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Human Resource Management Strategies as Competitive Advantage: A Case Example of the Hospitality Sector in Southeast Asia & the Pacific Rim

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ABSTRACT

This article analyses the vulnerability of the hospitality sector of the tourism industry in relation to its multiple business environments. Using recent regional economic and socio-political events as a catalyst for discussion, it suggests that the sustainability of this sector is largely dependent on its internal management practices. It argues that, of all management practices, its human resource management (HRM) strategies provide the key to future competitiveness.

INTRODUCTION

The hospitality sector of the tourism industry, unlike almost all others, is especially labour-intensive and traditionally resistant to the automation and downsizing characteristic of other industries such as manufacturing, retailing, transportation and agriculture. Despite its recent impressive growth and financial success globally, the hospitality sector is also perhaps the most sensitive to a wide range of external and internal factors which at times threaten its very survival. (eg Faulkner, 1993; Go and Pine, 1995; Elliott, 1997; Tribe, 1997).

In Southeast Asia and the Pacific Rim, this inherent vulnerability has been amply illustrated by a series of recent positive and negative developments. Thus forest fires in Sumatra adversely affected hotels and resorts in Singapore, Phuket and Kuala Lumpur; currency crises, on the other hand, in Thailand, Malaysia and Indonesia enhanced the attractiveness of these destinations; the preparations for Olympics 2000 raised the profile of Australian properties, but fluctuating exchange rates deterred potential visitors to Australia from Indonesia, Malaysia and Singapore. Hong Kong's attraction declined with its resumption by the People's Republic of China, but government initiatives in Vietnam increased its tourist appeal. An interesting example of the complexities of tourism and hospitality is the case of Malaysia in 1997 - adverse effects of the smog from forest fires in Sumatra were expected to be counterbalanced by exchange rates favourable to non regional tourists. However, "a combination of overbuilding and soaring labour costs" (Asian Business Review, 1998: 14) may threaten the sector. Such may also be the case for Sydney after the Olympics.

As a heavily labour-intensive industry then, hospitality presents an excellent case-example of the management of human resources within a dynamic and often volatile external and internal industrial environment. Apart from the plethora of external factors which buffet this industry sector - political, economic, social, global and regional competition, guest market preferences - there are also a number of unresolved internal dilemmas which affect the success of the hospitality

sector in all countries. Most, if not all, of these pressures impact on the effective management of a hotel's human resources.

THE NATURE OF THE HOSPITALITY SECTOR

Whilst in their simplest form, all hotels offer similar services - accommodation, restaurants and bars, ancillary facilities (eg. shopping, gyms and fitness centres, hairdressing, etc) - competition and diverse guest markets (eg. leisure, business, individual or group tourists) demand that the sector provides a broad variety of accommodation types, from youth hostels/backpacker rooms through guesthouses, family inns, bed and breakfast properties, to the grander "boutique" and five star hotels. In addition, there is a clear distinction drawn between city and resort hotels.

Even within these categories, some hotels focus on services for business travellers, others purely on leisure travellers, and some on both guest markets. In the resort hotel category for example, a property in Penang (Malaysia) may rely almost exclusively on repeat guests from Europe whilst resorts on Sentosa Island (Singapore) will attempt to cater for broader guest markets for leisure and business from Southeast Asia, Australia, Japan, the United States and Europe.

Apart from this very diversity of guest markets, regional locations and levels of "service", hospitality managers may be bound by their membership of global hotel chains (eg. Hilton, Sheraton Mandarin, Ramada, Shangri-La, etc) to provide product-branded services, regardless of location or specific guest markets, on a global basis, whereas others may decide to distinguish their property from competitors by offering esoteric service with value-added regional or local characteristics. This latter phenomenon is often seen in locations such as Phuket (Thailand), Darwin (Australia), Hanoi (Vietnam) and Medan (Indonesia).

Further complexity in both their relative attraction to different guest markets and the consequent service standards of hotels is added by the interaction between owners/investors and actual hotel management. Whilst franchising is not yet usual in this industry, at least in Southeast Asia (Go and Pine, 1995; Contractor and Kundu, 1998), it is quite common to find that hotel managers are employed by a global management group quite separate from the hotel's actual owners or shareholders who simply own the physical property. In other cases, the owners also own the business and constitute the board of directors to whom the actual managers are responsible (Contractor and Kundu, 1998). In the case of global hotel chains, such relationships may be even more complicated.

Such structures provide substantial, and often problematic, dilemmas for those charged with the direct responsibility for operating the daily functions of their hotel in a highly competitive (global, regional, national and local) sector. This dilemma is not assisted by existing "star" rating systems, usually regulated by national governments and closely related to accommodation pricing systems. Thus, a "five star" hotel traditionally charges considerably more than a one or two star property, based almost entirely on the facilities provided (eg. restaurants, bars, gyms, swimming pools, 24 hour room service, etc). These ratings are predetermined by industry bodies (eg. Michelin Guides, Automobile Associations) and sanctioned by both the industry and government authorities, and largely fail to take account of the qualitative "service" aspects of the industry which, by their own reports, effectually distinguish one property from its competitors. What is to differentiate a Hilton hotel from a Mandarin or a Shangri-La property in the same location if not its service quality? A room is a room is a room!

However, this labour-intensive and often fiercely competitive industry sector, dependent on a guest market preferences and travel agency alliances, often fails to account for (or even properly define) the dimensions of this competitive edge, its sole bargaining advantage. The studies of Frederick Taylor (1911) in manufacturing, however passe they may be, could at least potentially be of value in applying quantitative models to the production of hotel "service", should hoteliers be predisposed to apply them. In essence, if "service" is, as many hotel managers suggest (Grönroos, 1990; Go and Pine, 1995), the defining element of their attraction to their guest markets, what is their "product" and subsequently, how should their "production processes"

be structured through their human resource management strategies to ensure guest satisfaction, repeat business and continuing productivity (and profitability)?

The following sections of this article explore some of these macro- and micro-issues in a variety of Southeast Asian and Pacific Rim hotels based upon extensive literature reviews and recent empirical research conducted by the author. Macro-issues include the impact of political, economic, social and guest market factors, and micro-issues encompass industry characteristics such as " service quality" criteria, the problematic interaction between hospitality and tourism, internal systems dilemmas, and the gamut of human resource management (HRM) functions and perspectives which continue to bedevil the effective management of the hospitality sector. The final section of the article proposes a series of strategic, and integrated approaches which may enhance labour productivity, competitiveness and profitability within the hospitality sector of the tourism industry.

Whilst focused on the hospitality sector, this case-example may also suggest ways in which similarly labour-intensive and service-based industries in the Asia Pacific region can improve their performance and competitiveness.

MACRO-ISSUES IN THE HOSPITALITY SECTOR

Unlike almost all other industries, the hospitality sector (as perhaps the most vulnerable of all tourism industry segments) is especially susceptible to the impacts of global, regional and national factors including political stability, economic vagaries, social trends and the fickleness of their various guest markets. All these issues heavily impact on both the staffing levels of particular hotels and their overall viability.

Whole nations, or their particular regions, are susceptible (to a greater or lesser degree) to economic factors (eg. dramatic currency " collapses" in 1998); changing government policies (eg. bed taxes on capital city hotels in Australia; special tourism taxes in Indonesia; financial support to tourism in several regional countries), to the perceived (or actual) political instability of some regions (eg. Myanmar, Laos vs Singapore or Sydney) or even to the relative physical security of certain locations. As an example, Hong Kong' s hospitality sector apparently suffered a significant decline in the months following its resumption by the People' s Republic of China. Six months after the July 1, 1998 handover to China, tourism in the former British Colony was in crisis. " Monthly visitor arrivals have plunged an average 25% year-on-year since then ... The travel and tourism industry accounts for fully 8% GDP and 12% of jobs ... pulling in \$13.5 billion ... Hotel occupancy rates in Hong Kong slipped to an average of 69% between July and November, compared with 88% in all of 1996" (Far Eastern Economic Review, 15.1.98: 51).

Brunei has been constrained from tourism and hospitality development until recently due to Islamic restraints. Prior to recent events Jakarta had not attained the popularity of Bali or Lombok, perhaps due to lack of effective marketing, a perceived deficiency in tourism infrastructure, or because of occasional political disturbances. Phuket' s relative lack of popularity compared with Penang, Langkawi, Bali or Pattaya can at least partially be explained by a lack of marketing or financial support from its central government.

Economically, perhaps the most crucial issue for the hospitality sector (and indeed tourism itself) is the currency exchange factor. The viability of the hospitality sector in Southeast Asia (including Australia and New Zealand) is directly linked to the relative value of their currencies against United States, Japanese and European counterparts. This was dramatically illustrated during mid 1997 to early 1998 with the Asian currency " collapse" , directly involving Thailand, Indonesia, Malaysia, Korea and the Philippines but with repercussions for Australia and New Zealand (eg The Age, 27.5.97; The Australian, 27.10.97; AFR, 24.10.97; SMH, 7.11.97). This collapse also illustrates the complex interrelationships of political, economic and geographic factors on the viability of the hospitality sector. Favourable exchange rates for US, UK, European and Australian tourists should have provided a much-needed boost for hospitality operators in Southeast Asia, especially during the winter season in the northern hemisphere. However, due to the impact of the regional forest

fires, doubts about political instability in Indonesia and Thailand, the promises of increased hotel occupancy in these regional countries have not been fulfilled (eg Nankervis, Wan and Ong, 1999). Even intra-regional tourism has been reduced due to currency exchange rates and active attempts by the Indonesian and Malaysian governments to dissuade external travel and encourage inbound tourism. In the depths of its economic difficulties, and largely because of them, the Thai government launched an extraordinary, "Amazing Thailand" tourist campaign, based upon its recognition that "the flotation of the baht will bring more visitors to Thailand" (Far Eastern Economic Review, 15.1.98: 50). The optimistic predictions of the Tourism Authority of Thailand (TAT) included an increase in tourist arrivals by 6.3% (7.7 million people) in 1998 and another 7.3% in 1999, with revenue of 582 billion baht between 1998-2000. Surely an example of turning a misfortune into an advantage.

Undoubtedly, such government pressures reflect social imperatives and reinforce them. In addition, negative perceptions of hotel occupations (eg. Singapore, Malaysia, Indonesia, Australia and New Zealand) and associated cultural factors (eg. "face", status, collectivism) provide difficulties for hoteliers in attracting high quality employees. This problem is exacerbated by the nature of hotel employment (discussed in detail later in this article) which is most commonly characterised by low wages, casualisation of the workforce, gender differentiation and the absence of incentives for long-term, integrated, hotel career management.

As an illustration of the poor image of hotel occupations, the author's research in hotels and resorts in several regional locations (eg. Indonesia, Singapore, Malaysia, Australia and New Zealand) discovered that in all these countries, the notion of "service" and in particular service in the hospitality sector, is almost universally regarded as unfavourable (Nankervis, 1993). As one former Singaporean researcher (Debrah, 1994) found, "... 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 nightclub." (pg. 45).

The image of hotel occupations is, however, variable between different locations within the Southeast Asian region. Whilst status and "morality" issues may be crucial in locations such as Singapore, Hong Kong and Brunei, the below-average salaries offered and the relative lack of career opportunities are of more importance in countries such as Australia and New Zealand.

Negative images of "service" work, especially in hospitality, have to a degree been addressed in countries such as Australia and New Zealand by proactive government and industry association promotional strategies, a burgeoning hospitality trade training sector, and continuing high levels of unemployment in other industries. Malaysia and Thailand have both actively promoted the advantages of hospitality careers, and at various times, recycled the notions of the "natural" friendliness of their nationals (eg. "Thailand - land of smiles", "Amazing Thailand", etc).

MICRO ISSUES IN THE HOSPITALITY SECTOR

Service Quality as Product

The defining characteristic of this sector, its "hospitality" (or "service quality"), is at once its greatest strength and its most vulnerable Achilles heel. However, except at the lowest end of the sector (eg. backpacker and youth hostels, small family-run guesthouses), industry professionals have been unable, or reluctant, to accurately define the nature, dimensions and outcomes of their "product" and associated "production processes". Even the applications of such systems frameworks, unlike manufacturing and retailing, have historically been resisted by many hoteliers, perhaps due to snobbishness or the perceived difficulty of the task.

It is therefore perhaps not too surprising that managers "... appear to have easily succumbed to the short-term pressures of property owners by focusing on cost-minimisation rather than productivity improvement strategies..." (Timo and Nankervis, 1995: 24)

However, as many industry authors (eg. Zemke and Albrecht, 1985; Grönroos, 1990; Heskett et al., 1990; Callan, 1996) have pointed out, the service encounter or the "moment of truth" (Carlzon, 1987: 12) is simultaneously the product and the production process of the hospitality sector, unlike the differentiation present in other industries such as banking, retailing or transportation. It is also the competitive edge - whether between hotel categories or within the same category, and is provided by an establishment's human resources. Therefore, if individual hotels are unable to distinguish their unique style and dimensions of service quality, they will be consequently unable to recruit, train, develop, promote, reward and manage their employees' performance in ways which ensure the continuing (and often elusive) service quality so crucial to repeat business and ongoing profitability.

The author's recent research into perceptions (and work dimensions) of service quality, in five star hotels in Singapore, Malaysia, Indonesia, Australia and New Zealand (Nankervis, 1993, 1994), suggests that very few hoteliers have actually quantified (or specified in job measurable terms) their expectations in this crucial area.

Only one of twenty-five hotel general managers surveyed was able to articulate his vision for service quality further than generic statements about "five star standards", "high quality" or "excellence". This particular manager had translated such broad statements into departmental service missions, from which streamed a series of specific task-related service standards for each employee and each service encounter (eg. standard responses to guest requests, timed service schedules, room cleaning criteria and luggage delivery times). This particular hotel also completed the service "loop" by actively seeking guest feedback (eg. check-out questionnaires, guest cocktail parties, general manager - guest contacts, etc). Whilst the specification of service quality "products", and their quantification, is certainly desirable, guest perceptions of the friendliness, approachability and responsiveness of hotel staff, may in some cases override such realities. Thus, hotels in countries such as Malaysia, Indonesia, Thailand and the Philippines may benefit from guest perceptions of the genuine 'friendliness' and approachability of local employees, arguably a cultural phenomenon.

The literature on hospitality research in the last decade or so does, however, provide some guidelines which could usefully assist such hoteliers. Several authors (eg. Lehtinen and Lehtinen, 1982; Nightingale, 1985; Martin, 1986; Lewis and Klein, 1988) have conducted studies attempting to define the nature of the hospitality "product". Lehtinen and Lehtinen (1982), for example, divided the service encounter into "physical", "interactive service" and "corporate quality" dimensions, later refined by Grönroos (1984) as "technical", "functional" and "image" aspects. Martin (1986) divided the essential components into the "procedural" and the "convivial", the first more able to be quantified, prescribed and measured than the second.

Zeithami et al (1990) developed these notions further with their useful, if imperfect, SERVQUAL model which clearly divides service quality into two major components - the tangibles and the intangibles. Tangibles, on the one hand, encompass the "physical", "technical", "functional" and "procedural" elements. Intangibles, on the other hand include the "interactive service", "corporate quality", "image" and "convivial" dimensions of other authors.

The greatest contribution of the SERVQUAL model is in its focus on the elements of the "intangibles" components of the hotel service encounter. The authors divide the intangible factors into nine variables, all of which are capable of translation into quantifiable measures of employee performance - viz, reliability, responsiveness, competence, access, courtesy, communication, credibility, security and "understanding and knowing the customer" - which can then be specified, observed, measured, and appropriately rewarded.

The model lends itself to a competency based approach to the measurement of service quality, including service delivery deadlines and the "completeness" of the service provided; specified knowledge and skills (eg demonstrated problem-resolution and adaptability skills); predetermined guest communication frameworks (including in-room technology & regular guest contacts); cultural sensitivity competencies (eg linguistic skills & food preferences); and regular reviews of

(especially) repeat guest preferences (eg daily reports on incoming guest requirements). Examples of the latter were provided by several of the Southeast Asian hotels studied (Nankervis, 1993) which hold daily staff meetings to review personalised guest needs.

All too often, however, it seems that hotel managers and their departmental managers are unwilling (or unable) to operationalise such frameworks in their day to day service encounters with guests.

Arguably, the tangibles are similar within the same hospitality category throughout the region, and act merely as " hygiene" rather than " motivational" factors for all guest categories. Some hotel chains in the region (eg. Hilton, Mandarin, Southern Pacific Hotels, Sheraton, Hyatt) consciously ensure that their properties conform to global standards of facilities wherever they are located. In many cases, the star rating of such properties (a limited definition of service quality) is predetermined on these bases by the accrediting authorities (eg. Michelin Guides, Automobile Associations). Thus, a hotel chain with properties in Kuala Lumpur, Penang, Bangkok, Phuket, Singapore, Jakarta and Sydney is likely to have similar facilities and physical standards in all locations. The Hilton chain, in particular, commonly provides reassurance by its physical appearance and standard facilities throughout the world.

The challenge for the hospitality sector in all regions of Southeast Asia is, however, to differentiate individual properties in different locations on the basis of their unique intangible " products" , related to geography, culture, social factors and the professionalism of their service providers, their employees.

Service Quality as a Production Process

As earlier discussed, the hotel service encounter (the product), rather than being a single ' experience' between the guest and the hotel service providers (at check-in, at the restaurant or bar, or at check-out), is really an interactive process involving a series of such encounters which in the best managed hotels appears to be a seamless system of micro-services. This is the " production process" of hospitality, analogous to the manufacturing, delivery and distribution systems of more traditional industries. Few hotels fully achieve this goal, partly because of their failure to recognise the integratedness of their service delivery systems, and partly because of the rigid structures and demarcation between the various hotel departments.

A quantitative approach to this production process might, for example, specify service times for guest check-in, luggage delivery deadlines, synchronisation between room allocation and room cleaning schedules, and the accuracy and efficiency of check-out and billing procedures. In this way, the guest experiences the qualitative satisfaction of feeling that the hotel is efficient, well-prepared, internally consistent and universally welcoming. Certainly, in recent years, the efficiency of all these procedures has been significantly enhanced through computerised communication systems between front office and housekeeping departments, guest access to their accounts via room computers, express check-out procedures and special systems for dealing with check-in and check-out for disparate guest markets (eg. leisure vs business guests, group tours, etc).

However, the " seamlessness" of the hospitality process is not so much tested by the friendliness or efficiency of each individual service encounter, but rather by the apparent linkages between them. Thus, check-in procedures might be performed effectively according to pre-determined and routinised systems but the room allocated might not be ready for occupancy or the luggage delivery slow or inaccurate. Conversely, all these single service encounters might be satisfactory for the guest, but check-out is slow or the bill incorrect.

Some of these problems may be caused by poor communication between front office, housekeeping or food and beverage departments, or a lack of cross-skilling which results in a lack of understanding between staff in different departments. The hospitality industry, in many countries in Southeast Asia, Australia and New Zealand still suffers from a " silo" mentality with few attempts to encourage empathy or experience across the silos. This lack of understanding is exacerbated by substantial proportions of employees employed on casual or part-time bases with

only minimal motivation towards holistic guest service. (Timo, 1993)

In Indonesia, Thailand and Malaysia (to a lesser extent), the solution to this problem has been to "throw" people at the issue. Most large Indonesian and Thai hotels, for example, employ three or four times the number of staff normally employed in Australian and New Zealand hotels, due to favourable wage levels (Nankervis, 1993). Singapore, conversely, has traditionally suffered from labour scarcity in hospitality, together with rising salary levels. Whilst Australian and New Zealand hotels have not in recent years experienced a shortage of available employees, due to considerably higher salary levels and union pressure, managers have reduced staffing levels and opted for significant "casualisation" of employees primarily for cost reasons. The following figure (Table 1) illustrates the comparative employee costs between Australian and Asian hotels, the justification for what has been described as a "culture of casualisation" (Timo, 1993) in Australian hotels, an important determinant of service quality in the hospitality production process.

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	5,089	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
Total Payroll as a % of Total Revenue	37.2	25.8	34.7	31.2	28.3

Note: (1) All amounts are medians

(2) All dollar amount stated in US\$

Source: Horwath International.

NB. "A & G" refers to Administration/General Staff

"Market" refers to Sales & Marketing Staff

"Maint." refers to Maintenance Staff

"Tele" refers to Telephonists, receptionists etc.

Table 1: Payroll as a percentage of revenue & per room

Whilst the actual number of employees is not necessarily directly related to service quality - eg. several Indonesian and Malaysian hotels report poor guest responsiveness and service reliability, despite large employee establishments (Nankervis, 1993) - guest perceptions of hotel efficiency can be enhanced by the sight of 'busyness' in the hotel foyer. Job reduction (ie. the distribution of job tasks normally included in a single job description to several employees), often a function of "hidden unemployment" in some countries, is an inefficient practice but can have perceptual advantages. Thus, a guest arriving at an Indonesian or Thai hotel will no doubt be favourably impressed to be greeted by a porter, a bell-boy to open the foyer doors and perhaps even a concierge, having had to carry their own luggage to the front office and perhaps even to their rooms at a hotel in Darwin, Auckland or Sydney. Such perceptions may, however, be destroyed by subsequent experiences.

As this brief discussion indicates, there are numerous inherent problems facing the hospitality sector in all regional countries which need to be addressed, and which can be addressed, through

the effective management of their human resources, in order to achieve satisfactory guest market standards as well as predetermined competitiveness, productivity and profitability targets. These issues, and some suggestions for their resolution, constitute the remainder of this article.

HUMAN RESOURCE MANAGEMENT IN THE HOSPITALITY SECTOR

As Table 1 illustrates, payroll costs alone account for a substantial proportion of overall room costs in all hospitality establishments throughout the world, albeit to different degrees in different regions. The level of such basic human resource costs in Australia is alarming, especially in view of the minimal staffing levels of most Australian hotels and resort and the fact that hospitality workers are amongst the lowest paid of all employees in Australia.

In recent years, some of these costs have been proportionally reduced due to the removal of weekend and evening penalty rates and the negotiation of annualised salaries through newly-determined workplace (or individual employee) agreements in Australia - eg. Sheraton Towers Agreement; Movie World, Sea World, Palm Royale Casino, Crown Casino and Offshore Islands Resorts Industrial Agreements - (Timo and Nankervis, 1995). Similar kinds of agreements have been negotiated in Singapore and Malaysia to take account of escalating labour costs, albeit in a more consensual industrial relations climate than in either Australia and New Zealand.

High labour costs are often cited by hoteliers and industry associations as a brake on profitability levels, and this is true, to varying degrees in different countries due to the inherent labour intensiveness of the sector. However, in other cases, it has merely been a convenient excuse for inadequate human resource management (HRM) practices. An argument can be mounted that, especially in developed countries such as Australia and New Zealand, higher wages and incentives remuneration schemes might result in better qualified and more productive (and profitable) employees - the "peanuts and monkeys" argument.

Even in Singapore and Malaysia, where the image of hotel occupations has been less than favourable, and where salary levels have been rising in recent years, competitive salaries are likely to attract more professional and committed career employees, with consequent benefits for their employers and guests. (Nankervis, 1993; Debrah, 1994).

Apart from these obvious labour costs, there is a broad range of HRM issues which adversely contribute to add-on labour costs, and thus deprive hoteliers of the profitability levels which they undoubtedly deserve. These issues, and some suggestions for their amelioration, constitute the remainder of this article.

We have already discussed the need for hospitality managers in all regions to more clearly define (and quantify) the nature of their service "product" and associated "production processes". If the product cannot be specified, the service will not be effectively delivered. This conundrum reflects itself in inaccurate job descriptions, poor job design, inadequate recruitment and selection procedures, unfocused training and development programs and a distinct lack of career and succession planning

Job Design, Competencies and Job Descriptions

In Australia, Tourism Training (Australia) and Standards Australia, together with the Vocational Education Training and Accreditation Board (VETAB), have (to their credit), developed a series of generic hospitality occupational competencies to guide and assist hoteliers with respect to all hotel positions, and to allow employee career development between establishments but still within the industry. In Singapore, the Singapore Hotel Association Training and Education Centre (SHATEC) has similarly attempted to train hospitality employees according to designated and prescribed standards. Malaysia, Thailand and Indonesia have also developed vocational and tertiary education courses to assist the sector in this regard, as have Australia and New Zealand.

Thus, hoteliers in all parts of Southeast Asia and the Pacific should be well-equipped to design appropriate duty statements, adapted to local guest market and cultural conditions, in order to

guide their subsequent HRM practices. Some hotels do have such statements and attempt to operationalise them as a contribution to enhanced productivity and profitability. However, specific and measurable job descriptions are only the first step in maximising employee productivity and organisational profitability.

Casualisation and the image of Hospitality Work

Thus, whilst hotels in Thailand, Malaysia and Indonesia are often successful in attracting employees who aim to stay with the same employer for long periods of time (Nankervis, 1993), hotels in Singapore and Australia are often forced by labour market issues, seasonal guest markets, or conscious management strategies, to employ large proportions of casual, on-call or part-time employees (eg. Debrah, 1994; Timo, 1992, 1994). By definition, casual employees have the advantage of flexibility and short-term costs, but the significant disadvantages of lack of commitment, low productivity, unwillingness to retrain and lack of knowledge of (or interest in) the holistic production process within their employing hotels. As an example, many resort hotels in Australia (eg. Gold Coast, the Whitsundays, Darwin, Barrier Reef) are able to attract large numbers of itinerant travellers, university students on their long vacations, people "between" jobs, or simply those who desire a short-term "holiday" in an attractive location. With an emphasis on youth, energy and natural friendliness, these employees often perform well for a limited period and then desert the resort for more attractive designations or more permanent positions.

It can be argued that the time (and associated costs) of constantly recruiting these casuals, despite their relative cost-effectiveness, is more a drain on profitability than an advantage. Committed career employees with professional skills and experience are likely to be more productive, and in the long-term, to indicate the false economics inherent in such "casualisation" strategies. There are, however, some advantages to be obtained from a degree of "casualisation" in seasonal locations such as Penang, Phuket, the Blue Mountains (Australia) and the Genting Highlands (Malaysia). Astute hoteliers will strive to achieve an appropriate balance between a majority of career employees and a smaller, but reliable, cohort of regular casuals or on-call employees.

The appropriate levels of "productivity" required from individual employees, or particular hotel occupations, are closely related to the quantified definitions of service quality discussed earlier.

"Casualisation" as a conscious management strategy can be either as the result of short-term cost-cutting imperatives, or as the result of desperation. In the former case, as already discussed, and depending on the levels of casual employees, it can have adverse morale, service and financial consequences. This is notably the situation in some Australian and New Zealand hotels, especially as the potential hospitality market is increasing with high unemployment levels and a growing number of hotel training institutions (Fryer, Bretherton, Haynes, 1993). In some Australian hotels, the rate of casuals can be as high as 50% (Burgess, 1996).

Desperate "casualisation" strategies are employed in Singapore, with the short-term employment of numerous non-Singaporeans (eg. Thais, Malaysians, Indians, Filipinos) due to the unfavourable image of hotel occupations and rising educational levels amongst Singaporeans (eg. Nankervis, 1993; Debrah, 1994). There have been some tentative moves towards part-time (rather than casual) employees in some Singapore hotels, but this is by no means common (Wan, 1996).

Some other 'regional' countries (eg. Thailand, Indonesia) appear to have few difficulties in attracting hotel workers, even at low wages and with few opportunities for career development. This appears to be due to the relatively easier tasks of the hospitality sector (compared to construction, transport or manufacturing occupations), rather than to a favourable image of or a cultural propensity towards service occupations. Few societies or religions encourage "service" mentalities, and some of the cultural characteristics of Indonesia, Malaysia and Thailand actively discourage such activities. Australian traditions of individuality, masculinity and low power distance (Hofstede, 1984; Hofstede and Bond, 1988) similarly have provided significant obstacles to the attraction of potential employees to the hospitality sector.

Departmental Interface Issues

Apart from the initial distaste of some potential employees for hotel occupations, and at least part of the reason for reportedly high levels of employee turnover (Decry and Iverson, 1994), appears to be in the distinct segregation between departments or functions within individual hotels. Many, if not most, hotels, for historic or accounting reasons, clearly separate the functions which constitute the production process of service. Thus, the front office department is separated from the housekeeping and food and beverage departments. Administration, reservations, and maintenance are distinct entities with little apparent relationship to more central functions. Accordingly, staff are rarely exposed to the difficulties or required skills of the separated functions, and seldom (if ever) rotated between hotel departments.

If, as earlier discussed, service is a continuous and seamless process (from the guests' perspective), such divisions inevitably reflect themselves in the quality of such service provided. It also has an adverse impact on the attraction of employees to hospitality as a career preference.

' Internationalism' of Hotel Employees

Some large hotel chains (eg. Hilton, Hyatt, Mandarin, Sheraton, etc) actively rotate some levels of employees through their various regional properties, in order to expose them to ' international' standards of service. Others deliberately encourage their employees to deal with " difficult" guests from different nationalities (especially Japanese, Americans and Europeans). Both approaches are useful HRM devices to ' internationalise' their employees, many of whom (especially in Indonesia, Malaysia and Thailand) have little understanding or personal experience of the preferences of their guests. In Bali and Penang, for example, many hotel managers bewail the limited perspectives of their employees who have little experience beyond the " kampung" (Nankervis, 1993). In Australia and New Zealand, understanding of the needs of Japanese or Korean guests may be similarly minimal.

However, in both capital city and resort hotels throughout Southeast Asia, Australia and New Zealand, increasingly the majority of guests will be from overseas, with expectations of ' international' or global standards of service quality. A variety of managerial strategies - rotation between properties, deliberate exposure to different guest nationalities, simulations and intensive training programs - are required to further ' internationalise' employees, together with internationally-focused hospitality training programs such as are offered, for example, at the Faculty of Hotel and Tourism Management, Prince of Songkla University (Phuket, Thailand), and the various International Hotel Schools throughout the region.

Training and Career Development

Partly as the result of the employment of large proportions of casual, part-time and " on call" staff in the hospitality sector, and partly due to the semi-skilled nature of many hotel occupations (eg. food and beverage, housekeeping), training and development activities have generally not been given a high priority in this sector. It has been assumed that the industry can rely either on " graduates" from an increasing number of vocational or industry functional training institutions (eg. TAFE Colleges, polytechnics, international hotel schools, SHATEC, Tourism Training Australia, etc), or on simple on-the-job training within particular hotels.

Both assumptions, however, ignore the complexity of the service-as-product (or as a series of production processes) argument and the need for individual hotels to " value add" their employees for both productivity enhancement and maintenance purposes. Training provides the means by which individual hotels can ensure the consistency and reliability of their (differentiated) service product, and assist in reducing overall aberrant employee turnover and wastage rates.

Properly conceived and implemented, training and development programs in this sector, regardless of their location, can provide three significant advantages to astute hoteliers. First, they can provide employees with performance incentives, and their guests with higher quality service through the timely provision of upgraded functional skills or competency development.

Second, if linked with cross-skilling (or job rotation) between the different departments of the hotel, such programs can effectively enhance the understanding of (and cooperation between) employees working in different departments towards the total hospitality " product" . This can have synergistic benefits on effectiveness, efficiency and overall productivity.

Third, a truly strategic human resource development plan would entail clear and individually-tailored linkages between specific training activities and subsequent career development programs for all employees. If successfully designed, such linkages would arguably both increase the retention rates of good performers and enhance the quality of their service to guests. Inevitably, the association of training and development with career management also implies a linkage with employee remuneration and rewards systems, as discussed in a following section.

Hotel careers are rarely progressed between the discrete departments (eg. front office, food and beverage, administration, reservations, housekeeping) of their properties, mostly being confined within them. This is characteristic of hotels in all regional countries, including Australia, New Zealand, Singapore, Indonesia, Malaysia and Thailand (Nankervis, 1993; Timo and Nankervis, 1995). It may be an historic legacy of the hospitality sector from its Northern Hemisphere influences, but it is arguably old-fashioned, inefficient, and certainly contradictory to the objectives and self-interests of the hospitality sector.

Some studies (eg. Ladkin and Riley, 1996) suggest that career management is not only severely restricted overall, but that the overwhelming majority of hotel general managers come from " food and beverage" departments, to the severe detriment of employees from housekeeping, front office, accounting and marketing departments.

Performance Management Issues

As discussed earlier, performance (and productivity) in the hospitality sector can only be successfully evaluated and effectively managed if the " performance" itself can be quantified and specifically determined. If not, then performance appraisal is only concerned with the vague and qualitative (subjective) dimensions of service quality, the result of limited (and usually negative) guest feedback or occasional observation by hotel management.

Performance appraisal is notoriously subjective, unreliable and biased (Nankervis, Compton and McCarthy, 1999) in all industries, but even more so in the hospitality sector with its indeterminate product, hierarchical traditions and segmented structures.

An additional problematic dimension is added in many Southeast Asian hotels with a cultural obstacle to appraisal, based upon the concepts of " face" and collectivism rather than individual responsibility (Hofstede, 1984; Hofstede and Bond, 1988; Brake and Walker, 1995). If the process of service in hospitality itself is too difficult to accurately define, then the compounding influence of cultural disincentives renders performance appraisal, and performance management close to impossible. Associated functions such as discipline, counselling, or termination of employment, then become not only impossible but also destructive to group morale and productivity. Whilst these may be cultural issues in countries such as Indonesia, Malaysia, Thailand and Singapore, they assume industrial relations dimensions in Australia and New Zealand.

Performance management can, and should, be a positive and developmental process leading to future promotion and career development programs, but in the hospitality sector it remains hugely problematic.

Remuneration and Rewards

In most regional countries, with the possible exception of Singapore, the salary levels of hotel employees have historically been amongst the lowest of all industries. This situation reflects both the image of hospitality occupations, and their assumed tasks, and tends to reinforce both.

However, as the hospitality sector grows in prominence, and thereby assumes more sophistication

in all regional countries, such conditions are likely to change. Recognition of the complex competencies required in service delivery combined with a desire to attract and maintain committed career employees will inevitably force an increase in the salaries of hotel employees, together with more attractive conditions. In Australia and New Zealand, enterprise-level agreements in hotels and resorts have already traded off penalty rates (eg. overtime, weekends and holidays) for annualised salaries, productivity bonuses and a range of non-monetary rewards. In other countries, wages may remain low, but incentive remuneration programs may supplement basic wages.

The establishment of both enhanced wage and salary packages for all levels of hotel employees, in all regional countries, together with a broader range of non-monetary rewards (eg. flexible leave provisions, access to hotel facilities, social occasions, employee recognition programs and greater job responsibilities and authorities) are likely to enhance both productivity and employee retention.

MANAGING QUALITY, PRODUCTIVITY AND PERFORMANCE IN HOSPITALITY

Foregoing discussions have highlighted the complex dilemmas confronted by this volatile and increasingly economically significant sector of all Southeast Asian and Pacific Rim nations. As a case-example, the hospitality sector of the tourism industry exemplifies the broad issues faced by all industries in the region in response to dynamic external and internal environments.

It demands innovative, entrepreneurial and commercially-focused solutions to ensure its viability and profitability. In particular, as an inherently labour-intensive industry, hospitality managers need to pay considerably more attention to the quality, performance and productivity of its service providers, its human resources. Unfortunately, as evidenced throughout this article, the human resource management (HRM) practices of the industry often leave much to be desired. One commentator goes so far as to suggest that " ... innovative human resource management models and practices have appeared to largely pass this industry by ..." (Timo, 1995: 7).

There are, however, in some regions and at some individual hotels, examples of " best practice" HRM (eg comprehensive selection procedures, ongoing staff development, cross-departmental career plans and performance based remuneration systems and recognition schemes) which can illuminate the perceptions (and procedures) of astute hotel managers with respect to the management of their employees, and thence the overall management of their establishments. The ongoing success of the hospitality sector, whether in Australia, New Zealand, Singapore, Indonesia, Malaysia, Thailand or Vietnam will depend on the effective application of such strategies.

Overall, there is a series of broad HRM imperatives and practices which may assist the future success of the hospitality sector in all regional nations, undoubtedly implemented in socially and culturally different ways. Productivity and competitive pressures demand innovative and entrepreneurial responses. Labour utilisation, in particular, needs enhancement through increased flexibility - numerical, functional and financial (Atkinson, 1984) - and the development of associated individualised performance pay systems as retention and motivational HRM tools.

As examples, comprehensive Human Resource Planning (HRP) systems could be established to determine the actual numbers of employees required at any point in time, and appropriate systems developed to identify and prepare suitable employees when and where required. Numerical flexibility, to cater for the inherent seasonality of tourism, needs to be considerably more complex than the mere employment of on-call or casual employees in periods of high demand. Permanent part-time or job-sharing options could be further utilised in hotels in all regional countries to permit the necessary numerical flexibility of labour without the adverse effects of casualisation.

Functional flexibility implies multi- and cross-skilling within and across hotel departments (eg. front office, food and beverage, housekeeping) as a routine and systematic induction and employee development strategy, with its inherent benefits of inculcating a holistic perspective of hospitality production processes and providing all employees with a broader range of potential career options. This aids not only service quality and employee retention, but also employee morale and

commitment, and may offset seasonal labour demands. In practice, especially in hotels in Singapore, Indonesia and Australia, such strategies can serve to regularise existing informal "dual" hiring arrangements - eg. the full-time front desk clerk who augments their income with casual "moonlighting" as a waiter in the hotel restaurant.

Financial flexibility, achieved in both the above strategies, can also enhance employee morale and productivity, with the implementation of performance-based pay systems which distinguish between 'high' and 'low' performers. These systems can be individually-based (in Australia and New Zealand), team-based (in Indonesia, Malaysia, Thailand) or provided in the form of bonuses based upon seasonal hotel financial performance. They can apply on weekly, monthly or annualised bases, and can be distributed as monetary or non-monetary (eg. prizes, gifts, special leave, vouchers for hotel services, etc) rewards. Necessarily, the nature of these schemes needs to be customised to particular regions or hotels. Financial flexibility also implies the need to comprehensively review the comparable salary rates of employees in all occupational categories, taking account of market factors such as qualifications, experience, skills development and prior performance.

A recent initiative in many Australian and New Zealand hotels, usually included in workplace agreements, has been the progressive recognition and reward of functional competency development through structured vocational training, accredited nationally (and potentially internationally) by registered industry associations (eg. Vocational Education and Training Board, Tourism Training Australia). Such schemes could potentially be extended in many regional countries and through the large hotel chains to permit employee mobility between hotels in different countries, thus enhancing their international understanding and occupational applications.

In Australia and New Zealand, hotels have recently benefited from a new spirit of cooperation and consultation between management and unions, allowing significant changes to previously rigid employment conditions and remuneration systems. In Singapore, Indonesia, Thailand and Malaysia, cooperative unions provide an ongoing competitive advantage which should be carefully nurtured to ensure continued optimisation of the employer-employee relationship.

In addition, the image of hotel occupations as attractive, reputable and professional employers needs to be promoted, ensured and maintained by a combination of government policy, industry association campaigns and individual hotel HRM practices appropriate to local social and cultural circumstances. The provision of TAFE/Polytechnic and university training programs in Singapore, Thailand, Malaysia, Indonesia, Australia and New Zealand, has already gone far towards this objective. Successful outcomes can, arguably, be achieved by such HRM practices as clear but flexible job design; the multi-skilling of all levels of hotel employees; ongoing in-house training and monitoring; practical careerpathing; and attractive reward systems.

The above broad HRM strategies are predicated on the ability of hotel managers to operationalise these imperatives, including the precise definition of their service product and its associated production processes, and thence to implement socially and culturally appropriate HRM systems which will attract, retain, motivate and reward professional service providers, according to the diverse needs of their guest markets.

By adopting a range of innovative and integrated human resource management strategies and practices - from job design, recruitment and selection, human resource development and remuneration and rewards - appropriately fine-tuned to the local conditions and labour market characteristics, the hospitality sector can better position itself to withstand the vagaries of political, economic, social and guest market influences. In so doing, they will undoubtedly enhance the quality of their unique product, the continued satisfaction of their guests, and the profitability of their operations. Failure to do so will be tantamount to negligence.

SUMMARY AND CONCLUSIONS

This article has explored the dynamic nature of the hospitality sector in Southeast Asia and the

Pacific Rim, its generic and esoteric characteristics. The immense challenges faced by this sector of the tourism industry in response to changing political, economic and social environment - globally, nationally and locally - demand the attention of hotel managers.

Amongst these challenges, and perhaps the greatest of them, is that of the management of human resources towards the delivery of "best practice" international quality guest service in all regional locations. HRM has historically not been the highest priority in this sector. However, as competition increases and profitability becomes paramount, astute hoteliers would be well advised to pay it crucial attention.

Labour flexibility, high quality hospitality services, cost-effectiveness and employee commitment are likely to be the outcomes of creative HRM strategies, regardless of local or regional differences. As Dunphy (James, 1993) suggests:

"...cost-cutting is only the first bite of the productivity apple. The big question is, what do you do next to improve quality and timeliness and increase customer satisfaction?" (pg. 63).

This is the mission of hospitality managers, should they choose to accept it.

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