreover, there are comprehensive training programmes such as

the ' Systematic Training and Education Program' (STEP) offered by The Oberoi Group of Hotels which help provide on the job training opportunities to students who have completed or about to complete high school and are of a minimum age of 18 years. The organization has other training and development institutes such as the Oberoi Centre for Learning and Development which proposes a 2 year program for hospitality graduates and aims at instilling the organizational values and helps them grasp an understanding of the various operations in the institution (Oberoi Hotels, 2013). As for the hospitality industry, on the job training is best carried out within the work environment as it would prove to be more costly in an external setting. It could also prove to be very productive for the employee as he/she is working and learning simultaneously. These programs are also operated under supervised and experienced personnel who point out the flaws and give instant feedback. Moreover, efficient training and development programs enhance the service quality and help build a brand name for the organizations. From the organization's perspective, this is the most appropriate way to also instil the organizational values in the individual in terms of the mission and vision of the firm. For new recruits or employees, existence of ' on the job' training programs play a major role in terms of helping them integrate within the organization more comfortably and quickly. Another example could be that of the Marriot in Hyderabad which has commenced a training programme for the youngsters that belong to under privileged backgrounds. This is a one year programme which also aims to offer permanent and long term jobs in the hotel industry (Ganguly, 2012). This would not be recommended for the company establishing in India as it may prove to be costly, at least during the initial stages of its

commencement. However, once it has been established it could consider this practice as it would be seen as Corporate Social Responsibility (CSR). The reasons and examples given above signify that the organisations follow on the job training to a great extent in order to create permanent job opportunities within the organization as employee turnover is a great concern in India. It is proposed that the company adopts the same approach. Moreover, these organizations facilitate training opportunities to continuously improve their service quality due to rigorous competition in the Indian hospitality industry, keeping in mind employee satisfaction. Employees believe that " a company that provides lots of opportunities for career growth is always a great place to work" (Ganguly, 2012). Keeping this thought in mind, it is recommended that the organization being established in India creates opportunities consistently for its employees as far as jobs and promotions are concerned.

Performance Appraisal

Four reasons account for the necessity of addressing the Indian performance appraisal (PA) practices and certain managerial values (Amba-Rao, Petrick, Gupta, & Von der Embse, 2000). Firstly, relying on objectives and adequate PA processes, high-performance work systems is seen to be vital in maintaining global competitiveness (Smither, 1998). However in India, PA is not considered an important element in the managerial practices of human resources (Sporrow & Budhwar, 1997). With the implementation of self-evaluation, efficacy of the PA systems can be optimized. This would be suggested for the incoming MNC as employees would establish targets which need to be achieved and then would further evaluate their own performance

while achieving those objectives. This could prove to be beneficial for the organization as well in terms of optimizing productivity and effectively managing diversity within the organization. Thus, by giving opportunities to systematically assess their work, employees are assumed to become more motivated and responsible for their work which would have a positive influence on the employee's work satisfaction and this in turn creates an efficient work atmosphere (Jackson, Joshi, & Erhardt, 2003). Secondly, India is seen to have a biased, ad hoc and unstructured PA practices which result in jeopardizing the productivity of distinctive cultures within the organization (Shenkar, 1995). According to Hofstede, India scores 77 in the power distance dimension which is relatively high indicating a high control of power within the organizations (Hofstede). Such a hierarchical structure indicates that dependency of subordinates on managers is high, which further supports the rationale of biased PA practices (Gopalan & Rivera, 1997). Evidence shows that, Indian managers strictly follow a subjective bias towards PA and do not aim to objectively evaluate employee performance through PA systems (Kanungo & Misra, 1985). Thirdly, findings indicate that Indian managers do not involve employees in the PA process (Virmani & Guptan, 1991). However, the Indian hospitality industry's perspective is changing with the global influence as numerous international hospitality organizations operate in India. A profound example of this is ITC Maurya that conducts a survey based on the assessment sheet which includes parameters like knowledge of work, quality of work, efficiency, punctuality, six-sigma contribution etc. Such parameters are then assessed on a scale of average, outstanding, above average or below average. In the appraisal both the employer and employee are equally involved. Based on the results, the

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department decides the promotions, increments, training and development needs for their employees and also determines the deserving employee with the best employment award (Anand , 2011). Lastly, national culture plays a significant role in the implementation of the PA process. Individual and organizational performance and satisfaction is to a great extent influenced by a ' glocal' approach, which encompasses managerial values that are the national culture, organizational culture and firm ownership based values (Amba-Rao, Petrick, Gupta, & Von der Embse, 2000). A successful and practical implication is that of the Marriott which is an international hotel brand and has a concrete base in India. John Willard Marriott (Founder of the Marriott group) firmly believed that " take care of the associates, and they'll take good care of the guests, and the guests will come back" (Bhattacharya). This belief was then engraved in the organizational culture. To implement this in India, ' The Marriott Way', a concept introduced by Marriott is a combination of the organization values and national culture (Bhattacharya).

Conclusion and recommendations

To conclude, the report analyses and examines key HR practices such as employment relations and career management practices as they hold significant importance which is vital for any incoming hospitality organisation to understand before entering India. It further expands and touches on essential HR practices surrounding the Indian legislative framework. Heavy emphasis has been laid on HRM in India. This is seen with the development of an HRD ministry at the central level which emphasises regulations relating to minimum wages, working hours and women and child labour (Budhwar P. , 2000). In terms of abiding by this framework, the organization should treat

employees fairly in terms of giving adequate wages for any overtime work, treating women equally within the organization and not encourage child labour. It is witnessed that the management in India is becoming more assertive and proactive as trade unions lose their power which emphasizes the importance and need of an affective HRD within the organisation (Singh, 2011). For the incoming organization, it is recommended that it establishes a rather flat organizational structure in terms of actively engaging employee participation within the organization. Furthermore, it is advised that the organization should empower its employees to capitalize on managing diversity within the workplace and be open to new ideas and different perspectives. Employee turnover being high in India facilitates the need of effective and efficient recruiting systems whereby the individual traits match the organizational values in terms of retaining employees and creating permanent job opportunities (Chand & Katou, 2007). In addition to this the 'six sigma' concept could be used by the organisation to reduce employee turnover by saving on costs (Laureani & Antony, 2010). Furthermore, it could be advised that the MNC uses questionnaires and interviews to assess employee aptitudes to analyze if the employee fits the requirement of the organization in terms of its mission and vision. Furthermore, increasing amount of money has been spent towards training and development in organisations over the years which highlights the importance of HRM practices in India (Chand & Katou, 2007). It is recommended that the incoming MNC adopts on the job training to best optimize its labour productivity and save on costs of having to train employees in an external setting. Moreover, in terms of employee benefits, it helps to integrate the employee more easily, comfortably and quickly within the organization.

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Performance appraisal which is an underemphasised HR issue in India needs to be addressed more appropriately in order to optimise employee performance (Sporrow & Budhwar, 1997). The organization should consider appraisal systems to evaluate and monitor employee performance in order to optimize organization efficiency and productivity. Also, the organization should have a rather objective system of evaluating the PA process (Kanungo & Misra, 1985). This would then also compel the employees to actively participate in the process.