



## Human Resource Management Practices in Tourism Development with reference to Indian Economy- A Bird Eye View

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**Abstract:** Tourism is the largest service industry in the world and plays a predominant role in the economic development of the country. The contribution of tourism towards world's exports is 8 percent with an annual growth rate of 5 percent over the past twenty years and more than 30 percent of the international trade in services, 10.7 percent of the global work force and about 12 percent of the world GDP. With world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030 and FTAs in emerging countries expected to grow faster than in advanced economies, a goldmine of opportunity in tourism is waiting for India, which at present has a paltry share of 0.64 per cent in world tourist arrivals".

This article with the help of the review of recent literature has clearly emphasized the practice of human resource management in the development of tourism industry and economic development of a nation. There can be various reasons for a tourist to visit a destination of some interest. A destination might be visited because of its natural landscape or resource, historical monument, religious significance, shopping or it may be a man-made tourist attraction. But to create the need amongst the potential tourists about the destination and the human resource have potential for the economic and tourism development. India has realized the role that tourism can play in its economic development. According to some estimates tourism is one of the largest foreign exchange earning industries in India. It is in this context that the vital role of human resource management greater significance for tourism promotion and enhancement.

**Keywords:** HRM, Tourism, HR practices in tourism industry and Economic Development.

### Introduction

Tourism generates more income, employment and contributes significantly to the national GDP. It is also identified as one of the world's largest foreign exchange earner. It is the fastest growing sector of an economy and supports for the socio-cultural development of the nations and has the potential to preserve the heritage. The availability of trained manpower is one of the major factors for the success and development of sustainable tourism. The role of trained guides, interpreters, tour operators and even the service providers in hotels and restaurants is of immense value adding to the

comforts and the convenience of the tourists. It is proposed to undertake certain activities to enhance knowledge, skills and capabilities of persons and organisations in government and the private sector, to effectively operate and manage all aspects of human resources in the tourism sector.

The tourism are aimed at positioning tourism as a major contributor of economic growth and harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner. The schemes taken up by the Ministry are oriented for enhancing the employment potential within the tourism sector as

well as at fostering economic integration through developing linkages with other sectors. The Foreign Tourist Arrivals (FTAs) in India during the year 2011 were 6.29 million as compared to 5.78 million in 2010, registering an increase of 8.9%. The Foreign Exchange Earnings (FEE) from tourism during 2011 are estimated at ` 77591 crore as compared to ` 64889 crore during 2010, showing growth rate of 19.6%.

In US\$ terms, the Foreign Exchange Earnings (FEE) from tourism during 2011 are estimated at US\$ 16.56 billion as compared to US\$ 14.19 billion during 2010, registering an increase of 16.7%. India's travel and trade economy accounts for 25 million jobs or 6% of all employment. The departments of tourism estimates of travel and trade industry jobs are 4.2 million or 2.9% of all employment. The share of T&T economy is projected to rise to 7% and the share of T&T industry is projected to rise to 3.7% through 2011. The employment in T&T economy is projected to grow at 3.6% annually and the employment in the T&T industry is projected to grow at 2.8% annually through 2001-11. The impressive performance of the tourism sector is a result of the positive image created about the country through successful branding of "Incredible India".

The promotional campaigns run by the Ministry have led to immense interest in India as a tourist destination followed by visits by the tourists. It, however, said "an image change for Indian tourism is needed with higher investment in tourism infrastructure including through PPP mode." Calling for more private participation in the sector, it said: "Even user charges could be levied if monuments or tourist sites are developed by the private sector or through PPP (public private partnership)."

### Need for the study

This article with the help of the review of recent literature has clearly emphasized the practice of human resource management in the development of tourism industry and economic development of a nation. There can be various reasons for a tourist to visit a destination of some interest. A destination might be visited because of its natural landscape or resource, historical monument, religious significance, shopping or it may be a man-made tourist attraction. But to create the need amongst the potential tourists about the destination and the human resource have potential for the economic and tourism development. India has realized the role that tourism can play in its economic development. According to some estimates tourism is one of the largest foreign exchange earning industries in India. It is in this context that the vital role of human resource management greater significance for tourism promotion and enhancement.

### Objectives for the Study

1. To study the HR practices in the development of Indian tourism industry.
2. To know the potential areas for tourism development in India
3. To study the significance and impact of tourism on the development of Indian economy

**Methodology-** The present study is empirical and analytical in nature. The relevant necessary information has collected from secondary data. The secondary data has collected from books, journals, websites and related reports.

## I. Human Resource beat Practice

HRM means many things to many people, depending on whether you are a manager, an employee or an academic and there is no one definition that will adequately capture the potential complexity of the topic. Whilst arguments for best fit advocate a close fit between competitive strategies and HRM, those in favour of best practice approaches to HRM suggest that there is a universal 'one best way' to manage people.

By adopting a best practice approach it is argued that organizations will see enhanced commitment from employees leading to improved organizational performance, higher levels of service quality and ultimately increases in productivity and profitability. Usually couched in terms of 'bundles', the HRM practices that are offered in support of a high commitment and performance model are generally fairly consistent. For example, Redman and Matthews (1998) outline a range of HR practices which are suggested as being important to organizational strategies aimed at securing high-quality service:

*Recruitment and selection:* Recruiting and selecting staff with the correct attitudinal and behavioural characteristics. A range of assessments in the selection process should be utilized to evaluate the work values, personality, interpersonal skills and problem-solving abilities of potential employees to assess their 'service orientation'.

*Retention:* The need to avoid the development of a 'turnover culture', which may of course, be particularly prevalent in tourism and hospitality. For example, the use of 'retention bonuses' to influence employees to stay.

*Teamwork:* The use of semi-autonomous, cross-process and multi-functional teams.

*Training and development:* The need to equip operative level staff with team working and interpersonal skills to develop their 'service orientation' and managers with a new leadership style which encourages a move to a more facilitative and coaching style of managing.

*Appraisal:* Moving away from traditional top down approaches to appraisal and supporting things such as customer evaluation, peer review, team-based performance and the appraisal of managers by subordinates. Generally, all of these performance appraisal systems should focus on the quality goals of the organization and the behaviours of employees needed to sustain these.

*Rewarding quality:* A need for a much more creative system of rewards and in particular the need to payment systems that reward employees for attaining quality goals.

*Job security:* Promises of job security are seen as an essential component of any overall quality approach.

*Employee involvement and employee relations:* By seeking greater involvement from employees the emphasis is on offering autonomy, creativity, co-operation and self-control in work processes. The use of educative and participative mechanisms, such as team briefings and quality circles are allied to changes in the organization of work which support an 'empowered' environment. In simple terms best practice is likely to entail attempts to enhance the skills base of employees through HR activities such as selective staffing, comprehensive training and broad developmental efforts like job rotation. Additionally, it also encourages empowerment, participative problem-solving, teamwork as well as performance-based incentives.

### The HRM cycle



### The pessimistic views of HRM in tourism

Generally tourism and hospitality has often struggled with negative perceptions about employment practices and conditions and this perception has often been matched by the reality. The skills issue in the tourism industry suggests the industry has a number of personnel problems, including:

- generally low wages, unless skill shortages act to counter this (e.g. chefs);
- unsocial hours and shift patterns that are not family friendly;
- overrepresentation of women and ethnic minorities in low-level operative positions, with better paid, higher status and more skilled jobs filled by men, pointing to undeveloped equal opportunities policies in the sector;
- poor or non-existent career structures and use of casualized seasonal employment;
- over reliance on informal recruitment methods;
- lack of evidence of good practice personnel/HRM practices;
- little or no trade union presence;

- high levels of labour turnover;
- difficulties in recruitment and retention of employees.

### Human Resource Development

Tourism falls into the service industry which essentially implies that people engaged in this trade deal with people and cater to their needs. Hence, the people in the tourism industry need to develop skills for dealing with tourists and to develop a knowledge base, which has to be constantly updated of the facilities available to the tourists.

The need for training persons in this industry is felt due to the following reasons:

1. The impressions of a tourist during his visit is largely determined by two factors – the first is the impression of the tourist on the site visited and its history and the second, the hospitality, quality of service and knowledge and courtesy extended to the tourist during his stay. Therefore, a lot depends on the persons in the trade to make the tourists' experience a pleasant one. The right selection, training and development are thus very important.
2. Being a service industry, it offers tremendous scope for employment to a vast cross section of persons in various capacities like travel agents, guides, hotels (front office, waiters, cooks, stewards, housekeeping, etc.), and private entrepreneurship in travel trade, restaurant, lodges and souvenir shops, artisans involved in production of handicrafts, support and ancillary services.
3. The two major activities in tourism are: Accommodation and hospitality and Travel trade. Training for both these

activities has to be based on clearly identified skills and knowledge needed for their effective performance.

### Current Status

In the accommodation and hospitality sector the training programs are fairly well structured up to the middle management level but the turn out falls short of the annual requirements.

Training programs in the travel trade are still in a nascent stage. The programs in this area broadly fall under two categories:

(i) In-house on-job training, which account for the largest intake of personnel in this sector.

(ii) Courses on tourism offered by a few universities and private institutions covering some aspects of travel trade.

**International Training-** DOT proposes to send senior officers involved in tourism trade to JICA in Japan for a 3-month training program.

**Language Courses-** DOT proposes to introduce government-approved guides to the beginners level language courses in French, German and Japanese. Tie-up arrangement with Alliance Francaise, Max Mueller Bhavan and other agencies are being worked out. The course is of a 3 month duration with about 25 persons per course.

## II. Performance of Tourism Sector

The estimates of Foreign Tourist Arrivals (FTAs) on the basis of the FTAs data at major ports and Foreign Exchange Earnings (FEEs) from tourism on the basis of data available from Reserve Bank of India. The following are the important highlights regarding FTAs and FEEs from tourism during the month of August 2013.

### Foreign Tourist Arrivals (FTAs):

1. FTAs during the Month of August 2013 were 4.74 lakh as compared to FTAs of 4.46 lakh during the month of August 2012 and 4.28 lakh in August 2011.
2. There has been a growth of 6.4% in August 2013 over August 2012 as compared to a growth of 4.0% registered in August 2012 over August 2011.
3. FTAs during the period January to August 2013 were 43.06 lakh with a growth of 3.6%, as compared to FTAs of 41.56 lakh with a growth of 5.9% during January to August 2012 over the corresponding period of 2011.

### Foreign Exchange Earnings (FEEs) from Tourism in rupee terms and US\$ terms

- a. FEEs during the month of August 2013 were `8,139 crore as compared to `7,260 crore in August 2012 and `5,734 crore in August 2011.
- b. The growth rate in FEEs in rupee terms in August 2013 over August 2012 was 12.1% as compared to 26.6% in August 2012 over August 2011.
- c. FEEs from tourism in rupee terms during January to August 2013 were `67,712 crore with a growth of 14.0%, as compared to the FEEs of `59,409 crore with a growth of 23.7% during January to August 2012 over the corresponding period of 2011.
- d. FEEs in US\$ terms during the month of August 2013 were US\$1.294 billion as compared to FEEs of US\$1.306 billion

during the month of August 2012 and US\$ 1.264 billion in August 2011.

- e. The growth rate in FEEs in US\$ terms in August 2013 over August 2012 was negative growth of 0.9% as compared to the growth of 3.3% in August 2012 over August 2011. This negative growth in FEEs may be due to depreciated value of Indian Rupees in August, 2013 as compared to August, 2012.
- f. FEE from tourism in terms of US\$ during January to August 2013 were US\$12.025 billion with a growth of 6.7%, as compared to US\$ 11.273 billion with a growth of 5.6% during January-August 2012 over the corresponding period of 2011.

#### (a) Domestic Tourist Visits to States/ UTs

1. During 2012, the number of domestic tourist visits to the States/ UTs was 1036 million as compared to 865 million in 2011 and 748 million in 2010.
2. During 2012, the number of domestic tourist visits to States/UTs registered an increase of 19.87% over 2011 as compared to increase of 15.6% in 2011 over 2010.
3. The top ten States in terms of number of domestic tourist visits (in millions), during 2012, were Andhra Pradesh (206.8), Tamil Nadu (184.1), Uttar Pradesh (168.4), Karnataka (94.1), Maharashtra (66.3), Madhya Pradesh (53.2), Rajasthan (28.6), Uttarakhand

(26.8), Gujarat (24.4) and West Bengal (22.7).

4. The contribution of top 10 States was about 84.5% to the total number of domestic tourist visits during 2012.
5. Andhra Pradesh has occupied the first rank in terms of DTVs in 2012, whereas Tamil Nadu, which was at third rank in 2011, has moved to the second rank. Uttar Pradesh which was at first rank in 2011 has moved down to third place.
6. Though the top ten States in terms of DTVs in 2012, remained the same as those in 2011 the rank of some of the States, changed slightly (by one place).

#### (b) Foreign Tourist Visits to States/ UTs

- ✚ During 2012, the number of foreign tourist visits (FTVs) to the States/ UTs was 20.7 million as compared to 19.5 million in 2011 and 17.9 million in 2010.
- ✚ During 2012, the number of FTVs to States/UTs registered a growth of 6.33% over 2011 as compared to a growth of 8.9% in 2011 over 2010.
- ✚ The top ten States in terms of number of FTVs (in millions) during 2012 were Maharashtra (5.1), Tamil Nadu (3.6), Delhi (2.3), Uttar Pradesh (2.0), Rajasthan (1.5), West Bengal (1.2), Bihar (1.1), Kerala (0.8), Karnataka (0.6) and Himachal Pradesh (0.5).
- ✚ The contribution of top 10 States was about 90.1% to the total number of FTVs in the country during 2012.

- ✚ The top ten States in terms of FTVs in 2012, remained the same as those in 2011.
  
- ✚ Data shows that DTVs continue to grow at a double digit rate in 2012 also. The growth in FTVs declined to 6.3% after an impressive growth of 8.9% in FTVs in 2011. The rate of growth of Foreign Tourist Arrivals (FTAs) also reduced to 4.3% in 2012 as compared to 9.2% in 2011.

### Conclusion

Create the need amongst the potential tourists about the destination and the human resource has potential for the economic and tourism development. India has realized the role that tourism can play in its economic development. According to some estimates tourism is one of the largest foreign exchange earning industries in India. It is in this context that the vital role of human resource management greater significance for tourism promotion and enhancement. The use of educative and participative mechanisms, such as team briefings and quality circles are allied to changes in the organization of work which support an 'empowered' environment. In simple terms best practice is likely to entail attempts to enhance the skills base of employees through HR activities such as selective staffing, comprehensive training and broad developmental efforts like job rotation. Additionally, it also encourages empowerment, participative problem-solving, teamwork as well as performance-based incentives in context of tourism development.

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