

KEY ISSUES IN HOSPITALITY: A REVIEW

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Abstract: Service Industry is all about customer and focuses on commitment by service provider and assuring long term relationship with its customer. This study explores hotels across tricity, as Chandigarh is considered a tourist hub and a considerable number of students reside here due to the presence of a good number of educational institutions, in addition to a premier university giving everyone an opportunity to explore courses available with respect to Higher Learning. This study is one of the Descriptive Research where the data has been collected by asking views on challenges in hospitality industry. The hotels were selected primarily based on convenience and approachability. The paper will be focused on determining the challenges faced by these hotels from time to time while focusing on customer's expectations. The research paper tries to identify the issues of concern, to name a few like infrastructure, technology sustainability, manpower and liquor licensing which make up for a tough competition for the participants in the hospitality industry.

Keywords: service provider, customer focus, challenges.

INTRODUCTION

In hospitality industry, the main challenge is to satisfy a customer by providing quality service to him which in itself is a herculean task. Delivering Quality service is the promise that is to be fulfilled by the service provider. But the problem lies with the human factor involved as his demands and behavior keeps changing with a change in his perspective. With various factors like stiff market competition, stringent liquor licensing policies and operational challenges hovering over this ever booming industry, the task of determining and maintaining quality standards of services can become quite strenuous. And then, there is no denying of the fact that 'Price Sensitivity' of the consumer just makes the situation harder. We all know that a slight variation in the price of the product or service shifts the customer to the competitors' offerings.

REVIEW OF LITERATURE

Dev et.al. (2009) agreed that in the ever-changing and globalised world of hospitality, marketing, market segmentation, and brand management have become the new norms of customer retention and long-term business success on the basis of levels of services offered, quality of food and beverages offered, level of cleanliness, quality of guest rooms and bathrooms and other factors that are according to customer's expectations.

Juan Gabrie, (2010) used time-series techniques to estimate the long-run relationship between real wages and labor productivity in the Mexican tourism. The finding shows that the average labor productivity depends positively on real wage, and are weakly exogenous and causes labor productivity. Moreover, the impulse-response function shows that a positive shock in real wages produces a small negative effect in productivity for two years followed by a large positive one.

Kapiki, (2012) suggested the need for satisfactory lodging with outstanding services as the fundamental requirement of each guest. He was of the view that availability of several kinds of hotels has made the choice more difficult for the

customer to decide about the type of service expected therefore, classifying the hotels is a must which is a challenge in itself.

Laghane & Deshmukh, (2012) focused on the requirement of skilled, qualified and loyal employees are huge in the hospitality sector. But on the other hand there is an acute shortage of manpower in the hospitality industry due to various reasons. Rather the major challenge of the hospitality industry is the shortage of skilled workforce & high attrition rate. It has been observed that training in the hospitality industry becomes a challenge as the employees in this industry have been significantly increased in recent years.

Dinakaran, (2013) expressed one of the reasons for manpower crisis as preference of majority of hotel management graduates to join allied industries. The reason being better pay package, training facilities, working hours and conditions, etc. The other prime reason being budding youngsters prefer to go to countries like Dubai, Canada, United Kingdom, Thailand or Abu Dhabi to make a career in the hospitality industry. As the sector is a growing sector, there is ample human resource requirement, which makes retention the biggest challenge of the industry.

Rajashree Gujarathi, (2013) aimed at analyzing the challenges faced by hotels in measuring employee productivity and to suggest the most suitable method of measuring employee productivity in hotel industry with an objective to identify various methods adopted by them to measure the employee productivity and concluded that, the major reasons contributing to the ineffectiveness of the system are lack of management will, lack of common parameters of productivity measurement and intangible nature of the product of the industry i.e. "Service". By acquiring the necessary knowledge, expertise and proper implementation of the system better results can be achieved.

Nischithaa (2014) reviewed the need for training and development in the hotel industry given the changes occurring such as increased use of technology, need for maintaining environment friendly services, competitive pricing, greater market segmentation, customers' regional preferences and concluded that management training programs lead to higher employee satisfaction and a decrease in employee turnover in the hotel industry which in turn leads to co-ordination between teams and different levels of management.

Sheel (2014) focused on the main problem of Indian hospitality industry as they always think of putting the customer first and forget to consider the employees. But they must consider the employees first as happy employees make a successful business. The Indian hospitality industry suffers from a high rate of attrition, that is, and new employees are not found to replace them. This problem mainly arises because the employees are dissatisfied with their long working hours and not adequate pay.

Anderson (2015) stated that across the world there are many people who want to work in the hospitality industry, but the problems facing them are more or less similar like working hours, pay and salary are dissatisfying. Even people who would love to work in this industry are now diverting their area of interest to some other industry because they desire for a better balance between their work and life. Moreover the competition is at edge leading to high attrition rate.

Farooque & Habibuddin, (2015) observed as per JW Marriott Bangalore, maximum attrition happens within a time frame of 6 months to 1 year from joining of an employee. 3.5% of total attrition rate is of absconding cases, 63% of total absconding cases are of employees who joined the organization between 0 and 3 months which means the new employees face challenges in settling down but find it hard to perform their routine chores and activities. Due to this, they get frustrated and tend to leave the job due to strain and pressures of their jobs.

Kansakar, Munir and Shabani, (2017) observed that handling data security issue is a challenge posed for the management that involves high risk to both the customer and staff. Accessing of internet by guests is a major weak point in hotels' security system. Hackers can observe and track customer activities and look for credit card information, user identification and further susceptible statistics, and as they are not attacking hotels' systems, these activities may remain hidden and unnoticed to a great extent.

Solutions, (2018) refers to market adjustments that impact the business growth of the industry. The most important parameter is accurate representation of current and projected cash flows but there are number of inputs to calculate like prime costs, cost of goods sold(inventory costs),total labor cost etc. which influences the accuracy to monitor it effectively. So the efficiency and precision is a challenge. It also takes into account the tourist demands, décor, services, amenities, personnel and room rate.

CHALLENGES IN HOTEL INDUSTRY

1. Taxation policy

Indian hotel industry has been facing a downward trend since a last few years. With the introduction of GST, the tax structure has undergone a major change. Accommodation services would be charged on actual transaction value instead of declared Tariff vide Notification No.13/2018 dated July 26,2018. The rates applicable for tariff of Rs 1000 – Rs 2500 would be charged at 6%, Rs 2500 – Rs7500 at 9% and Rs 7500 above would be charged at 14%. This means higher the tariff, higher is the GST. However the amount of tax is ultimately levied from hotel's customer, thus discouraging potential customers to approach a five star hotel that charges a higher tariff rate. There is a growing need to lower GST rate as it would help in captivating more visitors who tend to prefer other countries due to lower tariff on hotel rooms.

2. Increasing competition

Hotel Sector is a flourishing sector, thereby; efforts are being made to enhance transportation and infrastructure. Smart cities are being developed to make India a preferred tourist destination. More tourist means more business for hotel Sector setting an upward trend of growth. Many businesses are venturing into hotel industry that has led to increased competition in today's scenario. Near every populous and popular travel place one can find a hotel in vicinity for e.g. Air bnb is also a major competitor for hotel industry as Air bnb appears appealing, approving and helps in providing people with proper accommodation that is generally cheaper as compared to a hotel room in order to withstand competition. Hotels would use price reduction as well as bundling of services such as food baskets in hotel rooms, pick and drop airport facility etc., this will attract perspective guests who would prefer these facilities over their competitors. Moreover in the wake of economic slowdown it still poses a challenge

3. Visa issues

Visa issues in India are also a major deterrent in the growth of hotel industry. Cumbersome visa application procedures and at times repetitive unnecessary documentation leads to longer visa clearance waiting period, exaggerated documentation and obsolete bureaucratic processes that have become roadblocks in the growth of hotel industry also leads to unnecessary delays in organized work process. In order to deal with such difficulty, smooth and distinctive visa work and application structure is mandatory to reflect individual requirements of different market sections such as medical tourist meetings, conferences exhibitions etc. is required and asked for.

4. Human Resource

Hotel industry is associated with service industry and the success of service sector lies in providing exemplary services to the customer for survival and growth so this task is assigned to the workforce of a hotel. Happy workforce leads to happy guests thereby generating increasing profits. In today's time it is difficult to attract and retain employees due to low compensation packages and long working hours thereby making it a challenge for hotel industry. Dealing with this challenge successfully requires adequate training of employees in this changing technological environment so that best customer services are provided to attract and retain guests as it would lead the employee – customer/ guest relationship more hassle free. Moreover special training programs must be organised for managers so that they could comprehend on how to motivate employees by putting the best foot forward to enhance customer experience. Manager should give due respect and recognition to their subordinates leading to teamwork, increase in the productivity and profits as a whole. . The manpower situation in Indian Hospitality industry is quite serious. According to Lalit .K. Panwar, the former Vice chairman and Managing Director of ITDC Ltd, The industry requires 150,000 persons per year whereas supply is only 50,000 per year. This leads to the shortage of 100,000 persons per annum. A Cushman & Wakefield report states that —One of the main causes of concern for Indian hospitality industry is the lack of adequate manpower given that hospitality is one of the most labor intensive service sectors and depends completely on the experiential and repeat value of the business. The current supply of skilled/professionally trained manpower is estimated to be a very dismal 8.92 percent to the total requirement as per a study commissioned by the Ministry of Tourism. The study anticipates a rapidly

widening gap towards (2016-2017), taking into account the attrition rate and retirement and supply from both government and private programs. The high rate of attrition in the Indian hospitality industry is definitely not beneficial to the employer as it results in increasing costs in way of hiring costs, training costs and loss of productivity, loss of company knowledge which the employee takes away with her/him like knowledge of the company and its customers, etc., interruption of customer service and goodwill of the company. According to sources, attrition in the industry currently hovers at 25-30 percent — across different levels. To check this, hotel companies have announced considerable salary hikes over the last few years which have resulted in employee cost going up.

5. Land availability and debt financing for Hotel projects

Availability of opportune and a promising land is a prerequisite for success of any hotel. Influential and finding an appropriate land is an exhaustive process that refers to the location chosen for the construction of a hotel as it can adversely affect earnings of the business. Further, acquiring a land, its construction, building a sound infrastructure in this business is also a costly affair. Prospective hoteliers generally go for debt financing for hotels construction work as it is a long process that usually takes 3 to 5 years which means maturity period in hotel industry is long that requires long term debt financing depending on the kind of investors involved. However repayment or payback period starts as soon as the project hits the ground but since the earnings from hotel have not yet started it leads to added burden for the hoteliers.

6. Technology related issues

Technology has become an inseparable part of life. Today guests are no longer happy with the hotel room and an attached bathroom but today, they want superior and refined customer experience, sustainable technology, customer relationship management practices that are used to identify needs, likes and dislikes of guest in order to predict their behavior and generate better Customer services. This requires adequate Customer Relationship Management (CRM) software to track customer data in order to study behaviour of guest. Today customer's expect free WI-FI connection in hotels, majority of prospective guest prefer to book tickets online where they could get customized or tailor made packages for booking hotel tickets and others hotel related task. In- room automation such as electronically controlled room temperature, facility to connect laptops, access to streaming services like Amazon Prime etc. uplifts customer services but poses a challenge of adoption and implementation for hotel industry.

7. Incompetent marketing

Use of technology in hotel industry has helped in providing excellent customer services which has led to happy customers. Use of Technology helps in creating brand awareness thereby giving an opportunity to stay in tune with potential and current customers. However there are still some hotels that do not use technology or learning to use it in a limited way in performing their functions. Since technology is changing and requires up gradation rapidly there are hoteliers who refrain themselves from using technology as they do not want to come out of their comfort zones or take a back seat due to high cost involved in training themselves and their employees to deal with changing requirements and specifications which in turn curbs them from adopting to new variations in their operations. Therefore, technology encompasses a challenge for such hotels to keep pace with their counterparts so they do not fit in the race of survival of the fittest to survive the competitive edge.

8. Data security issues

Technology can be fruitful on one hand and the big source of concern on the other hand. Today Hoteliers Use technology to track behaviour of actual and potential guests in order to design personalize your loyalty programs for them there are cyber criminals who get access to personal information of people such as name address phone numbers today majority of people prefer to make hotel reservations and payments online hackers can hack hotels website and can get access to the payment details including credit and debit card security fence protection of customer data from such illegal mines is a challenge for our hotel industry.

9. Absolute cleanliness and Hygiene

Cleanliness and Hygiene is of paramount importance for the success of hotel industry. As the saying goes "first impression is the last impression" the cleanliness and sanitation measures help in creating the first impression that could make or break the prospects of future guest visit to a particular hotel as no guest would like to stay in a hotel where

cleanliness and hygiene are not at utmost priority. Guests are ready to leave extravagance such as Wi-Fi for a clean and healthy environment Hotel must keep its room clean and hygienic, smell free and environment friendly so as to attract and retain its most valuable customers. It can be done only by hiring the services of efficient housekeeping department of the hotel. Dedicated housekeeping is the key to make sure that hotel is up to the mark with respect to cleanliness. Many hotels also higher professional cleaners to serve and ensure healthy environment for all which is again a major challenge to have an impact on hotel's market value and reputation.

10. Sustainability

Sustainability or continuity is the necessity of every business. A hotel draws a lot of resources from the society therefore it is its utmost responsibility to repay back to the society therefore every hotel has to fulfill corporate social responsibilities(CSR) in order to survive and grow. Fulfilling Corporate Social Responsibility (CSR) is not only favorable for society, hotel industry as well as for Nation's wellbeing as well. Using green technology, day-light harvesting sensors, motion sensors etc. will help in saving and decreasing electricity bills. Hotel gets promoted as an environment conscious hotel in the market which will help in attracting and retaining guest and thereby increasing Occupancy ratio of the hotels.

11. Licensing requirements

Obtaining license for a hotel or opening of a hotel in India is a cumbersome process. There are around hundred licenses and approvals required to commence hotel business in India. Moreover obsolete bureaucratic procedure cause delays in obtaining licences and sometimes their renewal also requires further documentation leading to delay. Various licences are required to open a hotel in India include premises permit, fire safety permit, police licence for hotel, business registration requirements, ESI registration, bar licence to name a few. FSSAI food business licences etc. Licensing requirements further vary from state to state. Let's say if a hotel runs a bar, a bar licence is required generally provided by department functioning under state government. Hence requirement of bar licence varies from state to state.

Conclusion

In a nutshell, Hotel Sector is a blossoming sector in India. However, it comes with its own implications and challenges that come as a bonus for the assured survival. The need is to overcome these bottlenecks. Before the introduction of GST, the Indian hospitality sector was one of the highest taxed Industries but with its introduction tax levied on this sector has reduced but there is need to decrease it even more to attract more customers. Delay in licensing, visa issues, long maturity period acts as a roadblock in its success that needs immediate attention. In today's time, the choice, taste and the preference of customers have undergone a tremendous and drastic transformation. Today customers demand free Wi-Fi services, absolute cleanliness and hygiene and increasing use of Customer Relationship Management (CRM) for hotel related functions. This requires trained, dedicated, committed and motivated staff in handling the guest, their grievances, and the ever changing demands through technology up gradation. There is need to ensure data security and privacy to establish confidence in minds of customers adhering to Corporate Social Responsibility (CSR) makes a hotel a reliable brand in the market. However, achieving all this is a challenge for hotel industry which can be overcome through enforcement of Universal protocol, with timely and seamless Government support which will help in attracting and retaining people.

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