



## Growing Hospitality Industry and the Challenges before It: A Glimpse

DR. BHANU SHANKAR  
Associate Prof.  
National P. G. College, Lucknow

### Abstract:

*By the remarkably character of tourism as a service industry its proficient management and successful operation depend largely on the quality of manpower. In India, the shortage of skilled manpower poses a major threat to the overall development of tourism. In particular, the rapid expansion of the hotels of international standards, and India emerging as the best tourist destination in Asian sub continent the demand for skilled and experienced staff has increased manifold.*

*The type of the typical decisions in service industry and that too with hotel industry is continually expanding. For their business to remain competitive, managers must be skilful in many diverse areas. Tourism statistics reveals that it is on a robust growth path. This growth need to be serviced by a substantial increase in professional manpower for good hotels and restaurants. The availability of skilled and trained manpower is a crucial element in the successful long term development and sustainability of a tourist destination. Skilled and trained human resource will ensure the delivery of efficient, high quality service to visitors, which is a direct and visible element of a successful tourism product. High standards of service growth, since success as a tourist destination are the range of attractions available, but also by the qualified human capital.*

*This paper elaborates the issues and constrains relating to crunches of manpower in hospitality industry and also suggests the recommendations to fill the gap.*

**Keywords:** Hotel Industry, Skilled Manpower, Tourism

### 1. Background of Hotel Industry

The hospitality industry provides accommodations, meals, and personal services for both the travelling public and permanent residents. The range of employment opportunities in this industry is vast. All positions, from bellhops to executive managers, share the same goal of serving the public.

Hotels have been in existence ever since people started to travel distances requiring an overnight stay. These structures were built along trading routes followed by travellers long before the first roads were built. The earliest lodging places, called inns, offered little more than a sheltered area and were usually build near the source of water. In many parts of the world, it was the custom for people to offer their homes as a resting place for weary travellers. In the past, Muslim inns were called “manzils”, meaning the place where the traveller descends. In India as well there were stay houses for travellers which were anciently recognised as “saray” or “dharmshala” or “atithigrah” or simply “vishramalaya.” Religious structures also provided lodging for the travelling faithful. In France, inns were called cabarets, buildings with many rooms, or hotelleries, from which the word hotel was derived.

Hotels and inns began to flourish in England in the middle of the 14th century. As the road connectivity increased, travel gained momentum, giving rise to more inns, many of which offered meals in addition to lodging. In England, some inns of the 15th and 16th centuries were noted for their lavish rooms.

In America, the first public inn was built in Jamestown, Virginia, in 1607. Most of the early American hotels were established on the East Coast, where travellers from Europe would disembark. As the country expanded into the Western territories, farmhouse inns were maintained along the stagecoach routes. Large hotels were built in cities like New York and Boston. Catering to the wealthy, these hotels featured dining rooms, ballrooms, shops, billiard and sitting rooms, and other amenities, in addition to many clean, well-appointed rooms.

As lodgings developed, they began to offer more than a bed, a meal, and a roof over one's head. People began to have parties and meetings at inns. The size of the average hotel increased. The largest hotels would have hundreds of rooms. During the 19th century, many luxury hotels were established to cater to the well-to-do travellers. The Ritz hotels of London, New York, and Paris, the Palace Hotel of San Francisco, and the Waldorf Astoria of New York were famous for their luxurious accommodations.

More dramatic changes for the hotel profession came with the rise of the automobile. A new type of hotel appeared to accommodate the public's increasing mobility. Motor inns and travel courts, often built by farmers where their land faced onto one of the new roads, were being built all across the country to meet the needs of the motoring population. They offered far simpler accommodations than a hotel. Despite an early reputation as a gathering place for thieves and other undesirable people, motor inns, later called motels (formed from the words motor and hotel), soon drew off much of the business from the city-based hotels. Motels gained an image as inexpensive, simple lodging places offering convenient automobile parking for guests. However, modern motels have become larger, fancier establishments with conference and ballroom facilities, as well as other amenities comparable to larger hotels, so the quality distinctions between the two are almost nonexistent.

The hotels responded to this new competition by building or expanding their facilities to accommodate large meetings and conventions. More and more self-standing restaurants appeared, many offering simple, quick fare to motorists. The automobile made even the most remote locations accessible, and resorts were built to cater to every type of vacationer.

The biggest boom in the hospitality industry came with the end of World War II. More and more people were able to purchase cars, and with a healthy economy and growing amounts of leisure time, more people were travelling, dining out, and vacationing than ever before. Hotel chains such as the Statler and Hilton hotels were soon joined by chains of motels, such as Howard Johnson and Holiday Inn. Entire cities became devoted to the hotel industry, such as the gambling city of Las Vegas and seaside resort towns such as Atlantic City. The growth of the airline industry in the 1950s made long-distance travel even more practical and created a demand for new hotels, now located near the airports.

A second trend in the hospitality industry is the growing popularity of bed and breakfasts (B&Bs), which offer a personal touch to the tourist or businessperson tired of staying in often impersonal chain hotels and motels. B&Bs are usually private homes, farmhouses, or other historic or period buildings with a small number of rooms. The most successful B&Bs are pleasant and homey creations, where the friendly touch of the owners makes each visit a personal and memorable experience for travellers.

A third trend in the hospitality industry has been the construction of increasing numbers of retirement communities. As people live longer, and retire with more wealth, these self-contained communities offer private homes clustered around meeting, recreation, and dining facilities.

In the past, hotels and motels were set up primarily to serve the wealthy traveller or the person going from place to place. Today, with places such as Disney World, Universal Studios, Club Med, and others, many hotels are no longer simply places to stay while visiting a certain location. They have become travel destinations in themselves.

## 2. Indian Hotel Industry: Present Status

The Indian hospitality industry is booming with major hotel brands out to cash in on the tourism boom. The dreadful recession clouds have given way to sunny rays of economic boom, bringing delight to the faces of the votaries of free market in India. And the one sector that has been riding on this more popular boom is tourism and hospitality sector. In a globalized world, where a growing middle-class dictates the many dynamics of an ever-growing economy, the hospitality sector has been witnessing immense growth. Sustained by increased inflow of tourists, various growth drivers, development of key infrastructure facilities and the government's many initiatives in the tourism sector, the Indian hospitality industry is all set to take the next big leap.

According to the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum, India is currently ranked 12th in the Asia Pacific region and 68th overall in the list of the world's attractive destinations. The ninth five-year plan predicted a shortage of 30,000 trained professionals every year with the flourishing of hotels.

As per consulting firm Cygnus's report, by 2015 the Indian hotel industry is expected to reach Rs 230 billion, growing at a robust CAGR of 12.2 percent. India will be investing around Rs 448 billion in the hospitality industry in the next five years. Statistics also show that the total number of hotel rooms in India will reach more than 1, 80,000 within five years. Around 40 international brands are all set to foray into the lucrative and promising Indian hospitality segment. The hotel room market for the 10 largest Indian metros grew at an annual growth rate of 17 per cent to \$2.66 billion in 2013. Well, everything looks smooth and right on track showing a flourishing picture of this sector. But there are certain concerns as well which relates to availability of butlers and chefs to man this rapidly increasing number of hotels, requirement of qualified and competent manpower in line with the boom in the hospitality industry and a challenge before the institutes to keep pace with the ever-growing demand of hotel professionals.

## 3. The Other Side of the Story: A Cheesy Job

Despite all the lofty talks about the booming hospitality industry and the perceived glamour tag attached to it, there is still an air of jinx about the whole sector with the dignity of labour playing havoc. Even in the modish career-talk, hospitality industry is a least desired one; it is being relegated for the 'subaltern' tribe. In a nutshell, the Indian middle-class is yet to consider a career in the service industry as a best option.

So there has to be drastic change in mindset among the young talent. The problem is graduates prefer sectors like retail, BPO, etc that fetch them fast bucks. And last but not least is the issue of long working hours and low pay packages.

Voyager's World talked to a couple of industry insiders/experts in this regard. While everyone agrees to a manpower shortage, majority was unenthusiastic to the idea of government intervention. There is also near agreement in the opinion those long working hours and relatively low pay packages are deterrents. And most importantly, the quality of the hotel management courses leaves much to be desired. Research says majority of the students coming out of the hotel management institutes are not even hireable.

The issue of manpower crunch in the hospitality industry did not receive the prominence until recent years with the sharp increase in supply, and the requirement of additional trained manpower. Pay and better career growth opportunities, two prime movers of people, will help to retain people.

Professionals in this business feel that long working hours are certainly a deterrent for youngsters from entering the sector. If people feel they are not being paid adequately for the long and odd working hours they are forced to look at other career and job options.

The following figure points out the reason for hotels professionals leaving the job within 90 days of their appointment.



### 5. Poor Training

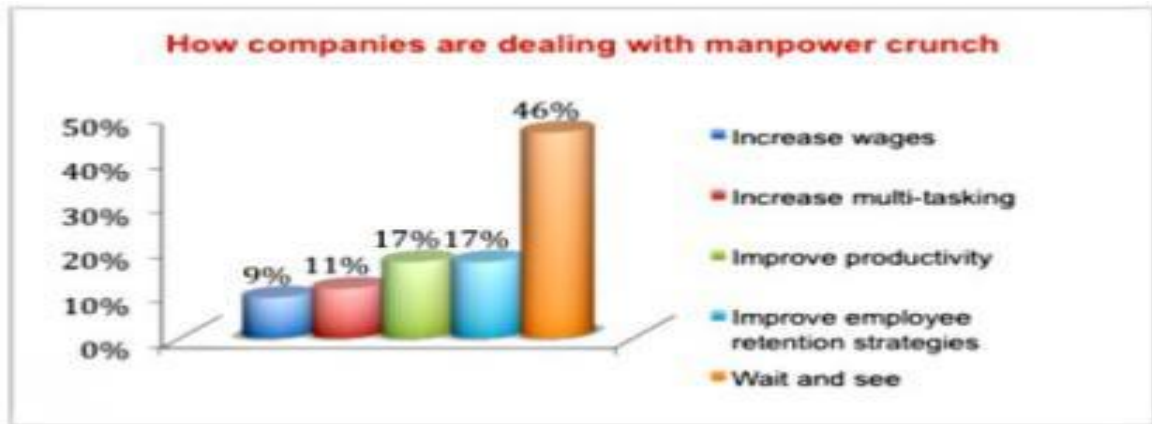
These days the major concern that should be taken into consideration is about the quality of education in the field of hospitality. Research shows that nearly 80 percent of students completing hotel management courses are 'not hireable' by the hotel companies.

The question that comes into the mind is to find out whether the hotels and the management institutes doing enough to ensure that the curriculum is updated as per industry requirements and training is imparted to hotel management students as per the existing norms?

So, how to improve quality? Initiatives like educational institutes tying up with hotel brands to offer internship/training in advance management training programmes could help. Conducting regular guest lectures by senior leaders of the hotel brands sharing current best practices being followed in the industry, institutes conducting overall personality development workshops etc. may just make the students more prepared to face the industry in the real sense.

### 6. Retention Mantra

Hospitality sector is now very much concerned about the quality of manpower. The challenge is finding the right ones with the right attitudes. This sector now feels that retention, as opposed to recruitment, can be completely controlled internally. This requires organizations to create and foster an environment and culture which brings 'joy at the work place' to associates at all levels. It requires organizations to provide career paths and fulfil aspirations of employees. With this approach the owners of hotels are now showing concerns for the welfare of their employees by taking care of their perks and salaries in addition to it they are also promoting and recognising the importance of multi tasking, improvement in productivity, strengthening employer – employee relationship to mention a few. The point is that the hotel industry has started feeling the importance of employees for their sustainability and business growth.



### 7. Fly-by-night institutes

It is a matter of consideration that on the unregulated fly-by-night hotel institutes which take students for a ride, but during the time of placement the HR officials of the hotels feels sorry for them as they have wasted the time and money and learnt nothing at all. The fly-by-night story is true and unfortunately a wide spread worry across all education in India.

### 8. Right Attitude

The core competencies of any hotel professional are that they must have the right attitude. One learns the skill in due course, but an attitude. One either have it or don't! The fact profile of hotel profession is that these services need passion to sustain and grow. It is unlike the rest of the profession. So in terms of retention – the key is to hire the right people, provide them with some future promise, groom them to take on larger roles and deliver the promises made.

The shortfall in the manpower supply is a result of numerous reasons ranging from lack of dignity of labour to the so-called glamour that this industry provides, which in actuality do not exist.

Hotel industry should ensure transparency in terms of time lines and growth opportunities. Gone are the days when young people came in and were willing to wait 12-15 years to become General Managers. The other important thing for all these youngsters is to be able to express their thoughts and any organization which will create an environment that will allow thought sharing, thought leadership and work life balance will retain people.

The bigger issues are dignity of labour, work environments, work life balance, disparity between physical work environments and stay environment and then there are the packages.

### 9. Shortage Problem

Moreover, there are not enough institutes to cater to the growing demand. No doubt, there are very good hotel schools in India which impart the best quality in terms of hospitality education. But the only trouble is there are too few. There is definitely a need for more quality training institutes. Good institutes should not just look at imparting education but aid in developing skills and competencies.

Government intervention is required to regulate fly-by-night hotel management schools. Without the necessary infrastructure and the proper certification, no school should be allowed to take in students. It is because of the government's apathy that students are taken for a ride. Education sector on the whole needs to be regulated.

Young talent needs to be educated on the pros and cons of stable career. Today's talent wants to make a quick buck by jumping jobs, a problem for both the employee and the employer (in terms of skill sets and job knowledge). The solution is when organizations start nurture talent and not pamper them.

The current need of the industry is to pick up the right candidates and offer them the correct environment to work in. Constant training enables them to grow in the organization, as growth is the biggest incentive for people to stay back.

### **10. Indian Hotel Industry – Current and Emerging Trends**

The constant transformation has made the Indian hotel industry more functional and practical and has gained a level of acceptance world over. The standards of facilities and services offered have evolved over the last decade towards the extensive use of technology, environment friendly services, pricing, market segmentation, regional preferences, etc. The Indian hotel industry has seen a significant growth in room inventory across categories from upscale luxury to limited services and, boutique and budget hotels. The occupancy and the room rates have seen continued gains both from the domestic and the international traveller in both the business and leisure segment.

The government has stepped up various reforms to accelerate the industry growth with liberalisation in the regulatory framework, investment friendly schemes, extensive support for creating a world class infrastructure, initiating better air and land connectivity, incentivising regional set-up in tier III and IV cities, exploring the untapped geographical resources. Currently 29 mega tourism projects are being initiated across 22 states. The government is focusing on the traditional tourism avenues and on to new initiatives – medical tourism, sports and adventure tourism, religious circuit, wildlife safaris, rural tourism, eco tourism, cruise tourism and wellness tourism. But, still more concrete measures such as uniformity of state and municipal taxes, single window clearances, improvising lower bureaucracy in effective planning and execution, and safe and secure environment will be critical to the industry's growth. According to World Travel & Tourism Council, by 2020, travel and tourism investment is estimated to should reach US\$ 109.3 billion. The future of the Indian markets and their ability to mature into destinations relies on concerted efforts, both by the relevant government bodies and the private sector players.

Federation of Hotel and Restaurant Associations of India states that India currently has over 200,000 hotel rooms spread across hotel categories and guest-houses and is still facing a shortfall of over 100,000 rooms. Leading hotel brands have pepped up their investments and are in various stages of commencement of new proprieties in India, both in metro and non- metro cities. Cities such as Hyderabad, Pune, Jaipur and Chandigarh have emerged as growth markets.

The emergence of these secondary and tertiary cities has led to an aggressive increase in hotel development activity, which was previously dependent in just five main cities. Another trend that has now emerged in the various major markets is the growth of micro-markets, especially in the larger cities like Delhi, Mumbai, Chennai, etc, where travel time has increased. For example, Taj Group, while it was feasible to build two luxury hotels in Delhi, the presence of independent micro-markets has lead them to open business hotels in other parts of National Capital Region. Vivanta by Taj at Dwarka, Delhi and Gurgaon are the under construction Taj projects.

The Indian hotel industry is seeing huge spurt of foreign investment and international brands entering the foray. Most major international hotel brands such as Starwood, Hilton, Marriott, Hyatt and Accor already have a growing presence in India and they have an even stronger pipeline. Marriott International operates 11 properties across the country and plans to expand its network to 100 hotels over the next five-years. ITC Hotels also have projected its plan to open 25 new hotels under the Fortune brand over the course of next 12-18 months. The emergence of branded budget and economy segment hotels present tremendous opportunities. Keys Hotels, a brand of Berggruen Hotels, is setting up a leading chain of mid market hotels, resorts and service apartments across India and plans to open and manage 40 hotels over the next five years. So does, Ginger Hotel also plans to open 60 to 70 budget hotels in 23 locations across the country.

## 11. Tech Trends

This relationship between technology and hospitality will only grow stronger in the years ahead. Technology is used almost in every department and function to increase efficiency and standardise operations. Today, handheld devices having a display screen with touch input and a miniature keyboard is used for KOT (kitchen order ticket) generation in restaurants. The hotels are becoming increasingly conscious for the security of its guest. Keys Hotels launched women only floors in India with video phones in each room to ensure that the women travellers feel secured and enjoy the hospitality and amenities without any apprehension. Many international chains have added various amenities such as special hair dryers and toiletries and operate women-only lounges on the dedicated floor. The usage of electronic key card by the residential guest has not only enhanced the security measure but has also become a facilitator in access to guest floors, elevators and recreational facilities. The easy kiosks for check-in, 24x7 vending machine for snacks, beverages and other facilities have left the transient traveller more contented and happy. Besides, direct hotel reservations, the Central Reservation Systems (CRS) and Global Distribution Systems (GDS) serve as the primary channels of sales for hotel room nights. The hotels maintaining huge facility have now shifted their focus from revenue management to yield management by maximising occupancy and protecting rates variations to optimize the Revenue.

The growth of the internet has played a key role in truly globalising the sales efforts as well as the marketing opportunities for the hotel industry. The advent of third party travel websites such as Hotels.com, Expedia.com and Travelocity.com as well as a few home grown websites like Make- My-Trip and Yatra.com has also been witnessed in recent years. Additionally, independent hospitality review and opinion websites like Tripadvisor.com are also very popular with the travelling population of today. The pressure on consistent delivery of brand promises is further maintained by online customer feedback which impacts the attraction proportion of the product for other prospective customers.

Another trend that is emerging is the MICE segment that has immense potential and provides tremendous growth opportunity in India for the sale of several hundred room nights as opposed to few by the transient travellers. India's growing strength in the information technology, bio-technology, pharmaceutical and manufacturing sectors has prompted a few prominent international bodies to host trade shows and conventions in the country and similar prominence is also expected in the coming years. The Hyderabad International Convention Centre (HICC) by Accor is India's only branded large scale convention facility.

Similarly F&B offerings in India have evolved and are fast making a mark for themselves. Of late, standalone restaurants like Indigo, Olive, Hakkasan, Trishna, Zest, Smoke House Grill, to name a few have raised the bar for the F&B offerings across major metros. Quick Service Restaurant (QSR) brands like Domino's, Pizza Hut, KFC, McDonald's have huge expansion plans in the next five years.

## 12. Conclusion

The key challenges that the industry faces today are infrastructure, regulatory, availability of product, rising inflation, intercultural differences and the biggest amongst them the shortage of skilled manpower. With the addition of new hospitality products and attrition to other service industries such as retail, banking, insurance, travel, the demand gap is only widening. The challenge further aggravates with the industry looking for trained manpower as opposed to the untrained manpower. The demand is so high that each student passing out of a quality hotel management institute is offered a job by five-six hotel companies besides other service sectors looking for the similar trained manpower. The payroll and compensation are increasing for such trained manpower. The major reason for such a shortfall is due to the shortage of quality hotel education institutions in India.

India, known the world over as the land of hospitality – is today in the defining stages of the business of hospitality and with unlimited tourism and untapped business prospects. In the coming years Indian hospitality will only see green meadow of growth, provided the government, the industrialists, tourism

department, educational institutions and the society at large all work in alignment towards sorting and dealing the challenges faced by hotel industry before it is too late to arrest the situation.

## References

1. <http://sbr.com.sg/hr-education/news/singapore-companies-freak-out-amid-stiffer-foreign-labour-rules>
2. <http://www.calculatedriskblog.com/>
3. <http://www.livemint.com/Companies/JBRVLcYwDXQAUshcxevfyL/Skilled-manpower-shortage-threat-to-hotel-industry-growth.html>
4. <http://www.manpowergroup.us/campaigns/talent-shortage-2013/>
5. <http://www.publishingindia.com/ijhts/24/trends-and-practices-in-hospitality-and-tourism-research-a-selected-study-from-international-journals/298/2191/>
6. <http://www.scribd.com/doc/148497943/Manpower-Required-in-the-Hotel>
7. <http://www.vault.com/industries-professions/industries/hospitality.aspx>
8. Human Resource Development & Management in the Hotel Industry, J M S Negi – 2000.
9. The importance of Cross-cultural expectations in measurement of service quality perceptions in the Hotel industry- Robert W. Armstrong. Referred Paper in the Journal “International Journal of Hospitality Management”, Vol.16. Issue 2. June 1997. Pp181-190
10. Tourism Employment: Analysis and Planning - Michael Riley, **nikdaL eledA, – savizS htide2002**