

HUMAN RESOURCE MANAGEMENT IN HOSPITALITY, RESTAURANTS AND TRAVEL AGENCIES

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Abstract: *The main goal of this paper is to determine the impact of human resource management on the business of tourism companies. The modern tourism industry is faced with numerous challenges and problems. In order to achieve success in such conditions, it is necessary to properly manage human resources since employees are a key success factor of tourism companies. The tourism sector of the Republic of Serbia is not excluded from such challenges and changes. However, the practice of human resources management in the tourism industry in the Republic of Serbia has not yet been sufficiently developed. Bearing in mind the aforementioned, the qualitative methodology has confirmed the starting assumption of work and it has been proven that human resource management practice in tourism enterprises, i.e., hospitality, restaurants and travel agencies has a significant positive impact on the achieved business result.*

Key words: *human resource management, tourism, hospitality, restaurants, travel agencies*

INTRODUCTION

The tourism industry is a heterogeneous activity that encompasses a large number of interrelated jobs: hotel industry, restaurants, cafes, bars, nightclubs, travel agencies, rent-a-car companies, casinos etc., [1]-[2]. At the same time, there are numerous trends that affect the supply and demand of the tourism product: economic crisis, complex needs and demands of tourists, demographic change of population, technological and political changes [3], but also intensive migration and terrorist attacks. Changes occurring in the tourism sector also greatly affect national economies. It is well known that tourism contributes significantly to the GDP of the country. Only in 2016, the tourism sector participates with 10.2% of the world's total GDP and generates 292 million jobs [4], with a growing trend expected in the coming years. It is precisely the issue of employment that is one of the key issues in the tourism sector. Taking into account the heterogeneity of tourism as a business activity, a large number of jobs within the tourism sector require employees of different skills and knowledge [1]. In order to achieve the business goal, human resources must be managed properly. However, human resources management in tourism is faced with a large number of challenges and problems, lack of trained staff and high fluctuation rates [3]-[5].

Taking into account the above, the main goal of this paper is to determine the impact of human resource management, i.e. recruitment, selection, training, performance assessment and motivation of employees in the tourism industry. With respecting the goal, the following hypothesis can be defined:

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H₁: Human resource management is of great importance for achieving the business success of modern tourism companies.

1. STAFFING IN HOSPITALITY, RESTAURANTS AND TRAVEL AGENCIES

Recruitment and selection

Like manufacturing companies, hotels are also cautious when recruiting and selecting candidates. Employees must possess certain knowledge, skills and experience in order to meet consumer expectations better [6], whereby the hotel industry primarily relies on recruitment of external labor market candidates, but internal recruitment is also possible, through the promotion, training and development of employees [7]. Small and young hotels in the recruitment process primarily rely on informal methods, such as recommendations. However, as the hotel grows in the recruitment process, the more formal method is applied [8]-[9]. In small hotels, the recruitment process is mainly done by one person, often not from the human resource management sector, while large hotels have human resource management experts who perform the recruitment process. As a way to advertise job vacancies, large hotels mostly use newspapers, local ads and websites [10]. However, in large and luxury hotels, there is often cooperation between hotels with educational institutions and state authorities, so that potential candidates are recruited in advance. Often, such hotels provide practice to pupils and students and thus familiarize potential candidates with work and hotel expectations [11]. In the selection process, the most common is the interview method with the candidate, but other tests are often performed, such as: job test, personality test, cognitive test, while narcotics tests are less represented [10]-[12]-[13].

Restaurant managers generally consider that human resources management cannot contribute too much to the realization of the restaurant's goal. If this is added to a small number of hierarchical levels, it is clear that managers independently make decisions about recruiting candidates. More precisely, in restaurants, human resource management is treated as an administrative activity [14]. Restaurants are mainly based on recommendations in the recruitment process, but it is possible to use more formal methods: advertising through newspapers, ads, internet, etc. The most common selection methods are interviews, check lists, personality tests and honesty tests [13].

When it comes to travel agencies, the process of planning the required number of employees is carried out regularly and has special significance for other employee's management activities and overall business success. Potential candidates must first have education, interest in traveling and other qualifications such as foreign language skills, computer literacy, etc. Since they often work with foreigners, potential candidates must be culturally sensitive to people coming from other countries. The recruitment itself is usually done externally, but internal recruitment is more commonly used to recruit managers. Interviews are used as the most common method of selection in travel agencies [15]-[16].

Training

As a result of improved employee knowledge, the hotel achieves better performance, greater efficiency, and as a result of better quality of the services provided, it creates satisfied and loyal tourists leading to higher profitability [17]-[18]. Training of hotel employees implies a preliminary performance appraisal, identifying employees requiring additional knowledge, and identifying which knowledge should be adopted, which must be in line with current or upcoming problems and hotel opportunities [19]. However, in small hotels, training is seen as an extra cost that is not necessary, while in large hotels, training is more common [8].

Training in restaurants is of more importance than in hotels, so training in restaurants is often realized on a continuous basis. As the restaurants are labor-intensive sectors with often low educated employees, the training process can raise the morale of employees due to additional knowledge, which further leads to reduced fluctuation and greater commitment. The training is carried out in the restaurant in accordance with the current requirements of the restaurant, with the aim of improving the existing performance and improving the quality of the service provided [20].

Training is very important for travel agencies. The main reasons for knowledge improvement are the competitive advantage and the improvement of the quality of the service provided. Training in this sector includes a whole range of acquisition of additional knowledge in the field of finance, communication skills, leadership, business planning, foreign languages etc., where different techniques are used for gaining additional knowledge: e-learning, seminars, conferences, educational trips, mentoring, formal training, etc. [16].

Performance appraisal

When it comes to evaluating performance in small hotels, the results of the survey have shown that employees often do not see the relationship between performance appraisal and their own earnings. In such hotels, no basic steps are taken in the performance appraisal, but the problem is solved when it arises, while the practice of replacing existing employees with new employees instead of defining shortcomings in their abilities and certain measures is often. On the other hand, large hotels often apply formal performance appraisal methods and implement this process on a regular basis [21].

In the restaurants, there is a strong link between training and performance appraisal. Performance appraisal is primarily conducted to determine what knowledge the employees must adopt to perform the work better [20]. However, performance appraisals are often performed by restaurant managers, most often on an *ad hoc* basis [22]. Most common methods for performance appraisal in restaurants are: determining the degree of goal realization, graphic scale, narrative essay and 360-degree feedback [23].

In travel agencies, the basics for measuring performance are the quality of services provided, the satisfaction of tourists, the number of sold arrangements, the level of income, the number of tourists served, etc. The results achieved are compared to the defined standards in order to determine deviations, identify employees who need to provide additional education in order to improve the productivity and performance of the agency [24].

Motivation

According to the research carried out by [25], factors that negatively affect the motivation of the employees in the hotel industry are low wages, job insecurity, insufficient training, poor working hours and few opportunities for promotion. The elimination of these factors, with the support of top management to employees, the allocation of autonomy and the involvement of employees in the decision-making process can act positively on the motivation of hotel employees [26]-[18]. As key motivators in the hotels, it is emphasized: management acceptance, equal and stimulative bonus earnings, optimum working hours, job security, additional knowledge, promotion, delegation of authority and many other options such as free transportation, accommodation, days off, etc. [27]-[28]-[29].

As in the previous case, in the restaurant industry there is a strong link between training and employee motivation. Gaining additional knowledge increases the confidence of employees in

restaurants, as they work more efficiently and better [20]. As key motivation drivers in the restaurants, it is emphasized: the possibility of promotion, salary, paid holidays, better working conditions and working hours [13]-[30].

Motivation in travel agencies is related to the degree of satisfaction of employees. Factors that positively affect job satisfaction positively affect the motivation of employees. The key motivators in the travel agencies are: good interpersonal relations, working conditions, job security, acquiring additional knowledge, free travel and transportation, etc. [31]-[32]. In fact, how employees in tourist agencies are characterized by a higher level of education, knowledge of foreign languages, a desire to acquire additional knowledge, etc., it is best to find ways to encourage intrinsic motivation of employees [19].

2. HUMAN RESOURCE MANAGEMENT IN THE TOURISM INDUSTRY IN THE REPUBLIC OF SERBIA

The structure of employees in the tourism sector of Serbia is more complex than in other sectors since there are a large number of temporary and seasonal workers, which significantly aggravates the process of recruitment and planning the required number of workers in the future [33]. There are about 75,000 full-time employees in the tourism sector in Serbia [34]. Many tourism companies in Serbia do not have departments or people involved in the human resource management process. As a result, there is a high fluctuation of employees, poor interpersonal relationships and working conditions, as well as employees with outdated knowledge who do not get relevant training in accordance with market needs [35].

The results of the Cranet research have shown that in those tourist companies where human resource management function is developed, external recruitment is used as the most common method of recruitment. Candidates are recruited through the internet (30% of cases), newspapers, employment agencies and by recommendation. In order to fill managerial positions, internal recruitment is more frequent. When it comes to strategic approach to recruitment, only 10%-15% of the hotel uses public networks. In addition, only 43% of the hotels have a developed recruitment plan. The most frequent recruitment strategies in Serbian hotel companies include: creating a database of candidates, selecting candidates with the best results and recommending colleagues. When it comes to the selection process, the most frequent method is interviewing Serbia [36].

Performance appraisal is carried out periodically in the hotel sector in Serbia. Of the total number of hotels surveyed, 71% of the hotels conduct performance appraisal, while 64% of employees is familiar with the reason for the evaluation. However, the performance appraisal in the hotel sector in Serbia is often not related to identifying the knowledge of employees that need to be improved, but is mainly aimed at identifying gaps between standards and performance [37].

The traditional salary system is dominant in Serbian hospitality, and its main elements are length of service, working hours and system of points for certain groups of jobs. However, net earnings in hotels and restaurants are at a low level. At the beginning of 2018, average net earnings in these sectors amounted to about 32,389 dinars [34]. Low wages produce low motivation of employees and high fluctuation, which is 7.68% in private sectors, and 4.48% in public sector. As the main reasons for leaving the company, employees point to another job, contract expiration and job dissatisfaction [36]-[37].

According to the results of the research realized in the Novi Sad agencies by [31], the situation in the tourist agencies in Serbia is different: 39.5% of the respondents have high education, fluctuation rate is lower since the average years of service are between 5 and 10 years, while the salary varies from 300 to 600 euros. In travel agencies in Serbia, candidates are selected on the basis of knowledge and experience, regular education of employees, participation in decision-making, and good government atmosphere among employees at all levels. Direct and indirect salaries, travel, gratuities, paid courses and prize trips are used as motivation strategies.

3. CONCLUSION

Using the qualitative methodology the starting hypothesis of this work is confirmed. Regarding the candidate recruitment process, the results showed that informal methods, such as recommendations, are generally used in small hotels and restaurants, whereby all recruitment activities are most often performed by the manager or owner of the company. On the other hand, in large and luxury hotels and restaurants, as well as in travel agencies, there are formal recruitment methods, implemented by the human resource management department. The most common method of selection in tourist companies is the interview. Training in small hotels is seen as an extra cost that is not necessary for the company. However, in large hotels, as well as in restaurants, training is carried out on a regular basis with the aim of improving the existing and acquiring new knowledge, which will lead to greater efficiency in the work, as well as an increase in the morale of employees. Particular importance and innovation in the training process is represented in travel agencies. In small hotels, the performance appraisal process is almost non-existent. However, in travel agencies, large and luxury hotels and restaurants, a formalized performance appraisal process is carried out regularly. Finally, when it comes to the motivation of employees in tourism companies, in addition to material awards, employees especially prefer systems of intangible awards such as additional training, free travel, courses, promotions, etc.

The human resource management function in tourism companies in Serbia is almost non-existent. At the very beginning of the staffing, the most commonly used recruitment method is recommendation, while in the selection, the primacy is on the method of interviewing. Performance appraisal is relatively implemented, but it is not related to acquiring additional knowledge or employee benefits. When it comes to motivation, direct earnings and bonuses are most often used, but they are at a low level. The situation in the travel agencies in Serbia is better. Agencies have a higher share of highly educated people who have secure jobs, relatively high salaries, material and non-material motivation systems and ongoing training.

The *scientific contribution* of this paper is reflected in the conceptualization of relevant scientific papers in the area of human resource management in tourism, which further extends the existing knowledge and which creates the basis for further research. The *practical contribution* of work is reflected in presenting the obtained results to managers and using them to formulate a human resource management practice that will lead to good business results. The *limitation of work* is the scope of research itself. This paper analyzes the practice of human resources management in the field of hospitality, restaurant and travel agencies. *Future research* should be conducted in other companies in the tourism industry. The paper is based on qualitative methodology and analysis of secondary information. It would be desirable to carry out an empirical research to determine if there has been a change in the structure of employment in the tourism sector and in the practice of human resources management itself.

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