

A Thesis submitted to the

**Tilak Maharashtra Vidhyapeeth  
Pune**

**For the Degree of Doctor of Philosophy (Ph.D)**

**“A CRITICAL STUDY OF HUMAN RESOURCES DEVELOPMENT  
PROGRAMS AND THEIR LINKAGE WITH ORGANIZATIONAL  
PERFORMANCE AND EFFECTIVENESS, IN 3/4/5 STAR HOTELS”  
(WITH REFERENCE TO PUNE)**

**Under the Faculty of  
Management**

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**OCTOBER-2011**

## **CERTIFICATE of the guide**

**This is to certify that the Thesis entitled “A Critical Study of Human Resources Development Programs and their Linkage with Organizational Performance and Effectiveness, in 3/4/5 star Hotels (with reference to Pune)” which is being submitted herewith for the award of the Degree of Doctor of Philosophy (PhD) in Management of Tilak Maharashtra University, Pune, is the result of original research work completed by Mr.Vijaykumar B.Dhole under my supervision and guidance.**

**To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any Degree or similar title of this or any other University or examining body.**

**Place:- Pune**

**Date: - 04/10/2011**

**Research Guide  
Dr. K.V.Bachute  
(M.Com, Ph.D)**

# ACKNOWLEDGEMENT

This research was undertaken and completed under the guidance of Dr.K.V.Bachute(M.Com, Ph.D), Research Guide, Tilak Maharashtra University Pune with his critical insights, patience, keen interest and adorable affection.

Dr. K.V.Bachute was a great source of encouragement at every stage of the work. My greatest debt in the preparation of this research work is to my guide.

Dr. K.V.Bachute is the one, who initiated and sustained my interest in the area of inquiry. I am deeply indebted to him and grateful to him. It would have been extremely difficult without his constant encouragement, constructive comments, and advice on the effort at working on a newly emerging area of study like **“A Critical Study of Human Resources Development Programs and their Linkage with Organizational Performance and Effectiveness, in 3/4/5 Star Hotels” (with reference to Pune).**

I owe a great deal to Prof. M. N. Navale, Founder President STES Pune, Prof. S.N. Nawale, Vice President STES, Prof.Avadhoot Pol Director SIBAR, Pune and Mrs. Kalindi Bhat Professor, IHMCT, Pune for their warm encouragement, suggestions, and moral support rendered to me for the successful completion of this work.

I wish to express my deep gratitude to Corporate Chef David Gomes Pride Hotels, Mr. Vinay Chotalia General Manager Royal Orchid (Golden Suites) Mr. Allan D'souza Training Manager, Mr. Prashant Admane Executive Chef of Sun-n-Sand, Mrs. Namrata Sharma Asst. Manger Human Resource, Taj Krishna Hyderabad, Secretary of Mr. Vithal Kamat Mrs. Savita Chturvedi and the entire respondent who took pain to answer my questionnaires and interviews.

I express my heartfelt thanks to Mrs. Shubhra Joshi for having offered me the best of their help and candid suggestions during different stages of the study.

I expresses my gratitude to Dr. D.K. Abhayankar for his inestimable support given to me for the successful completion of this work through the valuable suggestions and sharing his views.

I would like to convey my special thanks to Dr. Patil, Mr. Dani and Mr. Navanath for contributing in their own way to make this work successful.

Finally I am grateful to my all SIBAR and Bharati Vidhypeeth Hotel Management staff for giving me a wonderful support and company in my endeavors of completing thesis I am thankful to all my colleagues and friends who have helped me in various ways for the preparation of the work.

With love and gratitude I remember my most beloved mother to share the happiness. I owes a great deal to my loving family members for their whole hearted support and all sorts of inconvenience they shared with me during the course of this work.

Above all, I take this opportunity to thank God, the Almighty for his abundant blessings bestowed upon me for the successful completion of this work.

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## INDEX

SR. NO	DETAILS	PAGE NO
I	Acknowledgement	i-ii
II	Declaration	iii
III	Certificate from the Guide	iv
IV	Preface	v-vi
	<b>PART-I</b>	
	<b>Chapter 1</b>	
	Introduction : Theoretical Framework	
1.1	Origin and Growth of Star Hotels	1-2
1.2	Economic Environment Suitability	2-4
1.3	Conceptual Clarification of Star Hotel Terms	4-7
1.4	Features of Star Hotels	7-9
1.5	Growth of Star Hotels in Pune(1980 onwards)	9-18
1.6	Factors Influencing the Growth of Star Hotels in Pune	18-23
1.7	SWOT Analysis	23-26
1.8	Star Ranking Criteria	26-31
1.9	Employment Opportunities and Other Benefits to Economy	31-38
1.10	Human Resource- Importance – Strategy- Views- Reviews	39-45
1.11	Summary	45-46
	<b>Chapter 2</b>	
	Review of the Central and State Government Policy about Hotel and Tourism Industry: 1980 Onwards	
2.1	Introduction	47-48
2.2	Nature of Star Hotel Services	48-50
2.3	Central Government Policy Towards Hotel Business	51-73
2.4	Star Hotel Business and Maharashtra State Government Policy	73-77
2.5	Policy Implementation Side: Machinery Formulated	77-79
2.6	Influence of Government Policies on Growth of Star Hotel	79--87

	<b>Business</b>	
2.7	Summery	87--89
	<b>Chapter 3</b> <b>Research Design and Methodology</b>	
3.1	Introduction	90
3.2	Origin of Research Problem	90-91
3.3	Reasons for Selection of the Topic	91
3.4	Objectives of the Study	91-92
3.5	Hypothesis of the Study	92
3.6	Research design	93
3.7	Method of data collection	93-94
3.8	Significance of Study	94
3.9	Scope and Limitations of the study (Difficulties Experienced)	94-95
3.10	Chapter Scheme	95-96
3.11	Summary	96
	<b>Chapter 4</b> <b>Legal Environment of Hotel and Tourism Industry</b>	
4.1	Introduction	97-101
4.2	Role of Government –Legal Protection	101-102
4.3	Laws (Regulations) Relating to Hotel Business	102-104
4.4	Legal Environment for the Employer	104-125
4.5	Laws related to Labour	125-138
4.6	Legal protection for visitors	138-140
4.7	Summary	140-141
	<b>PART-II</b> <b>Chapter 5</b> <b>Impact of Training Programs on an Individual's Behaviour and Organizational Performance</b>	
5.1	Introduction	142-144
5.2	Marketing of Services in Star Hotels	144-146

5.3	Human Resource	146-149
5.4	Features of Human Resource	150-151
5.5	Human Resource and SWOT Analysis	151-155
5.6	Conceptual Clarification- Human Resources Management	155-157
5.7	Issues and Constraints facing Human Resources Management in Hotel Industry	157-163
5.8	Human Resources Development- A Conceptual Clarification	163-165
5.9	Conceptual Clarification - Training and Development	165-170
5.10	Problem of Measurement of Efficiency	170-171
5.11	Need for H.R.D in Star Hotels- Identification of Training and Development Needs in Employees	171-173
5.12	Areas of Training and Development - Hospitality Industry	173-175
5.13	Methods of Training used by Star Hotels	175-178
5.14	Current Scenario of Training and Development in Hospitality Sector	178-186
5.15	Impact of Training Programs on Hotel Employer and Employees	186-190
5.16	Conceptual Clarification of Individual Behaviour	190-196
5.17	Concept of organizational performance and effectiveness	196-200
5.18	Linkage –Training Program –Individual Performance – Organizational Performance.	200-204
5.19	Summary	205
<b>Chapter 6</b>		
<b>Analysis and Interpretation of Data</b>		
6.1	Collection of Data	206-208
6.2	Data Analysis and Interpretation	209-211
6.3	Analysis of the Responses of the Employees, Employers and Visitors	211-242
6.4	Summary	242-243

	<b>PART-III</b>	
	<b>Chapter 7</b>	
	<b>Testing of Hypothesis</b>	
7.1	<b>Introduction</b>	244-245
7.2	<b>Hypothesis Testing</b>	245-249
7.3	<b>Summery</b>	249-250
	<b>Chapter 8</b>	
	<b>Findings, Suggestions and Conclusions</b>	
8.1	<b>Introduction</b>	251
8.2	<b>Employer</b>	252-261
8.3	<b>Problems and difficulties of star hotel employees</b>	262-265
8.4	<b>Role of Government Agencies</b>	265-268
8.5	<b>Visitors Problems</b>	268-269
8.6	<b>Rapidly changing environment</b>	269-272
8.7	<b>Specific Observation- Hotel Management Colleges- The Current Syllabus Needs Revision</b>	272-275
	<b>Suggestions, Recommendations and Conclusion</b>	
8.8	<b>Introduction</b>	275-277
8.9	<b>Employer</b>	277-290
8.10	<b>Problems and difficulties of star hotel employees</b>	290-295
8.11	<b>Policies –Formulation and Implementation</b>	295-296
8.12	<b>Visitors</b>	296
8.13	<b>Rapidly changing environment</b>	296-298
8.14	<b>Recommendations to Hospitality institutes(Academic)</b>	298-301
8.15	<b>Conclusion</b>	301-302
	<b>Recommendation for further research</b>	303
	<b>Bibliography</b>	304-308
	<b>Annexure</b>	



## INDEX OF TABLE

Sr. No	Details	Page No
	<b>Chapter -01</b>	
T-1	Growth of Star Hotels in Pune (since 2001 to 2009)	12
T-2	Growth of Star Hotels in Maharashtra (since 2001 to 2008)	13
T-3	Growth of Star Hotels in India (since 2001 to 2008)	14
T-4	Star Hotels in Pune	15-16
T-5	Table showing the number of hotels are considered for collection of data	18
T-6	Travel modes and vehicles in Pune city (2008)	22
T-7	The General Features of Star Hotel Categories.	27
T-8	General Facilities and Services for the Star Hotels	27 to 29
Map-01	Overview and Growth of Hotels in Pune	17
	<b>Chapter -02</b>	
2T-1	Sample List of Licenses/Approvals for a Greenfield Hotel Project, Mumbai, Maharashtra	54-57
2T-2	Foreign Tourist Arrivals during 2008 and Comparative Figures of 2007 and 2008(Month-wise)	82
2T-3	Foreign tourist arrivals in India during 1981 to 2008 from the top 08 countries	82
2T-4	Foreign tourist arrivals in India during 1981 to 2008 from the top 07 countries	83
2T-5	Distribution of Approved Star Hotels in Maharashtra (As on 31.12.2008)	83-84
2T-6	Distribution of Approved Star Hotels in India (As on 31-12-2008)	85-86
2T-7	Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2007	87

	<b>Chapter -04</b>	
<b>4T-1</b>	<b>Relevant Provisions of “The Environment Protection act 1986” applicable to Star Hotels</b>	<b>109</b>
<b>4T-2</b>	<b>Appropriate Sections of Minimum Wages Act 1948, applicable to Star Hotels</b>	<b>131</b>
	<b>Chapter -05</b>	
<b>5T-1</b>	<b>Different Kinds of Employee’s Requirements in Star Hotels</b>	<b>148-149</b>
<b>5T-2</b>	<b>Candidates available for Hotel Industry from Training Institutes(Maharashtra and Pune-2004-2008)</b>	<b>159</b>
<b>5T-3</b>	<b>Contribution of Key Functions to Employment</b>	<b>160</b>
<b>5T-4</b>	<b>Department wise employment in five, four, three star and Budget hotels in India (2008)</b>	<b>161</b>
<b>5T-5</b>	<b>Current status of Training programs in the Hotel Industry</b>	<b>175</b>
<b>5T-6</b>	<b>Breakup of training programs in star hotels, Pune</b>	<b>176</b>
<b>5T-7</b>	<b>Training Programs by Three Star Hotels in Pune during 2001-2007</b>	<b>177-179</b>
<b>5T-8</b>	<b>Training Programs by Four Star Hotels in Pune during 2001-2007</b>	<b>179-182</b>
<b>5T-9</b>	<b>Training Programs by Five Star Hotels in Pune during 2001-2007</b>	<b>182-183</b>
<b>5T-10</b>	<b>Training Programs by Budget Hotels during 2001-2007</b>	<b>183-185</b>
<b>5T-11</b>	<b>Techniques used to conduct the above training sessions</b>	<b>185</b>
<b>5T-12</b>	<b>Budget Provisions (B.P.)-Availability of Funds (Rs. in Lakhs)</b>	<b>185-186</b>
<b>5T-13</b>	<b>Effect of Training programs on the Employees and Organization</b>	<b>199-200</b>
<b>5T-14</b>	<b>Linkage of HRD-Organizational performance and Organizational Effectiveness</b>	<b>203-204</b>
	<b>Chapter -06</b>	
<b>6T-1</b>	<b>Representation of respondents’ data (on the basis of years of service)</b>	<b>209</b>
<b>6T-2</b>	<b>Number of star hotel employees in Pune (25 star hotels)</b>	<b>209</b>

<b>6T-3</b>	<b>Number of questionnaires sent to various levels of employees</b>	<b>210</b>
<b>6T-4</b>	<b>Number of actual respondents for the questionnaires</b>	<b>210</b>
<b>6T-5</b>	<b>Showing the star hotels having separate HRD and HRM departments</b>	<b>240</b>
	<b>Chapter -07</b>	
<b>7T-1</b>	<b>Variance of Sample data</b>	<b>245</b>
<b>7T-2</b>	<b>Variance of Sample data</b>	<b>247</b>
<b>7T-3</b>	<b>Imaginary Table and Graph showing impact of training programs on level of efficiency</b>	<b>249</b>
	<b>Chapter -08</b>	
<b>8T-1</b>	<b>Breakup of training programs in star hotels</b>	<b>256</b>
<b>8T-2</b>	<b>Impact of training on star hotel employees – Post training period(Observation)</b>	<b>258-259</b>
<b>8T-3</b>	<b>Table showing the star hotels that have separate HRD and HRM departments</b>	<b>260</b>
<b>8T-4</b>	<b>Comparison of payment between star hotels and BPO, KPO</b>	<b>262</b>
<b>8T-5</b>	<b>The proportion for the practical (PR) and theory (TH) lectures and marks are as follows</b>	<b>272-273</b>
<b>8T-6</b>	<b>Industry Institute Interactions</b>	<b>273</b>
<b>8T-7</b>	<b>Typical Instructional Systems Design Model</b>	<b>283</b>

**PART –I**  
**CHAPTER-1:**  
**INTRODUCTION: THEORETICAL FRAMEWORK**

**1.1 Origin and Growth of Star Hotels**

The past, present, and perhaps the future of the hospitality industry are closely linked. Today's industry is the result of centuries of social and cultural evolution. Comfortable, sanitary lodging was once considered only as the privilege of the wealthy, but with the industrial revolution and the spread of democracy, hospitality is not a luxury anymore and now it has become the need of a common man. Advances in transportation enable people to cover greater distances faster and at lower cost, paving the way for the tourism industry to flourish from very modest origins. The hospitality and the tourism industry have become the largest industries globally. A world without temporary basis accommodation is unthinkable in modern day life.

The hospitality industry is part of a larger enterprise known as the travel and tourism industry. It is one of the oldest industries in the world. In early days, traders, explorers, missionaries and pilgrims needed a break in their journey requiring food, shelter, and rest. People opened their homes and kitchens to these weary travellers, and an industry was born. Although accommodation today is varied and their services have been changed and expanded over the ages. Commencing from a friendly greeting at the door, room service, breakfast to a host of facilities, the hospitality industry offers travellers a home away from home. Hospitality is defined as “the friendly reception and treatment of strangers” or “entertaining guests with courtesy and warmth”. Hospitality is also an industry made up of businesses that provide lodging, food and other services to travellers. The main components of this industry are hotels, motels, inns, resorts, and restaurants.

In a broad sense, the hospitality industry might refer to any group engaged in tourism, entertainment, transportation or lodging including cruise lines, airlines, railways, and tour operators. The lodging industry is made up of businesses providing temporary housing and people who stay in it, are called guests or visitors. There is no exaggeration in saying it is

unit acting as a care taker with the same affection and love that a person gets at home”. (E.g. Houses function as hotel in Konkan areas- holiday homes).

### **Growth of Hotel Industry**

India from ages of yore has been renowned as a land of friendly hospitality and fabulous in its riches with a wealth of fascinating traditions and culture. No wonder India was invaded so many times by different rulers, ultimately subjugating and exploiting it. For complete strangers and for more ‘birds of passage’ temporary shelter was provided by such institutions as were variously known as “Saraikhanas’ or Paanth-Niwas” or Dharamsalas “for normal payment. Imbued by a sense of public service for the benefit and convenience of the public and also by a desire to acquire religious merits, people from affluent section of the society used to built ‘Dharamsalas’ specially at the place of pilgrimage. These “Dharamsalas” were meant to be a place primarily for the residence of those who were seeking spiritual enlistment or performing some religious rites in a particular place of pilgrimage.

India, the ancient land of civilization, culture, dance, drama, music and hospitality has been visited through the centuries by the travellers from many countries. Fa Hein Hieun Tasang, Marco Polo and Ibn Batuta have left interesting accounts of travelling in India. Kings and rulers built the Dhramsalas, constructed roads, planted trees, dug wells, and tanks, to facilitate travel. At the beginning of Muslim regime, Sarais were introduced. During the supremacy of Sher Shah Suri and then Moughals, it reached a level of perfection. Improvement in the means of transport and communication resulted in the establishment of inns and taverns. Later with the advent of British the Sarais took the form of western style hotels. As far as modern hotels were concerned the British who introduced hotels in India mainly for their own use.

The twentieth century was a turning point in the history of hotel industry in India. In this century there was real growth and development of the hotel industry. The industry is presently in a period of transition and the future will see many changes which will alter the style of living of people considerably.

### **1.2 Economic Environment Suitability**

Hotel industry in India has witnessed a tremendous boom in recent years. Hotel industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has supported the expansion of Indian hotel industry. The thriving economy and increased

business opportunities in India have acted as a good support for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a large number of options. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' campaigns have also helped in the development of domestic and international tourism and consequently the hotel industry. Foreign visitors have started visiting India comparatively in higher proportions. The Policy of the government has been made more liberal than what it was during the British period. (Review of the policy is stated in chapter –II)

In recent years government has taken several steps to boost travel and tourism which has benefitted hotel industry in India. These include the abolishment of the air travel tax of 15 per cent; reduction in excise duty on aviation turbine fuel to 8 per cent; and removal of a number of restrictions on outbound chartered flights, including those relating to frequency and size of aircraft.

The opening up of the aviation industry in India has exciting opportunities for the hotel industry as it relies on airlines to transport 80 per cent of international arrivals. The government's decision to substantially upgrade 28 regional airports in smaller towns, privatization and expansion of Delhi and Mumbai airports will improve the business prospects of star hotel industry in India. Substantial investments in tourism infrastructure are considered essential for Indian hotel industry to achieve its potential.

The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India. Taking advantage of this opportunity Tata group and another hotel chain called 'Homotel' have entered this business segment. Hotel industry in India currently has a supply of 110,000 rooms and there is a shortage of 150,000 rooms across India. According to estimates, demand is going to exceed supply by at least 100 per cent over the next two years. Five-star hotels in metro cities allot the same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage.

The reason of demand-supply disparity, hotel rates in India are likely to rise by 25 per cent annually and occupancy by 80 per cent, over the next two years. This will affect the competitiveness of India as a cost-effective tourist destination.

The room shortage of Indian hotel industry is reduced by adding about 60,000 quality rooms, currently in different stages of planning and development which should be ready by 2012. Hotel Industry in India has also got a boost with Delhi hosting 2010 Commonwealth Games. Government has approved 300 hotel projects, nearly half of which are in the luxury range. The future scenario of Indian hotel industry looks extremely rosy. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years.

### **1.3 Conceptual Clarification of Star Hotel Terms**

**Walk-In:** They are walk in guest without prior reservation. These guests take a chance, if rooms are available; and are called “Chance Customers”. (They are unexpected or come in hotel without prior intimation) Rooms and reservation status should be verified before offering a room. Such guests help in increasing room revenue. It is good to take advance (proportionally 70 per cent of their expected stay) from such guests unless they are regular.

**Skipper:** A skipper is a guest who departs from the hotel without settling the bill. It is a loss of revenue to the hotel. It is a usual practice to take advance from suspicious or unknown guests to avoid such loss and when the advance is exhausted, fresh advance should be collected. Care should be taken, at the time of offering the room as well as during his stay. The house-keeping, room service and security should be vigilant for any such possibilities. Security staff should be given training to handle such guests carefully.

**Scanty Baggage:** Scanty baggage is a guest with very little luggage. It is normally not a problem with regular guests or corporate guests. In case of unknown Walk-ins or a guest with reservation who looks suspicious, and it is a good practice to take advance, more than the room rent for the number of days’ stay.

**No-Show:** No show is a guest, who has a reservation but does not turn-up to check-in. These guests reduce hotel revenue since the rooms are blocked without being offered to anyone else. The hotel staff must ensure that the information taken during the reservation process is accurate, with respect to date and time of arrival, mode of arrival and number of rooms. Guests can be contacted on telephone or telex to check for their arrival or changed plan to reduce No-Show.

**Walking:** Walking is the guest who has a reservation, but no room is available at the time of arrival. This will cause embarrassment and loss of goodwill to the hotel. Utmost care should

be taken in handling such situations. Alternate arrangement in the hotel should be made otherwise guest should be offered a room elsewhere at a hotel of similar standard and provided transport to reach that place.

**Stay Over:** Stay over is a guest, who wants to extend his stay beyond the date of his proposed departure. It is good for the hotel since revenue will be maintained. In case room reservation status does not permit, he/she could be handled like a “Walking” guest.

**Overbooking:** Overbooking is accepting more reservations than the available rooms. It is a standard practice in most of the hotels. This is done to compensate for the percentage of No-Shows, cancellations and early departures that regularly happen. The loss of revenue under these circumstances is heavy; hence to compensate for the probable loss of revenue, hotels use a certain ratio for overbooking. The ratio is derived from the frequency of the above probability.

**Extra Bed:** Almost all hotels claim extra charges for any extra persons staying overnight in a room, more than what the room is intended to accommodate. Normally the guest will be asked, if he would like to have an extra-bed for convenience in sleeping. Irrespective of the fact whether the guest would like to have extra bed or not, the hotel charges for the extra guest’s stay. It is additional revenue for the hotel.

### **Star hotel departments**

People for many years looked upon a hotel as a convenient place for food and shelter. Now it provides almost everything that a guest needs. Hotels have become service providers for the guests in all possible ways. Every big hotel chain/group has been spending crores of rupees in order to stay in this race. Different services are rendered by the hotel, viz. banquets, convention centers, exhibition centers, restaurants, corporate services, money changers, travel desk, butler service, valet service, internet service, facility for sports and games, massage parlour, health club, gym, shopping arcade etc. These services are either wholly owned and run by the hotel or owned by hotel and run on franchise by experts in the field, or owned and run by outsiders. These services complement each other and also help in increasing the occupancy rate.

**Star Hotel:** A hotel which has received special recognition by appropriate authority known as star hotel. A star hotel has some special features and can be differentiated with hotels by rate structure.



**Banquet:** Banquet service simply means service of food and beverage according to the customers need. Even menu and time is fixed according to the client's choice e.g. weddings and parties It helps in improving food sales and also works for attracting new customers. Meetings, seminars are intended for group bookings and good occupancy in star hotels.

**Restaurant:** Restaurants serving different cuisines like Chinese, Italian, Continental, Mexican, Indian (South Indian, Mughalai etc.) are set up by hotels with the suiting interiors. These places are run to cater the different tastes of domestic as well as international tourists. It can be further classified into Theme Restaurants (Rajasthan, Maharashtrian, Punjabi, Asian, and Spanish).

**Coffee Shop:** Coffee Shop is open day and night serves all types of meals from breakfast to supper (midnight dinner).

**Cafeteria:** It is primarily self-service and the customer chooses from a wide variety of food from counters which are in varying design and lay-out. Originally developed for the industrial canteen but it is now seen in variety of food outlets.

**Licensed Bar:** Licensed bar is primarily for alcoholic and non-alcoholic drinks. It also includes serving bar with standing room for customers or through vending machine and offering variety of foods from snacks to full restaurant service.

**Dhaba:** It is an originally Punjabi road side restaurant that serves typically Punjabi and Tandoori preparations. Punjabi Dhaba became popular in India and abroad due to a variety of Punjabi food preparations including Tandoori. Punjabi preparation is rich preparations with butter, Kaju (cashew nuts), char mugach (Melon Seeds}, Almonds etc.

**Beer Bar and Permit Room:** It is often a mixture of bar and restaurant operations, serving commonly beer and alcoholic drink (Whiskey, Rum) themed and serving a variety of food.

**Corporate Service:** This works as an extension to the corporate offices of the clients. All the services needed for handling corporate affairs are provided to make the corporate guest feel at office away from his office. Internet service is also added to their services. This is available even in small and medium hotels. The guest can connect his laptop to this service and perform his regular work/tasks.

**Money Changers:** Star hotels have a high proportion of foreign tourists/ visitors to meet their requirements; there is need for money changing service. At this point, the hotel

exchanges the foreign currency for local currency. This service must function as per the foreign exchange rules and guidelines of the Reserve Bank of India from time to time.

**Travel Desk:** The travel desk provides car rental services, air, and train ticketing. It also looks after the other travel needs of the guest. In some hotels, Concierge (personal room attendant) looks after this service too.

**Butler Service:** This is a new service introduced in the Indian star hotels. A personalized service is provided to the guest and his visitors exclusively. He provides the food and beverage service, looks after requirements like air ticket and sight seeing of guests and helps in keeping the room tidy from time to time. The butler also arranges the wardrobe for the guest.

**Valet Service:** It is a personalized service, limited to helping in car parking and laundry facility in star hotels.

#### **1.4 Features of Star Hotels**

India, one of the dream destinations in the world, is slowly climbing up on the popularity charts of travellers. Hotels in India offer the best accommodation facilities to travellers from across the globe. Indian hotels are havens of luxury, comfort and coziness in all respects, satiating every possible desire of tourists.

The distinctive feature of hotels in India is their high standard and quality accommodation that caters to the varied needs of all kinds of clients at the most reasonable rates. Indian hotels are categorized as Luxury Hotels, Standard Hotels, Budget Hotels and Heritage Hotels. Several Indian and international hotel chains also run their operations in various cities of India, offering quality services to business as well as leisure travellers. Tourists are made to feel like royal guests in these Indian hotels.

Hotels in India have always bowed tourists over with their warm hospitality, remarkable services and world-class facilities. Indian hotels always strive to offer the best to their guests, enhancing the pleasure of their stay in the country.

The basic features of hotel service are very much different from those of a manufactured product. Understanding this distinction is important since it has a significant bearing on the management of an organization in the hospitality sector as against one in the manufacturing sector.

Some of these features are given below:

- Sales, production and consumption of a hotel service take place almost simultaneously while there is usually a long lead time between production and sale of a product.
- A service cannot be centrally produced, inspected; stock piled or warehoused-it is usually delivered where the customer is by employees who are beyond the immediate influence of the management.
- A service cannot be demonstrated nor can a sample be sent for customer's approval in advance of purchase.
- A customer receiving the service generally owns nothing tangible, once the service has been delivered; the value is frequently internal to the customer.
- A service is frequently an experience that cannot be shared, passed around or given away to someone else once it is delivered.
- Delivery of a service usually requires high degree of human contact; receiver and provider frequently come together in a relatively personal way.
- Quality control over a service requires monitoring of processes and attitudes of one's staff.
- Unlike a bad product, bad service cannot be replaced at best, one can be sensitive to customers dissatisfaction and regain his position with such remarkably good service that the customer may both forgive and forget the bad service he/she has received earlier.
- It is both difficult and undesirable to attempt to standardize service. The more spontaneous and custom built a service, the greater is its value in the customer's eyes. Hence it is important to respond speedily to changing customer needs.

### **Types of Catering Establishments and their Contribution to Hotel Industry**

The hotel industry is perhaps one of the largest industries in the world. This industry employs a large number of people. The catering operations are of different types. They include wayside stalls, teashops, push cart vendors, industrial canteens, railway and airline catering etc., besides the conventional hotels, motels, resorts, clubs and others. The catering business has a tremendous variation in menus, themes, serving hours and different types of customers. It requires close coordination of effective personnel management and production knowledge to meet individual demands of the customer. This section provides the information regarding different types of catering establishments with their main characteristics.

This serves as a basis for a better understanding of food and beverage service in general as well as the catering establishments in particular.

The establishment can be divided into following categories:

**Commercial Catering:** Commercial Catering may be defined as an establishment in which profitability through food and beverage service is the primary concern. They exist not only in private ownership but also in the publicly owned sector of the economy, for example, the outlets in both ITDC and State owned Tourism Development Corporations belong to publicly owned category. Examples – Hotels, Restaurants and Snack Bars, Fast Food

**Transport Catering:** It caters to the travellers by road / rail /air / sea. Roadside catering is through motel, dhaba, and other outlets. They provide food and beverages to the travelling public along with other conveniences like toilets, grocery shops, vehicle repair facilities etc. These outlets have self-service, waiter service, vending machines, take away foods and beverages.

**Functional Catering:** Functional Catering is described as the service of food and beverage at a specific time and place for a given number of people at a known price. Examples of functional catering include social functions, such as weddings and dinner dances. Business functions, such as conferences, meetings, and working lunches that are organized for both social and business reasons. Functional catering is found in both the commercial and non-commercial sector of the catering industry. In the commercial sector, functional catering could be a specialized organization, operating with in its own functional facilities on purely profit basis.

In the non-commercial sector, functional catering is rarely the primary reason for providing the establishment with catering facilities. Such establishments include hospitals, schools, industrial cafeterias etc. where the functions are not usually organized on a purely profit basis as they are in the commercial sector, but rather to serve a specific need of the organization.

## **1.5 Growth of Star Hotels in Pune (1980 onwards)**

### **Overview**

The emergence of IT/ITES sector in the city of Pune and its consequent boom has contributed extensively to the growth of the city's hospitality sector. Entry of many reputed Indian and global software players since 2000, the city has experienced an annual increase in foreign and domestic corporate/business travellers in the range of 12 per cent -15 per cent. As

a result, Pune has recently gained immense importance as a business tourist destination, a factor which has had a direct positive bearing on the city's hotel industry. The potential of this fast developing city and its hotel market has attracted a number of major hotel chains.

### **Current Scenario of Star Hotels in Pune**

#### Five Star Deluxe and Five Star Hotels

There are only two 5-star Deluxe and four 5-star hotels in the city of Pune. Since Pune exhibits a radial development, most of these hotels are located in the Central and North East Zones of the city, where development was initially concentrated. The two 5-star deluxe properties viz. Le Meridian, located at Raja Bahadur Mill Road, and Sun n Sands located in Bund Garden contribute to an inventory of around 314 rooms. At present, there are a total of 788 rooms in the 5-star category. Noteworthy amongst them is the “O” Hotel located in Koregaon Park by Starwood that became operational in 2009. Another notable project in this category is Gordon House located on Ganeshkind Road and which is the only boutique hotel in the city. Though these two categories account for 40 per cent of the existing stock across the 5-starDeluxe, 5-star, and 4-star hotels, they cater to nearly 85 per cent of business travellers and foreign tourists.

The average occupancy in FY 2006-07 was around 88 per cent. The hotels recorded occupancy of 92 per cent in FY 2007-08. While the occupancy levels of these hotels witnessed a marginal increase in 2007, during the first and second quarter of 2008, there was a dip of around 9 per cent. This can be largely attributed to the slowdown in the IT/ITES sector which is one of the primary drivers of demand among the business segment. While the ARR across all categories in the city has increased significantly over the past few years, the premium hotels witnessed a marginal increase of 4.12 per cent from FY 2006-07 to FY 2007-08 with ARR in the range of Rs.6, 800-9,300. Due to the decrease in occupancy levels, ARRs are expected to remain stable, if not reduce over the next year 2012.

Many hotel brands like Leela, JW Marriot, Radissons, Sheraton, etc. are expected to enter the Pune market over the coming 3-4 years. Approximately 4,275 rooms are estimated to become operational by the end of 2012, accounting for almost 67 per cent of the new supply in the premium category. Of the total new supply, the North Eastern and the Central Zones will infuse the maximum quantum in the 5-star Deluxe and 5-star categories. The heritage hotel at

Saswad built by Orchid group also became operational in 2008. Two notable upcoming projects include 'Marriott Courtyard' and 'Gateway Taj' at Hinjewadi.

#### Four and Three Star Hotels

Pune has 25 hotels in the 3 and 4-star category with a total inventory contribution of about 1087 rooms. The Central Zone accounts for around 51 per cent of the total stock in this category across the city. The clientele base in these hotels constitutes both domestic and foreign business travellers as well as foreign leisure travellers. However, the number of business travellers and foreign leisure travellers has reduced in 2008 owing to the global economic slowdown. The reduction in the occupancy rates could also be attributed to the fact that many of the budget hotels have started upgrading their services to compete with the higher category hotels.

ARRs across the 3 and 4 star hotels have remained relatively stable over the past year recording an ARR in the range of Rs.4000-7700 in FY 2007-08. However, while occupancy levels increased on an average from around 85 per cent in FY 2006-07 to 91 per cent in FY 2007-08, the year 2008 has witnessed a decline in occupancies over the past two quarters. In total, around 2,113 rooms are expected to be infused into the Pune hotel market over the next 3-4 years. While the North Eastern Zone will contribute 46 per cent of the new supply, the Central and North Western Zones will account for 35 per cent and 19 per cent of the supply respectively. The significant developments in this category of hotels include Dawnay Day Hotels India at Nagar Road and St.Lauren at Mundhawa.

#### Budget Hotels

This category of hotel caters to most of the domestic business travellers from engineering and ancillary services apart from the IT/ITES sector, which is the predominant sector of Pune. The total number of budget hotels in the city, 66 per cent of the current stock is located in the Central Zone. With improvements in the city's economic scale, this category of hotels has observed a steady growth over the past two years. The average occupancy rate across this section was around 70 per cent in FY 2007-08, with ARR in the range of Rs.2500-3500. While the premium segment of hotels witnessed a marginal increase in ARR, the budget hotels witnessed a significant increase where the maximum ARR was recorded in the first quarter. Around 7 new hotel projects are expected to be operational by the end of 2012, adding approximately 869 rooms to the current stock. This supply will be evenly distributed

in the three main zones, with the North Eastern, Central, and North Western Zones contributing 33 per cent, 42 per cent, and 25 per cent respectively. The two notable projects in this category include those by IBIS in Viman Nagar and Hotel Surya Pvt. Ltd. in Baner.

Outlook

At present, there are around 43 star hotels and 8 service apartments operating in Pune. In a significant turn of events, since the last year, close to 25-30 new hotels and service apartments encompassing all categories have set up or announced plans of setting up in Pune. More than 50 per cent of the upcoming properties in Pune are 5-star properties, the rest being 4-star, budget hotels, and service apartments. The Eastern suburb of Pune is expected to see a number of major hotel groups setting up their projects. LAVASA, an upcoming mega township, has plan of setting up a 250 room 4-star Novotel spa resort by 2012. Pune, with its growing IT/ITES sector, biotechnology parks, automobile and manufacturing units, along with improved international air connectivity and readily available manpower is expected to have a positive effect on all the real estate sectors including the hospitality sector in the long run. The potential of the service apartments market has greatly increased over the years due to professionals as well as long-stay business travellers .<sup>1</sup>

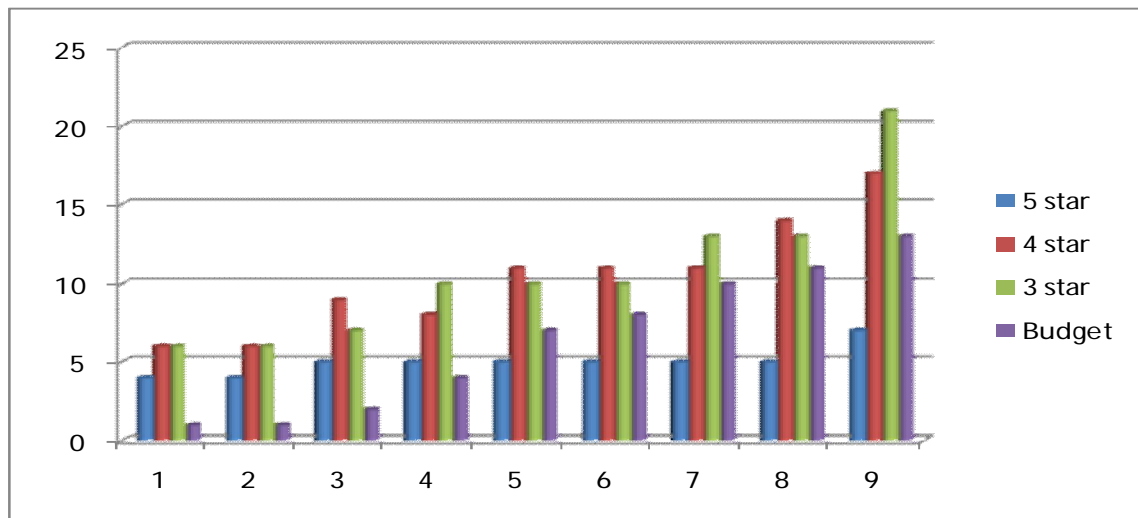
**Table No-T-1**

**Growth of Star Hotels in Pune (since 2001 to 2009)**

<b>Year</b>	<b>5 star</b>	<b>4 star</b>	<b>3 star</b>	<b>Budget</b>	<b>Total</b>
<b>2001</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>17</b>
<b>2002</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>17</b>
<b>2003</b>	<b>5</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>23</b>
<b>2004</b>	<b>5</b>	<b>8</b>	<b>10</b>	<b>4</b>	<b>27</b>
<b>2005</b>	<b>5</b>	<b>11</b>	<b>10</b>	<b>7</b>	<b>33</b>
<b>2006</b>	<b>5</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>34</b>
<b>2007</b>	<b>5</b>	<b>11</b>	<b>13</b>	<b>10</b>	<b>39</b>
<b>2008</b>	<b>5</b>	<b>14</b>	<b>13</b>	<b>11</b>	<b>43</b>
<b>2009</b>	<b>7</b>	<b>17</b>	<b>21</b>	<b>13</b>	<b>56</b>

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 (Source 1: Knight Frank Research, Q4 2008, INDIA HOTEL Review, Page no-14 and 15Source Table no-T-1- Indian Tourism Statistics 2001to2010, GOVERNMENT OF INDIA MINISTRY OF TOURISM, MARKET RESEARCH DIVISION, Approved star hotels in India)

**Graph No-G-1- Growth of Star Hotels in Pune (since 2001 to 2009)**



Horizontal -Axis represents years and Vertical -Axis represents number of star hotels in Pune.

Observation

The numbers of budget hotels in the branded segment in Pune have increased significantly over the past 3-4 years. The three and four star hotels have maintained average rate of growth. The five star hotels witnessed the least improvement. Recession and the security problems that have taken place in 2008(terrorist attack on Taj and Oberoi hotel) onwards have affected the growth rate of star hotels in Pune.

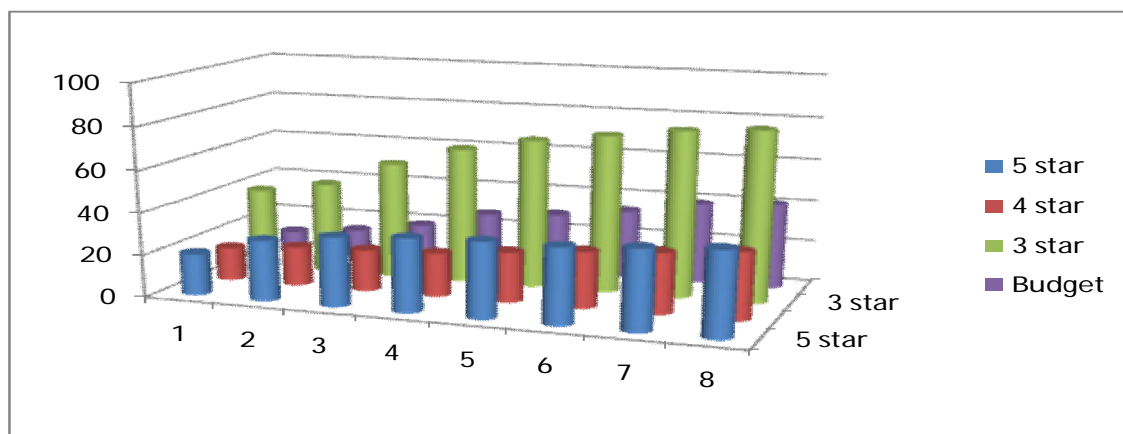
**Table No-T-2 Growth of Star Hotels in Maharashtra (since 2001 to 2008)**

Year	5 star	4 star	3 star	Budget	Total
2001	20	16	39	11	86
2002	29	19	44	14	106
2003	33	20	56	19	128
2004	35	21	65	27	148
2005	36	24	71	29	160
2006	36	27	75	33	171
2007	38	29	79	39	185
2008	40	32	81	41	194

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 {Source, Table no- T-2- Indian Tourism Statistics 2001to2009, GOVERNMENT OF INDIA MINISTRY OF TOURISM, MARKET RESEARCH DIVISION, Approved star hotels in India)



**Graph No-G-2- Growth of Star Hotels in Maharashtra (since 2001 to 2008)**



Horizontal -Axis represent years and Vertical-Axis represent number of star hotels in Maharashtra.

The number of three and four star hotels in India and Maharashtra has increased significantly between 2001 and 2008 generally in Pune and Mumbai. The five star hotels and budget hotels have maintained an average rate of growth.

The five star hotels witnessed the least improvement. The rise in India's hotel industry has had a ripple effect on its tourism sector. Rising income levels and spending power combined with the government's open sky policy in India have provided a major push for the growth in hotel industry.

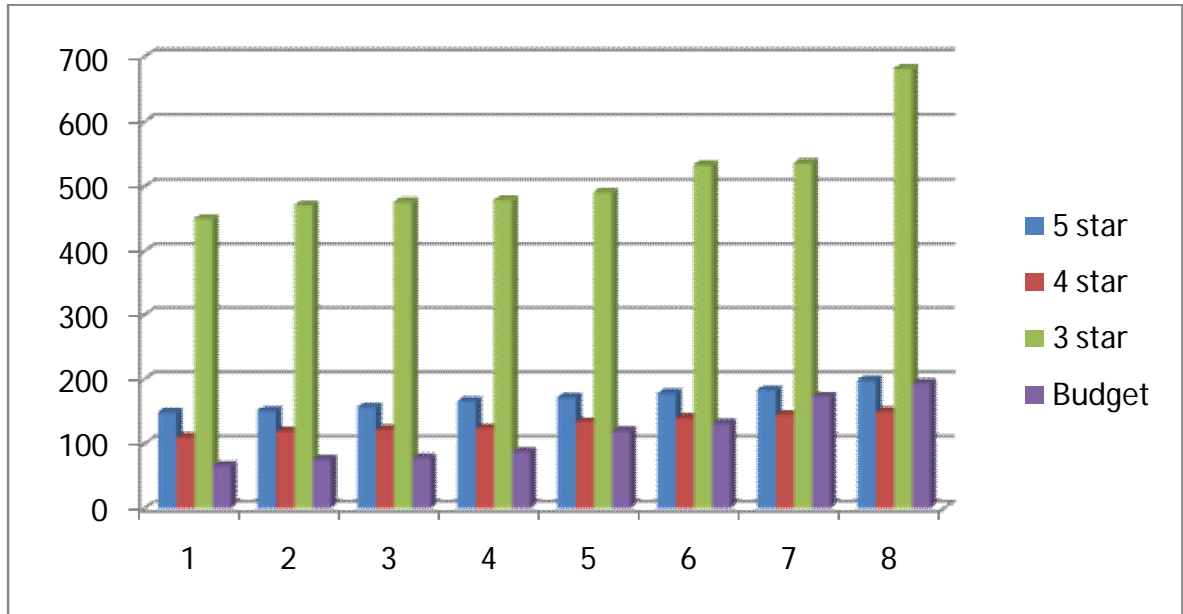
**Table No-T-3 Growth of Star Hotels in India (since 2001 to 2008)**

Year	5 star	4 star	3 star	Budget	Total
2001	149	111	451	67	778
2002	152	120	472	77	821
2003	158	123	477	79	837
2004	167	125	480	89	861
2005	173	135	492	121	921
2006	179	141	534	133	987
2007	184	146	537	175	1042
2008	199	151	683	195	1228

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 (Table No-T-3 Indian Tourism Statistics 2001to2009, GOVERNMENT OF INDIA MINISTRY OF TOURISM, MARKET RESEARCH DIVISION, Approved star hotels in India)

Observation-There has been slow and steady increase in the number of hotels as the result of an increase in the demand for hotel services in different states, typically in Tamilnadu, Rajasthan, Maharashtra and Kerala. (Geographical Distribution of Approved Star Hotels in India, as on 31-12-2008, chapter-2, page 38-39)

**Graph No-G-3- Growth of Star Hotels in India (since 2001 to 2008)**



Horizontal Axis represents years and Vertical Axis represents number of star hotels in India.

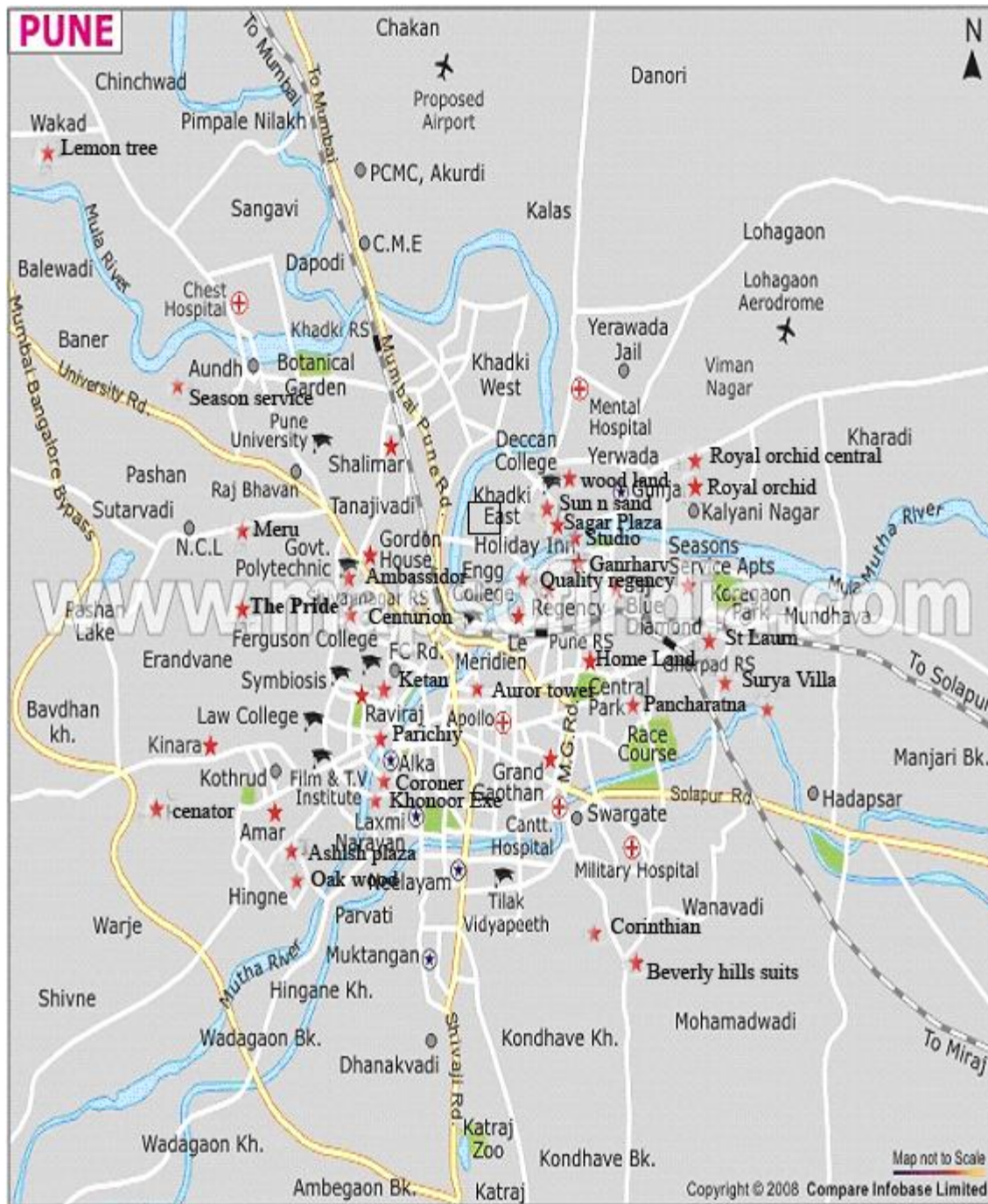
**Table No-T-4 Star Hotels in Pune**

HOTEL	RATING	LOCATION
Le Meridian	5STAR(Deluxe)	Raja Bahadur Mill Road
Sun N Sand	5STAR(Deluxe)	Bund Garden Road
Taj Blue Diamond	5 STAR	Bund Garden Road
The Pride	5 STAR	Shivaji Nagar
Aurora Towers	4 STAR	Moledina Road
Lemon Tree Hotel	4 STAR	Hinjawadi
Quality Inn Centurion	4 STAR	Shivaji Nagar
Royal Orchid Golden Suites	4 STAR	Kalyani Nagar
Season Service Apartment	4 STAR	Aundh
The Central Park	4 STAR	Bund Garden Road
The Gordon House	4 STAR	University Road

The Oakwood	4 STAR	Deccan Gymkhana
The Sagar Plaza	4 STAR	Bund Garden Road
Royal Orchid Central - Pune	4 STAR	Kalyani Nagar
Gandharv Residency	4 STAR	Pune Railway Station
St Lourn	4 STAR	Koregoan Park
Beverly Hills Suites & Service Apt.	3 STAR	Lulla Nagar
Hotel Studio Estique	3 STAR	Bund Garden Road
Hotel Ashish Plaza	3 STAR	Deccan Gymkhana
Hotel President	3 STAR	Prabhat Road
Hotel Royalty	3 STAR	Near Kamla Nehru Park
Hotel Woodland	3 STAR	Sadhu Vaswani Circle
Kohinoor Executive	3 STAR	Deccan Gymkhana
Oakwood Residence	3 STAR	Naylor Road
Quality Hotel Regency	3 STAR	Dhole Patil Road
Seasons Apartment	3 STAR	Koregaon Park
The Corinthian	3 STAR	Near NIBM South Pune
The Coronet Hotel	3 STAR	Deccan Gymkhana
The Senator	3 STAR	Kothrud
Hotel Ambassador	Budget	Shivaji Nagar
Hotel Bhooshan	Budget	Revenue Colony
Hotel Homeland	Budget	Pune Railway Station
Hotel Ketan	Budget	Fergusson College Road
Hotel Lotus	Budget	M. G. Road
Hotel Shree Panchratna	Budget	Behind Railway Station
Hotel Surya Villa	Budget	Koregaon Park
Hotel Suyash	Budget	Vitthal Mandir
Hotel Parichay	Budget	Fergusson college road
Hotel Srimaan	Budget	Bund Garden Road

(Number of hotels as on Dec-2007- 39)

## Overview and Growth of Hotels in Pune



(Source for the map- [www.mapindia.com](http://www.mapindia.com), Pune Map)

**Table no-T-5**

**Table showing the number of hotels are considered for collection of data**

	<b>5 Star</b>	<b>4 Star</b>	<b>3 Star</b>	<b>Budget</b>	<b>Total</b>
<b>Total no. of hotels in Pune</b>	<b>04</b>	<b>12</b>	<b>13</b>	<b>10</b>	<b>39</b>
<b>No. of hotels contacted for collecting information.</b>	<b>04</b>	<b>08</b>	<b>07</b>	<b>06</b>	<b>25</b>
<b>% of Data collection</b>	<b>100 %</b>	<b>66.67 %</b>	<b>53.84%</b>	<b>60%</b>	<b>64.10%</b>

Selections of sample- Out of 39, total 25 star hotels in and around Pune city are selected for data collection and analysis. This has enabled the student to study effectively, the problems relating to “Human Resources Development”. It also helps to understand, the training programs that the management is currently using for improving the quality of the staff and for assuring better services, from visitor’s point of view.

This research study is restricted to Pune district. Hotels for present study includes only 3 star and above. **There are total 39 approved hotels of such categories in Pune district. Twenty five (25) hotels are selected for collection of data by using random sampling method.** Newly established star hotel units, launched after 2007 have not been considered.

### **1.6 Factors Influencing the Growth of Star Hotels in Pune**

India is known all over the world as the land of hospitality. The possibilities for growth are immense. Pune is one of the cities which witnessed rapid growth in the hospitality industry. Several hotel groups, across India and the globe are investing in new properties. Additionally, real estate players are entering the industry through management contracts with established hotel chains. This expansion in the hospitality business is taking place on account of the multi-dimensional growth in Pune.

#### Factors influencing growth of star hotels industry in Pune

- ❖ Pune is an important education hub of India and the second largest town of Maharashtra famous for its museums, ancient forts, and temples. It is rapidly industrializing and has also carved a niche for itself as the most visited tourist destinations of India.
- ❖ Pune is emerging as a prominent location for IT and manufacturing companies to expand. Pune has the sixth largest metropolitan economy and the second highest per capita income in the country (Chandigarh has the highest per capita income in India).

- ❖ The automotive sector is prominent in Pune. It is home to the Automotive Research Association of India, which is responsible for the certification of a product or specification to indicate that it meets regulatory standards of all vehicles available in India. All sectors of the automotive industry are represented, from two-wheelers and auto rickshaws to cars, tractors, tempos, excavators and trucks.
- ❖ Automotive companies like Tata Motors, Mercedes Benz, Force Motors (Firodia-Group) have been set up in Pune. Automotive companies including General Motors, Volkswagen, and Fiat have set up field facilities near Pune. Several automotive component manufacturers like Saint-Gobain Sekurit, TATA Auto comp Systems Limited, Robert Bosch, ZF Friedrichshafen AG, Visteon, and Continental Corporation are located in Pune.
- ❖ India's largest engineering conglomerate, the Kirloskar Group, was the first to bring five star hotel in Pune (Blue Diamond Hotel). Kirloskar Brothers Limited (India's largest manufacturer and exporter of pumps and the largest infrastructure pumping project contractor in Asia), Kirloskar Oil Engines (India's largest diesel engine company), Kirloskar Pneumatics Co. Ltd. and other Kirloskar companies are based in Pune.
- ❖ The HSBC Global Technology Center at Kalyani Nagar develops software for the entire HSBC group.
- ❖ The Hinjawadi IT Park (officially called the Rajeev Gandhi IT Park) is a project started by MIDC for the IT sector in Pune. The Hinjawadi IT Park is expected to have an area of about 2,800 acres. The estimated investment in the project is Rs. 600 million.
- ❖ The IT sector employs more than 70,000 people. Major software companies in Pune include Infosys, Accenture, Persistent Systems, Capgemini, Wipro, TCS, Cognizant, Symantec, Tech Mahindra, Syntel, Zensar, Oracle Corp, Neilsoft and IBM global. Software giant Microsoft intends to set up a Rs. 700 crore (Rs. 7 billion) project in Hinjewadi.
- ❖ In addition to its various temples, historical attractions in and around Pune include the rock-cut Pataleshwar cave temple, Aga Khan Palace, Shaniwarwada, Lal Mahal, Shinde Chhatri and Sinhagad fort
- ❖ With political bigwigs and celebrities patronizing it, the **Pune Festival** has become immensely popular over the past few years. Initiated by Bal Gangadhar Tilak, the Ganesh Mahotsav today is celebrated with great enthusiasm as the city interiors almost remain blocked for ten days.

- ❖ Museums, parks and zoo-Prominent museums in Pune include the Raja Dinkar Kelkar Museum, Mahatma Phule Museum, Babasaheb Ambedkar Museum, Pune Tribal Museum, New Deccan Museum, the National War Museum and Katraj Zoo.
- ❖ The Sawai Gandharva Sangeet Mahotsav, one of the most prominent and sought-after Indian classical music festivals in India is held in Pune every year in December. The festival is led and organized each year by Pandit Bhimsen Joshi.
- ❖ Education and research-Pune has more than a hundred educational institutes and nine universities and has acquired a reputation of "The Oxford of the East", with students from all over the world studying at the colleges under the University of Pune. Pune has more schools, colleges and universities than any other city in the world.
- ❖ Research institutes- In addition to the University of Pune, Pune is home to several research institutions of national importance. Located adjacent to the university is the National Chemical Laboratory, Indian Institute of Science Education and Research (IISER) and the Centre for Materials for Electronics Technology etc.

#### Transport Development

Transport Development plays a key role to Pune's sustained growth in the star hotels.

- ❖ Air-Pune has an international airport at Lohegaon, operated by the Airports Authority of India. In addition to domestic flights to all major Indian cities, this airport serves international direct flights to Dubai (operated by Air India Express) and to Frankfurt (operated by Lufthansa).
- ❖ Rail-Local trains connect Pune to the industrial town of Pimpri-Chinchwad and the hill station of Lonavala, while daily express trains connect Pune to Mumbai, Howrah, Delhi, JammuTawi, Chennai, Hyderabad, Bangalore, Goa, Varanasi, and Jamshedpur. At Pune, there is a diesel locomotive shed and an electric trip shed.
- ❖ A rapid transit system has been proposed in Pune and is scheduled to begin operations in 2010. It is being planned in consultation with Delhi Metro Rail Corporation Limited, the corporation which built and operates the Delhi Metro.
- ❖ Road- Pune BRTS is the first Bus Rapid Transit System in India. Both public and private transport is popular in Pune. Private companies too run buses to major cities throughout India. Pune is well-connected to other cities by Indian highways and state highways.

❖ Popular games and sports in Pune include athletics, cricket, basketball, badminton, field hockey, soccer, tennis, kabaddi, kho-kho, rowing and chess. The Pune International Marathon is an annual marathon conducted in Pune. The 2008 Commonwealth Youth Games were held in Pune.

Cricket is played between clubs affiliated with the Maharashtra Cricket Association which maintains a domestic cricket team (the Maharashtra cricket team). This team competes in interstate matches and leagues, such as the Ranji Trophy. Starting in 2011, a new Indian Premier League team will be based in Pune. The Pune IPL team is owned by Sahara Group.

❖ Pune Football Club-The Pune Football Club, also known as Pune FC, is a recently founded football club that plays in the Indian Football League. It was established in August 2007. The National Education Foundation organizes Enduro3, a cross country adventure race in Pune. It is normally a 2 or 3 day event with activities like cycling, trekking, river-crossing and rifle shooting.

❖ The Pune Race course, located in Pune Cantonment, was built in 1830 over 118.5 acres of land. The land is controlled by the Indian Army. The racing season is from July to October every year. The Royal Western India Turf Club manages the race course. The course has two training tracks and two racing surfaces. Major racing events include The Pune Derby, RWITC Invitational, Independence Cup and the Southern Command Cup.

❖ Sport institutions-Prominent sporting institutions in Pune include the Nehru Stadium, the Deccan Gymkhana, the PYC Hindu Gymkhana and the Shree Shiv Chhatrapati Sports Complex at Balewadi. The Nehru Stadium is the home ground of the Maharashtra cricket team, and has hosted many prominent cricket events, including one-day matches. (1996 Cricket World Cup). The Deccan Gymkhana has hosted Davis Cup matches on several occasions.

❖ The facility at Balewadi hosted the National Games in 1994 as well as the 2008 Commonwealth Youth Games. The Royal Connaught Boat Club is one of several boating clubs on the Mula-Mutha river.

❖ A new cricket stadium, Pune International Cricket Centre, is under construction in Gahunje on the Mumbai-Pune Expressway near Pune. This stadium will be the headquarters for the Maharashtra Cricket Association and home for the Maharashtra cricket team. This will be a state-of-the-art stadium, and will be one of the best stadiums in India.



### **The Other Side of the coin – Pune – The City of Problems**

The population of Pune has been rising. The 2001 Census had recorded Pune's population at 25, 40,936. This had gone up by 25.45 per cent to 31, 87,800 in 2006. Today the population of Pune is approximately 47, 00,000 which has gone up more than 40 per cent. The population growth rate between 2001 and 2011 is actually 38.92 per cent.

Concrete Jungle and Deforestation- From the last few years there is a buzz around all corners of India that Pune will be one of the fastest budding metros. According to one of the reports published by global real estate tracker Cushman and Wakefield (C&W), Pune city will see a whopping 51 per cent compounded growth over the next five years, the highest for any Indian city.

The road infrastructure has not expanded with the increase in the number of vehicles in the city. In the last four decades, the population of the city has increased four times whereas the vehicle population has increased 87 times and the road length has increased only five times.

With projections indicating that PMC would have a population of about 47 lakhs by 2010 and 57 lakhs by 2031, the road and transportation infrastructure has to not only meet the existing demand but also cater to the demand that will be generated by the increasing population.

**Table No-T-6 Travel modes and vehicles in Pune city (2008)**

<b>Sr.No.</b>	<b>Travel Modes</b>	<b>% of Vehicles</b>
1	Auto Rickshaw	15%
2	LCV	3%
3	Cycles	7%
4	Bus	1%
5	Van	3%
6	Cars/Jeep	9%
7	Two Wheeler	62%

**Problems of health-** Latest reports suggest that the population of Pune is still highly vulnerable to swine flu influenza virus, H1N1A, and Chikungunya. The general trend is that when a disease breaks out in a region, the local population will in some time gain immunity to the disease.

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(Source Table no-T-6: Draft CMP (Comprehensive Mobility Plan) of Pune City)

It has been almost a year since the first cases of swine flu began cropping up in Pune and still the immunity levels are much less than what is actually needed to break the transmission of the influenza virus H1N1.

Already more than 380 people have fallen prey to the deadly swine flu disease and lost their lives fighting it.

Problems of solid waste-The 1000–1200 tons of solid waste in Pune municipal area is disposed at Urali-Devachi village. The problems of air and groundwater pollution are caused due to unscientific disposal of solid waste. The unscientific disposal of solid waste creates many environmental and pollution problems.

### **1.7 SWOT Analysis**

The human resource (HR) department in a star hotel is needed to raise the motivation level across the organization and to develop healthy relations between employees and employer.

In order to achieve this, training professionals should be keenly looking at identifying the strengths, weaknesses, opportunities, and threats (SWOT) of organization and employees, which directly translates into output.

#### **Strengths**

a) Natural and Cultural Diversity- India has a rich cultural heritage. The “Unity in Diversity” tag attracts most tourists. The coastline sunny beaches, backwaters of Kerala, snow capped Himalayas and the quiescent lakes (Kailas Manas Sarowar) are incredible. In Pune the IT sector and historical places like Shaniwar wada, Aga-Khan Palace, are attracting tourists.

b) Government Support: The government has realized the importance of hotel and tourism. It has proposed a budget of Rs. 540 crore for the development of the hotel and tourism industry. Priority is being given to the development of infrastructure and new tourist destinations and circuit. The department of tourism has already started the “Incredible India” campaign for the promotion of tourism in India.

c) Increase in the Market Share: Pune’s share in international tourism and hospitality market is expected to increase up to 30 per cent by 2015. Foreign hospitality players like Hyatt Regency, JW Marriott, and Four Seasons are heading towards Pune’s market.

d) Specialization of services: Star hotel gives mental relief and peaceful stay in star hotels.

## Weaknesses

a) Poor Support by local government: Though the government is taking necessary steps, many more supportive elements like light, telecommunication, roads etc. need to improve. Party politics acts as an important hurdle in development plans and their implementation.

Roads are not maintained by local authority. India is currently spending a minimum amount compared with its needs, on infrastructure. {China is spending seven times as much as India on infrastructure (excluding real estate) in absolute terms.}

b) Slow Implementation-The lack of adequate recognition for the tourism industry has been hampering star hotel growth prospects in Pune. Whatever steps are being taken by the government are implemented at a slower pace and not too effectively.

c) Susceptibility to Political Events: The internal security scenario and social unrest as in Kashmir, terrorist attack on Taj and Oberoi hotel and the recent bomb blast in German bakery(February 13th, 2010) also affected the foreign tourist arrival rates in Pune. Party politics acts as important hurdle in the implementation of development plans.

**{Minister of State for Tourism Shri Sultan Ahmed has reported that the number of foreign tourist arrivals (FTAs) in India during 2007, 2008, 2009 and 2010 (January-November) were 5.08 million, 5.28 million, 5.11 million and 4.93 million respectively. FTAs in India observed increasing trend in 2007 and 2008 but decreasing from 2009 onwards.<sup>2</sup>}**

d) Cost of Land: The cost of land in Pune is high at 50 per cent of the total project cost as against 15 per cent abroad. This acts as a major deterrent to the Indian hotel industry.

e) High tax burden and complex structure in the industry makes the industry worse off than its international equivalent. In India, the expenditure tax, luxury tax and sales tax inflate the hotel bill by over 30 per cent. Effective tax in the South East Asian countries works out to only 5 per cent.

Only 97,000 hotel rooms are available in India today which is less than the Bangkok hotel capacity. The services currently offered by the hotels in India and Pune are only limited value added services. It is not comparable to the existing world standards.

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### **Opportunities**

- a) **Rising Income:** As rise in the income levels, for instance new job opportunities in IT sector, young generation serving in I.T. sectors have more spare money to spend which is expected to support hotel and tourism development.
- b) **Open Sky Benefits:** The hotel, travel and tourism industry has seen an increase in business with open sky policy. Increased airline activities have stimulated demand and helped to improve the infrastructure. It has benefited both international and domestic travellers by lowering the air-fare, and providing world class airports.
- c) The demand of the national and the inbound tourists can be easily managed due to difference in the period of holidays. Peak season for international tourist's arrival is between September to March when the climatic conditions are suitable.
- d) In the long-term, the hotel industry in India and Pune has latent potential for growth. This is because Pune is an ideal destination for tourists as it is the only city with the most diverse topography. The inbound tourists (inbound tourism is when a non-resident comes to your country, e.g. someone coming from USA to spend their holidays or on for a business purpose) are a mere 0.49 per cent of the global figures. This number is expected to increase at a phenomenal rate thus pushing up the demand for the hotel industry.

### **Threats**

- a) **Fluctuations in International Tourist Arrivals:** The total dependence on foreign tourist can be risky as there are wide fluctuations in international tourism (due to incidents like 26/11 and German Bakery). Domestic tourism needs to be given equal importance and measures should be taken to promote it.
- b) **Increasing Competition:** Several international hotels like the Four Seasons, Shangri-La, and others are entering the Indian markets. Two other groups, viz The Carlson group and the Marriott Chain are also looking forward to join the race. This will increase the competition for existing Indian hotels.
- c) **Guest houses replace the star hotels.** This is a growing trend in the west and is now catching up in India also, thus diverting the hotel traffic.
- d) **Political turbulence in the area reduces tourist traffic and thus the business of the hotels.** In India examples of the same are Insurgency in Jammu Kashmir and the Kargil war.

C) Changing trends in the west demand similar changes in India which are difficult to implement due to high project costs.

Lack of trained man power in the hotel industry, have a direct impact on the earnings in hotel industry and the economic conditions of a country.

### **1.8 Star Ranking Criteria**

The Department of Tourism classifies functioning of hotels under the star system into five categories from 1-star to 5-star. The Hotel and Restaurant Approval Classification Committee (HRACC) has been set up which inspects the applicant hotels to assess their suitability or otherwise for the award of the star category that they have applied for. Based on the recommendations of the **HRACC**, deserving hotels are awarded the appropriate star category and are placed on the approved list of the Department. Approved hotels become eligible to various fiscal reliefs and benefits.

The Department intercedes on behalf of such hotels whenever necessary to ensure that their needs get priority consideration from various concerned authorities. These hotels also get worldwide publicity through tourist literature published by the Department of Tourism and distributed by the Government of India tourist offices in India and abroad. Approved hotels become eligible for foreign exchange for their import of essential equipment and for their advertising, publicity, and promotion under the Hotel Incentive Quota Scheme.

#### **Eligibility:**

To be eligible to apply for classification, a functioning hotel must fulfill the following minimum basic requirements:

- I) The hotel must have at least 10 lettable bedrooms.
- II) Carpet area with respect to rooms and areas of bathrooms should be adhering to the following limits.
- III) There are no concrete guidelines provided for food preparation area by HRACC.
- IV) Disposal of waste should be as per prescribed in The Environment Protection Act 1986. (Chapter no-03, page no-17 and 18)

**Table No-T-7 The General Features of Star Hotel Categories.**

Sr. No.	Types of Hotel	Star	Single Room (In sq. Ft.)	Double Room (In sq. Ft.)	Attached Bath Room (In sq. Ft.)
1	City Hotel	5 star(Deluxe)	180	200	45
		5 star	180	200	45
		4 star	120	140	36
		3 star	110	130	30
		2 star	100	120	30
		1 star	100	120	30
2	Resort Hotel	5 star	180	200	45
		4 star	120	140	45

(All rooms should have proper ventilation, ceiling fans, clean and dust free on all working days. Rooms should be properly painted.)

**Table No –T-8 General Facilities and Services Offered by the Star Hotels**

Sr. No	General Feature	Five Star	Four Star	Three Star
1	<b>Parking space</b>	Adequate parking space for cars.	Adequate parking space for cars.	Adequate parking space for cars.
2	<b>Bedrooms</b>	25 (At least ) 1. All with attached long bathrooms. 2. Modern shower chambers. All rooms should be A/C	25 (At least ) 1. At least 50 per cent attached with long bathrooms 2. At least 50 per cent modern shower chambers. Rooms should be A/C or Air-cool.	20 (At least ) 1. All with attached bathrooms and of modern design. Rooms should be A/C or Air-cool.
3	<b>Facilities</b>	1.Bookstall 2.Beauty parlor 3.Barbershop 4.Recognized travel	1.Bookstall 2. Recognized travel agency. 3. Money changing and	1.Bookstall 2. Recognized travel agency. 3.Money changing and

		agency 5. Florist 6. Medicines (on the premises). 7. Money changing and safe deposit facilities. 8. Laundry and dry cleaning services.	safe deposit facilities. 4. Laundry and dry cleaning services.	safe deposit facilities 4. Laundry and dry cleaning services.
4	<b>Facilities for Communication</b>	1. Telephone in each room with national and international dialing facility. 2. Provision for a radio or relayed music in each room.	1. Telephone in each room with national and international dialing facility. 2. Provision for a radio or relayed music in each room.	1. Telephone in each room with national dialing facility. 2. Provision for a radio or relayed music in each room.
5	<b>Food Facility</b>	The hotel should offer both International and Indian Cuisine. The food and beverage service should be of the highest standard.	The hotel should offer both International and Indian Cuisine. The food and beverage service should be of the highest standard.	The hotel should offer good quality cuisine both Indian as well as continental.
6	<b>Reception Service</b>	There should be 24-hour service for reception and information.	There should be 24-hour service for reception and information.	There should be 24-hour service for reception and information.
7.	<b>Housekeeping</b>	Housekeeping, at the hotel, should be of highest possible standard and there should be plentiful supply of linen,	Housekeeping, at the hotel should be of highest possible standard and there should be plentiful supply of linen, blankets, towels etc. Each bedroom	Housekeeping at the hotel should be of a good standard and there should be good quality linen, blanket, towels etc.

		blankets, towels etc., Each bedroom should be provided with a good vacuum jug thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided.	should be provided with a good vacuum jug thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided.	
8	<b>Language for Supervisory Staff</b>	The supervisory staff must know at least one foreign language and should be rotated on duty at all times.	It is desirable that the supervisory staff must know at least one foreign language and should be rotated on duty at all times.	The senior staff should possess knowledge of English.
9	<b>Staff</b>	There should be professionally qualified, highly trained, experienced, efficient and courteous staff in smart, clean uniforms. The staff in contact with guests should understand English.	There should be professionally qualified, highly trained, experienced, efficient and courteous staff in smart, clean uniforms. The staff in contact with guests should understand English.	There should be experienced, courteous and efficient staff in clean uniforms.

Common Facilities in Five, Four, and Three Star Hotels

There should be an adequate number of efficient lifts in the buildings that are more than two storied (including the ground floor) with 24 hours service. Star category hotel should have a well-designed swimming pool, well-furnished lobby with ladies and gentlemen's cloakroom equipped with furniture of the highest standard.

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(Source-Table no- T-7 and T-8- Information collected from FHRAI Rules and Regulations)



All public and private rooms should be fully air-conditioned and should be well equipped with superior quality carpets, curtains, furniture and fittings.

There should be a well-equipped, well-furnished and well-maintained dining room/restaurant in the premises and there should be an elegant, well-equipped bar/permit room.

The kitchen, pantry and cold storage should be professionally designed to ensure efficiency and safety of the operation.

#### Two Star Categories (General Features)

The building should be well constructed and the approach should be suitable for a good hotel. The hotel should have at least 10 lettable bedrooms of which at least 75 per cent should have attached bathrooms with showers and a bathroom for every floor of the remaining rooms.

Two star hotels should be with latest amenities include running cold water with adequate supply of hot water, soap and toilet paper.

25 per cent of rooms should be air-conditioned and all rooms must be properly ventilated, clean, and comfortable with all the necessary items of furniture. There should be a well-furnished lounge.

#### Facilities

There should be a reception counter. Every room should have a telephone or call bell and telephone on each floor unless each room has a separate telephone. There should be a well-maintained and well-equipped dining room / restaurant serving clean and wholesome food. Kitchen and pantry must be well-equipped, clean and hygienic.

#### Service

The supervisory staff coming in contact with guests should understand English. Provision for laundry and dry cleaning services are desirable in two star hotels.

Similarly, crockery, cutlery and glassware to serve food and beverages should be of good quality.

#### One Star Category (General Features)

The general construction of the building should be in a good locality and should have suitable immediate approach. The hotel should have at least 10 lettable bedrooms of which at least 25 per cent should have attached bathrooms with a bathroom for every four of the remaining rooms. At least 25 per cent of the bathrooms should have western style W/Cs. All bathrooms should have modern sanitation and running cold water with adequate supply of

hot water, soap and toilet paper. The rooms should be properly ventilated with clean and comfortable bed and furniture.

Facilities: There should be a reception counter with separate telephone for the use of guests and visitors. There should be a moderately well equipped dining room/restaurant serving clean and wholesome food. Kitchen and pantry must be clean and well-equipped.

Service: There should be experienced, courteous and efficient staff in smart and clean uniforms. The senior staff coming in contact with guests should possess working knowledge of English. Housekeeping at the hotel should be of a good standard. Clean and good quality linen blankets, towels, etc., should be supplied. Similarly, crockery, cutlery and glassware should be of superior quality.

Failure to satisfy these conditions will disqualify a hotel for consideration of an approved star hotel.

### **1.9 Employment Opportunities and Other Benefits to the Economy**

Employees of different categories, provide a variety of quality services to their guest. Demand for hotels is there because of the demand for three things i.e. food, shelter and entertainment. Domestic as well as foreign visitors are creating demand for competent services of the star hotels in Pune.

Hotels, restaurants and dhabas have a major share (56 per cent) for services is by young generation i.e. college students, male and female employees of different organizations. There is demand for some relaxation of monotonous job to housewives from every day cooking variety of food for twice or thrice a day. Women (House wives) earning money expect some change in routine life.

In case of holiday resorts, demand for services (food-supply) and some entertainment is made by families. Sometimes “Get together” programs or family functions are arranged as a matter of change. The travellers demand not only for food, but also a comfortable short stay.

#### Demand for Five Star Hotel Services

Demand for five star hotel services is from a special category. Visitors include ministers, cine actors, politicians, government officers, players, high level company delegates and businessman as a part of their high standard of living status in society.

### The Supply Side of HR

Supply Side: Colleges and Institutes are running courses in hotel management both diploma and degrees. Students are given theory and practical inputs so that they become competent man power of the hotel industry. Training results are never immediate. It is like capital investment where the profitability is increased over a period of time. However, the best part about training is that despite being an intangible asset, it reaps profit and doesn't decrease in value.

Training involves a lot of patience, and profitability may not be prominent. It could occur in layers under the carpet of overall business. One thing that needs to be understood is that profit and loss centers of a hotel keep changing, especially those where quality is dependent on attitude, which in turn depends more on the behavioural front than on physical labour.

#### Hotel Management Colleges:

The growth of hotel and tourism in India has given rise to different career options to cater the needs of guest, make them comfortable and put them at ease. The importance of specialized service arose as the competition among the hotels grew.

The objective to attract guests and satisfy their expectations through prompt services also played a part in the eruption of hotel management education in India. The popularity of hotel management education in India and Pune has grown as the star hotels grew. There are many hotel management pass outs from good hotel management institutes who are accommodated by airlines and star hotels as flight attendant or steward/ stewardess. (More details of this topic (Point no-4.7.1, page no-165) is covered in chapter 4)

There are many institutes that offer hotel management courses in Pune. Though, the numbers of institutes in Pune are less in number, still, hotel management education in Pune has been accepted widely (List of Institutes, Chapter no-04, Page No-06).

The number of star hotels had grown in Pune and that explains the reason why students want to pursue hotel management courses (Growth of Hotels Page No-07).

Hotel management is very popular as a career option in Maharashtra. A number of factors like encouragement to tourism and fast industrial growth have given support to the hotel industry. The recent globalization and liberalization, career opportunities in this field are not only limited within the country but there are chains of hotels which operate internationally providing scope for careers abroad. It is a glamorous profession which has a bright future.

The development of hotel industry is pushed by foreign and domestic tourism and business travel in Pune. The demand for well trained quality personnel has also increased.

### Job Prospects

The job openings will arise in hotels, including convention, casino and resort hotels because they employ more number of workers. Limited-service properties like service apartments do not operate restaurants, or lounges; therefore, these establishments offer a narrower range of employment opportunities.

This industry has some occupations where relatively high numbers of workers leave their jobs and must be replaced (Front office and food service). Many young candidates and those looking only for seasonal or part-time work (not full time career) take food service and clerical jobs that require previous training. Hotel industry is placing more emphasis on training and retaining employees to attract an efficient workforce.

Job opportunities in star hotels are:

- (1) Hotel and restaurant management
- (2) Airline catering and cabin services
- (3) Club management
- (4) Cruise ship hotel management( Passenger Ship)
- (5) Hospital administration and catering
- (6) Hotel and tourism associations
- (7) Forest guest houses
- (8) Institutional Management (supervising canteens in college, schools, in factories, company guest houses etc.)
- (9) Shipping companies( on cargo Ship as cook and waiter)
- (10) Hotel and catering institutes and self employment
- (11) Armed Forces

### Personal Qualities

Employee should have excellent communication and interpersonal skills, strong commitment and self-discipline. One must be co-operative, polite, and respectful to the guests. Employee should have patience to deal with the guest's criticism even when he/she knows he/she is right and willing to work hard even at odd hours and yet be cheerful.

### Remuneration

Candidates finishing their diploma or degree course are commonly taken as a trainee in star hotels. After successful completion of training, they may be absorbed in positions with salaries vary between Rs 4,000 to Rs 10,000 or more.

### Recent Developments

In recent years, the hotel industry is experiencing domination by a few large national hotel chains. Many hotel chains recognize the importance of brand loyalty to guests. They have expanded the lodging options; include a full range of hotels, economy type hotels to luxury inns (Hotel). These national corporations own some of the hotels; many properties are independently owned but affiliated with a chain through a franchise agreement or management contract. As part of a chain, individual hotels can participate in the company's national reservation service or incentive program, thereby appearing to a larger enterprise.

To cater to visitors, who prefer more personalized service and a unique experience, boutique hotels are becoming more popular. These smaller hotels are generally found in urban locations and provide good service, more distinctive décor and a wide variety of food selection to their visitors.

Increased competition among establishments in this industry has spurred many independently owned and operated hotels with other lodging places to join national or international reservation systems. This allows travellers to make multiple reservations for lodging, and airlines, with one telephone call or internet search (Internet Service). Nearly all hotel chains and many independent lodging facilities operate online reservation systems through the internet or maintain websites that allow individuals to book rooms. Online marketing of properties is so popular with guests that many hotels promote themselves with elaborate websites and allow people to investigate the room, room rates, and their availability.

### Working Conditions

Hours- Hotels are open round the clock (Day and Night, 24 hours); so employees frequently work varying shifts or variable schedules. Employees who work the late shift generally receive additional compensation (not more than four hours per day according to the Factories Act 1948). Many employees enjoy the opportunity to work part-time, night or evening or other schedules that fit their availability for work and the hotel needs. Hotel managers and many department supervisors may work on regularly assigned schedules but they also

routinely work longer hours than scheduled especially during peak seasons or when multiple events are scheduled. Hotel managers may be called for work on short notice in the event of an emergency. Those who are self-employed, often owner-operators of small inns, camp sites tend to work long hours and often live at the establishment or nearby.

Office and administrative support workers generally work scheduled hours in an office. Their work can be processing orders and invoices, dealing with demanding guests or servicing requests that require a quick turnaround.

Computer specialists, information technology and audiovisual technicians who are employed mostly by larger convention hotels typically maintain standard hours, servicing the property's websites, computer, and communications networks. However, they often work long hours setting up and testing equipment for events that require their services.

Work Environment-Working in hotels and other accommodations can be demanding, due to different kinds of visitors. Hotel staff provides a variety of services to guests and must do efficiently, courteously and accurately. They must maintain healthy relations even during times of stress or when dealing with an impatient or angry guest. Alternately, working in off-season or overnight periods can seem slow and tiresome, still hotel workers must be ready to provide visitors with gracious customer service at any hour.

Food preparation and food service personnel in hotels must withstand the strain of working during busy periods and being on their feet for many hours. Kitchen workers lift heavy pots, kettles, and work near hot ovens and grills. Job hazards include slips and falls, cuts and burns but injuries are seldom serious. Food service employees often carry heavy trays of food, dishes, and glassware. Many of these workers work part time, including evenings, weekends, and holidays.

#### Hotel Industry- Manpower Requirements

The vast majority of workers in this industry, more than 4 out of 5 are employed in service, office and administrative support occupations. Workers in these occupations usually learn their skills on the job. Post secondary education is not required for most entry-level positions; however, college training may be helpful for advancement in some of the occupations. Hotel desk clerks and service occupations mainly need positive personality traits and a customer-service orientation. Traits like good communication skills, ability to get along with people in stressful situations, neat and clean appearance are most important for success in the hotels.

Service Occupations- Service workers are the largest occupational group in the industry, accounting for 65 per cent of the industry's employment. Most service jobs are in housekeeping occupations including building cleaning workers, maids, housekeeping cleaners, and janitors (a door keeper). In food preparation, the food serving jobs including chefs and head cooks, waiters, waitresses, bartenders, fast food counter workers, and various other kitchen and dining room workers. The industry also employs many baggage porters and bellhops, gaming services workers (in casinos) and grounds maintenance workers.

Employees in cleaning and housekeeping occupation ensure that the lodging facility is clean and in good condition for the comfort and safety of guests. Maids and housekeeping cleaners clean lobbies, halls, guest rooms and bathrooms. They make sure that guests not only have clean rooms, but have all the necessary furnishings and supplies. They change bed sheets and towels, vacuum carpets, dust furniture, empty waste baskets and mop bathroom floors. In larger hotels, the housekeeping staff may include assistant housekeepers, floor supervisors, housekeepers and executive housekeepers. Janitors (a door keeper) help with the cleaning of the public areas of the facility, empty trash and perform minor maintenance work.

Workers in the various food preparations and serving occupation deal with customers in the dining room or at service counter. Waiters and waitresses take customer's order, serve meals and prepare check. In smaller establishments, they often set tables, escort guests to their seats, accept payment and clear tables.

Hosts and hostesses welcome guests, show them their tables and give them menu card. Bartenders fill beverage orders for customers seated at the bar or from waiters and waitresses who serve customers at tables. Dining room and cafeteria attendants and bartender helpers assist waiters, waitresses and bartenders by clearing, cleaning and setting up tables, replenishing supplies at the bar and keep the serving areas stocked with linens, tableware and other supplies. Fast food and counter workers take orders and serve food at fast-food counters and in coffee shops; they may also operate the cash register.

Chefs, cooks and food preparation workers prepare food in the kitchen. Larger hotels employ chefs and cooks who specialize in the preparation of different kinds of food. They may have name titles such as salad chef, grill chef or pastry chef. The individual chef may oversee the day-to-day operations of different kitchens in a hotel such as a fine-dining full-service restaurant, casual or counter-service establishment or banquet operations. Chef position is

generally attained after years of experience. Larger establishments also employ executive chef and food and beverage director who plans menus, purchases food, and supervises kitchen personnel for all of the kitchens in the property. Food preparation employees shred lettuce for salads and cut vegetable for cooking and perform simple cooking steps under the direction of the chef or head cook.

Many full-service hotels employ a uniformed staff to assist arriving and departing guests. Baggage porters and bellboys carry bags and escort guests to their rooms. Concierges arrange special or personal services for guests. They may take messages, arrange for babysitting, make restaurant reservations, provide directions, arrange for, or give advice on entertainment and local attractions and monitor requests for housekeeping and maintenance. Doorkeepers help guests into and out of their cars, summon taxis and carry baggage into the hotel lobby.

The industry also employs a large number of recreation and fitness workers. At resort hotels and at vacation and recreational camps, recreation workers organize and conduct recreation activities for guests and campers. Camp counselors lead and instruct children (teenagers) in outdoor-oriented forms of recreation, such as swimming, hiking, horseback riding, and camping. In addition, counselors at vacation and resident camps also provide guidance and supervise daily living and general socialization. Other types of campgrounds may employ trail guides for activities such as hunting and fishing.

Office and Administrative Support Occupations- These positions accounted for 19 per cent of the jobs in star hotels. Hotel desk clerks, book keeping, and accounting clerks and switchboard operators ensure that the front office operates smoothly. Hotel, motel, and resort desk clerks process reservations, guest's registrations, checkouts, monitor arrivals and departures. They also handle complaints and receive and forward mail. In smaller lodging places, one clerk or manager may do everything. In larger hotels, a larger staff shares the duties among several types of clerks.

Management, Business, and Financial Operations Occupations-Hotels and other lodging places employ many different types of managers to direct and coordinate the activities of the front office, kitchen, dining room and other departments such as housekeeping, accounting, personnel, purchasing, publicity, sales, security and maintenance. Lodging managers, typically the general manager and assistant managers make decisions that affect the general operations of the hotel, including fixing room rates, establishing credit policy and having



ultimate responsibility for resolving problems. In smaller establishments, lodging managers also may perform many of the front-office clerical tasks. In the smallest establishments, the owners, sometimes a family team does all the work necessary to run the business.

Other managers are responsible for different phases of hotel operations. For example, food and beverage managers oversee restaurants, lounges and catering or banquet operations. Room manager looks after reservations and occupancy levels to ensure proper room assignment and authorize discounts and special room rates. Large hotels, especially those with conference centers, use an executive committee structure to improve departmental communication and to coordinate activities. Other managers who may serve on a hotel's executive committee include public relations or sales managers, human resource managers, executive housekeepers, and heads of hotel security.

Other Occupations-Hotels and other accommodations employ a variety of workers like other industries. General maintenance and repair workers fix leaky faucets (tap), do painting and carpentry work, make sure that heating and air-conditioning equipment works properly, mow (cut) lawns, and exterminate pests. Many additional workers inside the hotel may work from other companies under contract to the hotel or may provide personal or retail services directly to hotel guests from space rented by the hotel e.g. medicine, laundry. This group includes guards and security officers, barbers, cosmetologists, fitness trainers and aerobics instructors, valets, gardeners and parking attendants.

Employment Change- Wage and salary employment in hotels and other accommodations (service apartments, only lodging) is expected to increase by 14 per cent, compared with 11 per cent growth projected for all industries combined by 2012. Travel and tourism, having rebounded since the recession following 26/11/2008 terrorist attack, is expected to continue growing and result in a greater need for transient (short time) rooms.

Employment of hotel, motel and resort desk clerks is expected to grow faster than some other occupations in the industry because the growing number of limited-service hotels still requires desk clerks. Employment of waiters and waitresses will grow more slowly reflecting the increasing number of hotels that either do not offer full-service restaurants or contract them out to other food service establishments.

### **1.10 Human Resource- Importance – Strategy- Views- Reviews**

"Man alone, of all the resources available to man, can grow and develop. The resources capable of enlargement can only be human resources ". Peter. F. Drucker

Human resource is the backbone of every organization. It is well said that money and material is useless, if we don't have right people in right place. People come to work with certain specific motives to earn money and have better prospects in future. In today's scenario, the organizations have to compete on large scale. That's why the management of men is a very important and challenging job due to dynamic, sometimes whimsical nature of human resource. Dynamic and growth-oriented organization does require effective management of people in a fast changing environment. Organizations flourish only through the efforts and competence of human resource.

Today we are living in a world of fast-paced changes. For effective handling of business under cut throat competition; every organization depends on human resource. Human Resource (HR) constitutes the most valuable asset in the context of business development. Relative performance of nation in the economy is critically linked to the quality of human resources. Even the gains derived from the introduction of superior technology in any field are closely related to its interface with human factor with corresponding skills as well as attitude. Nowadays it is crucial to retain the talented, sincere and honest employees in the organization.

Human resource development is a problem which every business unit is required to face, without considering the size of the unit or nature of ownership. Human Resources are sometimes called 'Human Assets'. The employer makes investment first in employees (i.e. training and regularly payment of remuneration and incentives) and then he is assured quality production and service. The proper and optimum use of these resources enables progress and achieves business goals. Human resources development is as worthwhile as development of other assets of the business, i.e. the plant and machinery, furniture and fixtures, good will, etc.

Human resource development cannot be one sided. The employer must develop himself first as per the needs of the business and then think about the development of others i.e. employees, assistants or subordinates. One sided development is not enough. It adversely affects the smooth growth of business and regular operations. Both sides must develop

simultaneously so that they match each other. The survival of a business and its capacity to face challenges and competition depends on the quality of the 'Human resources' at its disposal. Human resource means not only the 'number of employees' as operating force, but also their quality, latter is more important for shouldering the herculean task i.e. survival, growth of business in the midst of competition and the handling a variety of customers with care.

### Importance of Human Resource in Hotel Industry

Almost all economists and social thinkers believe that if the country is able to sustain its economic growth especially in the service sector, it is only because of the human factor. This is directly related to the incoming foreign investments, not just in hotels but the economy as whole. Also equally important is the fact that India has now discovered the power of marketing e.g. campaigns like "Incredible India". There are also various large scales regional and the global events like, Commonwealth Games, Asian Games, and the recent Indian Premiere League that develops interest in the nation. These are just external factors, but the policies and incentives that will be provided over the next decade could further act as a catalyst to this industry.

Over the last decade, human resource management has come to be viewed as dominant factor. Common perceptions of management practices in the hotel industry typically include work intensification, high labour turnover, lack of training, poor career prospects and conditions of employment. It suggests that primary influences on managerial decision-making in the hotel industry are not different from the primary influences affecting decision-making in any other service industry. Furthermore, where hotels emphasize the importance of service quality enhancement and where they introduce HRM as an integrated, mutually supporting package of practices, a strong relationship between HRM and organizational performance is established.<sup>3</sup>

The hotel industry is arguably one of the largest components of the global and Indian economy with a growth rate in consumption that supersedes that of most other goods and services.

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{Source 3-Human Resource Management in the Hotel Industry: Strategy, Innovation, and Performance. By: Kim Hoque (Introduction page), Mob pocket Reader- E- Journal.

As a consequence, the profile of the tourist is changing. As consumer becoming more experienced, more demanding and more likely to treat tourism purchases in very much the same way as he does in any other item of consumption.<sup>4</sup>

This concept can be interpreted in a narrow as well as in a wider sense. In the narrow sense, it means changing the personality of a person in order to match with the changing environment.

It includes development of some qualities which a person may not have at present or inspite of having the qualities he has no knowledge about their skillful use.

In a wider sense the concept can be interpreted as the 'change in personality' of a person, internally as well as externally. Change in both the directions result in a complete change in the personality of a person.

It may be a change in the employer's (owner) personality or a change in the subordinates or assistants personality. Actually, changes are required on the, owners as well as employees sides.

HRD has two parts, human resource management and its development, where the former focuses on the need to have the right person for right job, the latter focuses on the training aspect; HRD is basically all about selection, training, re-training, and retaining personnel for the organization.

#### Need for the Development of Human Resource

As the size of the business expands, customers get attracted towards the business. In every business one human side acts as owner/employer, the other side acts as buyers/customers/visitors, depending upon the nature of the business. They have their own approaches, attitudes and expectations. Both the sides feel happy when their expectations are fulfilled.

However, fulfillment is not always possible and the non fulfillment sometimes results into dissatisfaction, complaints, grievances and loss of customers.

Thus a need arises for the development of skills for handling dissatisfied customers. The reasons for dissatisfaction may be different in case of different visitors and tourists.

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{Source-4. Economic and Management Methods for Tourism and Hospitality Research Tom Baum, Ram Mudambi –E-Journal}

The employees in hotels must have the skill to handle their customers. It is always necessary to remember dissatisfied customers, because directly as well as indirectly they cause harm to business. They have many options before them to use e.g. visiting other hotels.

Hotel management is required to be alert in all seasons and keep their human force well equipped in all seasons as the 'demand for services' may occur any time. Front counter employees as well as supporting staff are required to be alert for facing the increasing pressures with smiling faces. The nature of hotel business, therefore, makes human resources development unavoidable.

#### HRD –Views and Reviews of Changing Scenario

Change in the personality of employees, working staff, male as well as female employees is always desirable for the attainment of business goals. This will maintain continuous prosperity, increase the proportion of profit and maintain higher rate of returns on investment. It is to be remembered in this context that "low aim is crime in businesses". On the other hand making additions in objectives to be achieved makes 'business challenging' and if there is 'no aim' or 'low aim', the problem of idle capacities crops up automatically.

It is high time that the hotel industry accepts, training as a form of investment and not merely a human resource development task. The industry views this fact as an undeniable truth but ultimately everything has to percolate down to the actual work front like providing impeccable and pleasing services of food and housekeeping. Human ability is intangible and works like a machine, resulting in the work front leading to better performance. The success of a hotel depends, in having trained professionals, not only domestic but with a global perspective as well. A hotel is, therefore, in more than one way, a face put forward to international travellers. Hotels (Taj Hotels and Oberoi Hotels) therefore started their own catering schools and special training cells for their staff which aimed at enhancing the skills of manpower on a global platform handling foreign visitors and their expectations.

However, a shift in approach towards training programs is evident today. There are employers who believe that, despite employee turnover, training must go on. We are at a juncture where services offered have to be comparable to international standards, starting with a car-parking to senior staff in different departments. Through the added advantage of technology (like e-learning, video-conferencing, PPT presentation, on-line training), training has become a common phenomenon today.

In recent years, the scope of HRD has broadened from simply providing training programs to facilitating learning throughout the organization in wide variety of ways. There is increasing recognition that employees can and should learn continuously. They can learn from each other as well as from formally structured training programs. Nevertheless, formal training is still essential for most of the service industry and other industry too.

Various management and supervisory skills such as leadership, performance appraisal, interviewing and problem solving were also commonly taught. The important thing is that many organizations train employees about sexual harassment and diversity to reinforce the organization policies with respect to fair treatment.

Besides being one of the most important HRM functions, HRD is also one of the most expensive, time consuming and requires experimentations. It is a process of trial and error.

#### Hotel Strategy and HRD

Training can help organization have toward success in a number of ways. It is the employee's knowledge and skill that improves quality of the organization's product or service. Training facilitates the implementation of strategy by providing employees with the capability to perform their job in a manner dictated by the strategy. Training also assists in solving immediate business problems of recurring and non recurring nature.

Technological innovations and the pressure of global competition have changed the ways organizations operate and the skill their employees need. The tight labour market of the late 1990 and early 2000 has increased the importance of training in several ways. First, higher employee turnover means that more new employees need training. Second it has been suggested that frequent and relevant development experiences are an effective way to gain employee loyalty and enhance retention of top quality staff.

Training must be tailored to fit the organization strategy and structure. Organization whose strategy involves providing exceptional service to the customer should focus on their training and development program on extending impeccable service techniques to their employees.

#### Training and Advancement

Most large hotel properties employ candidates in occupations which require a wide range of skills and experience. Most entry-level jobs require little or no previous training. Basic tasks usually can be learned in a short time. Lodging managers and many department heads conversely usually require some formal training or years experience in hospitality industry,

or both. All positions, though, require employees to maintain a customer-service orientation. Almost all workers in the hotel and other accommodations industry undergo some on-the-job training provided under the supervision of an experienced employee or manager to acclimatize new employees to any unique characteristics of the property or the local area.

Hotel managers and owners recognize the importance of personal service and attention to guests. Therefore they look for candidates with positive personality traits and good communication skills when filling many guest services positions, such as desk clerk and host and hostess positions. Many hotel managers place a greater emphasis on customer service skills while providing specialized training in other skill areas, such as computer technology and software. Vocational courses and apprenticeship programs in food preparation, catering, and hotel and restaurant management are offered through restaurant and lodging associations and trade unions, which provide training opportunities for candidates.

#### Issues of Human Resource

**Image:** Like other service sectors, hospitality careers are often stereotyped as low-wage at entry-level with little opportunity for advancement. Consequently, qualified candidates, especially youth, are unaware the range of hospitality careers available.

**Recruitment:** Historically, the hospitality industry had drawn heavily from the youth labour pool to meet their workforce needs, but in recent years the industry has been left with an insufficient supply of new trained and skilled workers to satisfy demand. Faced with a shrinking supply of workers, the hospitality industry is increasing its recruitment efforts toward youth and developing targeted strategies for previously untapped labour pools.

**Retention of Employees at Higher Level:** High turnover is a key challenge in the hospitality industry. The restaurant, hotel, and lodging sectors have difficulty in retaining skilled workers because of the negative image that the industry faces, like long working hours, unsatisfactory remuneration, and working conditions which is explained earlier in this chapter.

**Language Skills:** English proficiency is a key challenge because a large percentage of the hospitality workforce does not speak English as their primary language. Employers seek language training programs that allow employees to effectively perform their job, which includes providing good customer service and understanding safety and other requirements.

Soft Skills: Employers have difficulty in finding workers who possess basic “soft skills”, (like greeting the guest) which are often a prerequisite for success in a customer service-oriented field.

Consistent Training Models and Skills Certifications: The hospitality industry as a whole lacks consistency and portability in their training models and skill certifications. Many employers run their own internal training programs for entry-level workers, which makes it difficult to monitor the content of training and the skills acquired.

### **1.11 Summary**

Hospitality does not have a long history. Eating in hotels and restaurants has become a habit only in the last few decades (1950 onwards). In the early years it was regarded as luxury. Majority of the families (middle class and poor families) were accustomed to eating home made food items. Similarly tours were organized only for family members so the concept of the entertainment and enjoyment were restricted to family members. Limited income and fixed income was the main constraint.

Star hotel services are required by many. It is need of prestige and pride (staying in star hotels) for upper middle class families, especially for new generation “serving in I.T. sector”, as their incomes are attractive. It is a need of prestige and pride for political leaders, ministers, sportsmen, cine artists. Similarly there is increasing demand for star hotel services by foreign delegations. All category visitors expect quick and quality services, not worried about cost they are required to pay.

This increasing demand poses a problem i.e. availability of quality and skilled employees in required number. In this research the main attention is focused on this aspect of star hotel business. Adequacies of capital as well as quality staff both are important from investment point of view but aim should be productive investment, yielding good returns.

There may be differences in the percentage of expenditure according to financial status of the families. However it is no more a luxury item but has become part of the need for comfort. It has become (ready made food, fast food, soft drinks, etc.) a common need for families of all categories like rich, middle class or economically backward families. Travelling has become an unavoidable thing, though reasons may be different from one family to another. Shortage of accommodation (small size flats, timings, odd working hours) makes it difficult to stay at a relative’s residence every time and on every occasion. So



demands for accommodation in hotels are unavoidable and increasing. Inconvenience for the relatives can be avoided by paying the cost to hotels.

The availability of quick and quality services is however the main problem. Persons visiting bars, hotels restaurants, dhabas, they are not given an opportunity for bargaining. The bills claimed are to be paid without complaining and registering grievances.

People expect quick and quality service. Giving services as per expectations is not possible without development of human resource.

This very fact has drawn the attention of the research student towards this topic. In this research, the student has focused on the need of human resource development and the efforts that are currently made by star hotel managements. There is a review of the training programs developed for different categories of staff and finally an effort to make some concrete and useful suggestions, so as to make research more meaningful. It is an attempt to make some useful contribution to the exiting knowledge for better performance of star hotels in the future.

**PART –I**  
**CHAPTER-2:**  
**REVIEW OF THE CENTRAL AND STATE GOVERNMENT POLICY**  
**ABOUT HOTEL AND TOURISM INDUSTRY: 1980 ONWARDS**

**2.1 Introduction-**

Indian economy for many years has been dependent on three important pillars i.e. Trade, Industry and Agriculture. These three were considered important instruments in the hands of Indian government for attainment of Economic, Political and Social objectives confronting the economy. All these three sectors help to earn revenues for the government, at the same time, they help to attain the other objectives of the five year plans i.e. economic growth, stability and generation of employment opportunities for the masses. These three sectors also play an important role in earning foreign exchange which can be used for necessary imports. Even today these three sectors make major contribution in satisfying the basic needs of every citizen i.e. food, clothing and shelter.

The needs and wants of individuals go on increasing when basic needs are satisfied, wants of comforts and luxuries crop up in human minds. These additional wants include health care and entertainment. Entertainment is possible by participating in social and cultural activities, i.e. drama, music and movies. Hotel and tourism is another way of making life happy and comfortable. Visiting hotels and restaurants for eating a variety of food is also one way of bringing occasional change in daily routine life.

Industry, trade, agriculture, tourism, hotel, education and medical services are all covered under one word business. The growth of any business whether owned by public or private body becomes possible only when adequate support is given by the government through the formulation of suitable policies and creating some machinery for the implementation of the policies. Formulation of proper policies leads to development of environment which is helpful for the sustainable and steady growth of hotel and tourism industry.

The purpose of including this chapter is to review the policies formulated, especially during the last three, four decades with the intention of developing hotel and tourism business in many dimensions in metropolitan, capital cities of the states and in other parts of the country.

**Mainly the attention is focused on the following.**

### **Review of the policies**

#### **Central government**

- ❖ Licenses and permits
- ❖ Foreign trade policies
- ❖ Taxation policies
- ❖ Transport and tourism policy
- ❖ Passport and visa
- ❖ Environment policy
- ❖ Employment and education policy
- ❖ Wage and bonus policy
- ❖ Foreign investment

Formulation of rational and steady policy is very important for steady growth of the economy as a whole and variety of business units (manufacturing) and serving rendering institutions. Politics oriented policies never prove helpful. Rigid policies make progress difficult. On the other hand too liberal policies lead to quantitative growth, simultaneously unhealthy artificial growth. Cautious policies are important. Policies ideal on paper giving only commitments to people and business units and not play creative role. Rigid as well as liberal policies are equally harmful.

#### **State government**

- ❖ Policies-Scheme of incentives
- ❖ Efforts on the implementation side- Suitable machinery

### **2.2 Nature of Star Hotel Services**

The year 2003 was an outstanding year in terms of inbound tourism with tourist arrivals reaching 2.73 million. The strong growth in tourist arrivals in 2003 (especially in the first half of the year) is partly attributable to the outbreak of SARS in east Asia as well as the war on Iraq which resulted in India being perceived as a safe region to visit. The more fundamental reason, however, relates to a strong sense of business and investment confidence in India: inspired by India's strong GDP performance and initiatives taken by the erstwhile Prime Minister to make peace with Pakistan strengthen ties with the developed world and open sectors of the economy to private sector and foreign investment. Significantly, the bulk of international arrivals in India, both in 2003 and 2004, have been business travellers.

Domestic travel, both business and leisure, also benefited from a thriving economy. Prior to being voted out of power, the NDA government implemented certain important measures to provide a much-needed boost to travel and tourism. These included the abolishment of the inland air travel tax of 15 per cent; reduction in excise duty on aviation turbine fuel to 8 per cent; and removal of a number of restrictions on outbound chartered flights, including those relating to frequency and size of the aircraft. The provision included the allowing of Indian charters to land at all airports in the country and Indian passport holders to travel on inbound charters. The government also launched the Incredible India campaign which has been successful in launching the 'Brand India' image.

Development in Hotel Sector-The new congress government, it appears is taking active interest in developing tourism in India. The continued incredible India campaign has had a strongly positive impact on tourist arrivals in 2007/08. Definite efforts are being made to communicate the "Brand India" message.

An important new development is the government's recent decision to treat convention centers as part of core infrastructure, allowing the government to provide critical funding for the large capital investment that may be required. The government has identified Delhi, Mumbai and Goa as the markets to develop these convention centers, which are likely to further increase demand for hotel rooms. Another effort is the decision to substantially upgrade 28 regional airports in smaller towns.

Substantial investments in hotel and tourism infrastructure are essential for this industry to continue to evolve, grow and ultimately achieve its potential. The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels alongside. Taking advantage of this and certain other key locations is the Tata group that has developed India's first 101-room economy hotel outside Bangalore; they are planning to duplicate this across India in the next few years.

The year 2004 has been a record year in tourist arrivals, as is evident from data on foreign arrivals for the first eight months of the year. According to provisional estimates of the Ministry of Tourism, January to August 2008 saw approximately 5 million visitors to India. Growth has been spurred by large increases in airline passenger capacity: international airlines have added more than 4,000 seats a week on international routes to India in the last six months alone.

Increases in passenger capacity will play a significant role in fuelling growth in hotel and tourism. British Airways has recently been permitted to triple its flights to India and carriers

from Australia are now allowed to offer 4,500 seats a week to India, more than double the existing capacity. Moreover, Indian private carriers have recently commenced flights to the SAARC region and have asked the government to be permitted to fly to East Asian countries. Increase in capacity will not only bring more international arrivals, but will, over a period, reduce airline fares in India, which are currently amongst the highest in the world.

Assuming a stable economic and political climate worldwide, the outlook for inbound tourism, both business and leisure, is strongly encouraging. Many international investors, particularly those who have invested heavily in China in the past few years, are now looking at India as the next opportunity.

Domestic tourism will continue to develop rapidly and will be the real driving force for this industry over the next decade or so. This segment will be helped by the growing wealth base of India's population and discounted fare options. A significant new development is the arrival of low-cost carriers, pioneered in India by Air Deccan with other industry players such as Air India and Indian Airlines preparing them to enter the low-cost market.

According to recent estimates of the WTTC(World Travel and Tourism Council), Indian tourism will grow at 8.8 per cent over the next 10 years, which would place India among the most rapidly growing tourism markets in the world. A longer term, sustained growth of the industry depends on how successfully several issues are addressed relating to old and poorly facilitated airports, inadequate hotels, poor road and transport infrastructure, high levels of taxation and a bureaucratic visa processing system. As of now, at least, India is clearly taking steps in the right direction.

Hotel and tourism basic human needs -Hotel industry serves two purposes, the primary is to provide temporary accommodation for tourists (local and foreign visitors), and secondary is to offer quality food. Tourism industry serves the purpose of entertainment and mental relief. These two protect each other's interest (i.e. bring business) as well as the interest of the common man by making life comfortable and happy.

Hotel and tourist organizations jointly make possible to materialize the dream of the common man's enjoyment and entertainment. People visit hotels and restaurants for some change in daily routine. 'Every week-end' is enjoyed by some upper middle class and rich families. They pay the cost and get a break and become refreshed for joining duties Monday to Friday. Three-four decades ago, for some families (middle and lower middle class) visiting hotels and restaurants were a 'luxury' because of their income levels which were enough only for survival. Now these hotels and restaurants come under common welfare facility.

## **2.3 Central Government's Policy towards Hotel Business**

### **The Role of Government in Reforming the Economy- 1991- Onwards**

The economy's buoyancy has been further boosted with initiatives by the previous NDA (National Democratic Alliance) government to improve India's deficient infrastructure, disinvest loss making enterprises and ease restrictions on foreign investment. Perhaps most importantly the effort to make peace with the neighboring country Pakistan did much to convince the world of India's investment worthiness. More than \$10 billion foreign capital poured into India in 2003/04. However, this sense of bullishness has been somewhat dampened, following the NDA government's failure to return to power in the general elections in April-May 2004, despite having done well in state elections of the previous year.

The Congress government's efforts to 'open up' the economy are being thwarted by its ally. There are essential ideological differences between Congress and the other parties. The congress is progressive in outlook and both Prime Minister Dr. Manmohan Singh and Finance Minister Mr. Pranav Mukharji have been champions of reform; on the other hand, the other parties are not in favour of liberalization and disinvestment. This has led to a sense of uncertainty as to the course that the government policy will take, causing foreign investors to hold back and wait and watch, at least for the time being.

The Reserve Bank of India and leading research agencies have forecast a GDP growth of 6.0-6.5 per cent in 2004/05, taking into account the likely adverse effects on agriculture of a late and erratic monsoon. However, recent data on the first quarter April-June-2008, performance reveals the economy has, in fact, done better than expected. GDP growth for the period of April-June 2004 is 7.4 per cent. Agricultural production witnessed higher-than-expected 3.4 per cent increase. Manufacturing grew at 8.0 per cent during this period, exceeding the strong growth momentum witnessed in 2003/04. Demand for manufactured goods has and will continue to benefit from low interest rates, inexpensive and easily available financing options and an overall rise in the purchasing power of India's population over the last number of years. The trade, financial services, hotels, insurance, transport and communication components, which account for 50 per cent of the service sector, registered 11.0 per cent increase. Service sector and industry will continue to drive the economy in the current fiscal year.

India's foreign exchange reserves (US\$118 billion as in September2005) are among the highest in the world. Moreover, the finance minister has strongly emphasized the government's commitment to liberalization and key reform initiatives, assuring that they will

be implemented, without making much delay. The government is also contemplating using a part of the foreign exchange reserves (US\$10 billion) towards major infrastructure development. The new government is concerned with inflation, which has been rising steadily over the past three months and touched a four-year high of 8.0 per cent (in August – September). The increase is the result of seasonal factors and the higher prices of fuels and manufactured goods.

The importance of hotel and tourism in the Indian economy cannot be over-emphasized. Hotel and tourism in India is the third largest foreign exchange earner (US\$ 5731 million in FY 2005) and contributes to 6 per cent of the GDP. The Ministry of Tourism estimates that by the end of 2012 the foreign exchange earnings will cross US\$ 12 billion. Another parameter, in which India ranks very high, is the employment provided by the industry. The sector contributed 41.8 million jobs in 2008 (18.21 per cent of total employment).

The year 2005 has been good for inbound tourism with foreign tourist arrivals reaching 3.9 million. Domestic tourism has soared to 369 million during the period, having grown by 40 per cent over the last 5 years. This is attributed to the strong sense of business and investment confidence in India. Demand growth rate is being fuelled by the impact of emerging middle class.

Hotel and tourism is on the rise and shall continue to be so because disposable incomes have increased all over the world for their employees. Hotel and tourism revenue for a country is the sum total of tourism expenses incurred by all the tourists put together. Hotel and tourism expenditure can be classified under three heads- direct, indirect and induced. Direct revenues arise from direct expenditure by tourists generating income for businesses and households. Indirect revenue comes mainly from taxation of the items tourists utilized; and induced revenues arise from taxation spent indirectly for licenses, visa etc. Hotel and tourism for many nations is an important source of foreign exchange and thus provides a basis for export led economic growth of the country.

Tourism related activities do not require huge investments, though the benefit goes much beyond the investment especially in developing small enterprises, small businesses and self-employment. These activities can range from providing tour and guidance services to setting-up of hotels, restaurants, souvenir shops (gift shop) and local handicrafts outlets.

The picture is all bright and vibrant, although there are certain issues that need to be addressed for achieving the aim of tourism which is to play a significant role in the national economy. The major issue is inadequate infrastructure, especially the condition of roads

and highways both within major cities as well as roads and highways linking cities and tourist centers.

Another critical bottleneck is the shortage of hotel rooms. While in many cities, there are no rooms available during the peak season, some cities have acute shortage of rooms. At present, there are just about 1,00,000 hotel rooms available in the country whereas the actual demand is much higher. A large number of rooms need to be created by building new hotels. These should be mid-level budget hotels of 2-3 star categories.

The land use and other policies need to be amended to facilitate augmentation of hotel rooms. Airports need to be upgraded and overall sanitation at railway stations and bus depots needs to be clearly improved. India can achieve the target of 10 million foreign tourist arrivals and the number of domestic tourists to cross 50 million by 2011. The sluggish investment scenario in the hotel and tourism section implies that most of the investors are not willing to come forward because of the inherent problems therein like:

1. Lack of hotel sites, expensive land acquisition
2. Construction of hotel is capital-intensive and it has a long development period.
3. There are few government incentives presently available to the hotel industry because of the withdrawal of the I.T. Section 80 HHD and 80 I A.

(Under Section 80 HHD and 80 I A, the government was offering 10-year tax incentives, reimbursement of stamp-duty, lower transfer fee for leasehold land and concession on entertainment and luxury tax to hotel industry).

4. Inadequate return on the investment as compared to other sectors of the economy. The return on investment is ranging between 10 per cent and 12 per cent.

Tourist facilitation also holds significance. The immigration desk, transport services outside the airport, technological aids to guide tourists etc. are only some of the areas that need immediate attention. The absence of visa-on-arrival is a critical impediment to tourism growth. Tourists from certain select countries could be provided this facility. Rationalization of taxes is imperative to facilitate tourism growth.

The highly successful “Incredible India” campaign launched by the Ministry of Tourism, Government of India has brought the Indian tourism product into sharp focus, both in the domestic, as well as international markets.

#### **Licensing policy and renewal of licenses**

Being a state subject, hotels have to apply for multiple licenses and approvals through numerous government agencies. In many states, rules and regulations are not fixed and have



many loose interpretations. This pushes the project schedule back by 6-12 months and is detrimental (unfavourable) for new hotel development.

In this section, research student highlight the procedural bottlenecks that are viewed as serious impediments for the growth of hotel industry.

A typical hotel may require approaching up to 40 different agencies to obtain 70 to 110 licenses depending upon which state it is located in, as well as the complexity of the development. Compare this with Singapore which requires only six licenses from the government departments.

Most hotel development companies are advised to dedicate 6-12 months for the approval process. However, even this is indicative as an environmental clearance certificate alone may take up to two years. This results in unavoidable delays in the execution of the projects and adds to the overall project cost, which is already amongst the highest in the world due to high interest costs. Furthermore, the lack of transparency of the entire process allows for unethical business practices for parties with vested interests.

Table no-6 presents a list of the licenses and approvals required by a new hotel in major cities of Maharashtra and India. This can be viewed as a typical list of licenses required to open a hotel in India.

**Table No-2T--01 Sample List of Licenses/Approvals for a Greenfield Hotel Project, Mumbai, Maharashtra**

Sr.No	Nature of Licenses / Approvals	Agency
1.	License under Shop & Establishment Act	BMC Municipality
2.	Pest Control Certificate	Municipality Pest Control Department
3.	Structural Engineers Stability Certificate	Structural Consultant
4.	NOC for Kitchen Exhaust System	BMC Municipality
5.	Health NOC	Municipality Ward Office (Medical Officer)
6.	NOC from Mechanical and Electrical (M&E) for Air Handling Unit	Mechanical, Electrical and Plumbing (MEP)
7.	NOC for DG Set	BMC MPCB/MSEB/PWD
8.	Permanent Electric Supply	BEST
9.	NOC for Boiler (ES&P Dept)	BMC
10.	External Drainage for Land scape	Liaison

		Consultant/Municipality
11.	Pollution NOC - Consent to Establish - Air, water and Wastes includes STP, Boilers/DG Sets/Chimney	One consolidated application to be made to MPCB
12.	Bathroom fittings approval	Municipality
13.	NOC from CFO(Fire) for Eating House and Lodging House	Chief Fire Officer (CFO)
14.	Gymnasium and Health Club NOC	Municipality
15.	Eating House License	Municipality
16.	Certificate from weight and measures	Municipality
17.	Star Classification	HRACC
18.	Bakery License	BMC Municipality
19.	NOC from Explosive Dept for storage of HSD	Controller /Inspector of Explosives
20.	Street lights	Liaison Consultant
21.	Laundry license	BMC Municipality
22.	Swimming Pool License	Municipality
23.	Environment clearance from local environment body - NOC to operate furnaces, ovens, etc.	Municipality Environment Dept.
24.	Swimming Pool License from Pest control Office	BMC Municipality
25.	Restricted Money Changer License	RBI
26.	Consent to establish - Air/ Water/ Wastes	MPCB
27.	Fountain NOC	Municipality
28.	Provision of Letter Box and Dust Bin	Municipality
29.	Drainage Completion Certificate (D.C.C.)	MEP/Liaison Consultant/Municipality
30.	Gradation Certificate	Municipality
31.	Postal License	Postmaster General
32.	Lift Inspection Certificate	Lift Vendor
33.	Bar FL III License	Police/Municipality/Excise
34.	Site Supervisors Completion Certificate	MEH/Liaison Consultant

35.	Excise NOC	Excise
36.	T.V. License /Dish Antenna	DOT
37.	Architects Completion	Certificate Liaison Consultant
38.	Copy of property assessment NOC	Leased land
39.	Registration certificate (RC from Police for Restaurants)	Police
40.	Undertaking "Not to misuse Premises other than approved"	Liaison Consultant
41.	NOC from BEST/ Plan approval for sub station	BEST
42.	License for Lodging House from Police	Police
43.	Provident Fund Registration	PF Office
44.	ESIC	ESIC Office
45.	Electrical Inspectors Approval for high rise building	Engineers' Combine
46.	Excise License for serving Liquor in Hotel	Excise Local Office
47.	Employment Regulation Registration	Employment Exchange
48.	Eating House License for Permit Room for each outlet	Municipality
49.	Beauty Parlour License	Municipality
50.	Place of Public Entertainment License (PPEL)	Police
51.	Expenditure Tax Income Tax Authority	Income Tax Department
52.	Road Completion Certificate	N/A
53.	Performance License (Phonographic)	Commissioner of Police - Theater Branch
54.	NOC for Cold Storage /Deep Freezer	Agricultural House
55.	Entertainment Duty	Collector
56.	NOC from MTNL	MTNL
57.	Sales Tax Registration	Sales Tax Office
58.	Building Height Approval from Airport	Authority of India Airport authority /PMC (Approved)
59.	Boiler and DG Chimney Approval – MPCB	MPCB
60.	Work Contract Tax Registration	Sales Tax Office

61.	Professional Tax Registration	PT Office
62.	Luxury Tax registration	Sales Tax Office
63.	Amenity Space - Surrendering / Handover	Municipality/Liaison Consultant
64.	Service Tax Registration	Excise Department
65.	Beautification of Footpath	Municipality/Liaison Consultant
66.	License for Indian Performing Right	To be obtained on start of operations
67.	TDS Registration	Income Tax Authority
68.	Water Connection	BMC Municipality
69.	Neon Sign License	Municipality
70.	Full Occupancy Certificate	Municipality
71.	NOC from Police for construction of 5 star hotel(Incl. Traffic) Police	Traffic
72.	Traffic and Coordination(Parking arrangement)	Liaison Consultant

(Source- Greenfield hotel project Mumbai)

Renewal of Licenses: Hotel projects require various licenses and clearances like lodging house license, eating house license, Police permissions, license under the Shop and Establishment Act. These licenses have to be renewed every year. By this Policy of 2006, these licenses/permissions will require renewal after every 5 years instead of previous annual renewal.

### **Employment Policy -Employment Generation in Star Hotel**

Tourism employment growth in the year 2002-03 showed that the hotel and tourism sector employed 38.6 million candidates directly or indirectly. This was 8.3 per cent of the total employment in the country.

The employment grew by 8.78 per cent in 2003-04 to reach 41.8 million candidates searching for jobs. The employment in the tourism sector is estimated to grow at 8 per cent per annum. The Ministry of Tourism, government of India introduced a scheme of capital investment subsidy in the year 2002 which was available during the tenth plan period till 2007, for setting up 1,2,3 star category and heritage hotels with an objective to increase the supply of hotel rooms in the budget category in the country.

Some of the key findings

## Hotels in India

- ❖ There are an estimated 1.2 million hotel rooms in the country. However, the star category hotels account for a mere 7 per cent (approximately 80000 rooms).
- ❖ There will be a total of 2.9 million and 6.6 million hotel rooms in 2010 and 2020 respectively.
- ❖ The larger four and five star hotels (along with the heritage hotels) employ on an average 162 people per 100 rooms, compared to 122 in the one, two and three star hotels and 58 in the unorganized sector.
- ❖ There are almost 750,000 people working in hotels across India. In addition, there are more than 1 lakh employees working in motels on state and national highways.
- ❖ Employment is forecast to increase to 3.5 million by the year 2020.
- ❖ A mass of the employees (approximately 60 per cent) are working in food and beverage service, kitchen and housekeeping.
- ❖ Almost 80 per cent of the employees in key hotel functions such as food and beverage, front office and housekeeping are young; they are less than 40 years old.
- ❖ Almost half the managers and supervisors of the star hotels have either a hotel management degree/diploma or a Food Crafts Institute certificate.
- ❖ Hotels in the unorganized sector employ largely untrained manpower.

## Restaurants in India

- ❖ There are at least 140,000 restaurants in urban India. Delhi, Mumbai and Pune account for nearly 15 per cent of these restaurants.
- ❖ Conventional restaurants account for the largest population (30 per cent); followed by sweet shops (16 per cent), fast food outlets (16 per cent) and dhabas (13 per cent).
- ❖ While the number of conventional restaurants ranges between 10-20 numbers per lakh of population, the total number of eating places could be as high as 86 per lakh of population (as in the North).
- ❖ The total number of restaurants could touch 200,000 in the year 2010 and 240,000 in year 2020.
- ❖ There are almost 1.85 million people working in restaurants across India.
- ❖ Employment is forecast to increase to 2.73 million by the year 2020.
- ❖ In addition, there are more than 1.3 million people employed in small restaurants and dhabas on the state and national highways.

❖ Almost 70 per cent of the employees in key functions of food and beverage service and kitchen are less than 30 years old.

❖ Almost 20 per cent of those employed in food and beverage department of conventional restaurants, cafes and fast food outlets are diploma holders either from private hotel management institutions or Food Craft Institutes. Dhabas largely employ untrained manpower.

#### Annual Demand for Trained Manpower: A Forecast

❖ The annual demand for trained manpower in hotels and restaurants is likely to touch 29,000 by the year 2011; this is likely to increase to approximately 39,000 by the year 2020.

❖ The demand for trained manpower in hotels and restaurants is likely to be boosted by aggressive expansion of fast food restaurants/ cafes, an increase in 1 – 3 star budget hotels, golden quadrilateral of national highways as well as the preference for youth in this sector.<sup>1</sup>

Today, there are more than 1453 star hotels comprising 100587 rooms in the country according to the data available from Federation of Hotels and Restaurants Association of India (FHRAI).

About 60 per cent cater to the mid-market (budget) segment. The total hotels that have come up in the budget category in the country since 2002, 44 per cent have availed the capital subsidy. The states could consider for budget hotels, may be 10 year tax incentives, reimbursement of

Stamp-duty and lower transfer fee for leasehold land. In order to keep the tariffs competitive, budget hotels should also be extended concessions on entertainment and luxury tax.

#### **Concession –Relief - Incentive**

Tax exemption will be available to new hotel units and expansion of existing units (as per the conditions set out earlier) in respect of the following taxes, up to 100 per cent of capital investment or completion of the eligible period of 5, 7 or 10 years, whichever is earlier.

The tax exemption will be available to eligible units conforming to the list in Annexure ‘B’ and falling within the eligible areas for a period of 5, 7 and 10 years.

(a) Tax Relief

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(Source-1 Ministry of Tourism, Department of Tourism, Government of India Manpower Requirement in Hotel Industry, Manpower Trained by Different Institutes and A Market Pulse Report, February 05, 2008)

1) Total exemption from Luxury Tax (as applicable to hotels) for a period of 7 and 10 years depending on the location of the hotel and tourism project in the B and C zones respectively and 50 per cent exemption for a period of 5 years in A zone.

2) Total exemption from Entertainment Tax or Amusement Tax for a period of five, seven and ten years depending on the location of the hotel and tourism project in the A, B and C zones respectively is obtainable.

3) Total exemption from stamp duty for the projects located in B and C zones and 50 per cent exemption from stamp duty for projects located in A zone.

(b) Electricity concessions- Electricity duty will be levied at industrial rates for the respective period.

(c) Other Concessions:

(1) Total 75 per cent exemption from registration charges and 50 per cent concession from payment of permit charges for sightseeing buses registered as such and approved by the transport authority, having minimum seating capacity of 25 seats and operating in municipal corporation areas and hill stations.

(2) Total exemption from property tax and non-agricultural tax to all hotel and tourism projects run or owned by MTDC.

(3) The water rate (tariff) shall be levied.

(4) Property tax shall be charged at residential rate.

(d) No Development Zones (NDZ): Many tourism areas can attract a number of foreign as well as domestic tourists provided suitable areas/plots can be offered to such projects. As government has allowed tourism activities such as entertainment centers which include small golfing facilities, tourism villages, handicraft displays with no extra FSI, they should be considered in the NDZ.

### **Procedure for applying for Incentives**

Tourism units eligible for the incentive scheme will apply to the MTDC Ltd., Mumbai which will scrutinize the applications and issue provisional registration adopting the following procedure.

a) MTDC shall give provisional registration certificate in the first instance up to 3 years to the eligible unit after scrutinizing the application received under the scheme.

b) If such a unit is not in a position to complete the project and start commercial operations during the initial validity period, such a unit may apply for extension along with their progress

report. MTDC may grant extension for a period up to 2 years after examining the difficulties experienced by the individual unit in implementing the project and also recording the reasons thereof in writing. However, no extension beyond 2 years shall be granted.

c) The unit shall become eligible to apply for provisional registration only after taking the initial effective steps as stipulated.

d) The eligible unit shall be issued eligibility certificate only after the commencement of commercial operations.

### **Procedures for Claiming Incentives**

The unit eligible for incentives under the scheme shall apply or inform to MTDC within 180 days of the commencement of commercial operation of the project along with necessary evidence. The MTDC on receiving the information and documents will scrutinize and issue eligibility certificate so as to enable the unit to obtain the benefits.

(The eligibility certificate shall be first forwarded to sales tax department, which in turn shall issue certificate of entitlement and put proper date of effect for getting the benefits. Thereafter, MTDC will issue a joint document EC (eligibility certificate) and CE (certificate of entitlement) to the tourism project. MTDC and sales tax department shall submit quarterly reports to the government department of tourism about the number of ECs and CEs issued.)

### **Other Conditions**

The grant of incentives to tourism units under this scheme shall be subject to the following conditions and on breach of any of these conditions, the incentives granted will be withdrawn with immediate effect.

a) The unit availing the incentives under this scheme shall effectively install, operate and maintain pollution control measures as per the standards prescribed by the competent authority in this regard.

b) The unit shall remain in commercial operation continuously for at least 8 to 17 years. However, in cases where the operation is discontinued due to any reason, the unit shall have to repay the amount of incentives availed.

c) The unit shall furnish details regarding commercial operation, employment or any other information, which the state government may require from time to time. The unit shall follow guidelines of the employment policy of the government regarding employment of local persons.



- d) The unit, after getting the eligibility certificate must submit quarterly details to the MTDC of the incentives availed during the eligibility period. Any excess claims of incentives by a unit will be recovered with interest of 2 per cent per month.
- e) All matters of interpretation, dispute or contention under the scheme shall be referred to the empowered committee under the chairmanship of the chief secretary and the decision of the committee will be final and binding on the applicant unit. The empowered committee shall comprise the chief secretary, secretary (tourism), secretary (energy), commissioner (sales tax) and managing director, MTDC.
- f) MTDC shall be responsible for the administration and implementation of the incentive scheme.
- g) Departments related to various incentives and exemptions under the scheme of incentives under the Tourism Policy 2006 shall issue government order, resolution/notification as required under the law for such incentives and exemptions, within a period of one month from the date of this notification.

### **Monitoring and Review**

Monitoring and review of the fixed capital investment and activities of the eligible units will be done in the following manner:-

- a) An eligible unit shall, within one month from the date prescribed under the Luxury Tax Act for filing returns, submit to MTDC certified true copies of their returns submitted to the sales tax department from time to time.
- b) It shall submit along with the above returns, a report duly signed by a responsible person on behalf of the eligible unit, covering information, details regarding activities and sales indicating the period of stoppage of services and/or closures of the unit, if any, with reasons therefore, in addition to the fixed capital investment, disposal of fixed assets and any change in the constitution of the eligible unit.
- c) MTDC shall be entitled to call for any information and details relating to the operation of the tourism unit for any period at any time. It shall also be entitled to inspect the properties for verification. The sales tax authority shall independently examine the position, from time to time, in order to ensure that the incentives drawn / availed of are well within the ceiling and related to the tourism projects eligible, or as the case may be, under the scheme of incentives under the Tourism Policy, 2006.

## **Tourism Policy in India**

In order to develop tourism in India in a systematic manner the National Tourism Policy was formulated in the year 2002. Broadly, the “Policy” attempts to:

- Position tourism as a major engine of economic growth.
- Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism.
- Focus on domestic tourism as a major driver of tourism growth.
- Position India as a global brand to take advantage of the growing global travel trade and the vast untapped potential of India as a destination.
- Acknowledge the critical role of private sector with government working as a pro-active facilitator and catalyst.
- Create and develop integrated tourism circuits based on India’s unique civilization, heritage, and culture in partnership with states private sector and other agencies.
- Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and “Feel India from within”.

The government’s major policy initiatives include:

- Liberalization in aviation sector
- Pricing policy for aviation turbine fuel which influences internal air fares
- Rationalization in tax rates in the hospitality sector
- Tourist friendly visa regime
- Immigration services
- Procedural changes in making available land for construction of hotels
- Allowing setting up of guest houses

The Indian Ministry of Tourism has identified 31 villages across the country to be developed as tourism hubs. The states in which these villages have been identified include Himachal Pradesh, Gujarat, Maharashtra, Bihar, Karnataka, Madhya Pradesh, Andhra Pradesh, Kerala, Tamil Nadu, Orissa, Assam, Sikkim, Rajasthan and West Bengal.

Tourism industry in India is on a great boom at the moment. India has tremendous potential to become a major global tourist destination and Indian tourism industry is exploiting this potential. Hotel and tourism industry is the second highest foreign exchange earner for India and the government has given hotel, travel and tourism organization as export house status.

Travel and tourism industry's contribution to Indian industry is immense. Tourism contributes to the economy indirectly through its linkages with other sectors like horticulture, agriculture,

poultry, handicrafts and construction. Tourism industry also provides employment to millions of people in India both directly and indirectly through its linkage with other sectors of the economy. According to an estimate total direct employment in the tourism sector is around 20 million.

Travel and tourism industry in India is marked by considerable government participation. Each state has a tourism corporation, which runs a chain of hotels/ rest houses and operates package tours, while the central government runs the Indian Tourism Development Corporation.

In the year 2002, the Government of India announced a new tourism policy to give boost to the tourism sector. The policy is built around the 7-S Mantra of Swaagat (welcome), Sookhanna (information), Suvidhaa (facilitation), Surakshaa (security), Sahyog (cooperation), Sanrachnaa (infrastructure) and Safaai (cleanliness).

Some of the salient features of the Tourism Policy are:

- ❖ The policy proposes the inclusion of tourism in the concurrent list of the constitution to enable both the central and state governments to participate in the development of the sector.
- ❖ No approval required for foreign equity of up to 51 per cent in tourism projects. NRI investment up to 100 per cent allowed.
- ❖ Automatic approval for technology agreements in the hotel industry, subject to the fulfillment of certain specified parameters.
- ❖ Concession rates on customs duty of 25 per cent for goods that are required for initial setting up or for substantial expansion of hotels.
- ❖ 50 per cent of profits derived by hotels, travel agents and tour operators in foreign exchange are exempt from income tax. The remaining profits are also exempt if reinvested in a tourism related project.

Apart from this, government has taken several other measures for the promotion of tourism. A multi-pronged approach has been adopted, which includes new mechanism for speedy implementation of tourism projects, development of integrated tourism circuits and rural destinations, special capacity building in the unorganized hospitality sector and new marketing strategy.

Some of the most significant features of India's hotel and tourism industry are as follows.

- ❖ The foreign tourist arrival led to a healthy growth in the foreign exchange earnings that increased from USD 5.03 billion during January-October 2006 to USD 6.32 billion during January-October 2007 which is apparently a 25.6 per cent rise.
- ❖ Deeming (Reducing) the growing rate of the tourist arrival in the country, the Indian tourism industry designed a wide spectrum of holiday packages and cheaper airfares to attract more tourists.
- ❖ Nonetheless, the outgoing graph of tourism industry in India is in no way lagging behind from the inbound one. People travelling from India to abroad or states within India have increased by 25 per cent.
- ❖ The United Nations World Tourism Organization (UNWTO) has estimated the outgoing tourists to reach around 50 million by the year 2020.
- ❖ According to the European Travel Commission, the average expenditure per trip of Indian tourists travelling abroad has increased from USD 611 in 2000 to USD 822 in 2006.
- ❖ The booming success of Indian tourism industry has led to a drastic change in the hospitality department as well. The increase in the ratio of tourists resulted in the increase of room rates and also setting up of a wide range of hotels in other cities of the country.
- ❖ A number of international hotels such as the Hilton, Marriott International and Inter continental hotel groups have professed about making some large-scale investments to add 65,000 additional rooms to suffice the needs.
- ❖ India is most likely to set up forty hotels of global brands by 2011. The hospitality segment in India is assumed to reach USD 11.41 billion in the coming two years (2012-2014).
- ❖ The Indian hotel and tourism industry offers online booking system, one of the basic proofs of technological advancement in this sector. These online bookings are applicable for booking the air tickets via internet by logging on to the website and also booking the hotel room of the place to be visited.
- ❖ The online hotel and tourism industry has accounted for a turnover of USD 800 million which is apparently 14 per cent of the entire hotel and tourism industry.
- ❖ The tourism industry in India also includes medical tourism that includes traditional therapies like yoga, meditation, ayurveda, allopathy and other conventional systems of medicine and is currently estimated at USD 333 million and is most likely to reach USD 2.2 billion by the year 2012.
- ❖ Expected change in the life styles, expectations of people's comfort, increase in the income levels, change in working hours, (especially in IT industry, software companies),

transfer of services of government employees, touring for business purposes, in case of company managers, directors, are the major contributory factors for the growth of hotel and tourism industry. The growth of hotel industry and tourism is also due to nationwide connections of business units and the growth of multinational companies (MNC's) in the recent past from 1991 onwards. Craze for adopting foreign life style and thereby enjoying life to the fullest, is another contributory factor. The government has played a significant role in the development of hotel industry and tourism industry by adopting suitable measures and policies. This has made it possible to develop the environment which is conducive for the growth of these two industries.

## **Taxation Policy**

### No Uniformity in Taxes and High Tax Structures

Some observations are negative affecting the smooth growth of the hospitality industry and its proper functioning, under a changing environment. However the whole atmosphere is not gloomy and dark, there are some patches of sunshine. As a caretaker and guardian, state government and central government have taken some positive steps through suitable policy formulation. In the following pages a snap-shot review of steps taken by the state and central government are covered.

Due to high duties and the imposition of several taxes by state governments, the industry ends up paying multiple taxes, substantially increasing overall costs and impacting profit. India has the highest tax rate on hotel projects in the Asia Pacific region. Each state has its own criteria for luxury tax, varying from 5 per cent to 20 per cent on the rack rate, rather than the actual rate. Luxury tax on the rack rate increases the effective rate of tax from 25 per cent to 30 per cent

### Excessive Tax Burden

The hotel industry is heavily taxed. Expenditure tax, luxury tax and sales tax inflate the hotel bill by over 30 per cent. The effective tax in Southeast Asian countries works out to only 4 to 5 per cent. As these taxes are the domain of the state government, the rates vary accordingly. Across the country, there is no rationalization of taxes as states charge different rates. Secondly, multiplicity of taxes like value added tax and service tax further compound the problem. Tax holidays are available only to hotels at heritage sites and so this measure is restrictive for the growth of the hotel industry.

## Service Tax

Service tax is a form of indirect tax imposed on specified services called taxable services. Service tax cannot be levied on any service which is not included in the list of taxable services. Over the past few years, service tax been expanded to cover new services. The objective behind levying service tax is to reduce the degree of intensity of taxation on manufacturing and trade without forcing the government to compromise on the revenue needs. The intention of the government is to gradually increase the list of taxable services until most services fall within the scope of service tax.

Service tax was first brought into force with effect from 1<sup>st</sup> July 1994. All service providers in India, except those in the state of Jammu and Kashmir, are required to pay a service tax in India. Initially only three services were brought under the net of service tax and the tax rate was 5 per cent. Gradually more services came under the ambit of service tax. The rate of tax was increased from 5 per cent to 8 per cent w.e.f 14 May 2003. From 10<sup>th</sup> September 2004, the rate of service tax was enhanced to 10 per cent from 8 per cent. Besides this, 2 per cent extra on the amount of service tax was also introduced. In the Union Budget of India for the year 2006-2007, service tax was increased from 10 per cent to 12 per cent. On 24<sup>th</sup> February 2009 in order to give relief to the industry reeling under the impact of economic recession, the rate of service tax was reduced from 12 per cent to 10 per cent.

Some of the major services of the hotel industry that come under the ambit of service tax are:

- 1) Telephone
- 2) Tour operators
- 3) Rent-a-Cab Operators
- 4) Broadcasting
- 5) Photography
- 6) Event Management
- 7) Beauty parlours
- 8) Convention
- 9) Membership of Clubs and Associations
- 10) Franchise Services

(i) Direct taxes

Section 80IA: Infrastructure status for the hotel industry

In the list of infrastructure projects, hotels may be included just like airports, seaports, and railways etc.

In fact under Section 10 (23g) of the Income Tax Act, hotels were added to the infrastructure list so that the interest received by financial institutions and banks for loans extended to hotels were tax exempted. However, the section itself was discontinued with effect from 1<sup>st</sup> April 2007.

Deduction in respect of earnings in convertible foreign exchange under Section 80HHD - Section 80 HHD gives tax exemption from the export profits to exporters. If this is granted to the hotel industry; it would help companies to reinvest profits for building additional capacity.

#### Section 80-IC

As per Section 80-IC of the Income Tax Act, any undertaking commencing any operation specified in the Schedule XIV and having undertaken substantial expansion during the period from January 7, 2003, to April 1, 2012, to promote eco tourism in the special category states (like Sikkim, Assam, Tripura, Meghalaya, Mizoram, Nagaland, Manipur, Arunachal Pradesh, Uttranchal and Himachal Pradesh) are exempt from income tax for five years for promoting eco tourism in the country.

But the income tax authorities have denied deductions to hoteliers on the ground that the activity of a hotel does not constitute an operation as specified in Schedule XIV of the Income Tax Act and they have also directed the hoteliers to explain the eco tourism activity in their project. The hotel sector seeks a liberal view to include hotels as an eligible activity of eco tourism in Schedule XIV to enable them to claim the above benefit.

#### Section 80-ID

In the Income Tax Act 2007-08, Section 80 ID was introduced to give encouragement to star hotels and convention centers of a minimum seating capacity of 3,000 persons being set up in the national capital region of Delhi, Gurgaon, Faridabad, etc, for the Commonwealth Games in 2010. Tax holiday for five years was granted to these hotels that would open before March 31, 2010.

#### Custom duty

The customs duty structure should be rationalized for hotels and restaurants in tune with the international practices to enable the Indian service sector to compete with their international counterparts.

Challenges are also faced by the star hotel industry sector; some examples are listed below.

- Highest import duty on alcohol: Although the rates of basic duty have been brought down to 182 per cent from 210 per cent, the same remain at considerably high levels.

- High import duty on kitchen equipment: Current import duty on kitchen equipment is 31 per cent, plus 4 per cent surcharge.

#### Luxury tax-

Luxury tax varies widely across services and states. Also, in most of the states it is charged on the published tariff by not considering the commissions paid to agents and discount offered to walk-in clients.

Therefore the industry seeks exemption of luxury tax on the room tariff less than Rs 2,500 and to charge a uniform rate of 4 per cent on the actual tariff where room rent is Rs 2,500 or more per day.

#### VAT/Sales tax and other taxes

Vat/Sales tax on food and beverage are different for each state. It should be uniform all over the country. This will help the various hotel projects coming up all over the country and lead to lowering hotel tariffs and generating employment.

Experience has shown that highly progressive tax systems did little to reduce inequality in developing India as they were neither progressive nor comprehensive.

### **Hotel Business Promotion Policy**

#### The Role of Government in Promoting Tourism and Hotel Industry

Policy formulation, passing various acts in the interest of the people and planning for all-round progress of a nation is the major role of the government. It is the responsibility delegated by the Indian constitution to central and state governments. The government frames the policy and government departments shoulder the responsibility of implementing these policies.

The main focus is on the policies of the central and state governments [Government of Maharashtra] to push up further the growth of tourism and hotel industry. The formulation of the policy is not enough, but there is need to create some machinery for its effective implementation.

#### Overseas Marketing and Promotion

The Ministry of Tourism has consistently been working on a two-pronged strategy for marketing of 'Incredible India' brand. The strategy includes visible branding in the outdoor media such as advertising at airports, on taxis, buses and through the print, online and electronic media as well as through participation in travel marts and road shows. For promotion of Indian cuisine, which is an integral component of the Indian tourism product, support has been extended to Indian food festivals organized in various countries. The India



tourism office in New York has supported Indian Food Festivals organized in Colombia, Ecuador, Argentina, Uruguay, and Paraguay in South America.

Work orders have been issued for launch of print media campaigns in America, and European regions. Advertising campaigns have also been undertaken by the Indian tourism offices overseas in their respective regions. Promotional activities have also been stepped up in the overseas markets with added focus on emerging markets for generating greater awareness about India as a tourist destination and increasing India's share in the international tourist arrivals and receipts.

There has been an increased focus on potential and emerging markets in East/ South East Asian and East European countries. Road shows, in collaboration with the Indian association of tour operators, have been organized in Japan and South Korea to promote the "Visit India 2009 Scheme". Indian tourism supported and participated in road shows organized in the Slovak Republic, Hungary, Croatia, and Slovenia in June 2009.

A series of promotional initiatives were taken to minimize the negative impact of the global economic slowdown and terrorist attack in Mumbai which had an adverse effect on hotel and tourism in the country.

Some of them are as under:

- ❖ An Incredible India Evening was organized in Beijing in April 2009. More than 600 persons representing a cross section of the Chinese media, travel trade, members of the diplomatic corps and prominent members of the Indian community attended the function. A five day "Incredible India" Food Festival was also arranged to coincide with the India Evening.

- ❖ The India tourism office in New York participated in a "Caribbean Conclave" organized in the Port of Spain, Trinidad and Tobago in June 2009.

- ❖ The India tourism offices in New York, Frankfurt, Singapore, Beijing and Tokyo have participated in major travel fairs and exhibitions in South America, East European countries, East Asia and South East Asia, including Argentina, Brazil, Chile, Czech Republic, Hungary, Poland, Russia, Romania, Kazakhstan, Ukraine, Singapore, Malaysia, Indonesia, Thailand, China, S. Korea, etc. Major promotional events were organized in Moscow and St. Petersburg in September 2009.

#### Visit India 2009

The initiatives taken to minimize the negative impact of the global economic slowdown included a "Visit India 2009" scheme launched in collaboration with all stakeholders

including airlines, hotels, tour operators and state governments. Road shows have been organized in important tourist generating overseas markets, along with familiarization tours to India for international travel trade and media representatives to keep them updated on safety and security conditions in the country.

### **Other Promotional Activities**

The Ministry of Tourism, through the India tourism office in London, undertook an advertising campaign in the print and outdoor media to coincide with the Queens Baton Relay for the Commonwealth Games 2010, which was flagged off from the Buckingham Palace on 29th October 2009.

The campaign included advertisements on hoardings, billboards, LED Screens, bus shelters at Heathrow airport and at prominent locations in London. Outdoor advertising was also undertaken on taxis in New York, Miami, Chicago, London, Edinburgh, Milan, Rome, Tokyo, on buses / cable cars in San Francisco, Seoul, Miami, Philadelphia, Chicago, Toronto, Johannesburg, Cape Town, Bahrain and Muscat.

“Incredible India” events were organized in Russia in September, 2009 as part of the celebrations of the “Year of India in Russia” and a major India promotion event “India Calling” was organized in association with the National Geographic Society at Hollywood Bowl and California Plaza in Los Angeles in September 2009.

Joint Promotions have been organized by the Indian tourism offices overseas in collaboration with tour operators / airlines and wholesalers in Rome, Dubai, Sharjah, West Palm Beach and Naples in Florida, Madrid and Barcelona in Spain, Brugge in Belgium, Basel, Bern and Zurich in Switzerland and Singapore.

India tourism offices overseas have participated in approximately 104 travel fairs and exhibitions in important tourist generating markets the world over as well as in emerging and potential markets to showcase and promote the tourism products of the country. These include the major international travel fairs such as the Arabian Travel Market (ATM) in Dubai, PATA Travel Mart in Hangzhou, China, ITB – Asia in Singapore Top Resa in Paris and World Travel Market (WTM) in London. The ministry continued to provide hospitality to journalists/ tour operators/ travel agents/ TV teams/ photographers etc. from overseas markets. Till now the Ministry has offered hospitality to 700 guests (approx.).

### **Social Awareness Campaign**

The ministry continued its efforts to reinforce its brand through the incredible India campaigns. Through social awareness campaigns an attempt was made to sensitize the

stakeholders and masses about the importance of tourism and protection of heritage sites. Through generic campaigns in the first half of the current financial year, awareness about various destinations was generated. In the second half of the financial year, the ministry continued its efforts of creating social awareness through focused campaigns.

#### Recent Initiatives

##### Rural Tourism

Rural Tourism showcases the rural life, art, culture and heritage of India at rural locations in villages and benefits the local community economically and socially. It enables interaction between tourists and local population for a mutually enriching experience. The Government of India has taken several steps to develop and promote rural tourism.

##### Medical Tourism

Medical Tourism is gaining momentum and several initiatives have been taken by the ministry to promote this segment. The Ministry of Tourism, Government of India participated at the International Tourism Bourse (ITB) at Berlin, where India was promoted as the new emerging healthcare destination. The ministry also participated in New York Times travel show to promote Indian healthcare services and invite investment into India. Further, a new category of medical visa has been introduced which can be given for a specific purpose to foreign tourists coming to India for medical treatment.

##### Cruise Tourism

India, with its vast and beautiful coastline, virgin forests and undisturbed idyllic islands, long historical and cultural tradition of architecture, theatre, and performing arts, is a high potential tourist destination for cruise tourists. The cruise tourism potential in the country should be assessed from the medium-term and long-term perspective with details of foreign and domestic stakeholders. Huge untapped potential lies in cruise tourism in India such as development of major terminals, development of non-major ports, rationalization of duty structure for import of vessels and development of inland water cruise.

##### Adventure Tourism

Adventure tourism has immense potential for growth. For experiencing the different types of adventure tourism like rock climbing, river rafting, para gliding, mountaineering and under water diving, the Ministry has been sanctioning projects in various states.

##### Wellness Tourism

As the world knows India is a Wellness destination. The potential of wellness systems, developed through centuries of wisdom of this ancient civilization should be fully tapped.

This is being done by positioning India as a centre of Ayurveda, Yoga, Siddha, Naturopathy, etc. together with the spiritual philosophy that was integral to the Indian way of life. The Ministry of Tourism has highlighted wellness in a big way through publicity and promotional activities.

#### **2.4 Star Hotel Business and Maharashtra State Government Policy**

India: The growth of tourism in India has been rapid in the last five years despite a late start. Tourist arrivals have gone up by more than 25 per cent and foreign exchange earnings has jumped by 40 per cent. The rich heritage, trade, culture, history and growing economy have become major attractions for the tourists.

Policies have proved result oriented, the following table makes the point more clear. Policies have contributed in changing the environment more positive.

These trends are expected to continue in near future also. These figures also prove that the central and state government (Maharashtra) has adopted the policies and taken the measures in the right direction.

However Pune corporation role is not encouraging and supporting. Ruling political parties are engage in “tug of war” activities. They are having conflicting interests. Unauthorized growth of slum areas has brought into danger the cleanness of the city. Overcrowding population with the intention of searching job opportunities is the main factor, responsible for creating many problems like pollution control, transportation, deforestation, drainage, irregular water supply, road safety widening the roads and collection of garbage. Pune city previously known as the city of too many problems, many issues are mix up challenging the smoth functioning and growth of star hotels.

Maharashtra: The domestic tourists visiting Maharashtra doubled during the last decade, from 41.29 lakhs in 1991 to 84.8 lakhs in 2001, whereas the number of foreign tourists visiting Mumbai increased from 7 million in 1991 to 8 million in 2001. The rapid growth in domestic tourism can be attributed to the ever increasing middle class, increase in disposable incomes, improved facilities, increasing stress on urban families, improved connectivity to tourist destinations, etc. Not all foreign tourists visiting Mumbai visit Maharashtra. Some of these foreign tourists come to Mumbai as an entry point to India and proceed to various other states. There is a need and scope to attract these visitors to Maharashtra to the various tourist destinations here.

Maharashtra is the third largest State of India, both in area and population. It is located on the west coast of India with a 720 km long coastline along the lush green Konkan region. Nestled

in the western ghats and the Sahyadri mountain range are several hill stations and water reservoirs with semi-evergreen forests. The Vidarbha region of Maharashtra, with its dense forests, is home to several wild life sanctuaries and nature parks. Thus all the three regions of Maharashtra offer considerable tourism potential. Maharashtra abounds in numerous tourist attractions ranging from ancient cave temples, unspoiled beaches, ancient forts and monuments, forests and wildlife, unique hill stations, pilgrimage centers, and a rich tradition of festivals, art, and culture. Hence the campaign slogan for Maharashtra Tourism is “MAHARASHTRA UNLIMITED!”

#### **Action Plan for the Next Five Years**

The following action plan was implemented from 2006 to achieve the long-term vision for 2025.

**Development of Infrastructure at Tourist Destinations:** Various tourism facilities such as accommodation, toilets, information centers, etc. would be developed at all destinations. The incentive policy proposed for this will encourage private partnership in tourism related activities and infrastructure development. Access to weekend destinations (hill-stations, beaches like Alibag, Ganapati Pule etc.) near major cities in Maharashtra would be given preference.

**Accessibility to Tourism Destinations and Wayside Amenities:** Approach roads would be identified to various tourist destinations in Maharashtra. The roads would be assessed for suitability and considered for further development. Wayside amenities would also be planned while developing roads. In addition, rail linkages and air connectivity to important tourism destination must be strengthened by co-ordination with the concerned departments and Ministries.

**Development Control Regulations at Destinations:** Development control regulations would be prepared to work as guidelines for development at and around important tourism destinations/ areas.

**Strengthening of Bed and Breakfast Scheme:** The Bed and Breakfast scheme creates facilities for travellers at remote destinations (where hotel accommodation is not available) and provides income to the local people. With the increasing interest in the rural way of life and the advent of rural tourism, the Bed and Breakfast Scheme offers excellent potential for the mutual benefit of tourists and the local population. This Scheme will be strengthened to form a part of rural micro-financing projects.

Recreational Facilities at Destinations: Entertainment facilities such as childrens' sports, horse rides, light and sound shows (based on feasibility) will be arranged at selected destinations. Providing recreation and entertainment at tourism destinations can convert day tourists into staying tourists.

Public-Private-Partnership: Specific destinations and monuments would be identified where public-private partnership is possible. Conservation plans would be prepared for the identified monuments. The concept of public private partnership would also be applied to the development of resorts at select destinations and for the organization of festivals.

World Heritage Sites: Conservation and tourism development of three heritage sites Ajanta, Ellora, and Elephanta are covered under external funding. Special attention will be given to the newly declared site Chatrapati Shivaji terminus. A detailed conservation and tourism plan will be prepared to showcase it as one of Mumbai's tourist attractions. Other monuments that are suitable to be promoted as world heritage sites would be identified in coordination with the concerned agencies such as State Directorate of Archaeology.

Cultural Tourism: Distinctive aspects of Maharashtra's rich culture and tradition would be identified and promoted as an integral part of Maharashtra's tourism. There would be identification and promotion the State's folk arts and organization of folk dances and music programs at tourist destinations.

- ❖ State government would identify the artistes in the state and the details (name, art/dance type, contact details, etc.) of these artistes would be recorded in the tourism portal.
- ❖ There would be a registration of the artist or his/her group.
- ❖ There would be an arrangement of cultural programs at MTDC resorts/ destinations involving local art forms.
- ❖ There would be preparation of a calendar of festivals specially focused to attract tourists.
- ❖ Local cuisine would be identified and promoted at MTDC resorts. Food festivals showcasing various types of Maharashtrian cuisine would be organized.
- ❖ There would be an identification of local melas/festivals that have been traditionally held for many years to showcase these traditions.

Crafts: Since Maharashtra has a number of exclusive handicrafts, the government would undertake the following activities to promote the handicrafts industry in the state:

- ❖ Appoint a design agency to develop products based on local crafts.

- ❖ Based on their recommendation, training will be arranged for artisans to develop various products.
- ❖ Develop and promote the State's handicrafts industry through e-commerce.
- ❖ Handicraft artisans of various crafts would be identified. Quality of the products would be standardized and products would be marketed through e-commerce.
- ❖ On-line /e-commerce application would be developed and backward linkages would be established with the artisans.
- ❖ Simultaneously, marketing support in terms of providing common sale outlets like bazaars and haats and services of would be provided for handicraft products.

**Pilgrimage Circuits:** Maharashtra is known for its pilgrimage centers like the Jyotirlingas, the Ashta Vinayaks and other famous temples at Shirdi, Pandarpur, Kolhapur, etc. Pilgrim circuits can be developed, connecting these pilgrimages. Maintaining sanctity and cleanliness at the place of pilgrimage is of utmost importance to provide an enhanced experience and attract more tourists. The responsibility for development of pilgrimage centers has been entrusted to the Urban Development Department or Rural Development Department (G.R. No. MIS 7896/1830/CR-78/96/UD-18 dated 17th May 1996). Maharashtra tourism would assist the urban development and rural development department for preparing a development model which can be applied to all pilgrimage sites.

**Rural Tourism:** Rural Tourism, Agricultural Tourism and Wine Tourism (Nasilk champagne factory) will be promoted considering the state potential and varieties existing in our state.

**Forts:** Maharashtra has a large number of forts which are valued not only for their historical significance but also for their architectural excellence. The Government of Maharashtra in coordination with ASI and State Archeology develops and conserves these forts for realizing their tourism potential.

**Application of Information Technology for Tourism:** Effective utilization of the website for tourism promotion of Maharashtra in India and abroad would be ensured. Online advertising material would be prepared by MTDC and posted on the portal. Online bookings for the Deccan Odyssey as well as for all MTDC resorts will be in operation soon.

**Information Desk:** The government of Maharashtra would create a desk at important airports, railway stations, bus stations and important public places to provide tourism information on an interactive basis with links to the tourism portal and on-line booking systems.

**Creating Awareness:** The government would create awareness among people about the importance of tourism, guidance to identify, plan tour options and an enlightened tourist. This would also include creating awareness about safety and environmental awareness.

**Safety and Security:** The Tourism Department will formulate the guidelines for the safety of tourists on the beaches of state as well as the tourists venturing into water sports activities.

**Training and Capacity Building:** It is important to carry out training needs assessment for tourism staff and plan for training programs, with a view to capacity building of all partners and stake holders in the tourism sector. This will be in co-ordination with the "Atithi Devo Bhava" program of the Central Government.

**Coordination and Monitoring:** State Government would form a committee involving the Department of Tourism, MTDC and other related departments to play a coordinating role. This committee would also identify developmental needs (either infrastructure or site facilities) at various destinations.

**Organizational Review:** A thorough review of institutional and staffing requirements of the Department of Tourism and MTDC would be taken up for restructuring the roles and functions of departments/individuals based on the needs of tourism development in the state.

**Nodal Office in New Delhi:** A nodal office in New Delhi will focus on marketing for the Deccan Odessey and bookings for Maharashtra Tourism and MTDC resorts apart from liaisoning with other departments and agencies and handling promotional activities.

**Single Window Clearance System:** The Government will create a system for single window clearance for facilitating tourist projects in consultation with all concerned departments.

**Tourist Survey Statistics:** Periodic tourism statistics is not readily available in Maharashtra. A mechanism would be developed to collect tourism statistics in the State. Availability of periodic statistics will help in analysis and deriving recommendations for better tourism management.

To get complete statistics, MTDC would tie up with various tourism related institutes such as ASI, State Directorate of Archaeology, hotels near destinations, tour operators, etc.

## **2.5 Policy Implementation Side: Machinery Formulated**

This scheme is known as "THE TOURISM POLICY-2006". This scheme came into operation with effect from 1<sup>st</sup> November, 2006 and shall remain in force for a period of ten years or until substituted by a new package scheme of incentives.

Coverage under the Tourism Policy-2006 – Tourism Projects in the private sector, State Public Sector/Joint Sector and the co-operative sector but not in the Central Public Sector will



be considered for the incentives under “The Tourism Policy-2006”. The proposed tourist facilities shall be open to all and shall not be confined to the exclusive use of any particular individual or members of any group or club or have any such other restrictions.

### **Eligible Units**

The units falling in areas as classified /defined in Annexure ‘B’ in A, B, and C zones, for being eligible for the incentives under the new scheme of incentives in the Tourism Policy 2006, should have a minimum fixed capital investment of Rs. 100 lakhs or more, Rs. 50 lakhs, and Rs. 25 lakhs respectively which should be made within 3 years, 2 years and 18 months respectively from the date of registration. (A, B and C zones attached in Annexure of the Research Thesis)

Additional eligible units are as follows:

- 1) Hotels, Heritage Hotels, Resorts and Health Farms, Health & Wellness spa and units registered under the Bed and Breakfast scheme of MTDC
- 2) Motels and wayside amenities
- 3) Apartment Hotels/Service Apartments
- 4) Water Sports and Amusement Parks
- 5) Arts and Crafts Villages
- 6) Golf Courses
- 7) Camping, Caravanning and Tent Facilities
- 8) Aerial Ropeways
- 9) Convention Centers
- 10) Development of Hill Stations
- 11) Adventure Tourism Projects
- 12) Houseboats
- 13) Eco-Tourism Projects
- 14) Museums and Aquariums

### **Effective Steps**

The effective steps shall comprise of (a) initial and (b) final steps

#### **Initial effective steps will include:**

- i) Effective possession of land by an eligible unit free from all encumbrances and with legitimate legal rights.

- ii) Registration of company/co-operative society/trust with the respective registering authority. In case of partnership firm, evidence of execution of a partnership deed and requisite application with the payment of necessary registration fees to the registrar of firms.
- iii) Submission of project report specifically mentioning the category of tourism activity (coverage) and the incentives that are proposed to be availed of by the eligible unit with all relevant details.
- iv) Copy of permissions from all concerned statutory and executive authorities from whom permission is required under various laws.
- v) Registration with the respective authority.

The final effective steps shall mean and include:

- i) Clearances, if any, from Central/State Government and other concerned authorities for implementing the project.
- ii) Arranging of finance for the project to the satisfaction of the incentives sanctioning authority.
- iii) Acquisition of fixed assets at site to the extent of 10 per cent of the total fixed assets as envisaged for the project.
- iv) Evidence regarding expenditure on the project, including advances and pre-operative expenses paid, aggregating to at least 25 percent of the capital cost envisaged for the project.

### **Implementing Agency**

For the purpose of registration and claiming of incentives under the package scheme, the Maharashtra Tourism Development Corporation Ltd. (MTDC) is notified as the Registering Authority. The tourism unit after taking initial effective steps shall apply to the MTDC for registration of incentives in the prescribed form. MTDC shall claim a service charge for processing the application as approved by the State Government.

### **2.6 Influence of Government Policies on Growth of Star Hotel Business**

From the financial year 2005-06, the Government of Maharashtra has initiated the process of evaluating each department by the outcome of its schemes. The emphasis has shifted from merely spending funds to the actual utility and outcomes of the funds spent. Accordingly, parameters would be identified and reviewed such as tourist arrivals, increase in employment generation, district (area) domestic products etc. Studies would be regularly held either through government departments or universities, colleges and private agencies to assess the impact and outcome of tourism projects on a sample basis. Also, feasibility studies would

preferably be undertaken before embarking on tourism projects where huge investment is required so that unfruitful investment can be avoided.

### **Impact of the Central Government Policies**

Over the last decade and half the mad rush to India for business opportunities has intensified and elevated room rates and occupancy levels in India. Even budget hotels charge Rs. 12500/- per day per room.

The disparity between demand-supply, in room rates in India is most likely to rise 25 per cent annually and occupancy to rise by 80 per cent, over the next two years. Hotel Industry in India is eroding its competitiveness as a cost effective destination. Indian hotel industry is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. MNC hotel industry giants like Hyatt, Meridien are flocking India and forging joint ventures to earn their share in the Indian hotel industry. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources have pointed out; the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010.

With the USD 23 billion software services sector pushing the Indian economy skywards, more and more IT professionals are flocking to Indian metro cities. Hotel industry in India is set to grow at 15 per cent a year. This figure is increased in 2010, when Delhi hosts the Commonwealth Games 2010. Already, more than 50 international budget hotel chains are moving into India to stake their turf. Therefore, with plenty of opportunities, the future scenario of Indian hotel industry looks rosy.

Tourism is now well recognized as a major growth engine. Several countries have transformed their economies by developing their tourism potential. Hotel and tourism has a great capacity to create large-scale employment from the unskilled to the most specialized. The Indian economy is undergoing a major transformation. With an annual growth of eight percent, India has become the second most favoured destination for foreign direct investment. As an economic activity in the service sector, hotel and tourism also has an enormous potential for contributing to economic growth. Tourism has the potential to change the economic face of this region. The benefits of planned tourism development are manifold. Promotion of tourism would bring many direct and indirect benefits to the people of Maharashtra.

Some of the direct benefits accruing to the local community of a region as a result of hotel and tourism development are

- ❖ Employment opportunities in tourism and hospitality sector
- ❖ Development of private enterprises (small business, taxi service, laundry service)
- ❖ Improved standard of living
- ❖ Social upliftment and improved quality of life
- ❖ Better education and training (Hotel Management Colleges are available)
- ❖ Sustainable environmental practices
- ❖ Foreign exchange earnings

Some of the indirect benefits accruing to the local community of a region as a result of hotel and tourism development are:

- ❖ Infrastructure development – power, water, sanitation, hospitals, roads, etc.
- ❖ Market for local product
- ❖ Employment in infrastructure sector

#### Concessions Relief- Incentive

Hotel and Tourism Industry in India GDP has been quite alarming since the past few decades. Hotel and Tourism industry has contributed enormously in the flourishing graph of India's economy by attracting a huge number of both foreign and domestic tourists traveling for professional as well as holiday purpose.

The tourism industry in India witnessed a stunning growth after 2006. The growth in the inflows in India's tourism industry is calculated both in terms of business and vacation. The number of foreign tourists arriving from all over the world rose from 0.37 percent to 0.53 percent as has been stated by UN World Tourism Organization (UNWTO) in the year 2006. This remarkable growth in the graph of tourism industry in India popularized the entire South Asia as one of the most spectacular tourist terminal. Indian tourism industry contributes to around 5.9 percent of the country's GDP and it provides employment to around 41.8 million of inhabitants.

#### **Review of Tourist Arrivals**

India truly deserves to be a tourism haven, blessed, as it is, with amazingly diverse natural bounty and tourism-related products catering to their tastes, preferences.

A positive development has been the increasing realization among decision makers in India that tourism is not an elitist activity but can be a major engine for economic growth. It is realized that tourism is the largest employment generating industry. Globally, it generates 200 million direct jobs and accounts for almost 10 percent of the GDP.

It was about two decades back that tourism began to be recognized as an industry as

a result of which tourism found a place in the nation's five-year plans and a National Tourism Action Plan in 1992 was announced.

**Table No-2T-02 Foreign tourist arrivals during 2008 and comparative figures of 2007 and 2008(month-wise)**

Month	Foreign tourist arrivals (Nos.) in India			Percentage share of FTA		
	2006	2007	2008*	2006	2007	2008
January	459489	535631	591337	10.33	10.54	<b><u>11.02</u></b>
February	439090	501692	561393	9.87	9.87	<b><u>10.46</u></b>
March	391009	472494	541478	8.79	9.3	<b><u>10.09</u></b>
April	309208	350550	384203	6.95	6.9	7.16
May	255008	277017	300840	5.73	5.45	5.61
June	278370	310364	340159	6.26	6.11	6.34
July	337332	399866	429456	7.59	7.87	8
August	304387	358446	391423	6.85	7.05	7.29
September	297891	301892	330874	6.7	5.94	6.16
October	391399	444564	452566	8.8	8.75	<b><u>8.43</u></b>
November	442413	532428	521247	9.95	10.48	<b><u>9.71</u></b>
December	541571	596560	521990	12.18	11.74	<b><u>9.73</u></b>
<b>Total</b>	<b>4447167</b>	<b>5081504</b>	<b>5366966</b>	<b>100</b>	<b>100</b>	<b>100</b>

Observation- In 2008, the maximum number of foreign tourists visited India in January (11 per cent) and the minimum during the month of May (5.6 per cent). The maximum FTAs in India were between January to March, and October to December during 2008. This was the generally consistent pattern in 2006 and 2007 also.

**Table no-2T-3 Foreign tourist arrivals in India during 1981 to 2008 from the top 08 countries**

Year	USA	UK	Banglades	Sri Lanka	Canada	France	Germany	Japan
	1	2	3	4	5	6	7	8
1981	82052	116684	192509	75842	25358	57272	55471	29032
1985	95920	119544	272350	69063	29022	44091	45738	30573
1990	125303	235151	225566	68400	41046	79496	71374	59122
1995	203343	334827	318474	114157	63821	82349	89040	76042
2000	348292	432644	414437	129193	84013	100022	83881	98159
2005	611165	651803	456371	136400	157643	152258	120243	113082
2008 *	827866	787197	540092	228548	223587	217816	209252	150732

**Table no-2T-4 Foreign tourist arrivals in India during 1981 to 2008 from the top 07 countries**

Year	Australia 9	Malaysia 10	Singapore 11	China 12	Russia 13	Italy 14	South Korea 15
1981	20940	26458	17950	1371	-	28503	2665
1985	22047	23265	18485	2247	-	23187	3939
1990	30076	34278	32570	3089	-	49194	3986
1995	36150	50039	48632	5111	27145	53015	9831
2000	53995	60513	46612	14420	34814	50419	23411
2005	96258	96276	68666	44897	56446	67642	49895
2008*	148044	119040	100351	98721	91423	89235	82335

(--- lines indicate the information is not available)

**Table-2T-5 Distribution of Approved Star Hotels in Maharashtra (As on 31.12.2008)**

(Maharashtra State and city-wise number of approved hotels and hotel rooms are given in the table below)

Place	5 star deluxe	5 Star	4 Star	3 Star	2 Star	1 Star	Heritage	Total
Mumbai	16 (5434)	08(1488)	14 (1046)	30 (1898)	29 (1151)	2(79)		99
Pune	3(428)	4(360)	5(331)	11 (630)	7(237)	1(51)	1(31)	32
Kolhapur				6(208)	5(110)	1(10)	1(29)	13
Aurangabad	---	03(226)	---	1(26)	03(77)	2(24)	1(100)	10
Navi Mumbai	--			5(237)	2(53)	1(24)		08
Nashik	--	01(68)		2(164)	3(127)	2(78)	--	08
Mahabaleshwar				1(38)	2(86)		4(141)	07
Thane			4(202)	3(78)				07
Shirdi		01(100)		1(143)		3(120)	01(68)	06
Ahmadnagar		1(98)	01(80)	2(155)		2(76)		06
Lonavala	01(389)	01(105)		02(64)	02(22)			06
Panchagani				1(42)	3(140)	1(40)		05

Solapur				02(51)	01(23)	01(20)		04
Matheran				2(102)	2(86)			04
Khandala				3(142)	1(25)			04
Nagpur	--	01(93)	---	2(115)				03
Panvel			01(20)			02(36)		03
Ratnagiri			01(37)		01(22)	01(21)		03
Chanderpur				01(52)	01(52)			02
Karad				01(28)	01(36)			02
Manor						02(70)		02
Wardha Raod				01(96)		01(19)		02
Sindhudirg				01(25)		01(10)		02
Akola							01(14)	01
Amravati							01(10)	01
Bilaspur							01(25)	01
Bordi						01(15)		01
Chandid						01(20)		01
Chiplon				01(37)				01
Ellore						01(16)		01
Jalgaon					01(28)			01
Khopoli				1(12)				01
Roha						01(16)		01
Osmandabad					01(38)			01
Vidhyanagar				1(19)				01
Vihali			1(36)					01
Total No. of Hotels	20	20	27	81	65	27	11	251

Table no-5 provides the number of classified hotels and hotel rooms by star hotel categories in different cities of the Maharashtra. It is observed from this table that Mumbai has the maximum number of hotels.

**Table no2T-6 Distribution of Approved Star Hotels in India (As on 31-12-2008)**

States	5 star deluxe	5 Star	4 Star	3 Star	2 Star	1 Star	Heritage	Total
Kerala	02	08	15	189	71	05	06	296
Maharashtra	20	20	27	81	65	27	11	251
Tamil Nadu	05	08	07	67	40	85	01	213
Andhra Pradesh	05	06	07	73	07	02	--	100
Rajasthan	09	09	05	22	12	-	34	91
Punjab	-	01	08	39	34	-	-	82
Gujarat	-	06	04	43	06	01	03	63
Goa	11	08	03	19	14	01	01	57
Delhi	21	04	09	07	03	02	--	46
Uttar Pradesh	09	07	04	19	03	01	01	44
Karnataka	07	08	05	18	1	2	02	43
West Bengal	06	02	05	10	9	-	02	34
Madhya Pradesh	01	04	01	21	03	-	03	33
Arunachal Pradesh	-	-	-	-	31	-	-	31
Haryana	02	01	08	15	02	-	-	28
Uttaranchal	01	-	01	09	07	-	02	20
Himachal Pradesh	03	01	03	03	03	-	07	20
Orissa	03	-	03	06	03	01	-	16
Assam	-	-	02	10	03	-	--	15
Bihar	-	--	03	04	--	--	--	07



Jharkhand	-	-	02	04	01	-	-	07
Andaman and Nicobar	-	-	01	02	01	01	-	05
Meghalaya	-	-	01	03	-	-	-	04
Pondicherry	-	-	-	03	-	01	-	04
Sikkim	-	-	-	02	01	-	-	03
Daman & Diu	-	-	-	03	-	-	-	03
Dadra & Nagar Haveli	-	-	-	02	-	01	-	03
Jammu Kashmir	-	-	01	01	-	-	-	02
Chandigarh	-	01	01	-	--	-	-	02
Chhattisgarh	-	-	-	01	01	-	-	02
Lakshadweep	-	-	-	-	-	01	-	01
Mizoram	-	-	-	-	-	-	-	-
Manipur	-	-	-	-	-	-	-	-
Nagaland	-	-	-	-	-	-	-	-
Total No. of Hotels	105	94	126	616	312	131	069	1453

An analysis of state-wise data of approved hotels shows that maximum number of approved hotels (296) is in the State of Kerala, followed by Maharashtra (251) and Tamil Nadu (213). As far as hotel rooms are concerned, maximum hotel rooms are in the State of Maharashtra 16,719 followed by Tamilnadu 10384 rooms and Delhi 9841.

The above analysis indicates that the requirement of hotels are more in Maharashtra and Kerala compared to other states in India, which relates to the need of competent human

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{Table no-2T-02, Bureau of Immigration, India. INDIAN TOURISM STATISTICS 2008–Page No-15, prepared by Government of India, Ministry of Tourism, Market Research Division, Table No- 2T-3, page no-39,40 and 41 INDIAN TOURISM STATISTICS 2008, Prepared By Government of India, Ministry of Tourism , Market Research Division, Source:-Table no 2T-4 Bureau of Immigration, India Page No-36, Source:Table No 2T-05, 06 Indian Tourism statistics 2007, STATEWISE DISTRIBUTION OF APPROVED HOTEL ROOMS Page no-59-86 Administrative Records of Hotels maintained by Ministry of Tourism. }

resource to run them smoothly with customer satisfaction. The role of HRD is highly crucial to generate long term benefits in Maharashtra.

**Table No 2T-7 Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2007**

<b>Rank</b>	<b>State/UT</b>	<b>Number</b>	<b>Percentage (%)</b>
<b>1</b>	<b>Delhi</b>	1919491	15.3
<b>2</b>	<b>Maharashtra</b>	1703103	14.6
<b>3</b>	<b>Tamil Nadu</b>	1493157	12.9
<b>4</b>	<b>Uttar Pradesh</b>	1401042	11.3
<b>5</b>	<b>Rajasthan</b>	1401042	10.6
<b>6</b>	<b>West Bengal</b>	1154770	8.8
<b>7</b>	<b>Andhra Pradesh</b>	769724	5.9
<b>8</b>	<b>Karnataka</b>	534563	4.1
<b>9</b>	<b>Kerala</b>	515808	3.9
<b>10</b>	<b>Goa</b>	388457	3.0
	<b>Total of Top Ten</b>	11898963	90.4
	<b>Others</b>	1269216	9.6
	<b>Total</b>	13168179	100

The state of Maharashtra is second in top ten states/UT list table for foreign visitor's priority of destinations to visit. This clearly indicates the potential market for hotel industry in the state of Maharashtra.

## **2.7 Summary**

Different policies determined by the central and state government respectively contribute in developing external environment around hotel and tourism industry. Stable policies lead to stable and sustainable growth. Ideal policies on paper are not enough, but stable and efficient machinery for effective implementation of policies is equally important.

It is necessary to make some improvements on both sides. In this context, some suggestions and recommendations are given by the research student in the concluding chapter. (Chapter no-07)

There must be close linkage in the four important Ps i.e. Policies, Provisions, Person's performance and Progress of any business. Hotel industry is not an exception.

{ Table no 2T - 7 - Indian Tourism statistics, Page no-10 and 16, State/ UT Tourism Departments }

Policies-These are formulated by the central and the state governments from time to time and policies are subject to change as the situation demands.

Provisions-These are covered under various acts and give proper directions for the various operations handled by any business i.e. banking, trade, transport industry, hotel and tourism.

Person's performance - Human resource, employees, employer, government officer, and the working class in government department are closely concerned with the implementation of policies and provisions determined by external authorities.

Progress- Progress of any business at regular speed is assured when there is a close link between the three 'P's mentioned above. This is true in the hotel and tourism industry also.

Suitable policy formation is one of the aspects of developing environment conducive for the growth of hotel and tourism development all over the country.

Formulation of an ideal policy is an easy task but its implementation in practice is challenging. If we look back and see the forces responsible for the shift, we can easily conclude that it is people, who invented the computer software for online transactions and developed the ideas and systems of transaction.

In order to work with and manage people efficiently, we should understand human behaviour and acquire knowledge of various systems and practices already developed to help managers build a skilled and motivated work force.

It is widely accepted that human resource builds the distinctive competitive advantage of a hotel industry. The research student has explained in this chapter the various aspects of the hotel industry and the importance of hotel development policies. As a result the hotel industry has become the driving element in the Indian economy.

For the total development of an employee he/she must possess not only job knowledge and skills related to it, but also other elements which are associated with it like, legislation procedures and their application.

Legislation does not only mean permission about various hotel aspects but also legislations in relation to their employees and guests. The research student has considered various legislations related to hotels, guests and employees to make a hotel organization more effective with its competent work force.

The support of the government in the form of suitable policy formation and incentive scheme is one aspect but not the only aspect. Legal protection from the stage of promotion of hotel industry is equally important. Star hotels need to make huge capital investment of a permanent nature, so protecting the interest of hotel management, employees, investors, and

visitors must be given the due attention. In the next chapter, legal aspects of hotel business have been considered. It is proposed to take review of provisions in different Acts, made for protecting the welfare of different group's i.e. general public, investors, employees, visitors and management itself. Passing various bills, convert them into acts, formulation of rules and regulations all are constitutional responsibilities of state and central government. These responsibilities are shouldered for attaining the goal, justice to all, protection of welfare of masses.

# **PART –I**

## **CHAPTER-3:**

### **Research Design and Methodology**

#### **3.1 Introduction**

This chapter is included with the purpose of making clear the steps taken by the student for the systematic completion of the research. The steps taken are the common steps generally taken by any student doing research in the faculty of management and the topic selected by him belongs to 'Research in social sciences'.

Human resources development programs undertaken by star hotels (i.e. three stars and above) in Pune, the training programs they have arranged and implemented 2001 onwards, their impact on individual performance and organizational behaviour are the main points on which research student has focused his attention. The scope of enquiry was restricted to Pune city star hotels. The enquiry also covered star hotel management, to develop human resources through training programs (other aspects of star hotel management are not considered). The last part covers the linkage between development programs, individual performance and organizational behaviour.

#### **3.2 Origin of Research Problem:**

In Tourism Industry Hotel constitute most important segment. Hotels are vital and essential part of tourism industry. Without an adequate development of Hotel resources, all nation scenery, all climatic virtues and all sporting and recreation facility will not suffice to sustain a good volume of tourist trade.

The hotel industry play a major role in developing India and Pune city without it will become difficult to support the growth and encouragement of better employment. Pune is slowly becoming a cosmopolitan city and is now an important commercial center. However Pune retains the old world charm and it are many quaint Characteristics, including the omnipresent cyclist, rickshaws, and a daily siesta hour that is taken very

seriously indeed. Even the growth of sporting activity is more due to Neharu Stadium, Balawadi Sporting Complex.

The study, which is focuses on the training and development in hotel industry. Since increase in global business, it's become vital to find our ways of dealing with them efficiently. It becomes very important to study training and development in hotel industry in Poona district, the reasons is the relationship between upcoming industries, hotels and employment and growth of the city. HR skill is always been important for the hotel industry. In Poona in the recent days the cut-throat competition escalating operating cost are forcing hotel industry to pay more attention, response and create greater value to the need and the desire of the customer. In the upcoming areas like Poona district coherent and well planned integration of training education and continuous development the Organization to be achieved and sustained to help the growth o the city. The leading Hotels, which are there from Taj, Meriden Hotels and planning to come are Leela ,Oberoi etc.

### **3.3 Reasons for Selection of the Topic**

The selection of the topic was made because the student has keen interest in star hotel management. He has a diploma as well as degree in hotel management. He is in close connection with different star hotels like Hotel Pride and Sun-n-Sand Pune for recruitment. Last but not the least he is currently teaching this subject in one of the management institutes in Pune. Preliminary studies and discussions with colleagues are equally responsible to encourage him for the selection of this topic.

### **3.4 Objectives of the Study**

The objectives of the proposed research study are:

- ❖ To study two aspects of the environmental factors that contribute to the growth of hotel industry e.g. government policy, legal environment.
- ❖ To make an analytical study of human resources development programs, developed and used by star hotels.
- ❖ To study the impact of human resources development programs on professional skills currently used in star hotels.

- ❖ To test the hypothesis stated earlier, on the basis of the collection of primary and secondary data.

### **3.5 Hypothesis of the Study**

The preliminary discussions with senior colleagues, reading of books and periodicals relating to the subject, have made possible the formulation of research hypothesis (initially tentative). Hypothesis is the base or foundation of every research work and it is as important as a soul in human body. Formulation of hypothesis is essential for making meaningful observations, about the topic selected for research work.

The hypothesis for this research is as follows:

**“Professional skills developed through human resource development programs undertaken by star hotel managements in recent years make an important contribution in increasing the capacity of individual employee and organizational performance by attracting more customers”.**

The above mentioned hypothesis proposes to test the following hypothesis variables.

H1-Employees perceive that there is a positive relation between professional training and organizational effectiveness.

H2 -Employees perceive that there is a relationship between professional training and improvement of skills and abilities required to offer quality service to the customers.

Formulation of hypothesis is the starting point and testing the hypothesis (whether proved or disproved) is the last stage or step in research work. In between formulation of hypothesis and testing of hypothesis (i.e. starting point and end point), every research student has to undertake a very exhaustive and tedious job of collection of data, collection of relevant and reliable information by using secondary sources (already published information) and primary data (realistic information) by using the technique of interviews and issuance of questionnaires to related groups.

### **3.6 Research design**

#### **(a) Selection of sample**

All together 688 questionnaires were issued to 25 Star hotels and their employees.300 questionnaires were circulated to managers, employees and trainees of the star hotels. Teachers from Hotel Management College also were considered for their views. Even research student have taken personal interviews relating to star hotel management – Kamat groups of hotels and many experts including Taj Hotel Hyderabad, Regional HR manger from Delhi Hyatt Regency

#### **Coverage of area**

Data gathered from Pune city and other few cities of Maharashtra (Matheran, Mahabaleshwar,Lonawala, Mumbai).

### **3.7 Methods of data collection**

Collection of data refers to a purposive gathering of information relevant to the subject matter under study and the methods used depends mainly on the nature, purpose and scope of the enquiry to be undertaken, as well as on the availability of resources and time.

Data collection can be grouped into two type's i.e. primary and secondary data.

#### **Primary Data**

Primary data are the original observations collected by the researcher for the first time and used for their investigation.

The sources of primary data include:

Questionnaires, interviews, and unstructured question to the managers, employees, trainees (from different department), and Teachers from Hotel Management Colleges in Pune.



### **Source of secondary data**

Secondary sampling designs are applied after some data or other information has already been obtained. Generally, the objective of any secondary sampling design is to further refine the decision in some very specific way.

The sources of secondary data includes Research Journals, Economic Surveys (various issues of hotels and other research materials), news papers, Website based trade data etc.

### **Statistical Technique:**

**Chi square test-** Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. This test allows research student to compare a collection of categorical data with some theoretical expected distribution.

### **3.8 Significance of Study**

The major challenge of this sector is shortage of skilled employees along with the challenge of attrition rate. Skilled chefs and managers are in great demand. Managers require huge range of competencies such as, people management, practical skills, business insights, analytic skills, succession planning, and resource development in order to get success in this sector. In addition to that, employees are not enough trained on Business Etiquettes, Courtesy, and Business Communication. Hospitality is all about handling people. So an employee must have right attitude, tolerance, and listening skills in order to move up the hierarchy. There is still a long way to go to inculcate good public relation, interpersonal skills.

### **3.9 Scope and Limitations of the study (Difficulties Experienced)**

#### **Scope of the study**

The scope of this research is restricted to star hotels in Pune city only. In Pune city there are 39 star hotels, spread over different areas of the city. Pune, during the last five decades (especially after 1960) after Panshet incidence has developed in many dimensions. It is now, no more, known as pensioners' city, but as a city with IT industries, a city of sports and cultural activities and has come up with a large variety of

industries, government offices, number of gardens (green pockets), hotels, communication and entertainment facilities. It is contributing to the economy of Maharashtra. Considering the future growth possibilities for star hotels, H.R.D has become important for development of human capital to fulfill growing expectations about the quality and standard services by domestic and foreign visitors.

- 1) The present study is confined with the hotel industry( 3star & above)
- 2) The research will restrict to training and development only.
- 3) The geographical limit of the present is Poona district and outside city in India.
- 4) The present study confined of the year of 2001-2009 for the eight years only.
- 5) The sample of the present study will selected by random sampling method.

#### **Limitations of the study (Difficulties Experienced)**

In the recent years, completing research in any faculty has become a hurdles race. Collection of suitable and adequate data relating to topics and the analysis and interpretation of data collected, the money and time spend for collecting information has become a challenge in a competitive scenario.

The general attitude among respondents is the main problem or bottleneck in the progress of a research work. However the research student appreciates the willing cooperation from many people and institutions i.e. from hotel managers, hotel employees, hotel inspection staff as well as the tourists in the form of responses to questionnaires issued and some authorities in this subject also allowed the research student to take personal interviews.

#### **3.10 Chapter Scheme**

<b>Sr. No.</b>	<b>Chapter Number and Name</b>
	<b>Acknowledgement Declaration, Certificate from the Guide, Preface</b>
<b>Part - I</b>	<b>1. Introduction –Growth of hospitality Industry 2. Review of the central and state governments policy about Hotel and Tourism Industry: - 1980 onwards</b>

	<b>3. Research Design and Methodology</b>
<b>Part -II</b>	<b>4. Legal Environment of Hotel and Tourism Industry</b> <b>5. Impact of Training Programs on an Individual's behaviour and Organizational performance</b> <b>6. Analysis and interpretation of data</b>
<b>Part -III</b>	<b>7. Testing of Hypothesis</b> <b>8. Findings and Conclusions and Suggestions</b>

### **3.11 Summary**

This chapter has outlined the purpose of research design in both descriptive and explanatory research. In explanatory research the purpose is to develop and evaluate causal theories. The probabilistic nature of causation in social sciences, as opposed to deterministic causation, was discussed. Research design is not related to any particular method of collecting data or any particular type of data. Any research design can, in principle, use any type of data collection method and can use either quantitative or qualitative data. Research design refers to the structure of an enquiry: it is a logical matter rather than a logistical one.

It has been argued that the central role of research design is to minimize the chance of drawing incorrect causal inferences from data. Design is a logical task undertaken to ensure that the evidence collected enables us to answer questions or to test theories as unambiguously as possible. When designing research it is essential that we identify the type of evidence required to answer the research question in a convincing way. This means that we must not simply collect evidence that is consistent with a particular theory or explanation. Research needs to be structured in such a way that the evidence also bears on alternative rival explanations and enables us to identify which of the competing explanations is most compelling empirically. It also means that we must not simply look for evidence that supports our favourite theory; we should also look for evidence that has the potential to disprove our preferred explanations.

## **PART –I**

### **CHAPTER-4:**

#### **LEGAL ENVIRONMENT OF HOTEL AND TOURISM INDUSTRY**

##### **4.1 Introduction**

Management of any business is not possible without the knowledge of law. The owners of star hotels must have a thorough knowledge of various laws, so that they can protect their own interest. Similarly hotel management can simultaneously protect the interest of employees and visitors. The knowledge of the law enables to complete many formalities like filing of returns, renewal of license etc. In turn they can get protection from government and justice by court in case of matters of disputes. On the other hand, ignorance of law is not an excuse. No one can defend ignorance and non awareness of law. Therefore knowledge of law is a must for every individual and business unit in society. On the hand, individuals, families, experience government role as guardian role and government protect the welfare of masses. Policy formation and creating legal environment are steps to be followed by central government, state government and local authorities (administration) simultaneously. Since independence, this three tier machinery is playing important role in developing suitable and sustainable legal environment.

In this chapter mainly the attention is focused on important acts and laws relating to star hotels. Each act is referred briefly, i.e. only the provisions restricting progress and performance of star hotel industry. Priority has been given to provisions protecting the interests of hotel industry.

The purpose of inclusion of this chapter in research work is to study in brief the legal environment in and around star hotel business. An attempt is made to cover important provisions under different Acts and bring to notice some loopholes, lacunas related to hotel and tourism business. In the previous chapter an attempt was made to study the environment created by the state and central government through formulation of suitable policies and incentive schemes for encouraging the star hotel establishment and growth of star hotels in different important districts all over Maharashtra and India.

## **Laws and Acts -Difference**

Before we commence this chapter, we must understand that, 'Law and Act' are two different words. Thus "Acts" are only a part of "law". Acts by themselves do not cover the entire law relating to the subject, for example, ESI Act provides that the rates of sickness benefit, maternity benefit etc. shall be such as may be prescribed by the Central Government. Accordingly, ESI (Central) Rules provide the rates of such benefit. Thus the "Act" and "Rules" have to be read together for the law.

Basically, the term "law" covers the following:

- 1) Constitution of India
- 2) Acts passed by the Parliament or State Legislature
- 3) Rules made under the Acts
- 4) Notifications issued under the Acts
- 5) Judgments of the Supreme Court and High Courts

The definition of Law is all inclusive and includes the Acts passed by legislators, so we can say that the definition of Law is wider and that of an Act is narrower.

### **Features: Laws/Acts**

- a) Sound background- As bills are passed in parliament, legislative council's resolutions are passed by local government.
- b) Provide necessary guidelines to people, business, industrial units, commercial organizations.
- c) They are implemented through some machinery i.e. Police stations, courts, government departments on the basis of power delegated.
- d) Acts and laws are subject to alternations amendments from time to time.
- e) Passing acts and formulating, implementing policies is continuous process undertaken as constitutional responsibility and obligation.
- f) All acts and laws serve the same purpose- maintain law and order in society. Preventive measures against injustice and exploitation.
- g) Language used makes difficult, proper correct interpretation. Laws, acts sometimes fail to serve original purpose, smooth functioning of business units, industrial commercial organizations. Efforts of making amendments, every time , not leading to simplification

further providing business to legal advisors, consultants and increasing number of pending cases before the court.

Purposes of passing acts and laws in the parliament and in legislative council can be listed as follows:

- (1) Award legal status and assure social recognition to a large variety of business units
- (2) Make possible development of business units at regular speed
- (3) Prevent the possibility of exploitation by any group in society e.g. employees exploitation by employer by giving low wages, maximum hours of work
- (4) To make clear the legal responsibility of owners of business unit
- (5) Indicate the right path for resolving disputes and differences, by approaching to the appropriate authority
- (6) Create the feeling among citizens and business units that they are safe and secure, provide an opportunity to them to develop and grow smoothly without unnecessary intervention

Government must come forward and make provisions in laws, form rules and regulations and thereby assuring safe shelter under which they can grow.

The present era is of globalization and liberalization. Developed and underdeveloped countries are slowly but steadily moving towards free market economy. Entry of foreign capital, technical know-how, is now permitted with minimum restrictions. Previously adopted policy of state intervention is now slowly abandoned by many countries, especially by countries which have already signed GATT agreement and India is one of them.

The excessive dose of liberalization and globalization has definitely led to the creation of some problems before the existing industrial and proposed business units to be established in near future.

Changes in the political, social and economic environment are slowly proving harmful rather than helpful. Many developing countries are experiencing withdrawal of protection policy that has poised many challenges before local units i.e. competition, declining demand for the services, goods manufactured by Indian industries, problem of cost reduction and the problem of survival in period of recession.

Survival and growth of Business and industrial units is not possible without protection. Hotels and restaurants need protection in case of improper behaviour of employees, unnecessary domination of trade union, declaration of strikes, adoption of go slow techniques and public riots

that slow down the progress of business. Legal protection makes it possible to overcome critical situations which may take place without notice e.g. incident occurrence of 26/11 terrorist attacks on Taj Mahal hotel, Oberoi hotel and Nariman House. This was resulted in heavy loss to star hotels.

The Government of India's "Incredible India Destination" campaign and the "Atithi Devo Bhavah" campaign have also helped the growth of domestic and international hotel and tourism industry. The hotel sector and tourism industry has a mutually symbolic relationship and has a cascading impression on each other. Commonwealth games increased the demand for hotels in India.

It is for these reasons that numerous international hospitality brands having expressed a keen interest in the Indian hospitality sector. In this chapter therefore more emphasis is given on examining the legal aspects favouring the growth of hotel, restaurants, dhaba, bar and permit room etc.

### **Chain of four 'P's**

- Provisions
- Protections (by laws)
- Performance
- Progress

Provisions, Protections (by enacting laws), Performance, and Progress of hotel industry largely depend on environment created by the various laws. Protection is needed to all the segments relating to hotel business. These include management, employees and visitors.

The management should have updated knowledge of the laws and impart this knowledge to employees through effective training programs who are handling the visitors and government departments (income tax, sales Tax, licenses).

During an interaction with the employees of hotel organizations, the research student has observed that employees tend to focus more on their day to day work, execute their daily chores mechanically without updating their knowledge about legal issues.

The managers taking care of operations need to schedule training slots in the daily work. In most of the organizations training is given only at entry level e.g. Induction or training related to employees existing job. Hotel management in order to improve efficiency or meet the customer's

ever growing needs should upgrade all the issues related to hotels including legal ones, which can become significant with long lasting impact on the hotel organization.

#### **4.2 Role of Government –Legal Protection**

The smooth progress of a business establishment is not possible without legal support. The hotel and tourism business is not an exception. Legal restrictions should not be considered as hurdles to progress, or harmful to progress in any way

Injustice, inequalities and exploitation of masses by classes is a very common experience in India. Societies are divided in two groups i.e. “haves” and “have not”. This craze for accumulation of wealth by adopting fair and unfair means is very common in individuals, families and business units. Some types of business units have become ‘victims’ of unfair practices willingly or unwillingly. The demand for justice has increased in the weaker sections of the society. It includes consumers, workers in the unorganized sector and jobless educated young people. The government has introduced many Acts, and has made clear its intention to safeguard the interests of masses.

The role of the government is not only to act as a silent observer, but also to take the initiative to protect the ‘welfare of masses’ and to take corrective measures for the effective implementation of the provisions in the Acts, considering the need for protecting interests of hotel management, hotel employees and visitors on one side, and general public on the other. The “Welfare of the Masses” is to be given priority and then one should proceed to safeguard the “Welfare of the Classes”.

In case of hotel industry, protecting the interests of the three groups is very important, i.e. management of hotels, employees in star hotels and interests of hotel customers. This is because the growth of hotel and tourism industry is also taking place in our economy simultaneously. The growth trends in hotel and tourism industry in the background of globalization and liberalization 1991 onwards have increased drastically.

In the first part ‘provisions’ under different acts applicable to hotel and tourism industry have been referred and in the latter part attempt is made to examine the ‘implementation side’ based on the questions were asked to employees, managers and visitors of star hotels, through personal interviews and questionnaires.



The following are the main areas where the management of star hotels is required to be alert and vigilant. Moreover, the management is required to update its knowledge regularly and pass on the latest information to employees and visitors.

1. Licenses-Permits-Renewals
2. Food preparation, preservation, disposal of waste and garbage according to the rules laid by Municipal Corporation
3. Inspection of hotels
4. Employee's recruitment, payments and protection of employee's welfare
5. Payment of taxes, timely filing of returns
6. Protection to visitors personal property, safety and security
7. Clean, pollution free hotel premises

The management is required to furnish latest information, submit reports and timely filing of returns to government departments. It cannot give any excuses for the non observance of rules and provisions in the laws. Instructions, orders, guidelines given through circulars by the local authority, state and the central government must be taken seriously and implemented carefully.

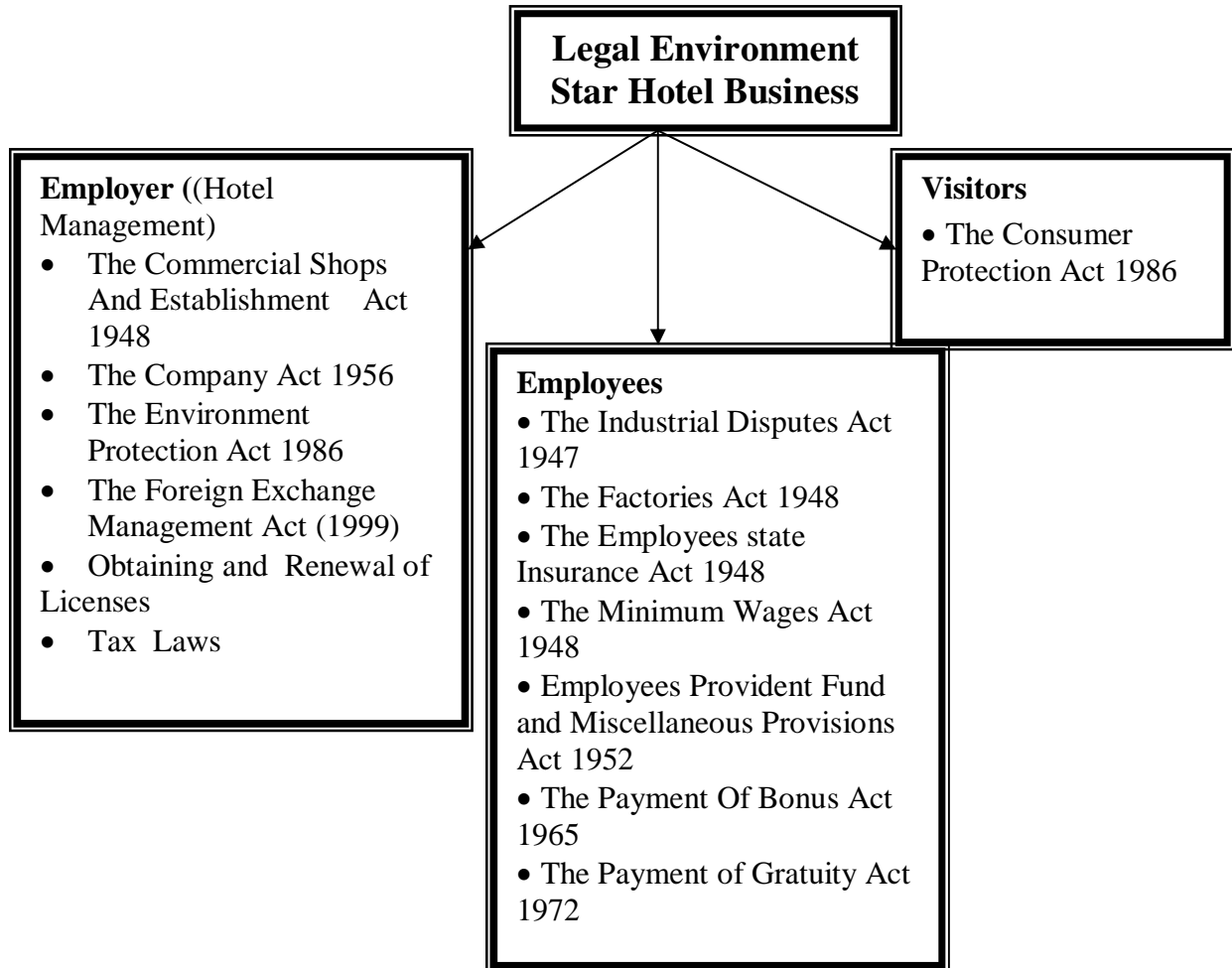
Time and again amendments have been made in these Acts for the purpose of simplification and ease in implementation. Every Act makes obligatory creation of some records and maintains registers. Maximum efforts should be made for avoiding penalties and punishments in one form or the other.

### **4.3 Laws Relating to Hotel Business**

Hospitality Law provides current and future hospitality managers with the legal understanding necessary to take proactive steps that ensure both the safety of guests and the success of the hospitality operation. More than anyone else, the hospitality organization and hospitality managers influence the legal exposure their businesses face. Since no establishment can fully escape the risk of legal action, especially in today's litigious society, sensible decision-making by well-informed managers is the key to avoiding the legal problems that can sink an otherwise well-run business.

## Regulations

The legislations and Acts governing the hospitality industry can be divided into three groups.



### ❖ **The first group governs the operation and maintenance of hotel business**

- The Shops And Establishment Act 1948
- Company Law 1956
- The Environment Protection Act 1986
- The Foreign Exchange Management Act (1999)
- Obtaining and Renewal of Licenses
- Classification of Hotels
- General Terms, Conditions and Application Format for Project Approval at Project Level
- Tax Laws - Service Tax, Expenditure Tax, Excise Duty on Liquor and Imported Food (Salmon fish)

- Income Tax Act
- ❖ **The second and important group of Acts which governs the employees**
  - The Industrial Disputes Act 1947
  - The Factories Act 1948
  - The Employees state Insurance Act 1948
  - The Minimum Wages Act 1948
  - Employees Provident Fund and Miscellaneous Provisions Act 1952
  - The Payment Of Bonus Act 1965
  - The Payment of Gratuity Act 1972
- ❖ **The third group relates to visitors**
  - The Consumer Protection Act 1986

#### **4.4 Legal Environment for the Employer**

##### **The Commercial Shops and Establishment Act -1948**

The Shops and Establishment Act is a state legislation act and each state has framed its own rules for the Act. The object of this Act is to provide statutory obligation and rights to employees and employers in the unorganized sectors of employment, i.e., shops and establishments. This Act is applicable to all persons employed in an establishment with or without wages, except the members of the employer's family

This Act lays down the following rules:

- ❖ Working hours per day and week
- ❖ Guidelines for spread-over of rest interval, opening and closing hours, national and religious holidays, overtime work.
- ❖ Employment of children, young persons and women
- ❖ Rules for annual leave, maternity leave, sickness and casual leave, etc
- ❖ Rules for employment and termination of service

Under this Act, registration of shop/establishment is necessary within thirty days of commencement of work. Fifteen days of notice is required to be served before the closing of the establishment. The state government can exempt, either permanently or for specified period, any establishment from all or any provisions of this Act.

### **Purpose of the Act**

1. To regulate conditions of work and employment in shops, commercial establishments, residential hotels, restaurants, eating houses, theatres, other places of public entertainment and other establishments.
2. Provisions include regulation of establishments, employment of children, young persons and women, leave and payment of wages, health and safety etc.

### **Conclusion**

The law was meant to safeguard the interests of those employees working primarily in the unorganized sector by ensuring that employers provided comfortable working conditions.

The star hotel projects require various licenses and clearances like lodging house license, eating house license, Police permissions, under the Commercial Shop and Establishment Act.

By the Policy of 2006, these licenses/ permissions will require renewal every 5 years instead of earlier annual renewal. This was the encouraging step taken by the government to reduce the delay for renewal of the license.

### **The Companies Act-1956**

The basic objectives underlying the law are:

- A minimum standard of good behaviour and business honesty in company promotion and management.
- Due recognition of the legitimate interest of shareholders and creditors and of the duty of managements not to prejudice to jeopardize those interests.
- Provision for greater and effective control over and voice in the management for shareholders.
- A fair and true disclosure of the affairs of companies in their annual published balance sheet and profit and loss accounts.
- Proper standard of accounting and auditing.
- Recognition of the rights of shareholders to receive reasonable information and facilities for exercising an intelligent judgment with reference to the management.
- A ceiling on the share of profits payable to managements as remuneration for services rendered.
- A check on their transactions where there was a possibility of conflict of duty and interest.

- A provision for investigation into the affairs of any company managed in a manner oppressive to minority of the shareholders or prejudicial to the interest of the company as a whole.
- Enforcement of the performance of their duties by those engaged in the management of public companies or of private companies which are subsidiaries of public companies by providing sanctions in the case of breach and subjecting the latter also to the more restrictive provisions of law applicable to public companies.

### **Provisions and Implementations**

In India, the Companies Act, 1956, is the most important piece of legislation that empowers the Central Government to regulate the formation, financing, functioning and winding up of all companies in India.

- ❖ The Act contains the mechanism regarding organizational, financial and managerial aspects of a company.
- ❖ It empowers the Central Government to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Act.
- ❖ These inspections are designed to find out whether the companies conduct their affairs in accordance with the provisions of the Act, whether any unfair practices prejudicial to the public interest are being resorted to by any company or a group of companies and to examine whether there is any mismanagement which may adversely affect any interest of the shareholders, creditors, employees and others.
- ❖ If an inspection discloses a prima facie case of fraud or cheating, action is initiated under provisions of the Companies Act or the same is referred to the Central Bureau of Investigation.

The Companies Act is administered by the Central Government through the Ministry of Corporate Affairs and the Offices of Registrar of Companies, Official Liquidators, Public Trustee, Company Law Board, Director of Inspection, etc. The Registrar of Companies (ROC) controls the task of incorporation of new companies and the administration of running companies.

## **Conclusion**

In view of the vastness of the Act, complications and listening are noticed in many star hotels in Pune. The difference between Private Limited and Public Limited Companies are the major area of complications reported by star hotel management.

There is confusion generally as to when and how the law applicable to Private hotel Limited Companies, Public hotel Limited Companies.

The applicability of this law is not in very clear in case of Private Limited or Public Limited Hotel Company's disclosure of their annual published balance sheet and profit and loss accounts.

## **The Environment Protection act -1986**

In the wake of Bhopal tragedy 1984, the Government of India enacted the Environment (Protection) Act, 1986 (EPA) under article 253 of the constitution. The potential scope of the Act is broad, with "environment" defined to include water, air, land and their inter-relationships with human beings and other living creatures, plants, micro-organisms and property.

## **Purpose of the Act**

❖ The Environment Protection Act provides guidelines for protection and improvement of environment in and around hotel premises.

❖ Environmentally unsound practices like solid waste and sewage disposal pose the most serious threat from hotel and other industry. Though solid waste is a cause of environmental concern at the current level, it is more of an aesthetic problem. In past, the portion of waste and garbage which could not be burned was dumped into the river. This practice is now prohibited by law and so waste incinerators and crushers have to be used in all star hotels.

Previously sewage effluent was discharged into the river or else by the hotels. Pune has developed a very suitable form of tourism destination in Maharashtra. The present form of hotel development has not generated any serious environmental impact in Pune. This has been accomplished through careful management. The government has developed appropriate policies, legislation and plans and instituted mechanisms to apply strict standards and regulations to hotel industry.

## **General Legislation**

1986- The Environment (Protection) Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds.

1986- The Environment (Protection) Rules lay down procedures for setting standards of emission or discharge of environmental pollutants. In case of the hotel industry the discharge of the pollutants is through water which is used to wash in-house laundry.

1989- The objective of Hazardous Waste (Management and Handling) Rules is to control the generation, collection, treatment, storage and handling of hazardous waste.

1995- The National Environmental Tribunal Act has been created to award compensation for damages to persons, property and the environment arising from any activity involving hazardous substances.

2000- The Municipal Solid Wastes (Management and Handling) Rules, 2000 apply to every municipal authority responsible for the collection, segregation, storage, transportation, processing, and disposal of municipal solid wastes.

2002- The Noise Pollution (Regulation and Control) (Amendment) Rules lay down such terms and conditions are necessary to reduce noise pollution, permit use of loud speakers or public address systems during night hours (between 10:00 p.m. to 12:00 midnight) on or during any cultural or religious festive occasion.

### **Water related Legislation**

1882- The Easement Act allows private rights to use a resource that is, groundwater, by viewing it as an attachment to the land. It also states that all surface water belongs to the state and is a state property.

1974- The Water (Prevention and Control of Pollution) Act establishes an institutional structure for preventing and abating water pollution. It establishes standards for water quality and effluent. Polluting industries must seek permission to discharge waste into effluent bodies. The CPCB (Central Pollution Control Board) was constituted under this act.

1977- The Water (Prevention and Control of Pollution) Cess Act provides for the levy and collection of fees on water consuming industries and local authorities.

### **Air related Legislation**

1948- The Factories Act and Amendment in 1987 was the first to express concern for the working environment of the workers. The amendment of 1987 has sharpened its environmental focus and expanded its application to hazardous processes.

1981- The Air (Prevention and Control of Pollution) Act provides for the control and abatement of air pollution. It entrusts the power of enforcing this act to the CPCB.

1982- The Air (Prevention and Control of Pollution) Rules defines the procedures of the meetings of the Boards and the powers entrusted to them.

1987- The Air (Prevention and Control of Pollution) Amendment Act empowers the central and state pollution control boards to meet with the grave emergencies of air pollution.

**Table No-4T-1 Relevant Provisions of “The Environment Protection act 1986” applicable to Star Hotels.**

Sr. No.	Sections	Applications
1	Section 7	Hotel industry operation or any industry operation, should not allow emission or discharge of environmental pollutants in excess of the standards prescribed in ‘The Environment Protection act 1986’.
2	Section 10	Powers of entry and inspection of any premises of the hotel industry.
3	Section 11	Power to take sewage or effluent sample and procedure to be followed in connection with pollution of the environment.
4	Section 15	Penalty for contravention of the provisions of the act and the rules, orders and directions under the environment protection act 1986.

❖ Fifty years after the initiation of hotels, industrialization and continued population pressure on the environment and natural resources of India has resulted in environmental degradation and deterioration.

❖ There has been depletion of forests, soil erosion, ground water depletion, contamination of soil and water in certain areas and degradation in ambient air quality, in addition to problems created locally.

❖ India also has to cope with issues related to global environmental concerns on global warming and ozone layer depletion.

**Observations and Implementation**

The hotel industry can have both positive and negative impact on the physical environment. It is possible for a hotel owner to develop eco-friendly activity and to co-operate with the machinery which has been set by the appropriate government for maintaining the integrity of the environment.

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(Source Table No-4T-1-chapter III, Prevention, control, and abatement of environmental pollution The Environment (protection) Act, 1986 , No. 29 OF 1986, Bare Act of The Environment Protection act)



The duty of the owner is to follow and promote environment friendly atmosphere not only with the help of employees.

According to The Environment Protection Act, industries are divided into three categories viz, Orange, Red, and Green. Hotel industry is treated as orange due to the various laundry operations which is carried out with chemicals. Under The Environment Protection Act the inspection of the industries are carried out as follows.

- 1) Green industry- once in a year.
- 2) Red industry-once in a month.
- 3) Orange industry- once in three months.

Hotel inspecting inspectors have the power to enter and inspect any of these industries at any time. The inspection is carried out to check air pollution, water pollution and food adulteration.

Implementing new tolerant system for environment protection calls for larger investment but some hotels are implementing effective eco-friendly systems to trim down the cost incurred to deal with pollution and to save environment. Prevention is better than cure.

The hotel industry is playing a vital role in making the environment pollution free. In a pilot study of this research, the student has observed that Orchid hotel encouraged eco-tourism at maximum level and received eco-friendly tourism awards.

(The Orchid became Asia's first five star hotel to win the ECOTEL certification shortly after opening in May of 1997 and is the only hotel in the world to win over 69 international and national awards in 13 years from its inception. Under the management of 'The Orchid' owner Mr.Vithal Kamat and Director Param Kannampilly, the hotel has earned more environmental accolades than any other hotel in the world. With this latest achievement 'The Orchid' becomes one of the, six hotels in the world.)

The listed practices mentioned below are exercised by few hotels in Maharashtra and Pune. The awareness can be increased through making employees familiar with the eco-friendly practices by hotel management.

Most of the large groups of the hotels like Sun-N-Sand, Hotel Blue Diamond, Le Meridian and even small independent organizations have changed over to eco-friendly ways such as

- ❖ Use of traditional design and local building materials in construction to make it conform to the local environment
- ❖ Maintenance of local plants, medicinal or herbal garden in the hotel premises

- ❖ Purchase of local farm products like vegetables, poultry fish etc.
- ❖ Use of renewable or nonpolluting sources of energy for improved cooking system
- ❖ Recycling of waste water which can be reused for gardening
- ❖ Use of eco-friendly cloth, jute, paper

The environment friendly drive undertaken by star hotels includes major programs like

- ❖ Effort for water conservation: Adoption of rainwater harvesting techniques.
- ❖ Adoption of waste water treatment(recycling of waste water for gardening)
- ❖ Adoption of solid waste management system: Use of new and eco-friendly technologies such as earthworm composting.
- ❖ Employing energy saving methods: Controlling entire street walkway and external garden light by timers. Use of energy saving equipment.

### **General conclusion**

With rapid hotel industrialization taking place, there is an increasing threat to the maintenance of the ecological balance. The general public and hotel owners are becoming aware of the need to protect environment. Even though laws have been passed for the protection of environment, the enforcement of the same has been tardy.

As per the hotel management replies (17 out of 25 i.e 68 per cent) on environment act, the governmental authorities are not showing any concern with regard to the enforcement of the said Acts. With the development taking place for personal gains at the expense of environment and with disregard of the mandatory provisions of law, some public-spirited persons have been initiating public interest litigations.

The legal position relating to the exercise of jurisdiction by the courts for preventing environmental degradation and thereby seeking to protect the fundamental rights of the citizens is now well settled by various decisions of this Court.

The primary effort of the court, while dealing with the environmental-related issues, is to see that the enforcement agencies, whether it is the state or any other authority, take effective steps for the enforcement of the laws. The courts, in a way, act as the guardian of the people's fundamental rights but in regard to, many technical matters, the courts may not be fully equipped. Perforce, it has to rely on outside agencies for reports and recommendations whereupon orders have been passed from time to time. .

### **Foreign Exchange Management Act (FEMA)-1999**

The Foreign Exchange Management Act (1999) or in short FEMA has been introduced as a replacement for earlier Foreign Exchange Regulation Act (FERA-1973)). FEMA became an act on the 1<sup>st</sup> June 2000. FEMA was introduced because the FERA didn't fit in with post-liberalization policies. A significant change that the FEMA brought with it was that it made all offenses regarding foreign exchange civil offenses, as opposed to criminal offenses as dictated by FERA.

The FEMA head-office, also known as Enforcement Directorate is situated in New Delhi and is headed by a Director. The Directorate is further divided into 5 zonal offices in Delhi, Mumbai, Kolkata, Chennai and Jalandhar and each office is headed by a Deputy Director. Each zone is further divided into 7 sub-zonal offices headed by the Assistant Directors and 5 field units headed by Chief Enforcement Officers.

The government of India has formulated the Foreign Exchange Management Act (FEMA), which relates to the foreign direct investment in the country. Foreign Exchange Management Act (FEMA) has helped the country by encouraging external payment and trade.

Extensive economic reforms were undertaken in India in the early 1990s and this led to the deregulation and liberalization of the country's economy. Foreign Exchange Management Act (FEMA) was thus formulated in order to be compatible with the policies of pro-liberalization of the Indian government.

### **Coverage of Foreign Exchange Management Act (FEMA):**

Foreign Exchange Management Act (FEMA) is applicable to the entire country. Agencies, branches and offices, outside India, that are owned by Indian residents, also fall under the jurisdiction of this act. Foreign Exchange Management Act (FEMA) also extends to any dispute that are committed in offices, agencies and branches outside India that are owned by individuals covered by this act.

Objectives of Foreign Exchange Management Act (FEMA):

- ❖ Among the various objectives of the Foreign Exchange Management Act (FEMA), an important one is to revise and unite all the laws that relate to foreign exchange.
- ❖ Further FEMA aims to promote foreign payments and trade in the country.
- ❖ To encourage the orderly maintenance and development of the foreign exchange market in India.

### Implementation of Foreign Exchange Management Act (FEMA):

Extensive efforts have been undertaken to ensure the effective implementation of FEMA in India. Proper implementation measures and efficient supervision are important precondition for the success of the Foreign Exchange Management Act (FEMA) in hospitality industry.

- ❖ The positive side of FEMA is 100 per cent FDI permissible in the hotels and tourism sector on the automatic route. The term hotels include restaurants, beach resorts and other tourist complexes providing accommodation and food facilities to tourists.
- ❖ Tourism related industry include travel agencies, tour operating agencies and tourist transport operating agencies. It also includes units providing facilities for cultural, adventure and wildlife experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment and amusement sports, and health units for tourists and convention / seminar units and organizations.

Automatic approval is granted for foreign technology agreements, if up to 3 per cent of the capital cost of the project is proposed to be paid for technical and consultancy services including fees for architects design and supervision. Up to 3 per cent of net turnover is payable for franchising and marketing / publicity support fee and up to 10 per cent of gross operating profit is payable for management fee, including incentive fee. This is the positive side of this Act to the hotel industry.

### **Guidelines for Classification of Hotels**

Hotels and other supplementary accommodations (guest house, lodging, and apartments) are an integral part of a tourist's visit to a place and the services offered by them can make the visit pleasurable. Hotel is one of the fastest growing components of tourism. So it is increasingly becoming popular for leisure and family holidays etc. in India. With the major aim of providing standardized, world class services to the tourists, the Government of India, Department of Tourism has a voluntary scheme for classification of fully operational hotels in the following categories:-

1. Star Hotels: - 5 Star Deluxe, 5 Star, 4 Star, 3 Star, 2 Star & 1 Star
2. Heritage Hotels: - Heritage Grand, Heritage Classic and Heritage

The Hotel and Restaurant Approval and Classification Committee (HRACC) inspect and assess the hotels based on facilities and services offered. Project approval is also given in all the above-mentioned categories at the project implementation stage. Classified hotels/approved projects are

eligible for various concessions and facilities that are announced by the government from time to time besides getting worldwide publicity through the Indian tourism offices located in India and abroad. Details of the criteria set and the application with documents are required to be given for classification and project approvals, for the 5 Star Deluxe, 5 Star, 4 Star and all the three Heritage categories.

Along with the application, the requisite fees may be sent to:-

Member Secretary (HRACC)/Hotel and Restaurants Division,

Department of Tourism, Government of India,

C-1 Hutments, Dalhousie Road, New Delhi 110011.

For classifications and project approvals in the 3 Star, 2 Star and 1 Star category, the applications along with their requisite fees may be sent to the Regional Director, India tourism office in whose region the hotel/project is located:

1. Regional Director, India Tourism, West & Central Region, 121, M. Karve Road, Mumbai 400 020	2. Regional Director, India Tourism, Northern Region, 88, Janpath, New Delhi 110001
3. Regional Director, India Tourism, Southern Region, 154, Anna Salai, Chennai 600002	4 Regional Director, India Tourism, North Eastern Region, G. L. Publication Complex,G. S. Road, Guwahati-781007
5. Regional Director, India Tourism, North Eastern Region, G. L. Publication Complex, G. S. Road,Guwahati-781007	

**General terms, conditions and application format for project approval at project level and classification of hotels**

Approval at Project Level

1. The Department of Tourism approves hotel at project stage based on documentation, which enables the hotel to get certain benefits from the government as announced from time to time.
2. Project approval is valid for five years. The hotel must apply for classification within three months from the date that the hotel becomes operational even if all its rooms are not ready.
3. The fees payable for the project approval and subsequent extension, if required are as follows. The demand draft should payable to “Accounts Officer, Department of Tourism, New Delhi”.

<b>Star Category</b>	<b>Amount in Rs.</b>
5- Star	15,000
4- Star	12,000
3- Star	8,000
2 -Star	6,000
1- Star	5,000
Heritage Category	12,000

4. The promoters must forward regular progress reports for each quarter failing which the project approval would be considered withdrawn.

5. All documents must be valid at the time of application and a Gazetted officer or Notary must duly certify copies furnished to the department. Documents in local languages should be accompanied by a translation in English/official language and be duly certified.

6. Projects, where it is proposed to let out part or whole of the hotel on time share basis with company will not be eligible for approval.

7. For any change in the category the promoters must apply with a fresh application form and requisite fees for the category applied for.

8. Any changes in the project plans or management, should inform to the Department of Tourism/Regional Directors office (for 3, 2 and 1 star categories) (for 5-star deluxe, 5, 4 star and Heritage categories) within 30 days otherwise the approval will stand withdrawn/terminated.

9. Applicants are requested to go through the checklist of facilities and services contained in the document before applying.

10. Incomplete application is not accepted.

11. The Government of India, Department of Tourism reserves the right to modify the guidelines/terms and conditions from time to time

#### Hotel Classification/Reclassification

1. Classification for new hotel must be sought within three months of completion of approved hotel projects. Operating hotels may opt for classification at any stage. However, hotels seeking reclassification should apply one year prior to the expiry of the current period of classification.

2. In case the hotel fails to reapply one year before the expiry of the classification order, the application will be treated as a fresh classification case.

3. Once a hotel applies for classification/ reclassification, it should be ready at all times for inspection by the HRACC.

No requests for deferment of inspection will be entertained.

4. Classification will be valid for five years from the date of issue of orders or in case of reclassification from the date of expiry of the last classification provided that the application has been received within the stipulated time mentioned along with all valid documents. Incomplete applications will not be accepted.

5. Hotel which propose to let out part of or all its rooms on time-share basis are not eligible to be classified

6. Hotel applying for classification must provide the following information and documents

**I.** Name of the hotel

**II.** Name and address of the promoters/owners with a note on their business antecedents

**III.** Complete postal address of the hotel with telephone no/fax/email

**IV.** Status of the owners/ promoters

- ❖ In case of public/ private limited company, copies of Memorandum and Articles of Association are required.
- ❖ In case of partnership, a copy of partnership deed and certificate of registration is compulsory.
- ❖ In case of proprietary concern, name and address of proprietor/certificate of registration is obligatory.

**V.** Date on which the hotel became operational.

**VI** Details of hotel site with postal address and distance from Airport/Railway station/City center/Downtown shopping area (in kms)

**VII.** Details of the hotel

- ❖ Area (in sq. meters) with title owned/ leased with copies of sale/ lease deed
- ❖ Copy of land use permit from local authorities
- ❖ Star category being applied for
- ❖ Number of rooms and area for each type of room in sq.ft. (single/double/suites)
- ❖ Number of attached bathrooms
- ❖ Details of public areas - Lobby/lounge, restaurants, bars, shopping area, banquet/ conference halls, health club, swimming pool, parking facilities, facilities for the

physically challenged persons, eco-friendly practices and any other additional facilities.

The area for each facility should be indicated in sq.ft

- ❖ Details of guestroom and bathroom with dimensions in sq.ft.
- ❖ Details of Fire Fighting Measures
- ❖ Details of energy conservation, water harvesting and other eco- friendly measures and initiatives
- ❖ Air-conditioning details for guest rooms and public areas

**VIII. Certificates/No Objection Certificate's (attested copies)**

- ❖ Certificate/ license from Municipality/ Corporation to show that the establishment is registered as a hotel
- ❖ Certificate/ license from the concerned Police department authorizing the running of a hotel
- ❖ Clearance Certificate from Municipal Health Officer/ Sanitary Inspector giving clearance to the establishment from sanitary/hygienic point of view
- ❖ No Objection Certificate with respect to fire fighting arrangements from the Fire Service Department (Local Fire Brigade Authorities)
- ❖ Public liability insurance
- ❖ Bar License (necessary for 4\*, 5\* & 5\*-D only)
- ❖ Money Changers License (necessary for 4\*, 5\*& 5\*-D only)
- ❖ Sanctioned building plans/occupancy certificate
- ❖ If classified earlier, a copy of the earlier "Certificate of Classification issued by Department of Tourism
- ❖ For Heritage property, certificate from the local authority stating age of the property and showing new and old built up areas separately
- ❖ Any other local authority as maybe required
- ❖ Approval /NOC from AAI for projects located near Airports
- ❖ Indication whether a few rooms or all rooms are to be let out on a time-share basis
- ❖ Application fees

The above-mentioned approvals/ NOCs (no objection certificates) are the responsibility of the owners/promoters/concerned company as the case may be. The department's approval is no



substitute for any statutory approval and the approval given is liable to be withdrawn without notice in case of any violations or misrepresentation of facts.

7. All applications for classification or re-classification must be complete in all respects- application form, application fee, prescribed clearances, NOCs, certificates etc. Incomplete application is liable to be rejected.

8. Hotels will qualify for classification as Heritage hotels provided a minimum 50 per cent of the floor area was built before 1935 and no substantial change has been made in the front elevation. Hotels, which have been classified / re-classified under Heritage categories prior to the issue of these guidelines, will continue under Heritage categories even if they were built between 1935 and 1950.

9. The application fees payable for classification/reclassification are as follows. The demand draft should be payable to "Accounts Officer, Department of Tourism, New Delhi".

#### **Star Category Classification/Reclassification**

##### **Fees in Rs.**

<b>Category</b>	<b>Fees In Rupees</b>
1-Star	6,000
2-Star	8,000
3-Star	10,000
4-Star	15,000
5- Star	20,000
5-Star Deluxe	25,000
Heritage(Grand, Classic and Heritage categories)	15,000

10. The classification committee will consist of

- ❖ For 4\*, 5\* and 5\*Deluxe and Heritage category - Chaired by Chairman (HRACC) or his representative. Representatives from FHRAI/IHM/local India Tourism office/Director (T) of the concerned State Government or his representative (who should be a Gazetted officer) /Member Secretary will constitute the other members of the Committee. In case of Heritage category, a representative of IHHA will be a member of the committee.
- ❖ For 1\*, 2\* & 3\*, the committee will be chaired by Secretary of Tourism of the concerned State Government or his nominee who should not be below the rank of a Deputy Secretary to the Government of India. In his absence, the Regional Director, India Tourism who is also Member Secretary, Regional HRACC will chair the committee. The

- recommendations will be sent to HRACC Division (Department of Tourism, Government of India) within 3 weeks. Other members will be representatives from FHRAI/ IHM.
- ❖ The Chairman and any 3 members will constitute a quorum
  - ❖ The minutes will be approved by the Chairman (HRACC)
  - ❖ In case of any dissatisfaction with the decision of HRACC, the hotels may appeal to Secretary (Tourism), Government of India for review and reconsideration within 30 days of receiving the communication regarding classification/ reclassification. No requests will be entertained beyond this period.
11. Hotels will be classified following a two stage procedure
- ❖ The presence of facilities and services will be evaluated against the enclosed checklist.
  - ❖ New projects will be required to adopt environment friendly practices and facilities for physically challenged persons.
  - ❖ The quality of facilities and services will be evaluated against the mark sheet
12. The hotel is expected to maintain the required standard at all times. The classification committee may inspect a hotel at any time without previous notice. The Committee may request that its members be accommodated overnight to inspect the level of services.
13. Any deficiencies/ rectification pointed out by the HRACC must be complied with within the stipulated time that has been allotted in consultation with the hotel representatives during inspection. Failure to do so will result in rejection of the application.
14. The committee may assign a star category lower but not higher than that applied for.
15. The hotel must be able to convince the committee that they are taking sufficient steps to conserve energy and harvest water, to segregate garbage and its disposal/recycling as per Pollution Control Board (PCB) norms and following other eco-friendly measures.
16. For any change in the star category/heritage category the promoters must apply with a fresh application form and requisite fees for the category applied for.
17. Any changes in the plans or management of the hotel should be informed to the HRACC, Govt. of India, and Department of Tourism within thirty days otherwise the classification will stand withdrawn/terminated.
18. Applicants are requested to go through the checklist of facilities and services contained in this document before applying.

19. Incomplete applications will not be considered. All cases of classification would be finalized within three months of the submission of application.

20. The Government of India, Department of Tourism reserves the right to modify the guidelines/terms and conditions from time to time.

Government of India, Department of tourism

With a view of improving standards and creating awareness, the Government of India, Department of Tourism has decided to include some measures to encourage eco-friendly practices and facilities for the physically challenged persons as a necessary requirement for all approved projects and classified hotels. These have been included in the revised guidelines, which would come into effect shortly. The details of these are as follows:-

**1. Eco-Friendly Practices**

- ❖ Energy Conservation: It is necessary that all star category hotels should have energy conservation lamps. The use of solar energy, timers etc. are desirable.
- ❖ Water Conservation: Water saving taps and showers are necessary for 5-star and 5-star deluxe hotels and desirable for one to four star and Heritage hotels category.
- ❖ Waste Management: Solid waste management and recycling of garbage should be undertaken. Garbage should be segregated into wet and dry separating that which can be recycled or re-used. It is necessary that the wet garbage areas should be air-conditioned for 3 to 5 star deluxe categories and desirable for 1 and 2 star hotels. The aim should be to achieve a "zero garbage policy" by utilizing all the organic waste.

**Other Desirable Measures:**

- ❖ The use of plastic should be discouraged.
- ❖ Efforts for water conservation should be made by incorporating dual system flushing options for liquid and solid wastes, etc.
- ❖ Efforts to harvest rainwater should be made.
- ❖ Pollution control methods for air, water, sound & light should be incorporated. Sewage Treatment Plants (STP's) should be installed.
- ❖ Non CFC refrigeration and Air-conditioning should be installed.
- ❖ Efforts should be made for greening of the hotel's surroundings.
- ❖ Timers should be installed in areas where lights tend to be left on.
- ❖ Guest key linked light and A/C activation should be installed.

- ❖ Thermostat regulators in rooms should be installed
- ❖ General awareness about eco-friendly practices should be imparted to the staff through training.
- ❖ Hotels may refer to the PATA (Pacific Asia Travel Association) handbook on eco-tourism and environment or other similar publications for details.

## **2. Facilities for physically challenged persons**

- ❖ At least one room should be equipped for physically challenged persons. This is necessary for all 4, 5 and 5 – star deluxe category hotels and desirable for 1 to 4 star category hotels.
- ❖ At least one telephone in the lounge or seating area in the lobby should be placed at no higher than 24" from the floor. This is necessary for 5-star and 5-star deluxe hotels; it would be desirable for all classified hotels to have this facility.
- ❖ The public rest rooms for female and male should have facilities for physically challenged person's i.e. low height urinals as per international specifications. This is a necessary requirement for all classified hotels.
- ❖ Ramps with anti-slip floors and handrails are a necessary requirement for 4, 5 and 5 star deluxe hotels and desirable for all others.
- ❖ Wheel chair access with suitable table at least one multi-cuisine restaurant.
- ❖ The entrance doors should have a minimum width of 32" to allow free access for wheelchairs
- ❖ Fire and emergency alarms should have visible and audible signals.
- ❖ Exclusively earmarked, clearly sign-posted, and accessible parking space may be allocated nearest to the entrance.
- ❖ Suitably equipped elevators i.e. minimum 32" width, handrails, audio-announcement of floors and accessible buttons for the physically challenged persons should be provided.

### **General rules for bar**

Rules framed by the local municipal corporation as per schedule "e" or "FL3" for grant of license

- ❖ Silver plating of the utensils to be used in the bar should be compulsory.
- ❖ Fire license to be procured before starting off with the operations.
- ❖ Glass tumblers a must for all bars for serving wines.

- ❖ Pest control to be done regularly.
- ❖ The minimum size of the bar, to be operational is 450 sq.ft.
- ❖ Tiles compulsory for the floor.
- ❖ Clean uniforms for the waiters in the bar.
- ❖ Separate place for washing utensils.
- ❖ Kitchen to be at a minimum distance from the actual food serving place( minimum 100 sq.ft. from the display and storage of wine )
- ❖ Painting of the walls of the bar twice every year.
- ❖ Restaurant and bar to be cleaned twice per day.

Before applying for the license, one is required to be operating the bar/restaurant for six months. After applying for the license, one is required to pay the license fees (detail of the license fee is explained later, in point number 10, page no-27 in this chapter).

When the bar premises is finely checked by the medical department and after getting the signature of the concerned medical officer of the Municipal Corporation, only then license is issued. The bar is allowed to operate, provided the fees are paid regularly and on time.

### **On Site Consumption License**

The department grants license to hotels which are holding star classification and approval of Tourism, Government of India which are considered necessary for granting license in form of L-3. This license empowers the hotel for service of foreign liquor to the residents in their room.

(L-1 type of license is for wholesale, L-2 type of license for retail sale without any additional service)

The hotel can seek separate license in formats for service of liquor exclusively in bar/ restaurant in the hotel premises. The service is restricted to specified premises of bar and restaurant only.

The hotel is required to submit an application in its letter head along with the following documents.

- (1) Documentary proof regarding legal status of the hotel, i.e. whether it is a company, or partnership firm.
- (2) Whether the hotel have legal possession of the plot
- (3) Completion certificate with respect to the hotel building
- (4) Trade license from local authority
- (5) Lodging house license from local authority

- (6) Certificate of registration of eating house license
- (7) Document proof regarding applicant being an income tax and sales tax assessments
- (8) The applicant is required to submit the lay-out plan of the hotel, site plan of the license outlets and liquor stores
- (9) Proof of the department of tourism, Government of India indicating the project approval and also recommendation for grant of L-3, L-5 license(L-4 – temporary club license)
- (10)NOC from local service

The applicant hotel is required to submit application to the Excise Commissioner.

The premise shall not be located within a distance of 75 meters from the following.

- (1) Major educational institutions
- (2) Religious places
- (3) Hospitals with 50 beds

LICENSE FEE (L-3)

L-3 (Service of foreign liquor in hotel to the residents in their room)

- (1) Hotel having 10 to 25 rooms- Rs. 40,000
- (2) Hotel having 26 to 50 rooms- Rs. 60,000
- (3) Hotel having 51 to 100 rooms- Rs. 120,000
- (4) Hotel having 101 to 200 rooms- Rs. 1,80,000
- (5) Hotel having 201 to 300 rooms- Rs. 2,50,000
- (6) Hotel having 301 to 400 rooms- Rs. 4,00,000
- (7) Hotel having 401 and above rooms-Rs. 4,50,000

L-5- Service of foreign liquor in a Bar/ restaurant attached to Hotels.

As per above stated notification, the rate of L-5 license is as under.

- (1)5 Star and above- Rs. 8.50 P.A. endorsement.
- (2)4 Star and above- Rs. 7.00 P.A. endorsement
- (3)3 Star and above- Rs. 6.50 P.A. endorsement
- (4)2Star and above- Rs. 6.00 P.A. endorsement
- (5)1 Star and above- Rs. 5.00 P.A. endorsement
- (6)Budget Hotel - Rs. 4.50 P.A. endorsement

## **Proposals on Indirect Taxes**

### **Service Tax**

There has been a systematic inclusion of many services rendered by hotels and restaurants under the Service Tax Act, over the last few years. It may be recalled that hotel expenditure tax was abolished in the year 2003 in response to the industry's plea, on the ground that the totality of taxes charged by the Union Government and the State Government have made the Indian tourism product internationally un-competitive. The State Governments are charging luxury tax on hotels ranging between 3 per cent in Goa to 20 per cent in Assam. However, following the abolition of expenditure tax, service tax has been introduced and extended to hotels under various categories such as Mandap Keeper, Convention Services, Health Club and Fitness Centers, Dry Cleaning Service, Rent-a-Cab Service, Event Management and Beauty Parlour and Internet Access. The service tax has thus virtually replaced the expenditure tax, which was earlier abolished in the interest of development of tourism in India. FHRAI, therefore requests that like the exemption granted under the Mandap Keeper category to hotels, exemption should be granted in respect to all the aforesaid service tax categories to hotels and restaurants.

### **Additional Customs Duty on Liquor**

The government introduced additional duty on imported beer, wine and spirits with effect from April 2001 in lieu of excise duties charged by State Government on domestic liquor products. Government have been representing against it for the last two years, as there was no justification for this additional duty. The basic customs duty on liquor is already high at 160 per cent and the high rate of additional duty is taking the over all duty in certain price categories to 591 per cent. There was some rationalization of additional duty based on landed CIF price segments in the last budget, but it only provided a marginal relief. Moreover, the excise duties of state governments, if calculated on the landed CIF prices of imported products, come to the range of 15 per cent to 25 per cent. Any countervailing duty on imported liquor should thus remain within this range and not higher.

### **Conclusion**

The hotel management reported that licenses are not easily available. It is tedious process of meeting rigid rules, regulations and technical formalities. Renewal of licenses is also not an easy task but time consuming. Availability of licenses, permits, certificates at the right time, with

minimum waiting period, makes it easy for the management which is not happening. Some liberalization in policy and quick implementation by the concerned machinery is recommended. Due to high duties and the imposition of several taxes by State Government, the industry is paying multiple taxes, substantially increasing overall costs, and experiencing a decrease in profits. India has the highest tax rate on hotel projects in the Asia Pacific region. Each state has its own criteria for luxury tax, varying from 5 per cent to 20 per cent on rack rate, rather than the actual rate.

#### **4.5 Laws related to Labour**

##### **Industrial Disputes Act -1947**

Disputes and unsolved grievances in any organization are always harmful to both employer and employees in the organization. Preventing disputes is a good remedy but it is not always possible. Industrial Disputes Act provides machinery for settlement procedure.

The Industrial Disputes Act 1947 provides for the investigation and settlement of industrial disputes in an industrial establishment relating to lockouts, layoffs, retrenchment etc.

It provides the machinery for the reconciliation and adjudication of disputes or differences between the employees and the employers. Industrial undertaking includes an undertaking carrying any business, trade, manufacture etc.

##### **Purpose of the Act**

1. To improve the service conditions of industrial workers.
2. The object of the Act is to make provisions for investigation and settlement of industrial disputes.
3. The Act provides machinery for settlement of disputes, if a dispute cannot be solved through collective bargaining.
4. To bring industrial peace which accelerate productive activity of the organization
5. However, it makes other provisions with respect to lay offs, retrenchment, closure etc. The purpose is to bring the conflicts between employer and employees to an amicable settlement.

##### **Importance of the act in star hotel industry**

Industrial disputes result stoppage of work in an organization. This results in increase in the average cost of service since fixed expenses continue to be incurred. It also leads to a fall in sales and the rate of turnover, leading to a fall in profits. The employer may also be liable to compensate his customers with whom he may have contracted for regular supply. Apart from the



immediate economic effects, loss of prestige and credit, alienation of the labour force, and other non-economic, psychological and social consequences may also arise. Loss due to destruction of property, personal injury and physical intimidation or inconvenience also arises.

For the employee, an industrial dispute entails loss of income. The regular income by way of wages and allowance ceases and great hardship may be caused to the worker and his family. Employees also suffer from personal injury if they indulge in strikes. There may be psychological and physical consequences of forced idleness. The threat of loss of employment in case of failure to settle the dispute advantageously or the threat of reprisal action by employers also exists.

### **Conclusion**

The noble aim of the Act is to reduce or resolve the differences between employers and workmen with a view to maintain industrial relations in hotel industry of the country.

### **The Factories Act -1948**

The Factories Act, 1948 is one of the major central legislation designed to regulate the working conditions in the factories. It lays down all essential provisions relating to cleanliness, ventilation, lighting, sanitary arrangements, health, safety and welfare of the workers in the factories.

### **Objectives:**

- ❖ The Factories Act provides provisions for the health, safety, welfare, service conditions and other related aspects of workers in factories.
- ❖ The Act has been passed primarily with the object of protecting workers employed in factories against industrial and occupational hazards.
- ❖ Observance of working hours, holidays, overtime, annual leave

### **Restaurant and Hotel**

The variety of food preparation in the kitchen of a large hotel or restaurant for being consumed in the premises by the residents of, or visitors would be a “process for making altering or otherwise treating or adapting any article or substance, with a view to its use, sale or disposal” and as such a “manufacturing process” within the definition of the expression in section 2(k).

This was declared in the case of *New Taj Mahal Co. V. Inspectors of Factories, Mangalore-1956(I) L.L.J.273*

Thus, if the substantial business of a restaurant or hotel is to prepare food from cooking materials and twenty or more persons are employed in this process then it would be a factory and the place where meals are served would form part of the factory and will depend on whether that place is situated within or outside the premises including the precincts of the factory in which cooking is done.

In case of *Moosa Kasmi V. K.K. Sheriff- A.I.R.(1959) Mad.542*, the court explained that the establishment which prepare articles of food(preparation of various dishes) and drink and caters to number of visitors who visits them comes under the definition of Factory Act 1948.

Relevant Provisions under the Act

### **Annual leave with wages**

❖ The Act provides that every worker who has worked for a period of at least 240 days during a calendar year shall be allowed during the subsequent year leave with wages at the rate of (a) one day for every twenty days worked in the case of adults, and (b) one day for every fifteen days worked in the case of children.

❖ The leave is exclusive of holidays that occur during or at either end of the leave period. Provisions are also made for proportionate leave with wages for a worker who is discharged or dismissed before he has rendered 240 days service.

### **Safety**

❖ The Act has provided several measures to ensure safety of the workers, such as compulsory fencing of machines of all sorts.

❖ A person should be not employed in any factory to lift, carry, or move any load so heavy that it is likely to cause him injury.

If it appears to the Inspector that any building or part of a building or any part of the ways, machinery or plant in a factory is in a condition that it is dangerous to human life or safety, he may serve on the Manager of the factory, an order in writing, specifying the measures which in his opinion should be adopted and requiring them to be carried out before a stipulated date.

### **Welfare Provisions**

❖ The employer should provide separate and adequate washing facilities for males and females.(Section 42)

❖ Facilities for storing and drying of wet clothes. (Section 43)

❖ Facilities for sitting for workers obliged to work normally in standing position. (Section 44)

- ❖ First aid box under the charge of a trained first aider. (Section 45)
- ❖ Ambulance room for factory ordinarily employing more than 500 workers. (Section 45)
- ❖ Canteen of prescribed standard in factories ordinarily employing more than 250 workers, to be run on no profit basis by a duly constituted canteen managing committee. (Section 46)
- ❖ Suitable and adequate rest shelter or rest room and lunch room to be provided in factories ordinarily employing more than 150 workers. (Section 47)
- ❖ Creche of the prescribed standards for use of children below 6 years of age of woman workers, employed in factories ordinarily employing more than 30 woman workers. Such creche should be under the charge of a trained woman. (Section 48)
- ❖ The factory owner can take work from adult workers subject to a maximum of nine hours in a day and 48 hours in a week. (Section 51)
- ❖ The spread over should not exceed 10-1/2 hours in a day unless exempted by Chief Inspector of Factories. (Section 56)
- ❖ A rest interval of at least half an hour should be provided in such a way that no period of work shall exceed 5 ½ hours. (Section 55)
- ❖ One day holiday is necessary on the first day of the week i.e. Sunday. Such a day may be substituted in writing by the CIF for a particular area. (Section 52)
- ❖ No worker can be asked to work for more than 10 consecutive days without a holiday for a whole day. (Section 52)
- ❖ No worker should work for more than 5 hours before he has had an interval for rest of a least half an hour. (Section 55)
- ❖ When the worker is deprived of any of the weekly holiday, compensatory holiday should be granted in lieu of the unavailed weekly holiday.
- ❖ The manager shall maintain a register in FORM-9(FA) to keep the account of compensatory holiday that shall be preserved for a period of three years after the last entry. (Section 53)
- ❖ Overlapping of shifts is not permitted, unless exemption has been obtained from the Chief Inspector of Factories. (Section 58)
- ❖ A worker, who works in a factory, for more than 9 hours on any day or more than 48 hours in a week, is entitled for overtime pay which should be twice the ordinary rate of wages. (Section 59)

### **Welfare Officer**

In every factory wherein 500 or more workers are ordinarily employed, the occupier shall employ in the factory such number of Welfare Officers as may be prescribed.

### **Penalties**

The Act also provides for a maximum punishment up to two years imprisonment or a fine of upto Rs. 1, 00,000 or both which would require the employers to follow their obligations strictly.

### **Conclusion**

The government's proposal to amend the Factories Act so as to include the 'Hotel industry' in the definition of a 'factory' has lead to varied opinions. On the one hand it would prove to be cumbersome for the employers and on the other hand it is beneficial and acts as a relief for the employees.

The Factories Act, 1948 is a social legislation which has been enacted for occupational safety, health and welfare of workers at work places. It is the duty of the state to protect the rights and liberties of the employees at work places and provide them with a more disciplined working environment. Since the hotels use LPG for cooking purposes and a large number of appliances are involved in the processes, the safety and health of workers employed in hotels need to be addressed adequately. This can be achieved through making safety and health statute applicable to hotels also.

Hotel industry included in the Factories Act, would require the industry to fix proper shifts and pay overtime to the employees if they work for more than eight hours a day, apart from ensuring workers' health, safety and welfare facilities. This consideration also leads to human resource development. They become more loyal and honest to their employer. Only training of employees is not enough for human resource development.

All provisions of factory act become applicable to hotel industry which is not followed by the star hotel industry. Research student has observed that hotel industry is unenthusiastic to give all the benefits to their employees. Only few hotels are providing the facility to their employees according to the provisions of the factory act but it need to be followed by all of them for better result of growth of star hotel industry(  $\frac{3}{25} * 100$ , only 12 per cent of hotels gives most of facility according to the provision of the Factory Act-1948))

## **Minimum Wages Act 1948**

The reason for enactment of Minimum Wages Act, 1948 was poor bargaining power of workers' in the country. The need for having minimum wage fixing machinery was stressed by the International Labour Organization long back in 1928.

### **Objectives**

- ❖ The object of the Act is to prevent exploitation of labour; prevent employment of sweated labour in the interests of general public and so in prescribing minimum wage rates, the capacity of the employer need not be taken into account.
- ❖ The employer shall pay to every employee in a specified employment the minimum rates of wages fixed under the Act.
- ❖ The minimum wages are fixed state wise and employment wise. It also provides for regulation of working hours, overtime, weekly holidays and overtime wages.

### **Benefits under the act**

The Act prescribes the minimum rates of wages payable to employees for different scheduled employments for different classes of work and for adults, adolescents, children and apprentices depending upon different localities, for one or more wage periods, viz by hours, by the day, month or other large period.

Other important issues

- ❖ The Act is a beneficial legislation and should be given widest meaning so long as the language is capable of bearing such a construction.
- ❖ A register of wages is required to be maintained at the place of work in prescribed forms by every employer. Such records are to be preserved for 3 years from the time of last entry made therein.
- ❖ An employee is prohibited from giving up any of his right or relinquishing or reducing his right to minimum wages under the Act.

### **Penalties for non-compliance**

Imprisonment up to 6 months and/or fine up to Rs. 500 is imposable for contravention.

### **Conclusion**

The Minimum Wages Act recommends minimum wages for specified employees in all establishments. The employer is bound to pay, every employee engaged by him wages at the rate

not less than the minimum rates of wages fixed for that class of employees without making any deduction (except as permitted under the Payment of Wages Act). The employees are entitled to the minimum wages at all times and under all circumstances.

**The only problem reported by most of the employers of star hotels in relation with the contract labour. The contract labour are not directly working under the star hotel management but the contractor, so there are difficulties in meeting the provisions of the Act of minimum wages.**

**Table No- 4T-2 Appropriate Sections of Minimum Wages Act 1948, applicable to Star Hotels**

<b>Sr. No.</b>	<b>Sections</b>	<b>Applications</b>
1	Section-12	The employer shall pay to every employee in a scheduled employment under him wages at the rate not less than the minimum rates of wages fixed under the Act.
2	Section-13 to 17	The Act also provides for regulation or working hours, overtime, weekly holidays and overtime wages, period and payment of wages, and deductions from wages.
3	Section-20	This section makes provisions to appoint authorities to hear and decide all claims arising out of payment less than the minimum rates of wages or any other payments due under the Act. The presiding officers of the Labour court and Deputy Labour Commissioners are the authorities appointed.

**Employees Provident Fund and Miscellaneous Provisions Act 1952**

This Act seeks to ensure the financial security of the employees in an establishment by providing for a system of compulsory savings. The Act provides for establishments of a contributory Provident Fund in which employees' contribution shall be at least equal to the contribution payable by the employer. Minimum contribution by the employees shall be 10-12 per cent of the wages. This amount is payable to the employee after retirement and could also be withdrawn partly for certain specified purposes.

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**(Source of Table-4T-2, Industrial and Labour Law by S. P. Jain)**

The employer must pay its own and the employees' contributions and administrative charges as required under the Act and schemes. Financial difficulty is no excuse for non-payment. The contribution has to be made irrespective of the fact whether wages are paid to the employee due to lockout, strike, or other related reasons. The Employer must furnish the necessary returns to the Provident Funds Commissioner.

### **Payment of Gratuity Act-1972**

An employee expects and deserves, as a matter of right, some reward when he/she retires after a long meritorious service. The enactment of the Payment of Gratuity Act, 1972, has fulfilled this expectation of an employee.

The Act provides guidelines for the payment of gratuity to workers employed in every factory, hotels, shop and establishments or educational institution employing 10 or more persons on any day of the preceding 12 months.

A shop or establishment to which the Act has become applicable shall continue to be governed by the Act even if the number of persons employed falls below 10 at any subsequent stage.

### **The Act applies to:**

- ❖ Every factory (as defined in Factories Act and it includes hotel industry as well)
- ❖ Every shop or establishment in which ten or more persons are/were employed.
- ❖ Such other establishment in which ten or more employees employed or were employed on any day of the preceding 12 months.

### **Eligibility of Employees**

- ❖ Any employee who is employed on wages (other than apprentice) in any establishment/Factory, Mine, Port, Restaurant etc
- ❖ An employee who has rendered continuous service of not less than 5 years at the time of retirement, resignation/termination.
- ❖ All the employees irrespective of status or salary are entitled to the payment of gratuity on completion of 5 years of service. In case of death or disablement, there is no minimum eligibility period.

Thus, the Act is applicable to all employees employed in administrative and managerial capacity. Gratuity is payable to a person on (a) resignation (b) termination on account of disablement due to accident or disease (c) retirement (d) death. Normally, gratuity is payable only after an

employee completes five years of continuous service. In case of death and disablement, the condition of minimum 5 years' service is not applicable

### **Benefits to employees of the hotel industry under the Act**

❖ The quantum of gratuity is to be computed at the rate of 15 days' of last drawn wages, by the star hotel employee concerned for every completed year of service or a part there of exceeding 6 months considered as complete year.

❖ "Wages" means all emoluments which are earned by an employee while on duty or on leave in accordance with the terms and conditions of employment and which are paid to him/her and includes, dearness allowance but does not include any bonus, commission, H.R.A., O.T. wages and any other allowance.

❖ The total amount of gratuity payable shall not exceed Rs. 3,50,000/-. (Gratuity amount payable under Payment of Gratuity Act enhanced from Rs.3.5 lakhs to Rs 10 lakhs. According to the new amendment, gratuity of 10 lakh is tax-free. {Payment of Gratuity (Amendment) Act, 2010 (No. 15 of 2010), dated 17-5-2010})

❖ In case where employer offers the higher benefits of gratuity scheme, the employee will be eligible for such higher benefits.

❖ In the case of monthly rated employees, per day wages shall be calculated by dividing monthly rate by 26 days.

### **Formula for calculation of Gratuity**

$$\text{Gratuity} = \frac{\text{Last month wages} \times 15 \times \text{No. years of services}}{26}$$

### Nomination

Each employee is required to nominate one or more member of his family, as defined in the Act, who will receive the gratuity in the event of the death of the employee.

### Administrative Machinery

All the Assistant Labour Commissioners and Labour Officers in the Labour Department have been appointed as Controlling Authority and all the Deputy Labour Commissioners have been appointed as Appellate Authority under the Act.

### Responsibility of the Employers



❖ It is the duty of the employer to determine the amount of gratuity as soon as it becomes payable and to give notice of the same to the employee, to whom gratuity is payable and to the Controlling Authority.

❖ The employer shall also pay the amount of gratuity to the person to whom it is payable. Failure to do so shall render him liable to pay the interest at the prevailing rate from time taken (Latest fixed deposit interest rate of a government bank is considered).

❖ In case the employee is not paid the due amount of gratuity, he should apply ordinarily within thirty days, in Form-I to the employer. If the employer fails to pay due gratuity even after the receipt of notice in Form-1, the claimant employee or his nominee or legal heir, may within ninety days of the occurrence of the case for the application, should apply in Form-IV, to the Controlling Authority for issuing directions to the employer. After conducting the enquiry as prescribed, the Controlling Authority will determine the amount payable and direct the employer to make the payment. If the employer fails to comply, the Controlling Authority can direct the Collector to recover the amount due and pay to the applicant.

#### Penalty for Non-compliance

❖ The Act provides that whoever makes false statement for the purpose of avoiding any payment shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both.

❖ An employer who contravenes any provisions of the Act shall be liable for imprisonment for a term of not less than three months but which may extend to one year or with fine which shall not be less than ten thousand rupees but which may extend to twenty thousand rupees or with both. Where the offence relates to non-payment of gratuity, the employer can be punished with imprisonment for a term which is not less than six months.

(Non-payment of gratuity payable under the Act is punishable with imprisonment up to 2 years (minimum 6 months) and/or fine up to Rs. 20,000. Other contraventions/offences attract imprisonment up to 1 year and/or fine up to Rs. 10,000.)

#### **Payment of Bonus Act -1965**

Bonus is reward for good work or share of profit of the unit where the employee is working. Often there were disputes between employer and employees about the amount of bonus to be paid. It was thought that legislation will solve the problem and hence Bonus Act was passed. The

practice of paying bonus in India appears to have originated during First World War when certain textile mills granted 10 per cent of wages as war bonus to their workers in 1917.

### Provisions

- ❖ The Payment of Bonus Act, 1965, gives to the employees a statutory right to a share in the profits of his employer.
- ❖ The Act enables the employees to get a minimum bonus equivalent to one month's salary or wage (8.33 per cent of annual earnings) whether the employer makes profit or not. But the Act also puts a ceiling on the bonus and the maximum bonus payable under the Act is 20 per cent of annual earnings salary or wage.
- ❖ The Act is applicable to (a) any factory and hotels employing 10 or more persons where any processing is carried out with aid of power (b) Other establishments (established for purpose of profit) employing 20 or more persons.
- ❖ Once the Act is applicable, it continues to apply even if number of employees fall below 20. The Act is applicable to government companies and corporations owned by government which produces goods or renders services in competition with private sector. However, the Act is not applicable to railway employees, employees of universities and educational institutions, public sector insurance employees, employees of RBI and public sector financial institutions, charitable hospitals, social welfare organizations and defense employees.

### Eligibility of Employees

- ❖ Employees (other than apprentice) who have worked for not less than 30 days in that accounting year.
- ❖ Employees drawing salary/wages exceeding Rs. 10,000 are not eligible to get bonus.
- ❖ With the circulation of the ordinance, the salary ceiling has been increased to Rs.10,000/- P.M. The entitlement for calculation of Bonus will be Rs. 3,500/- P.M. effective from 1-4-2006.

### **Disqualification of bonus:**

- ❖ On dismissal of an employee for fraud; or
- ❖ Riotous or violent behaviour while on the premises of the establishment; or
- ❖ Theft, misappropriation or sabotage of any property of the establishment; or
- ❖ Misconduct of causing financial loss to the employer to the extent that bonus can be deducted for that year.

Time limit for payment of bonus: Within 8 months from the close of accounting year.

Components of Bonus: Salary or wages includes dearness allowance but no other allowances e.g. over-time, house rent, incentive or commission.

Penalties for non-compliance

❖ Imprisonment up to 6 months and/or fine up to Rs. 1,000/- for the employer.

### **The Employees State Insurance Act 1948**

The Employee State Insurance Act, [ESIC] 1948, is a piece of social welfare legislation enacted primarily with the objective of providing certain benefits to employees in case of sickness, maternity and employment injury and also to make provision for certain others matters incidental thereto.

The Act tries to attain the goal of socio-economic justice enshrined in the directive principles of state policy under part-IV of our constitution, in particular articles 41, 42 and 43 which enjoin the state to make effective provision for securing the right to work, education and public assistance in cases of unemployment, old age, sickness and disablement.

The Employees' State Insurance Act, 1948, provides to the workers not only accident benefits but also other benefits such as sickness, maternity and medical benefits. Under the Act, the workers are also required to contribute to a social insurance fund which is to be utilized for conferring benefits to them.

#### Rate of contribution of the wages

Employer's 4.75 per cent

Employee's 1.75 per cent

#### Applicability

- 1) All factories excluding seasonal factories employing 10 or more persons and working with electric power.
- 2) All factories excluding seasonal factories employing 20 or more persons and working without electric power.
- 3) Any establishment which the government may specifically notify as being covered.
- 4) Shop employing 20 or more persons.

Note: As soon as the above conditions are fulfilled, the employer should furnish the details in Form-01 to ESI office for registration under the ESI Act, 1948 and obtaining of the employer's code number.

#### Eligibility

- 1) Drawing wages up to Rs. 10000/- per month engaged either directly or through contractor
- 2) Any person who is directly employed by the employer in a factory or through his agent on work which is ordinarily part of the work of the factory or incidental for starting manufacturing unit.

#### Benefits

- 1) Free medical treatment is offered to cover employees at hospital and dispensaries run by the ESI Corporation.
- 2) Maternity benefit for 12 weeks of which not more than 6 weeks should be preceding confinement.
- 3) Injury during/in course of employment resulting in temporary/permanent disablement entitles the covered employee to a regular payment to substitute his lost wages.
- 4) Death during course of employment entitles specified dependents to a regular payment.
- 5) One time payment of Rs. 1,500/- to meet funeral expenses.

#### Other Benefits

Supply of special aids : Insured persons and members of their families are provided artificial limbs, hearing aids, artificial dentures, spectacles (for insured person only) and artificial appliances like spinal supports, cervical collars, walking crutches, wheel chairs and cardiac pace makers, dialysis with kidney transplant etc. as part of medical care under the ESI Scheme.

#### Other important issues

- ❖ Once the Act applies, it continues to apply even if the employment strength falls below 20.
- ❖ A register of employees is to be maintained.
- ❖ Reports and returns have to be filed as applicable.
- ❖ W.e.f. 1/4/2008, all employers employing more than 40 employees shall have to append a certificate duly certified by a Chartered Accountant in the revised format of return of contributions.
- ❖ The return of contributions is to be submitted for half year ending 30<sup>th</sup> September and 31<sup>st</sup> March every year on or before 11<sup>th</sup> November and 12<sup>th</sup> May every year respectively.
- ❖ For every employer, where the number of employees is less than 40, the return is required to be furnished with self certification of the employer.
- ❖ The Certificate by Chartered Accountant requires that the return as filled in by the employer is verified from the records and registers of the employer and the same is found to be correct.

❖ The object of the amendment is to simplify and streamline the process of revenue enforcement and lay focus on registration and coverage of all coverable employees. Hence, Chartered Accountants should exercise proper care while certifying the above return.

#### Penalties for non-compliance

(1) In case of employees' contribution: Imprisonment for minimum 2 yrs. to maximum 5 yrs. and/or fine of Rs. 25,000/- in case of default.

(2) In case of employer's contribution: Imprisonment for minimum 6 months to maximum 3 yrs. and/or fine of Rs. 10,000 in case of default.

### **4.6 Legal protection for visitors**

#### **Consumer Protection Act -1986**

The growing interdependence of the world economy and international character of many business practices have contributed to the development of universal emphasis on consumer rights protection and promotion.

Consumers or customers are demanding value for money in the form of quality goods and better services. Modern technological developments have made a great impact on the quality, availability and safety of goods and services, but the fact of life is that the consumers are still victims of unscrupulous and exploitative practices. Exploitation of consumers assumes numerous forms such as adulteration of food, spurious drugs, high prices, poor quality of goods, deficient services, deceptive advertisements, hazardous products, black marketing and many more.

Consumers are looked upon as the kings of the market for many years. Visitors in star hotel are consumers of food, drinks and users of services. As they pay high rent/charges, management is required to handle them with care. In this context, the government, however, has a primary responsibility to protect the consumers' interests and rights through appropriate policy measures, legal structure and administrative framework.

The industrial revolution and development in the international trade has led to the vast expansion of business and trade. As a result a variety of consumer goods have appeared in the market to cater to the needs of the consumers and a host of services have been made available to the consumers like insurance, transport, electricity, housing, entertainment, finance and banking. A well organized sector of manufacturers and traders with better knowledge of markets has come into existence, thereby affecting the relationship between the traders and the consumers. The

present period is the age of competition and exploitation, corruption and unfair practices at all levels. This has created the need for protection.

Visitors have complained that the advertisements of goods and services of hospitality and other product of hotels on television, in newspapers and magazines influence the demand for the goods and services by the consumers though there may be manufacturing defects or imperfections or short comings in the quality, quantity and the purity of the goods or there may be deficiency in the services rendered. In addition, the production of the same item by many firms has led the consumers, who have little time to make a selection or to think before they can purchase the best. The supplies of adulterated and sub-standard articles in the market have to be checked for the welfare of the public. Consumers need to be protected from exploitation and saved from adulterated, sub-standard goods and services. To safe guard the interest of the consumers, the “Consumer Protection Bill 1986” was introduced in the Lok Sabha on 5th December, 1986.

### **Objectives of the Act**

- ❖ To prevent practices having adverse effect on competition
- ❖ To promote and sustain competition in markets
- ❖ To protect the interests of consumers/clients/visitors
- ❖ To ensure freedom of trade carried on by other participants in the markets, in India
- ❖ To make provision for the establishment of consumer councils and other authorities for the settlement of consumer's disputes in relation with goods and services they have purchased.

The legislative intention behind this Act is to clear all hurdles in promoting competition among business units whether of domestic or foreign origin. The Consumer Protection Act of 1986 was enacted with an objective to provide better protection of the interests of the consumers, to make provision for the establishment of consumer councils and other authorities for the settlement of consumer disputes. This is indeed a very unique and highly progressive piece of Social Welfare Legislation.

The provisions of this Act are intended to provide effective and efficient safeguards to the consumers against various types of exploitation and unfair dealings. Unlike other laws, which are basically preventive in nature, the provisions of the Act are compensatory. It is a matter of great satisfaction that we can legitimately boast that we now have in our country a statute, which provides more effective protection to the consumers than any corresponding legislation in force in countries, which are considered to be much more advanced and industrialized. Consumer

Protection Act has been in operation for about 25 years. A number of deficiencies and shortcoming in respect to its operation have come to light thereby requiring amendments thrice, still leaving scope for further improvements.

This may be summed up as under:

- ❖ The Act applies to all goods and services unless specifically exempted by the Central Government
- ❖ It covers all the sectors – private, public and cooperative
- ❖ The provisions of the Act are compensatory in nature
- ❖ It provides adjudicatory authorities, which are simple, speedy and less expensive
- ❖ It also provides for Consumer Protection Councils at the National, State and District levels.

#### Concluding Remark

The efficient and effective program of consumer protection is of special significance to all of us because we all are consumers. Even a manufacturer or a provider of a service is a consumer of some other goods or services. If both the producers/ providers and consumers realize the need for co-existence, adulterated products, spurious goods and other deficiencies in services would become a thing of the past.

The active involvement and participation from all quarters i.e. (1) the central and state governments (2) the educational institutions (3) the NGO's (4) the print and electronic media (5) the adoption and observance of a voluntary code of conduct by the trade and industry (6) the citizen's charter by the service providers, is necessary to see that the consumers get their due. The need of the hour is total commitment to the consumer cause and social responsiveness to consumer needs. This should, however, proceed in a harmonious manner so that our society becomes a better place for all of us to live in <sup>1</sup>.

#### **4.7. Summary**

Laws and Acts affect individuals and institutions. There is no exception. States and central government pass bills which later on convert into Act or Laws. A government creates the machinery for resolving disputes amicably i.e. courts, police station, advocates. Thereby maintenance of law and order in society, (which is a responsibility of state government as well as local administration) becomes possible.

**(Source -1- Consumer Protection in India Some Reflections, Indian Institute of Public Administration New Delhi, The Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India, .Page No-3,13, Detail objectives)**

Provisions in laws regulate the activities of many groups in society i.e. individuals, traders, industries, business units, import-exporters organizations, social and cultural organizations. The government plays positive role by providing guidelines for the working of star hotels.

‘Acts of God’ (natural calamities) acts of human (behaviour) beings, recklessly taken decisions create problems before the society. A repeated amendments in the acts and laws however makes it difficult to implement of the rules and regulations.

This is a common complaint registered by management of star hotels in Pune. According to them, too many Acts, rules and regulations repeated amendments create bottlenecks in progress and growth of the hotel industry in and around Pune city. Updating the knowledge about various laws becomes a problem for both the employer and the employees.

Provisions made under the different laws and the machinery developed for resolving disputes are external elements that protect the interest of the hotel and tourism industry. This aspect is already covered by the research student in the second chapter. External support is one requirement but not the only requirement of the hotel and tourism industry

Equal weightage and concentration must be given on both the sides for strengthening the business internally as well as externally.

Development of human resources is an area of prime importance for the hotel industry today. The major goal of Human Resource Development is to develop them entirely. The right to sight is to make high quality care services available to the entire customer, keeping in mind reasonable percentage of profit to employees, employers and customer satisfaction should be given a priority. One of the key pre-requisites is the development of adequate, appropriate human resources.

In this chapter the research student has attempted to bring into light on those legal issues which are disguised, but useful to create a secure, long term employment and right quality of human resource for star hotel industry. Legal aspect is one of the important issues among them whose awareness will definitely make an impact on human resource development.

More than anyone else in the hospitality organization, hospitality managers influence the legal environment their businesses face.

Since no establishment can fully escape the risk of legal action, especially in today’s litigious society, sensible decision making by well-informed managers and employees is the key to avoiding the legal problems that can sink an otherwise well run business.



## **PART –II**

### **CHAPTER-5:**

#### **IMPACT OF TRAINING PROGRAMS ON AN INDIVIDUAL'S BEHAVIOUR AND ORGANIZATIONAL PERFORMANCE**

##### **5.1 Introduction**

In this chapter the main focus is concentrated on the training programs undertaken and implemented by star hotels in Pune. The purpose is to cover the latest information with regard to the training programs planned, executed and the results obtained.

Human resource possesses the capacities, development and growth of business as well as destruction. An attempt is made to review the impact of training on the employee's behaviour and in turn on organizational performance. The purpose is to find the relationship between three elements. These elements are training program (HRD), employee's behaviour and organizational performance.

Similarly, effort is made by the student to study the linkage of training programs with organizational performance and effectiveness. In order to make the study more meaningful and realistic, the student has used two ways. First, personal interviews of hotel managers and some senior employees in hotel organization, secondly, the student has circulated questionnaires in both the languages, English and Marathi to hotel employees. The responses in both the cases were satisfactory {267 i.e. 38.80 %}. This has made it possible to test the hypothesis and arrive at some definite conclusion. The information collected is presented in the form of suitable tables.

At the end of this chapter, the impact of training programs on human resource, especially on the behaviour of individual employees is also examined. The study of this aspect was important because changing behaviour of employees (in a positive direction) enables the organization to attain its goals and to face easily the changing environment, internal as well as external. The external environment study is included in the first part of the research work. This chapter is devoted for the discussion of internal environment. Training programs are an

effective weapon. It is one effective measure, but it is certainly not the only measure. However the contribution that training programs make in the upliftment of the efficiency level of employees skills in all types of businesses including hotel industry is not denied by the respondent.

In the earlier three chapters a review of the external environment around hotel and tourism industry has been taken. This review includes the study of policies on the part of the state government and central government, especially, 1980 onwards.

Legal environment, which is the second aspect of external environment, is also helpful for the development of the hotel and tourism industry. Legal protection assures smooth functioning and expansion of every business. The hotel industry is not an exception. There are number of acts and laws which play a major role in providing protection to management, employees and visitors, related to this industry. A review of the legal climate is taken in the third chapter. However, favorable external environment is not the only aspect but one of the aspects that protect and safeguards the interests of the hotel industry.

Internal environment depends on many factors. Healthy relationship between management and employees is one indicator. The development of strong relationships is a responsibility of both the sides and no one can neglect it. Imparting adequate training and development opportunities is an equally important remedy but not the only remedy, which management can use.

Human resource is an important means of achieving business goals. Its accumulation in adequate and right number is an important activity for the HR department in every big size business and industrial organization. Hotel industry is also required to take care.

Accumulation of human resource in adequate quantity is a comparatively easier task in overpopulated countries like India where supply of labour is always in excess of demand. Therefore, the main problem is not the quantity of labour supply but the quality of labour supply. This creates the need for the development of human resource i.e. changing the personality of a person in such a manner that it suits business needs. Good quality human resource in adequate quantity is like a well equipped armory capable to face any challenge and to shoulder the herculean task, which is important for efficient management of star

hotels. The adequate number of employees having right qualities is like wealth or property, which can be used to materialize the dreams of star hotel management. The problem is their development in the right direction and retaining the qualified and trained staff.

## **5.2 Marketing of services in star hotels**

The role of service sector in Indian economy is as important, as the role of agriculture, trade and transport. The Indian economy is experiencing the usefulness of service sector in many ways. It has the capacity to generate employment opportunities on a large scale. It encourages self employment for many young educated and uneducated persons. It has enabled the government to earn revenues in the form of service tax, especially 1975-80 onwards as the government has brought many services under the purview of service tax, luxury tax, entertainment tax. The scope of services is very wide and likely to be widened in the near future.

The word service includes the use of specialized knowledge, intelligence, and experience by one person for the benefit of the other person, business institutions, associations, units operating in cooperative sector etc. The use of services of experts saves time and energy, gives relief from mental worries and tension for the 'user of service' which may be an individual family, business institution, manufacturing unit, etc. In recent years, competition has increased in the service sector.

In any business, we find perfect competition, rather than imperfect competition or monopoly. Competition on a large scale in the hotel and tourism industry has created the need to take effective steps for marketing of services, regular and in wide geographical area. The number of star hotels, restaurants, dhabas, refreshment houses, tourism offices have increased in response to the increasing demand which is also on a continuous basis, almost throughout the year. A star hotel, ordinary hotels, restaurants, dhabas, tourism units cannot enjoy weekly offs, holidays like the other services, e.g. education, medical service (family doctor), consultancy services, management, tax consultancy.

Star hotels also belong to the service sector and cannot keep their unit closed on any day. Effective use of all advertizing publicity media for advertisement of star hotels is not possible. They have to rely on word of mouth publicity on the part of visitors and guests.

The word of mouth publicity in turn depends on the quality of services which a star hotel gives. Star hotels neither able to make use of radio, television services, nor can make effective use of regular newspapers and magazines. They cannot give demonstration of their services and are incapable of arranging window displays. Therefore marketing of their services becomes a serious problem. The only remedy they can use is to keep the staff always alert and well equipped, well trained for meeting the requirements of visitors, round the clock, with few rest hours for employees on a rotation basis. Effective marketing of five, four and three star hotels services therefore makes it necessary to recruit already trained staff or to arrange training programs, which are really beneficial in the short run as well as in the long run. The employer management should take into consideration the essentials of an ideal training program before arranging them.

**These essentials are as follows.**

(a) **Economic:** The cost of training employees must be reasonable. Some calculations must be made as to return on investment or the actual benefits that the management is likely to derive from implementation of the training program i.e. increase in efficiency of employees.

(b) **Simple:** Training program must be simple and easy for implementation. Prior thinking is necessary with regard to the availability of trainers when some technical latest knowledge is to be imparted. Training equipment devices must be available in a sufficient number. All equipments must be in working condition (technically fit).

(c) **Flexibility:** Making some changes as per the changing needs must be an easy task. The training program prepared should not be too rigid. The revision of training program should be possible with minimum efforts.

(d) **Usefulness:** A practical view with regard to the actual utility of training programs must be taken. Training programs should not be looked upon as a mere formality, only as a matter of making use of the budgetary provision as is the approach found in government offices.

(e) **Continuity:** Training should not be looked upon as a need that can be satisfied once and for all. Training programs must be arranged at regular intervals, refreshers courses should be

conducted for giving latest knowledge. A systematic and scientific effort is required even in case of the marketing of star hotel services.

### **5.3 Human Resource**

It is one of the most important means of production. Business units without the use of human resource cannot be imagined. Human resource is visible and contributes in many matters like decision making, accumulation of labour force (recruitment), training of other employees (fresher) development of public relations, maintaining accounts, undertaking production, sales, marketing etc. So not a single activity, can be undertaken without human resource. Without human resource, promoting business and handling various functions cannot imagine. All economical activities get affected.

The demand for human resource as well as the supply of human resource is universal in nature. The demand for labour is of mixed nature i.e., male as well as female employees, which are required to handle different tasks like front office , food production.. It comes for ownership, control, and managing the business. The owner becomes the employer, and he starts demanding the various kinds of employees or subordinates, skilled, unskilled, semi-skilled candidates who mainly handle the implementation side of business. They follow the orders and instructions given by the owner, employer from time to time. Two ways process exists in business i.e. decision making and policies determination by the employer and execution of orders, instructions, and implementation of policies quickly and as per the expectations of the employer which in turn leads to business performance. Both the demand as well as the supply side is of recurring nature. Demand for ownership and control of units and the demand for employee's direct link with customers.

On the supply side, the skilled employees are not readily available. It is because educated candidates mostly possess bookish and theoretical knowledge which has limited utility in handling various tasks and responsibilities assigned by the employer. The ability of such candidates falls short when compared to the needs of the organization. The shortage of practical knowledge indirectly influences the capacity of employees to accept and accomplish challenging tasks. They prefer to handle only routine work as job responsibility. This is the main problem i.e. quality of candidates or quantity of labourers as compared with

the expectations of employer. The supply of quality labour is a major problem which developing countries like India are facing {India is also the second highest populated (1.21 billion, 2011) country next to china (1.3 billion, 2011)}. The supply of unskilled and semiskilled labour is in higher proportion than the supply of educated as well as skilled employees. In India, there is a problem of educated unemployment on a large scale and jobless young persons are in increasing proportion. Labour supply is in huge proportion, as compared to the needs and simultaneously there is a problem of educated as well as uneducated, male, female candidates searching for job opportunities. Qualified, competent, experienced human resource is sometimes described as capital or asset of business but it is not available in the market in adequate proportion (i.e., demand being always greater than supply is a permanent feature of the Indian Economy)

### **Supply side of human resource in the hotel industry**

To meet the demand for trained manpower in the hospitality industry, Ministry of Tourism continues to actively pursue its endeavour to create institutional infrastructure in the form of Indian Institute of Tourism and Travel Management, Institute of Hotel Management and Food Craft Institutes.

Some of the services required in the hotel industry are highly personalized and cannot be substituted by any alternative e.g. No amount of automation (like Robocop) can substitute personal service. (Butler or valet service)

Hotel industry is a labour intensive industry which provides employment to skilled, semi-skilled and unskilled workers directly and indirectly. A progressive labour force with dynamic management, responsive government and a responsible society are the pillars of the hotel industry.

The hotel and catering sector is now highly personalized. Customer satisfaction is the prerequisite for a smooth and successful operation in the hotel industry, requiring professionally trained and highly skilled personnel.

According to estimates of requirement for additional hotel rooms, the personnel that will need formal training in the hospitality and catering sector would be increased by 4000 per

year. In Pune, 20 more hotels have made entry by the end of 2010. This will be an alarming situation for trained manpower requirement in the hospitality industry. <sup>1</sup>

The central government and the state government have collaborated to provide institutional infrastructure in order to train people in the hospitality sector as a part of overall development efforts.

**Table no-5T-1- Different kinds of employee’s requirements in star hotels**

<b>Entry level</b>	<b>Skilled level</b>	<b>Managerial Level</b>
<b>Front Office</b> Bell-person Telephone operator Porter	<b>Front Office</b> Bell captain Telephone operator Front desk agent Reservations agent	<b>Front Office</b> Front office manager
<b>Housekeeping</b> Maid Assistant Supply person	<b>Housekeeping</b> Housekeeper Floor supervisor	<b>Housekeeping</b> House keeper
<b>Food Production</b> Kitchen helper Dishwasher Saucier	<b>Food Production</b> Baker, Garde manager Fry cook, Roast cook Vegetable cook	<b>Food Production</b> Executive chef
<b>Engineering</b> Maintenance person Painter, Electricians-helper	<b>Engineering</b> Plumber, Electrician Carpenter, Painter	<b>Engineering</b> Chief engineer
<b>Marketing</b> Clerk	<b>Marketing</b> Sales representative	<b>Marketing</b> Sales manager, Convention manager

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 [Source-1- Sakal dated 16/07/2008, Front page under the heading iq.;kr mHkkjrk;sr 20 uohu gkWVsYI])

<b>Clerical</b> Typist, File clerk	<b>Clerical</b> Secretary	<b>Clerical</b> Executive Secretary
<b>Food &amp; Beverage</b> Bus person Bar back Counter server	<b>Food &amp; Beverage</b> Food server Beverage server Host/ hostess, Captain, Bartender ,Waiter	<b>Food &amp; Beverage</b> F & B manager, Catering manager Banquet manager
<b>Food Service Office</b> File Clerk	<b>Food Service Office</b> Accountant	<b>Food Service Office</b> Food production manager
<b>Accounting</b> File clerk	<b>Accounting</b> Bookkeeper	<b>Accounting</b> Auditor
<b>Security</b> Security guard trainee	<b>Security</b> Security guard	<b>Security</b> Head of security
<b>Human Resource</b> Recruitment Executive HR Executive	<b>Human Resource</b> Assistant human resources manager	<b>Human Resource</b> General manager human resource Vice president HR
		<b>Other</b> Resident manager, Night manager, Credit manager, Purchasing director  General Manager, Regional director, Vice president ,CEO

#### 5.4 Features of Human Resource

Human resource, which is an important and essential means of production, has some features, which can be listed as follows:

1. It is made available by nature. Every birth of a male and female child makes some addition to labour supply.



2. Human beings act on both sides- demand as well as supply. Demand on the part of employer, owner of manufacturing unit, service rendering units, organizations in private and public , cooperative sector and supply (individual and institutions) from society consisting large number of families.

3. It is the most sensitive means of production. It is therefore required to be handled with utmost care. It is explosive in nature if not handled by the employer (individual as well as institutions) with necessary care. It affects the smooth functioning, operations of the business and efficiency level of the employees. Unsteady and wavering mind of persons in all groups may be either male or female.

4. It is the most uncertain means of production. Willingness, ability and desire to work are inconsistent, because of human psychology. It is not uniform with respect to employees in the organization. The employer cannot expect the same level of efficiency all the times and with respect of all employees. Human psychology, thinking process, factors influencing willingness to work go on changing from time to time ,person to person and place to place. Human resource has greater mobility. People constantly switch over from one organization to another in the same field or different fields, as soon as they get better opportunity for progress.

5. The supply of labour includes the use of physical and mental ability, the use of skill and experience by the employee. The use of ability and knowledge by the employee depends on remuneration and other benefits offered by the job provider. Increase or decrease in remuneration and incentives leads to increase or decrease in the honesty, loyalty, sincerity, regularity of the employees at the place of work.

6. Similarly productivity and individual performance are also closely related with the environment created by the employer at the place of work.

7. On the supply side, there is always flexibility. As and when the job becomes monotonous and there are no changes and challenges in the nature of job, employees get tired, they (employees) start thinking about retirement and lose interest in the routine work. They become reluctant about learning new things. They do their routine jobs mechanically and do not make major contribution at work.

8. Many employees in the organization like to work with “team spirit”, when the nature of all the participants in the group is same. All become equally co-operative in nature and engage in effective communication.

9. Human resource can be developed as per the needs and requirements of the business for the attainment of the common business goals. Training and education opportunity given by the employer serves the purpose. It moulds the personality of the individual employee. So necessary changes can be brought about, by consistent use of training programs developed by the employer. In this respect human resource is different from other resources. It has ability to grasp new skills.

10. Two hands, legs, brain- all work for the employer during the service period.

### **5.5 Human Resource and SWOT Analysis**

Human resource becomes ‘strength’ of business due to the following strong points,

- ❖ Storing of information in memory unit, it is gift by nature to every individual.
- ❖ Capacity to analyze and interpret the different situations and to behave accordingly.
- ❖ Physical strength – capacity for hard work, overtime, shoulder excess burden of work, when situation demands e.g. continuous flow of orders. Mental and physical strength must go hand in hand.
- ❖ Continuous desire, willingness to learn new things.
- ❖ Enables to materialize the dreams of the owner, founder members of the business.
- ❖ Inculcates the will power to work, loyalty even under odd and uncertain atmosphere is important for both the employer and employees. They become friends in need.
- ❖ Conversion of raw materials, spare parts into finished goods with the use of machine power or without the use of machine power becomes possible. Human resource therefore possess creativity, skill, knowledge, information, intelligence etc. everything that contributes in increasing productivity and performance.

❖ Understanding importance of team spirit, cooperation in the business when he has a positive approach (attitude) towards work or duties assigned to him. Unity among employees becomes the strength of business. Employees with different qualities like loyalty, sincerity, hard working nature, co-operative nature and devotion, become the ‘assets’ of business. Human resource with its creative attitude is equally important as finance or capital.

❖ Employees with innovative attitude undertake research and development activities for the employer. Their minds are always engaged in making calculations about the returns they get from the employer, against the duties they are performing. Their initiative taking attitude is important for the development of leadership, taking charge when seniors get retired or leave the job for change.

### **Weaknesses**

❖ Inability to write and speak with fluency in any language leads to ineffective communication, sometimes communicates wrong message, develops misunderstanding

❖ Unwillingness to work, limited physical capacity for continuous and hard work, unwillingness to accept extra work and overtime are important hurdles in the smooth working of business. Employees with negative and sometimes destructive attitude spoil the quality as well as reduce the quantity of work. Such employees make the organization weak. Negative attitude towards learning new things and negative approach towards training programs make them ineffective. Domination by employee’s union makes sincere employees dishonest and compels them to work according to rules.

❖ The approach of trade union with respect to development of good, healthy relations is important, but sometimes previous bias against management, its objectives and plans for the future affects the progress of business as a result of which the individual employees are also adversely affected like promotion opportunities are denied.

❖ Communication barriers result in widening the gap between the employers and the employees. This further interrupts regular work and results in non attainment of production targets, regular service and quality service to customers, clients and visitors.

## **Opportunities**

Opportunities serve the purpose of encouragement to employer as well as employees. In case of human resource, opportunities are available to both the sides i.e. employees get the opportunity when the conditions in the market are satisfactory and trends in the economy are favourable. New posts are created in the organization. New branches are opened, promotion with priority adds to prestige.

The following are the opportunities for the employer.

- ❖ Mechanization and modernization of unit and opening of new branches.
- ❖ Easy availability of funds in the market as a result of the liberalization policy i.e. changes in interest rate structure by Reserve Bank.(liberal credit policy)
- ❖ Availability of highly educated and trained candidates in the labour market. The need for further training relatively decreases; it reduces the number of fresh employees.
- ❖ The spirit of cooperation, mutual understanding, knowing each others problems willingness to work among employees are good indicators, so the employer can grab the opportunities and accept fresh orders for supply.
- ❖ Well trained, educated employees, who are loyal and honest to the employer, bring continuous progress, expansion and modernization of unit because of cooperation and team spirit among them. Such employee acts as friends in need.

The employer, who is the leader of business, sometimes comes to know about the weaknesses of the employees. The weaknesses of employees sometimes noticed are as follows.

- ❖ Uneducated, semi-skilled, unskilled and untrained staff curtails the speed of overall progress which the business is making.
- ❖ In every organization, there are some employees who are non-cooperative in nature, having a selfish attitude, thinking about own progress rather than the progress of the organization. They disturb team spirit and unity among the employees. They act as a hurdle and bottleneck rather than performing a supporting role.

- ❖ Some employees are lazy careless, not willing to use their capacities, skills and opportunities given to them become mere waste.
- ❖ Opportunity to shoulder new responsibilities, performing a new job, in case the department manager or supervisory staff is on leave.
- ❖ Opportunity for participation in training programs.
- ❖ Opportunity for sharing views with colleagues in the same group. Employer sometimes provides opportunity for workers participation in management (WPM) and share in decision making process.
- ❖ Opportunity for participating in research and development activities

### **Threats (Bottlenecks)**

- ❖ Negative attitude and short sighted approach of employees come in the way of their own progress. Lack of courage and confidence prevents them from accepting challenging tasks. For such employees, opportunities for progress are generally and automatically denied.
- ❖ Sickness, ill health of employees, is another important threat. Unsound health prevents them from continuous work, affecting chances of promotion, affects regular attendance at work place.
- ❖ Progress of human resource or improvement in their approach become possible, only through self made efforts and impartial evaluation of ones own performance. Most of the employees lag behind in this area. Identification of personal weaknesses, shortfalls in personality, self realization, overestimation of own performance, are some such cases.
- ❖ Unsteady government policies about taxation, employment, wage policy.
- ❖ Shortage of competent human resources for handling new machinery and equipments.

### **5.6 Conceptual Clarification - Human Resource Management**

Human Resource Management is a process which plays a vital role in organization in attaining goals. It is part of the total management process which is concerned with the management of people, who have come together for performing roles and the given task in an organization. It tries to secure the best from subordinates by winning their whole hearted co-operation.

An organization is a set up or structure covers all employees A to Z in which all work behaviour patterns occurs i.e. hard working, sincere. Employees come together to achieve personal as well as collective goals. Management is responsible for the coordination of the resources and the production activities within the organization. In a modern organizational set up, expansion in size, complexity and technological advancement are some of the major challenges before the manager. A successful organization establishes a link between the efficiency of the work system and the motivation of employees to improve the overall performance of the organization in form of maximum productivity or desired output.

### **Definitions**

#### **Human resource management {E to E means entry to exit- Every thing}**

**According to Flippo,** “Human resource/ personnel management is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished”.<sup>2</sup>

**According to E.F.L. Breach,** “Personnel Management/HRM is the part of management process which is primarily concerned with the human constituents of an organization”.<sup>3</sup>

**In the words of Richard Calhoon,** “Personnel management involves the task of handling the human problems of an organization and is devoted to acquiring, developing, utilizing, and maintaining an efficient work force”.<sup>4</sup>

**According to R.G. Gokhale,** “Personnel Management is the specialized intelligent handling of the human factor by a separate department which could devote its full time for research along the line of improvement in industrial relations”.<sup>5</sup>

Every organization is composed of employees and utilizing their services, developing their skills, motivating them to enhance their levels of performance ensures that they remain committed to the organization.

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(Source 2,3, Personnel Management by C. B. Mamaoria and S. V. Ghanekar page no-7)

It is essential for the accomplishment of organizational objectives. It is also important that all the different processes in an organization, like finance, HRM, marketing and operations align their objectives and strategies to those of the organization and work in harmony with each other.

The motivation function includes identifying the individual motivational needs of employees and finding ways to motivate them. The retention function is concerned with providing a conducive work environment to the employees and nurturing them to make them feel committed and attached to the organization.

Traditional approaches to personnel management emphasize command and control (rule of thumb). These have now given way to new approaches characterized by greater freedom and support to the employees. Many successful companies today empower their employees to manage most aspects of their work. The traditional approach is replaced by new approach i.e. workers participation in management.

A hotel organization's physical assets (machinery, money, material) are the major factors in determining its success. It is now believed that its employees or human resource are equally important assets. The successful handling of human resource is an exciting and dynamic task, especially at a time of increasing competition when hotels are facing newer and more complex challenges (High land prices, entry of reputed international hotel chains, terrorist attack etc.).

The functions of HRM are – ‘R’ to ‘R’ - Cycle

Recruitment	Reward and remuneration
Job allocation	Reporting
Recording	Promotion and Career Planning
Performance Evaluation	Retirement ,Retrenchment and transfer

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 (Source-4,5 Essential of Human Resource Management by P. Subba Rao Page no-11)

Human resource management's specific function/activity is the responsibility of the human resource department. The actual management of human resource is the responsibility of all the managers in an organization. It is therefore necessary for all managers to understand and give due importance to the different human resource policies (recruitment, promotion and discipline) and activities in the organization like human auditing, human resource planning, training, performance appraisals.

### **5.7 Issues and constraints facing human resources management in hotel industry**

The major issues and constraints facing human resources development in the hotel industry can be summarized as follows:

- (a) Shortage of qualified manpower, particularly at the middle management level, which poses a major problem to the overall development of the hotel industry.
- (b) Shortage of qualified and experienced teaching staff in hospitality training institutes.
- (c) Shortage of training materials and facilities according to the current industry needs.
- (d) Lack of strategies and policies (short as well as long term) for human resource development in the hospitality sector.
- (e) Difficulty in keeping pace with the rapidly changing technological innovations and dynamic changes in the global market in hospitality sector.
- (f) Huge gap between the training capacity of educational institutes and the actual need of the industry.
- (g) Senior managers are reluctant to delegate authority

### **Hotel Management Institutes in Maharashtra {supply side of human resource}**

There are twenty one Central Government and six State Government sponsored Institutes of Hotel Management, eight private Institutes of Hotel Management and five Food Craft Institutes offering specialized courses in Hotel Management and Catering Technology in the country.



The Institutes of Hotel Management offer M.Sc. in Hospitality Administration, B.Sc. in Hospitality and Hotel Administration, Post Graduate Diploma and other Certificate Courses. The Food Craft Institutes offer One Year Diploma Program in Food Production, Food Service, Housekeeping Operation, Front Office Operation and Bakery and Confectionery.

A list of Hotel Management Institutes and Food Craft Institutes of Pune is given below. All these Institutes are affiliated to the National Council for Hotel Management and Catering Technology (NCHMCT) at apex level.

### Colleges in Pune

All India Shri Shivaji Memorial Society's College of Hotel Management & Catering Technology (AICTE Approved)	DINA Institute of Hotel and Business Management(Affiliated to Pune University)
Kohinoor-IMI School of Hospitality Management, Khandala.	Padmashree Dr. D.Y. Patil, Inst. Of Hotel Mgmt. & Catering Technology
Maharashtra State Institute of Hotel Management & Catering Technology, Pune.	Bharati Vidyapeeth's Institute of Hotel Management and Catering, Technology(AICTE Approved)
SNDT College of Home Science	Rangonwala Institute

(As on 2010)

A qualified hotelier or hotel manager is required to tactfully manage the day to day functioning of hotel with dynamism and wholehearted passion. We can get a head-start in this self-motivated field as a management trainee or at an entry level position. A two year training program will take you to your desired position of an Assistant Manager. A degree in hotel management equips you with plenty of constructive knowledge in multifarious areas of the field. A great deal of study and practical application enable you to handle a host of tasks like Front Office, Food and Beverage Services, Food Production or Kitchen, Housekeeping, Marketing and Sales.

Hotel Management graduates can kick off a career not only in hotels and hospitality but also in the services sector. Personal relation and corporate communication are some other

options that are available to them. With pleasing personality, good and agreeable etiquettes, hospitality professionals can ensure steady and rewarding careers for themselves.

**Table No. 5T-2 Candidates available for Hotel Industry from Training Institutes (Maharashtra and Pune-2004-2008)**

Year	No. Of Institutes in Maharashtra	No. of Students in Maharashtra	No. Of Institutes in Pune(Government recognized and non-recognized)	Number of students in Pune
2004	06(Degree and Diploma)	720(Approx.)	07	660(Approx.)
2005	08(Degree and Diploma)	960(Approx.)	09	780(Approx.)
2006	08(Degree and Diploma)	960(Approx.)	11	900(Approx.)
2007	09(Degree and Diploma)	1080(Approx.)	15	1200(Approx.)
2008	12(Degree and Diploma)	1440(Approx.)	16	1260(Approx.)

Observation- From the above table, we can notice that availability of manpower is less than what is needed for the hotel industry. That is why human resource development programs play a vital role in the hotel industry to meet future challenges with regard to competent manpower in star hotels in Pune. (The above table includes degree and diploma courses, figure provided is as on 31<sup>st</sup> December 2008 and the information is provided by the principal's of the institutes.)

The numbers of students ready for the job, in the hospitality industry through catering institutes located in Pune are mentioned in the above table. Comparing to the need of 20,000 candidates in India and of around 2500 in Pune each year, it is clear that the requirement of trained manpower in Pune is 50%, which is comparatively very less  $(1260/2500 * 100)$  <sup>6</sup>.

The availability of skilled and trained manpower is a crucial element in successful long-term development, which reflects the sustainability of tourist destinations and the hotel industry. Identified skilled and trained human resource will ensure the delivery of efficient, high quality service to visitors, which is a direct and visible element of successful hotel business for long term growth.

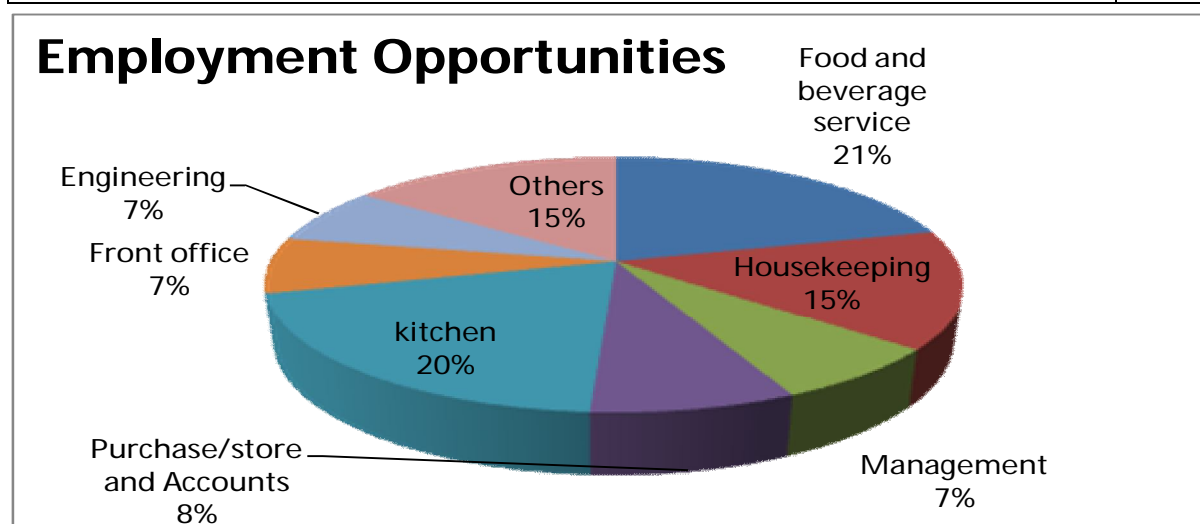
### Employment Pattern {Demand side –H.R}

Five, Four Star/Heritage Hotels: A single five star hotel could employ more than 400 employees. A total of 57508 people are employed for service about 36000 rooms in this category.

On an average, there are approximately 162 employees per 100 rooms in these hotels. A bulk of the employees approximately 60% are working in the food and beverage service, kitchen and housekeeping. Front offices of the larger hotels account for nearly 7% of the employees as stated below<sup>7</sup>.

**Table No-5T-3- % Contribution of Key Functions to Employment**

Food and beverage service	21%
Housekeeping	15%
Management {Higher level-Assistant Manager and above}	7%
Purchase/store and Accounts	8%
kitchen	20%
Front office	7%
Engineering	7%
Others	15%



[Source-6- Sakal dated 16/07/2008, Front page under the heading iq.;kr mHkkjrk;sr 20 uohu gkWVsYI, Source-7and table no-5T-3- point no-4.1, page no-24, 25, Ministry of Tourism Department of Tourism Government of India, Manpower Requirement in Hotel industry, Tour Operators & Travel Sector

**Manpower Trained by Different Institutes & Placement Scenario, a Market Pulse Report February 05, 2004 )**

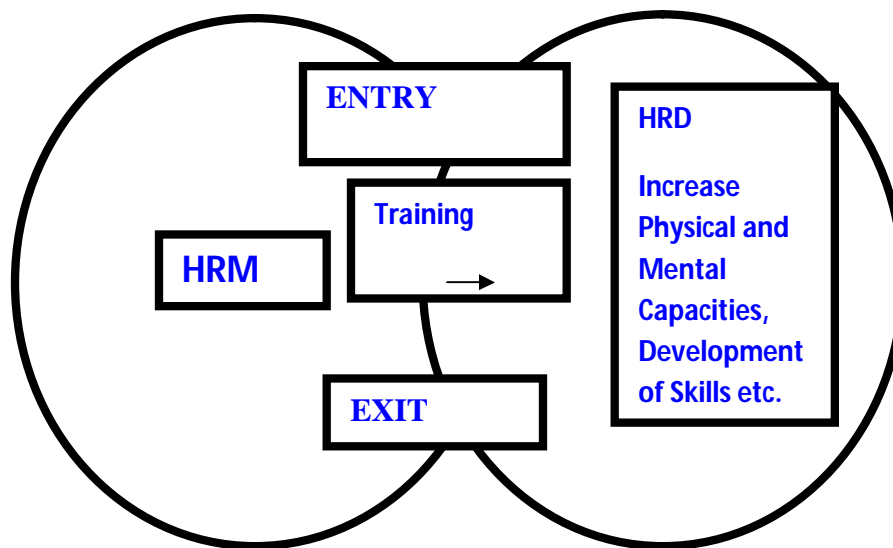
Observation- The major employment opportunities in star hotels are in three areas viz food and beverage service, kitchen and housekeeping. These three together, account for 56% of the total employment in star hotels.

**Table No-5T-4 -Department wise employment in five, four, three star and Budget hotels in India (2008)**

State	Management Team	Front office	F&B service	F&B kitchen	House keeping	Accounts	Total
Andhra Pradesh	284	237	727	683	520	259	3493
Tamilnadu	343	287	880	827	630	314	4231
Karnataka	265	221	679	638	486	242	3263
Kerala	206	173	530	498	379	189	2548
M.P	78	64	198	186	142	71	952
U.P	353	295	907	852	648	323	4358
H.P	37	31	95	89	68	34	456
Orissa	55	46	141	132	101	50	677
Assam	22	19	58	54	41	21	278
Meghalaya	6	6	18	17	13	7	87
Rajasthan	473	395	1213	1141	868	432	5832
W.B	254	212	651	612	465	232	3127
Delhi	1083	905	2780	2613	1988	991	13361
Uttaranchal	45	38	117	110	84	42	562
<b><u>Maharashtra</u></b>	1067	891	2738	2573	1958	976	13159
Gujarat	99	84	258	242	184	92	1239
Goa	257	214	659	619	471	234	3166
Punjab	70	59	181	170	129	64	868
All India	4661	3896	11965	11247	8557	4267	57508

Observation- Compared to other states in India (except Delhi), Maharashtra manpower requirement in star hotel is almost four times due to expansion in the hospitality business is taking place on account of the multi-dimensional growth in Maharashtra. The major challenges in hospitality professionals are in food production, housekeeping and food service department.

### 5.8 Human Resources Development- A Conceptual Clarification



Fundamental change in attitude, approaches, outlook, philosophy, perspective and practices of management [HRM] have become necessary for every organization to develop skills and meet the emerging changes. HRD has assumed significant importance. Employees are playing a distinctive role and making major contributions to productivity, efficiency and customer satisfaction. Hotel industries have to be employee and visitors oriented.

Policies will have to be human centered also the employees have to be equipped with high-tech practices thereby enabling them to operate confidently in view of modernization and automation.

The concept of HRD is still in the process of evaluation. The subject matter of this chapter is woven around the domain of “Human Resource Development and it has linkage with organizational effectiveness and performance”. The attempt is to describe the concept of HRD based on earlier research studies and suggest concrete future changes accordingly.

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(Source 5T-4- -MANPOWER REQUIREMENT IN HOTEL INDUSTRY, TOUR OPERATORS AND TRAVEL SECTOR, Page-37The primary field survey of 27 important tourist destinations. )

It has two main purposes

[1] To provide employees with a greater opportunity to grow and succeed within a company.

[2] To strengthen management and professional teams at all organizational levels. Further more it aims at developing employees capabilities with their career interest and with the manpower needs of the hotel industry.

### **Meaning and Definition**

HRD is a series of organized activities conducted within a specified time and designed to bring about behavioural change. It is rooted in the belief that human beings have potential to do better. HRD aims at giving finishing touch to existing skills and developing new additional skills.

The new HRD approach stresses the need for developing the hotel industries employees to suit the changing trends and approaches on one hand and the hotel industries requirement on the other hand.

Human resource development must be able to develop overall capability of individual employees of an organization and discover their own potentials for organization and individual goals.

### **Definitions**

1) Among the Indian authors, T.V. Rao worked extensively on HRD. He defined HRD in the organizational context as “A process by which the employees of an organization are helped in a continuous planned way to develop themselves”<sup>8</sup>.

2) The part of human resource management (HRM) which specifically deals with training and development of the employees. HRD would include training an individual after he/she is first hired, providing opportunities to learn new skills, distributing resources which are

beneficial for the employee's tasks and any other developmental activities(Business dictionary).

3) A definition of HRD is "organized learning activities arranged within an organization in order to improve performance and/or personal growth for the purpose of improving the job, the individual and/or the organization"<sup>9</sup>(Robert H. Rouda and Mitchell E. Kusy, Jr.).

HRD programs help to ensure that the hotel organization has the workmen with the skills and knowledge; it needs to achieve its strategic objectives. Hence HRD is basically the process of minimizing the gap between expected and actual performance.

The end result of HRD is not perceived immediately. Changes can not be effectively and totally incorporated nor can their result be achieved overnight. It needs constant effort and continuous touch with the human resources management strategy. Thus HRD deals with the process of developing people in accordance with their aspiration and to suit the organization needs.

### **5.9 Conceptual Clarification - Training and Development**

Training is the overall enhancement of human ability by developing knowledge, skills, attitude and behaviour in order to achieve individual goals.

Training relates not only to new employees, but is an ongoing process for the entire team. Training is effective only when the knowledge gained is applied at work and tested for usefulness. Learning can be both formal and informal. Formal learning occurs through training and educational programs while informal learning is acquired through experience.

In order to improve service quality in the hotel industry, training is an important measure that cannot be neglected. As a result of that, the need for service and production training in the hotel industry has become larger. In the hotel industry, training is the important factor affecting employee turnover, and productivity. Training program should be developed by hotels to meet the specific needs of targeted areas like food production, front office, food and beverage service, safety and security, pollution control, and disaster management.

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(Source 8,9-Personnel and Human Resource Management by P. Subba Rao page no-116. 117)

## Definitions

1) Training can be defined as “It is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviours to enhance the performance of employees”.<sup>10</sup>

2) Training also defined as “Organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill”. (Business dictionary).

3) Garry Dessler defines training is the process of teaching new employees the basic skill they need to perform their job<sup>11</sup>.

4) Kleiman – Training is planned learning experiences that teach worker how to effectively perform their current job<sup>12</sup>.

5) Michael J Jucious – The term training is used to indicate only the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.

‘Development’ can be defined as the modification of behaviour through experiments, which provides for the workmen to do better in the existing jobs and prepares them for shouldering greater responsibility in the future. It builds on strength and helps to overcome weaknesses that ensure hotel organization that it has the expertise it needs.

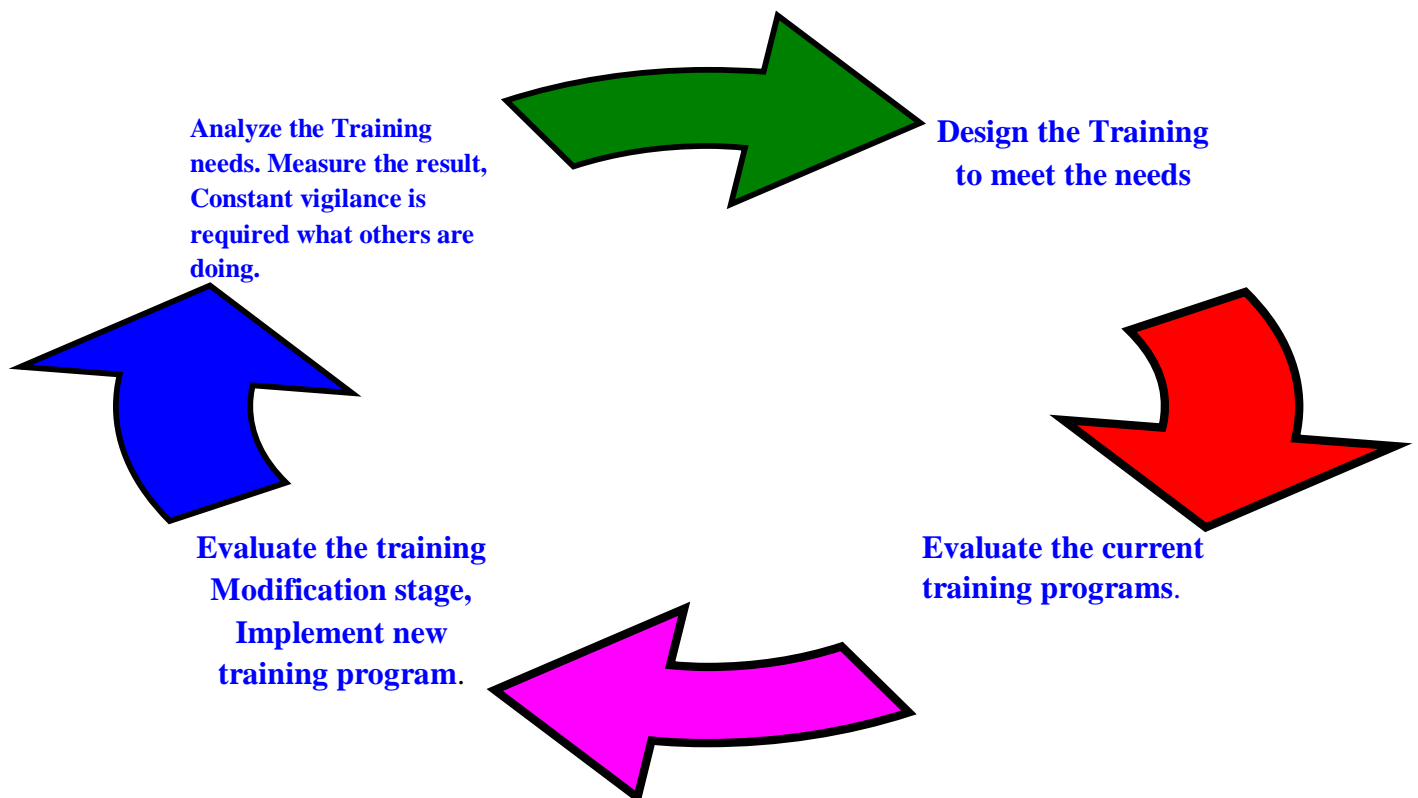
Development takes place at lower, middle and top management level simultaneously. Development refers to those learning opportunities designed to help employees grow. It is not primarily skill-oriented; instead, it provides general knowledge and attitudes which will be helpful to employees in higher positions. Efforts towards development often depend on personal drive and ambition. Development activities, such as those supplied by management developmental programs, are generally voluntary.

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(Source 10- Strategic Human Resource Management, Jaffrey A. Mello,source11- Human Resource management,by Garry Desser and Biju Varkkey, source 12- Human Resource Management ,Lawrence s. kleiman

## Training and Development



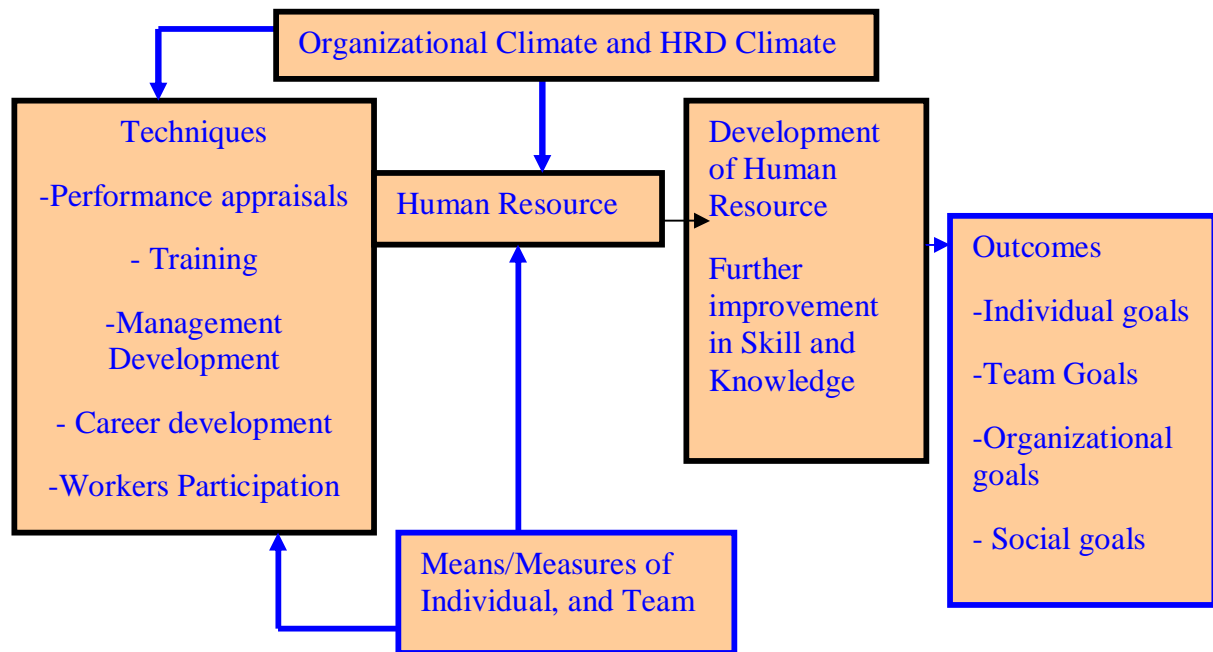
Training and Development need = Standard performance - Actual Performance (When actual performance is not satisfactory, need for training arises)

Training and development have to be a qualitative and quantitative activity, especially for those who are employed as junior's front office, and food service staff, housekeeping. Since those are the employees who come in contact with the customer first. They have to be constantly reminded of various manners like greeting, furnishing required information to the guest of the star hotel. The working knowledge of computers is a pre-requisite that all front office staff need to have in order to make online entries at all levels and departments in the modern software. On the other hand, the middle-level managers need to be exposed to training programs on themes like leadership skills, managerial skills, effective communication, body language, team building, motivation etc.

## Process of HRD (Training and Development)

This process is continuous, taking feed back of earlier training programs, knowing the positive result and the loopholes of previous programs is precautionary step to be taken without fail. The HRD is therefore the process of trial and error. It includes making continuous experiments.

HRD process has three main stages i.e. “Starting point” (locating the errors in earlier training program) “Mid point” (developing new training program with minimum errors), and “End point” (making impartial evaluation of training programs currently executed and reporting the same to top level management).



Individual Goals - Promotion, Monetary Benefits, Updating skill and knowledge, Job satisfaction.

Team Goals - Efficiency in work, maximum quantity, and quality output. Time and resources saving, organizational performance in form of profit, production, and sales (Maximum returns).

Organization Goals - High Productivity and Profit maximization.

Social Goals-HRD is more a proactive and supportive function wherein the hotel organization has to take a lead in helping the employees to grow and realize their potential role like welfare of societies, better quality goods and services, reduction in stress and maintaining good industrial relations.

The steps in planning training and development programs can be listed as follow.

The first step in training is to assess the need for training in the department (feed back, department head suggestions, new job profile etc).

The second step is to identify areas in which training is required and list them according to priority.

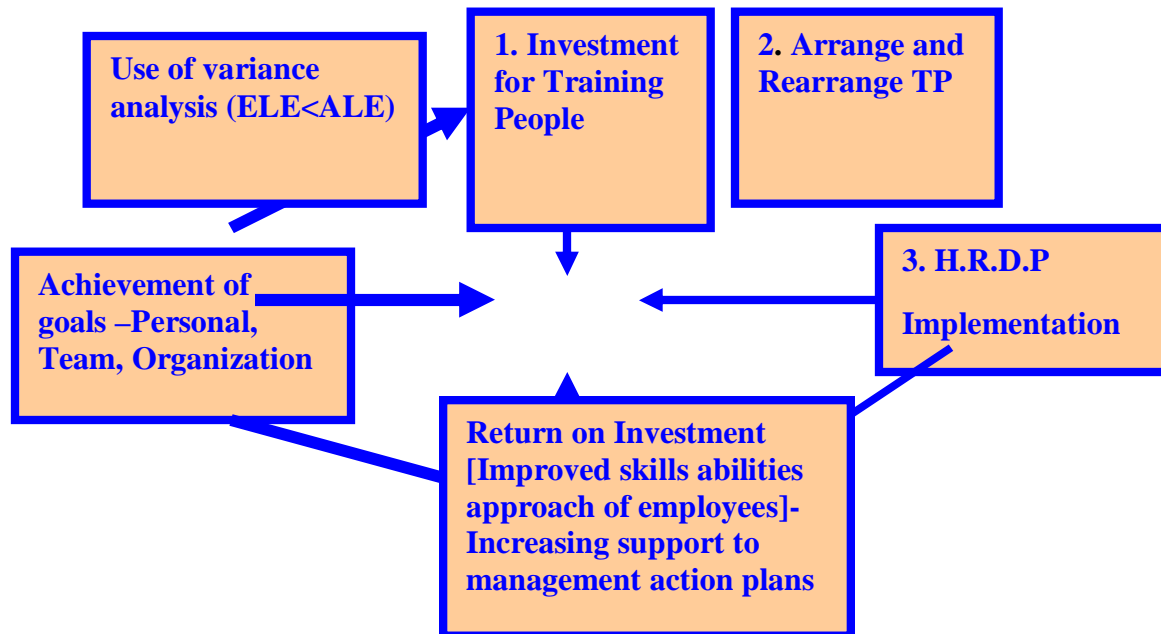
The third step is to plan the training programs and set time periods for implementing them.

The fourth step is to implement the training program.

The last step is to evaluate the program and take corrective measures to improve training programs in future (evaluations feed back form participants, use of suggestion box).

### **Hotel Organization growth-Human Resource Development- A circular flow**

It is the relationship between investment and returns on investment. It is the relationship of continuous ever ending nature. It can be explained with the help of the following figure.



**ELE >ALE, need for evaluation arises and cause analysis is necessary. (In case of negative individual performance, when experienced by employer or employees not using their full capacity){ELE – Expected level of efficiency and ALE- Actual level of efficiency}**

### **Explanation**

(1) Investment in training and educating employees with the purpose of changing their personality traits which are not similar (Assumption; Behaviour through the process of trial and error can be changed).

(2) Human resource development: It brings/makes possible changes expected or desirable in employee’s attitude [(Assumption- Human beings are important movable assets, because of turnover problem (labour turnover)].

(3) Returns on investment- Increasing number of customers/visitors (servicing visitors satisfactorily)

(4) Good earning by management of the star hotels- Good profit earning which makes possible investment in business and procure good quality staff.

### **5.10 Problem of measurement of efficiency**

Training and development programs in any business unit create the foundation; widen the base of organizational performance and effectiveness. It can be measured in terms of production and productivity. The percentage increase in production can be expressed in terms of quantity e.g. percentage of increase 10%, 20%, 25% as compared to the last year's performance. Similarly, organizational performance can be expressed in terms of percentage increase in profit, or by making comparison between two periods i.e. last year's and current year's percentage of profit. The percentage increase in sales is the third yardstick.

Organizational performance depends upon team spirit which in turn depends upon willing cooperation of individual employees, which again depends upon how the human resources have been handled and managed. Similarly, the opportunities provided by management for self development of employees, is the factor which decides the extent to which the attitude for willing cooperation develops. That indicates there is definite linkage between development programs and organizational performance and effectiveness.

Hotel industry is mainly service rendering organization. Team of hotel employee's gives services to visitors since his/her entry into hotel till exit from the hotel. The list of most commonly services, given by star hotels to their customer has been prepared and enclosed in the earlier chapter [chapter no -01 Page 26-40].

In respect of every service, attempt is to be made to improve the quality and regularity without any increase in cost. Simultaneously, if the cost of service increases, it may be due to use of modern technical devices. Hotel employees, try to please and make visitors happy and pay good returns in the form of quality services. Quality of service can be expressed in the form of opinion of visitors. These opinions of visitors, expressed out of the hotel premises, serve the purpose of mouth publicity, making additions to image and goodwill of the hotel business.

The problem is regarding the measurement and exactness of measuring performance and effectiveness. Standard yardsticks need to be developed so as to make HRD programs more effective in star hotels.

### **5.11 Need for H.R.D in Star Hotels**

### **Identification of Training and Development Needs in Employees (individual level)**

Visitors of five star hotels, domestic as well as foreigners, expect high quality and regular services, since their entry in the hotel till exit. As mentioned earlier they are not permitted for any kind of bargaining in respect of payment of bills. Using high quality services is a matter of pride and prestige for rich class families. In order to fulfill their requirements and expectations availability of competent skilled and trained staff is important. It creates the need for HRD.

The first factor that creates the need for HRD is optimum utilization of resources. Indirectly optimum, rational use of resources leads to saving of resources for future.

The second factor that creates the need for HRD in star hotels is improvement in various skills of the employee's working in various hotel departments, i.e. skilled employees are required for handling visitors of diversified nature.

The third factor is to develop a second line of defense in case regular, senior employees are on leave for one reason or the other or senior members have left the organization for better job opportunities offered to them by other star hotels. The second line, if developed properly makes possible easy replacement of staff and continuous availability of equally skilled services.

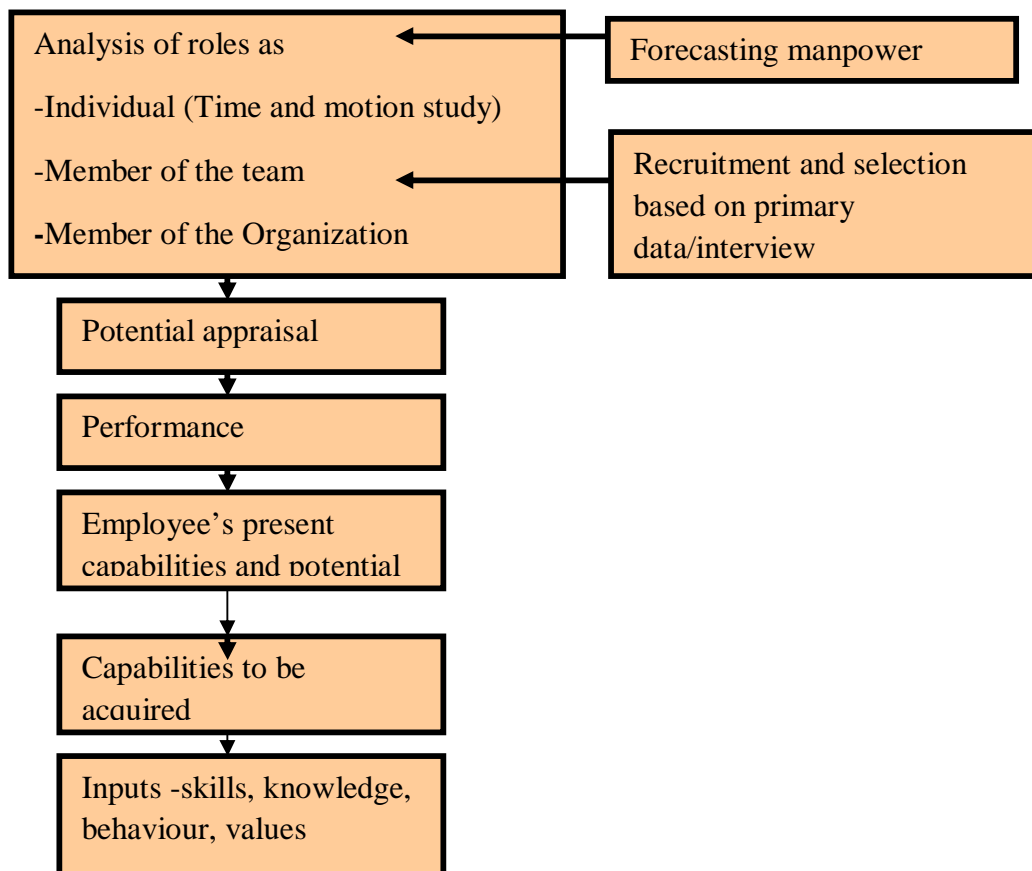
The fourth factor in development of human resource is development of new assets which in turn enable self development of employees and gives them job satisfaction opportunity to learn new skills and techniques.

HRD is unavoidable. Some budgetary provisions are required to be made and they are to be used for implementation of training programs effectively. The purpose of human resource development must be clear i.e. acquire more skill and efficiency.

Job is to be done, impartially, silently by senior authorities. Behaviour observation should not be with previous bias in mind. Reasons must be located for reckless behaviour, aggressive behaviour, negligence of duties through mutual, silent discussion. Opportunity to be given to subordinates to react open mindedly- use of KYS technique (know your subordinate). Right time should be chosen for exchanging views, ideas and problems.

Observation of employee's behaviour and his immediate reaction when some new or additional tasks, responsibilities are delegated are important. His needs and requirements for performing the given task are to be studied carefully so the right type of training program can be developed and trainers can be appointed. When employees needs are not identified and not given due weightage then some new problems are created e.g. unwilling participation by employees, non-cooperation, limited interest taken by employees. Proper assessment of training needs should be regarded as an important step, the first step for preparing training plans so that wastage of time in unwanted training and wastage of resources can be avoided. It is a stitch in time policy.

Prepare and preservation of confidential reports of each employee is a step worth to be taken. This report should contain the information, job allotted or task assigned. Time allotted for completion of job, actual time taken if more difficulties experienced etc. regular reporting may help to point out where actually the shoe pinches (the area problem).



The above flow-diagram explains the way by which hotel industry can implement the process of identification of harmful qualities of an employee, replacing them by beneficial ones to attain an organization goal.

### **5.12 Areas of Training and Development - Hospitality Industry**

Development of human resource is not possible without 'training'. It is a universal truth that current education practices mostly provide theoretical and bookish knowledge, useful only for passing examination in the faculty of Arts, Commerce, Hotel management, and Science etc. Though some degree and diploma holders get opportunities of employment, later on they find that their knowledge is inadequate as compared to business needs. In spite of employees working for many years the management is not taking into account their seniority for promotion and they are not getting the due recognition and respect in the organization.

While considering few issues and constraints of human resource in hotel industry the research student noticed need of training and development on the following grounds.

1. Employee's request. (Normally employees never demand for training programs)
2. Individual development and career growth plan( in the form of promotion, better job opportunity within the organization)
3. Law and regulation changes and amendments e.g. Tax, laws
4. Need to develop new leaders(second line leaders)
5. New employees(confidence boosters)
6. New equipment( technology)
7. New program (change management or new practice)
8. Safety and security issues( use of new machines, repairs, fear of injury)
9. Unavoidable incidents like medical attention/casualties/accident at work place and visitors become victims.

**Skills and attributes required by employees in a star hotel are as follows**

#### **Communication Skills**

- Proficiency in English, Hindi and a regional language
- Right attitude and listening skills



- Should know, how to deal with customers and possess good interpersonal and public relation skills (Front office, Food Service)
- Must have effective vendor management, negotiation and relationship management skills
- Handling grievances and complaints of visitors.

### **Technical Skills**

- Proficiency in computer applications, Intercom, Air Coolers, Electricity, Electronically operated equipments (Tally in Accounts, Reservation software in front office)
- Excellent networking skills with the ability to build rapport
- Ability to work well under pressure with same efficiency (Kitchen, Maintenance)
- Preparation and preservation of food.
- Safety and security of employees and customers:-Training for handling emergencies, accidental fire, rescue operations, disaster management, medical services to serious patients and health complaints etc.

### Estimation skill/Forecasting Skill

- Visionary and skill of making accurate predictions about customer's requirement when finalizing the orders of banquets, party or room bookings.

### **5.13. Methods of Training used by Star Hotels.**

Training is the process systematically undertaken with the purpose of converting unskilled manpower into skilled employees i.e. moulding the original personality of the candidate into expected new form. It is an effort for making the employees 'more and more useful' from the organizations point of view.

A multitude of methods are used to train employees. Training methods are categorized into two groups 'On the job' and 'off the job' methods. On the job methods are applied at the work place through demonstrations, instructions while the employees are actually working or in meeting room (conference by formal lecture within the organization). Off the job methods are used away from the work place.

## **Types of Training**

1. On the job training
2. Off the job training

### **On the job training methods**

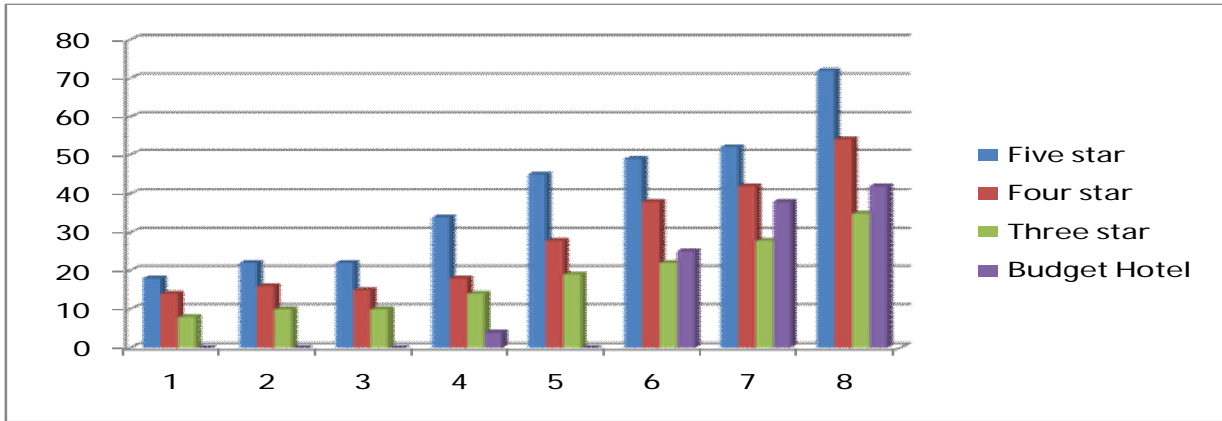
1. Induction
2. Job instruction training
3. Apprentice training
4. Job rotation

### **Off the job training methods**

Vestibule training	Films and audio visuals
Lecture method	Brain storming
Group discussion method	Program learning method
Case study method	Conference method
Incident method	Seminar
Exercises, mediation	Simulation

**Table No-5T-5 Current status of Training programs in the Hotel Industry**

<b>Year</b>	<b>Five star</b>	<b>Four star</b>	<b>Three star</b>	<b>Budget Hotel</b>	<b>Total</b>
<b>2001</b>	<b>18</b>	<b>14</b>	<b>8</b>	<b>0</b>	<b>40</b>
<b>2002</b>	<b>22</b>	<b>16</b>	<b>10</b>	<b>0</b>	<b>48</b>
<b>2003</b>	<b>22</b>	<b>15</b>	<b>10</b>	<b>0</b>	<b>47</b>
<b>2004</b>	<b>34</b>	<b>18</b>	<b>14</b>	<b>4</b>	<b>70</b>
<b>2005</b>	<b>45</b>	<b>28</b>	<b>19</b>	<b>0</b>	<b>92</b>
<b>2006</b>	<b>49</b>	<b>38</b>	<b>22</b>	<b>25</b>	<b>134</b>
<b>2007</b>	<b>52</b>	<b>42</b>	<b>28</b>	<b>38</b>	<b>160</b>
<b>2008</b>	<b>72</b>	<b>54</b>	<b>35</b>	<b>42</b>	<b>203</b>



(Numbers on horizontal axis represent years and those on vertical axis represent number of training programs conducted by star hotels)

Observation-The data represents the increasing importance is given to training programs in star hotels in Pune from 2001 onwards.

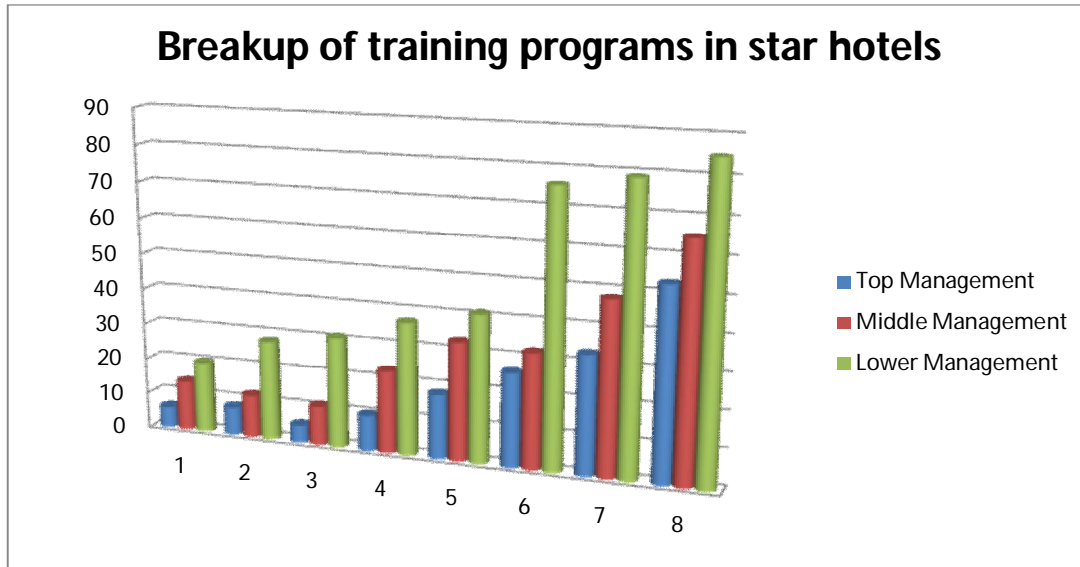
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(Source-5T-5- Data directly collected from star hotel management.)

There was drastic growth in training programs in 2008 due to terrorist attack on Taj and Oberoi hotels in India. The trend is increasingly practiced due to shortage of competent staff in star hotels in India. More emphasis is given in improving technical skills of employees and maintaining the safety of the hotels.

**Table no 5T-6-Breakup of training programs in star hotels, Pune**

Year	Top Management	Middle Management	Lower Management	Total
2001	6	14	20	40
2002	8	12	28	48
2003	5	11	31	47
2004	10	23	37	70
2005	18	33	41	92
2006	26	32	76	134
2007	33	48	79	160
2008	53	65	85	203



(Numbers on horizontal axis represent years and those on vertical axis represent number of training programs conducted for top, middle and lower management by star hotels)

(Source- Table no- 5T-6- Based on personal interviews with managers, supervisors and secondary data of star hotels in Pune)

Observation- The trend is shifting .Till date more emphasis was given on lower management training programs. There is increase in training programs for top and middle management due to competition by international hotel chains and increase in their demand.

#### 5.14 Current Scenario of Training and Development in Star Hotels

Today, the hotel industry is becoming more competitive. The amateur stage of the hotel industry business is long over. Over the last two decades, hotel companies have transformed their pattern and structure to meet tough challenges in the international hotel and tourism market. In this unpredictable business environment, the hotel industry which will change to meet the competitive threats and opportunities to match the needs of a new travel market and will bring flexibility, creativity, innovation, determination, and professionalism in its operations will succeed.

The increasing emphasis on customer care has further emphasized training need. Customers care in recent years is a term to be interpreted in wider sense i.e. health care, wealth care

(property, belongings), care of physically handicapped, care of emotional feeling, entertainment, comfort and expectations. All employees require the skills to interact in a positive manner in order to create and maintain a safe environment for the customer. While the continued emphasis on developing core technical skill is essential for the industry but the need for soft skills is increasing and requires immediate attention to prevent a critical gap arising in the future.

**Table No-5T-7- Training Programs by Three Star Hotels in Pune during 2001-2007**

<b>Year</b>	<b>Category of Participants</b>	<b>No. of Participants ( Average)</b>	<b>Duration</b>	<b>Nature of training programs</b>
2001	Top management	04	01days	Induction program includes <ul style="list-style-type: none"> <li>• Explain the company culture</li> <li>• Clarify policies such as leave (sick, holiday and special)</li> <li>• Pay (cash, cheque or direct deposit)</li> <li>• Breaks, hours of work and overtime policies</li> <li>• Workplace Health and Safety overview, including first aid facilities</li> <li>• Position description and general overview of their role (reporting structure)</li> <li>• Amenities (lunch room, sick room, toilets)</li> <li>• Introduction to workmates</li> </ul>
	Middle Management	12	02 days	Induction
	Lower management	26	05 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge

2002	Top management	06	05days	Induction
	Middle Management	13	09	Induction, New techniques of management ,briefing techniques to juniors
	Lower management	28	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge Service techniques.
2003	Top management	05	05days	Induction, Job Rotation
	Middle Management	14	09	Induction, New Techniques in management, Grievance handling
	Lower management	26	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2004	Top management	04	05days	Induction, Job Rotation
	Middle Management	13	09 days	Induction, New Techniques, Security
	Lower management	27	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2005	Top management	05	05days	Induction, Job Rotation
	Middle Management	13	09 days	Induction, New Techniques, Safety and Security
	Lower management	27	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2006	Top management	04	05days	Induction, Job Rotation
	Middle Management	12	09	Induction, New Techniques, Safety
	Lower management	26	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2007	Top management	04	05days	Induction, Job Rotation

	Middle Management	12	09 days	Induction, New Techniques, Safety and Security
	Lower management	26	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2008	Top management	04	05days	Induction, Job Rotation
	Middle Management	12	09 days	Induction, New Techniques, Safety and Security
	Lower management	22 (06Trainees)	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge

**Table No-5T-8- Training Programs by Four Star Hotels in Pune during 2001-2007**

<b>Year</b>	<b>Category of Participants</b>	<b>No. of Participants</b>	<b>Duration</b>	<b>Nature of training programs</b>
2001	Top management	10	04days	Induction, Job Rotation
	Middle Management	16	10 days	Induction, New Techniques, Safety and Security
	Lower management	45	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2002	Top management	08	05days	Induction, Job Rotation
	Middle Management	19	08 days	Induction, New Techniques, Safety and Security

	Lower management	51	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2003	Top management	08	05days	Induction, Job Rotation
	Middle Management	16	08 days	Induction, New Techniques, Safety and Security
	Lower management	48	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2004	Top management	09	05days	Induction, Job Rotation
	Middle Management	16	08 days	Induction, New Techniques, Safety and Security
	Lower management	44	15 days (2hrs for each shift)	Induction, menu knowledge Department knowledge
2005	Top management	08	05days	Induction, Job Rotation
	Middle Management	16	08 days	Induction, New Techniques, Safety and Security
	Lower management	47	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2006	Top management	09	05days	Induction, Job Rotation



	Middle Management	17	08 days	Induction, New Techniques, Safety and Security
	Lower management	51	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2007	Top management	08	05days	Induction, Job Rotation
	Middle Management	16	08 days	Induction, New Techniques, Safety and Security
	Lower management	44	15 days (2hrs per day for each shift)	Induction, Menu knowledge, Department knowledge
2008	Top management	08	05days	Induction, Job Rotation
	Middle Management	17	08 days	Induction, New Techniques, Safety and Security
	Lower management	38	15 days (2hrs per day for each shift)	Induction, Menu knowledge Department knowledge

**Table No-5T-9-Training Programs by Five Star Hotels in Pune during 2001-2007**

<b>Year</b>	<b>Category of Participants</b>	<b>No. Of Participants</b>	<b>Duration</b>	<b>Nature of Training programs</b>
2001	Top management	14	10days	Induction, Job Rotation
	Middle Management	22	15 days	Induction, New Techniques, Safety and Security

	Lower management	78	20 days (2hrs per day for each shift, by rotation)	Induction, menu knowledge Department knowledge
2002	Top management	15	10days	Induction, Job Rotation
	Middle Management	24	15 days	Induction, New Techniques, Safety and Security
	Lower management	75	20 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2003	Top management	15	10days	Induction, Job Rotation
	Middle Management	24	15 days	Induction, New Techniques, Safety and Security
	Lower management	74	20 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2004	Top management	14	10days	Induction, Job Rotation
	Middle Management	20	15 days	Induction, New Techniques, Safety and Security
	Lower management	72	20 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2005	Top management	13	10days	Induction, Job Rotation
	Middle Management	22	21 days	Induction, New Techniques, Safety and Security
	Lower management	76	30 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2006	Top management	14	10days	Induction, Job Rotation
	Middle Management	24	21 days	Induction, New Techniques, Safety and Security
	Lower management	70	30 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge

2007	Top management	13	10days	Induction, Job Rotation
	Middle Management	23	15 days	Induction, New Techniques, Safety and Security
	Lower management	76	30days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2008	Top management	11	14days	Induction, Job Rotation
	Middle Management	18	31 days	Induction, New Techniques, Safety and Security
	Lower management	68	30 days (2hrs per day for each shift)	Induction, Menu knowledge, Department knowledge

**Table No-5T-10-- Training Programs by Budget Hotels during 2001-2007**

<b>Year</b>	<b>Category of Participants</b>	<b>No. Of Participants</b>	<b>Duration</b>	<b>Nature of Training programs</b>
2001	Top management	04	05days	Induction, Job Rotation
	Middle Management	12	09 days	Induction, New Techniques, Safety and Security
	Lower management	26	15 days (2hrs per day for each shift)	Induction, Menu knowledge, Department knowledge
2002	Top management	04	05days	Induction, Job Rotation
	Middle Management	10	09 days	Induction, New Techniques, Safety and Security
	Lower management	25	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge
2003	Top management	05	05 days	Induction, Job Rotation
	Middle Management	12	09 days	Induction, New Techniques, Safety and Security
	Lower management	26	15 days (2hrs per day for each shift)	Induction, menu knowledge Department knowledge, impart knowledge of

				communication, spoken English and Hindi
2004	Top management	05	05days	Induction, Job Rotation
	Middle Management	13	09 days	Induction, New Techniques, Safety and Security
	Lower management	30	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2005	Top management	05	05days	Induction, Job Rotation
	Middle Management	10	09 days	Induction, New Techniques, Safety and Security
	Lower management	24	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2006	Top management	04	05days	Induction, Job Rotation
	Middle Management	11	09 days	Induction, New Techniques, Safety and Security
	Lower management	27	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2007	Top management	04	05days	Induction, Job Rotation
	Middle Management	10	09 days	Induction, New Techniques, Safety and Security
	Lower management	23	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge
2008	Top management	04	05days	Induction, Job Rotation
	Middle Management	09	09 days	Induction, New Techniques, Safety and Security
	Lower management	20	15 days (2hrs per day for each shift)	Induction, menu knowledge, Department knowledge

**Table no- 5T-11 Techniques used to conduct the above training sessions**

Sr. No	Categories of Staff	Methods used
1	Top management	Overhead Projector, Conferences, Televisions (DVD), E-training
2	Middle Management	Lectures by Experts and internal sources (Training Manager, General manager) in respective subjects ,Demonstrations, E-training
3	Lower management	Demonstrations, Vestibule training, on the job training (suggestions, guidelines and on the spot demonstrations), E-training

Observation-From the above tables, we realize that training programs were arranged for all categories of staff. All training programs are found traditional, old and similar. Training programs are not conducted regularly- emphasis is given only on induction, not on updating the knowledge. All the training programs were arranged by management without disturbing routine work schedule of employees.

**Table no-5T-12 -Budget Provisions (B.P.)-Availability of Funds (Rs. in Lakhs)**

Year	B.P for Three star Hotels	B.P for Four star Hotels	B.P for Five star Hotels	B.P for Budget Hotels
2001	Rs1.5	Rs1.9	Rs3.1	Rs1.8
2002	Rs1.8	Rs2.3	Rs3.3	Rs1.9
2003	Rs1.6	Rs2.3	Rs3.2	Rs1.7
2004	Rs1.9	Rs2.6	Rs3.0	Rs1.8
2005	Rs2.1	Rs2.7	Rs3.3	Rs2.2
2006	Rs2.5	Rs2.5	Rs3.4	Rs2.4
2007	Rs2.1	Rs2.5	Rs3.7	Rs2.5
2008	Rs2.7	Rs 3.0	Rs4.6	Rs3.4

( All the above figures of budgets are in lakhs)

Observation: The table shows that every three, four and five star hotel is making provisions of training for all categories of staff.

The provisions of budget are in increasing proportion i.e. from Rs.1 lakh to 3 lakh. Budget sometimes are fluctuating in nature, depending upon financial conditions of the hotel. Budget provisions are made in the month of March of every year and communicated to HRD departments. This department arranges training programs according to needs of hotel employees. It is noticed by the student, that the management of 3, 4 and 5 Star hotels are equally interested in arranging HRD (Training) programs.

The difficulties reported by the management are:

[1] Availability of experts in specialized subjects is very limited e.g. the subject of taxation policies.

[2] Availability of experts in Government Department offices e.g. Environment Protection Department, Legal Advisors.

Some of the hotel managements have replied that there was no hundred percent utilization of funds for one reason or the other. There was lack of coordination between training department and the other departments of the star hotels in Pune.

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(Source –Table No- 5T-7, 5T-8, 5T-9, 5T-10, 5T-11 and 5T-12 are based on the response given by the hotel management through questionnaire and personal interviews)

Training schedules are arranged in advance as soon as budgetary provisions are made known to them and powers are delegated to HR department to arrange training programs.

Practice of calling meetings of department heads prior to and after training program is followed. However a formal approval to training schedules has been made necessary for avoiding inconveniences

### **5.15 Impact of training programs on hotel employer and employees**

Training leads to result of the following skills

(1) Rational use of funds

- (2) More quick and accurate decisions and policies
- (3) Relaxed and free from fear of competition
- (4) Capacity increase –properly judging the situation, dangers in future

### **Employer**

Appreciation of performance of other colleagues and tactfulness in handling employees, all these qualities may not develop immediately but slowly over a period of time after post training. The important thing is that the employer must have the spirit of free mind, weakness of his own. In other words, knowledge of qualities causing harm to others is very important e.g. criticizing and blaming others for own mistakes and faults or luck factor. Self realization is very important in all circumstances.

Business success or failure not only depends on the availability of resources but also on the qualities of the employer. Some qualities may be inborn qualities while others may develop at later stages on the basis of experience and training programs that an individual has attended, e.g. budgeting aspect of business allocation of resources, leadership etc.

Training may result in slow changes in qualities later on the employer improves overconfidence, hasty decision making, rule of thumb attitude, no confidence in delegation of authority, short temper are some are harmful qualities of employers spoil relation.

### **Employees**

Employees or subordinates are more concerned with retaining their jobs becoming permanent and the various benefits they get when they are in service e.g. seniority benefits. They are expected to maintain a level of efficiency and whenever possible enhancement of efficiency so as to get an opportunity of promotion. This is the general observation in case of all employees in all types of organization, e.g. private, public, cooperative sector, government offices etc. It is also true in case of the hospitality industry. Travel and tourism industry creates a number of job opportunities.

Training indirectly provides necessary shelter to employees and their jobs become more secured. Training leads to development of qualities of cooperativeness, adaptability,

capacity for continuation of services (even after normal working hours) accuracy, punctuality, willingness to learn new things (when replacement becomes necessary in case of emergency, job rotation) and mental preparedness to accept extra responsibility. Training pushes up further the level of confidence. It acts as a booster dose. A brief explanation can be given as to the contribution of these qualities in business progress.

(i) Cooperativeness: Good image among colleagues, clients, visitors. Good impression on employer. He considers such employees as assets.

(ii) Adaptability: Employees learn to adjust with the changing situations either favourably or unfavourably. Especially in negative conditions, this quality proves more helpful for the employer.

(iii) Capacity for hard and continuous work: Hotel employees are sometimes required to work continuously in two shifts, which challenges and tests his mental and physical capacities. In such situations the employee's patience is tested. There are some employees in every organization who are reluctant to do extra work because of the problem of fitness and inability to bear mental strain.

(iv) Accuracy: This quality is important for preparation of bills for visitors for their stay in the hotel. Accuracy in supply of information pleases visitors. The same quality is useful in effective communication. Effective training program leads to development of this quality.

(v) Punctuality: This quality is concerned with not only attending duties at the right time but completing every work regularly and within given time limit.

Though all qualities cannot be developed but some qualities can be developed through adequate training programs. It is to be remembered that all these qualities have a definite impact on individual behaviour and in turn affects organizational performance. The qualitative development of the employer as well as the employees is equally important.

The research student has taken the survey of training programs undertaken by star hotels in Pune. A separate questionnaire was prepared for the collection of data about employees



training programs in star hotel. The result noticed after discussions with the employees and managerial staff is as follows-

Training programs resulted in improvement of performance on the part of employees in star hotels, simultaneously training programs have resulted in changing the approach and attitude towards their work and the task assigned to them, as well as their approach towards the employer. Some positive changes have also been noticed by the management, with respect to the behaviour of employees in the organization.

Every employee is a small part of the team. The individual behaviour of all employees' change in a positive direction due to training programs in star hotels. There is close linkage between three elements training programs, individual behaviour and organizational performance.

Training programs, organized and implemented by the star hotel management have brought about changes in the attitudes and behaviour in the employees of all categories i.e. top level management to lower ranking staff. The analysis of the data has brought into limelight the following changes in the behaviour of lower category of staff.

- ❖ Non cooperative staff becomes cooperative
- ❖ Diffident employees become confident
- ❖ Lazy and careless employees become alert and quick
- ❖ Argumentative employees listen to the views of seniors, their criticism without interruption, and their body language changes.
- ❖ Aggressive attitude of some employee's changes. They make an effort to know star hotel visitors properly as well as other colleagues.(Know your customer-KYC)
- ❖ Aggressive attitude changes into properly understanding policies of the management orders and instructions, purpose behind them and they start peaceful implementation without arguing.
- ❖ Careless use of resources replaced by most economical and rational use of resources.

❖ Impressive conversation was learnt after the completion of these training programs. Training has brought many changes in their personality i.e. transformed worried faces into smiling faces. Training has had a positive impact on their behaviour.

❖ Training has resulted in the development of new positive qualities and replacement of some negative qualities which create hurdles in the progress of business and the growth of individual employees.

On the other side, training programs have resulted in the development of courageous leadership, decision making skills and the capabilities of undertaking new projects. When questions were asked to star hotel employees and to managers, no one denied the utility of training programs. All agreed that training programs play a creative role and they are not unproductive efforts. In fact they pay good dividend in the long run and results in further strengthening the relations within and outside the organization. Training programs help in the attainment of the broad objective of welfare of all the groups relating to star hotels.

Proper training given at the right time and at regular intervals makes 'shy employees' - more and more smart, encourages them to work with full concentration and devotion. It makes them more and more enthusiastic, develops their interest in learning new things. In short, the training changes work environment. This experience is reality and no exaggeration even in case of star hotels in Pune.

### **5.16 Conceptual Clarification of Individual Behaviour**

Individual -Why do some employees seem to perform relatively better on their jobs than others? The answer obviously lies in differences in individual behaviour. This unit gives an overview of some of the psychological variables that influence human behaviour at work. Since almost all organizational efforts are directed towards ensuring effective performance, it is vital that organizations determine the nature and extent to which these variables affect an individual's behaviour. Once this task is complete, organizations would get the desirable behaviour. This unit is divided into four distinct parts- the first part concentrates on personality and the factors affecting personality. The second part gives a broad outline of the learning process and the various theories associated with it. The third part gives a comprehensive discussion of organizational behaviour modification and the steps involved

in it, besides its application in the organizational context. The last part attempts to define attitudes and describes their formation and measurement.

Defining personality has been one of the most challenging tasks facing management theorists today. This is because different people define personality from different perspectives, while some consider personality in terms of character, some consider it as a description of success in society, Psychologists; however, tend to consider these descriptions as only a part of the whole concept of personality.

Personality is derived from the Latin word 'per sona' meaning to speak thorough and it literally means personal identity or distinctive personal character. Personality represents the whole person concept.

### **Physical and Psychological Traits**

- 1) Go hand in hand and are inseparable
- 2) Can be observed –experienced by others
- 3) Study of behaviour remembering the past experiences, good or bad, in case of persons on the opposite side is important for cautious decision making in future about the customer and other employees.
- 4) Close relationship between behaviour and decision making is true in case of star hotels.

### **Individual's Behaviour**

Behaviour means responses and reactions of employees, against the decisions and policies of the employer. Sometimes reactions and responses are favourable and supporting employer's decisions and policies. On the other hand they are against the owners expectations. Employees collectively oppose the decisions of the management and they deny cooperation in attainment of objectives and organizational goals. Convincing employees becomes the challenging task for the management. It becomes difficult to resolve grievances and disputes amicably.

Every individual male or female belongs to some group willingly or unwillingly. He or she is required to join other persons in the family and later on to other formal groups and

informal groups in the organization. Joining the group and making some adjustments voluntarily or compulsorily is inevitable e.g. accept membership of union, sometimes voluntary compulsion.

Individual employee and his behaviour are not separable. Everyday a person in society observes and experiences behaviour of other people as a matter of voluntary compulsion, since morning till night. It is essential to have a sense of discipline, commitment and dedication in order to achieve organizational and individual goal.

Developing healthy and friendly human relations within and outside the business cannot be the result of any magic. It contributes in developing internal environment. Healthy and friendly relations are equally important as capital but at the same time require persistent efforts. It is a universal truth that human behaviour is different on different occasions. One cannot make accurate judgment or prediction e.g. silent visitor becomes aggressive or talkative customer becomes reserved.

### **Human behaviour- its different patterns**

1. Rash and reckless behaviour- It spoils relations with colleagues and senior authorities. Bad relation with visitors in the short run, results into business losses of the hotel organization. It may result in wasteful use of resources.

2. Normal Gentleman's behaviour – It is the result of positive thinking and a creative mind. Many employees in different organizations learn to think in a positive way on the basis of their own past and experiences of others. The 'Gentleman's approach is indicated when attempt is made to know the problems, difficulties of others first, rather than unnecessary botheration of ones own problems. In other words the 'you approach'.

3. Abnormal Lenient Behaviour- It also results in occasional losses. In other words, it is known as 'Yes Boss' attitude. At the outset it is a helpful attitude but in the long run it is harmful especially when persons on the opposite side have dominating attitude, e.g star hotels visitors may ask for satisfying superfluous needs.

4. Y.O.S Behaviour- Your Obedient Servant approach is very common in case of newly recruited employees. It is with the fear of not losing the job opportunity .They follow the

orders and instructions without complaining about anything. Even they fail to bring to the notice of the management, the controversial behaviour of the boss.

Training aims at converting abnormal behaviour into normal behaviour, which in turn results in changing the business climate and maintaining smooth relations within different groups in the same organization. In the same way, training results in radical changes-transforming controversial behaviour into balanced behaviour. Employer's expectation is normal behaviour in all situations (i.e. business unit continuously experiencing heavy losses, in steady market conditions).

Quality work force, at the disposal of the employer makes it possible to achieve business goals, even when internal as well as external business environment is unfavourable. Quality workforce is never readily available. Training which is a process of trial and error, helps to attain the objective of converting unskilled persons into skilled employees and further into highly skilled ones, who effectively implement the decisions. Training is therefore an effective device for the development of human resource. The relationship therefore between training and changing behaviour is very close and cannot be denied.

Behaviour is the final result or outcome of the thinking process. A person may act or respond in the form of physical action; simultaneously he/she may use few words, in soft voice or rough voice. He/She also prefers to keep mum or remain silent for a while, takes his own time for responding which may be normal or abnormal, common or uncommon reaction.

There are different models of behaviour for employees. It is a relative concept- behaviour changes from person to person, time to time and from place to place. "Past experiences" well remembered by human beings may change their behaviour in the future (good or bad, pleasant or unpleasant). 'Individual behaviour' has many shades. Sometimes it pleases the person on the other side of the counter. Sometimes it 'troubles' and irritates others. 'Service with a smile' by employer and employees is helpful for sustainable growth of any business. It is true in case of hotel and tourism business also. On the other hand, service with a tired, irritated face prevents visitors from repeated visits to the same hotel. 'Front office' staff

must have a helping and co-operative attitude, submissive nature and adaptability, adjusting easily with the changing environment.

There is no excuse for inefficient and irregular services and one has to pay the penalty, in the form of losing customers and losing business opportunities. The other 'mode of penalty' is losing the goodwill and customer's moral support in critical conditions. Currently all economies are experiencing sluggish market conditions. Recession wave is likely to affect tourism and hotel industry also. The management of star hotels is expected to concentrate its attention on the 'maximum level of service efficiency so as to maintain business in the 'status quo position'.

Human beings are social animals; they learn to mix in different groups at one and the same time in order to satisfy their psychological and physical needs. Every individual is basically incomplete; he/she cannot satisfy all wants, needs of his own independently, cannot prosper in isolation and make progress in day to day life. So he/she learns to mix with others i.e. family members, relatives, friends, office colleagues. He cannot select family members and relatives but later on chooses his/her friends and colleagues in the office where he works have no option.

There are some features of this behaviour-

1. It has continuity – every day, minute to minute responding, morning till night goes on.
2. No uniformity or standardization.
3. It has flexibility as it is a relative concept.
4. Thinking process is invisible (depends on the information stored in memory)
5. It can be observed or noticed by others.
6. External and internal factors influence human behaviour (home /family problems, sickness, personal worries, climate, relations with boss and colleagues, indirect pressures, behaviour of others) relation in organization –complex structure.
7. Behaviour is a proof of the personality of a person.

8. Behaviour has some reasoning or background in past experiences.

### **Training- Impact on Behaviour**

Training of a person, changes his/her behaviour. Employees in the organization learn to behave in a manner which suits the needs of the organization. Every employee learns to mix with the other members of the business unit. He/she changes preferences, learns to safeguard common interest first and gives second preference to his/her personal interests. Systematic training given by the employer develops the spirit of cooperation and mutual understanding. His selfish attitude changes and employees learn to know better the interests of other employees.

In every family, the parents give training to their children to share things and equally enjoy the good events in company with others. An employer through training, attempts to change the behaviour of employees, mould their personality (refer figure no-1 on page no-21). An employer changes their attitude and approach towards work assigned to them. Effective and timely given training brings about many changes. Employees are thereby encouraged to mix with other employees. This indicates spirit of teamwork and friendly relations gradually develop.

### **Behaviour –Relations –Business**

Behaviour as described earlier includes responses, reactions of all individuals while mixing in society. Every individual slowly and steadily learns how to behave? Since child hood this process of trial and error continues throughout life. Behaviour is mostly a spontaneous reaction i.e. to express happiness, pleasure, sometimes expressions of sorrow. These reactions either spontaneous or artificial create impressions about you, in family as well as in society i.e. whether you are sensitive enough or not. In business also behaviour- rash or normal decides the nature of relations between employer and employees. These relations are sometimes normal, sometimes spoiled and strained, depending upon attitudes and approach of both the sides. It is not easy to predict the behaviour of employees in the organization as

well as behaviour of the employer. The pendulum constantly shifts (swings) from one end to the other. Consistency in relations is only a short term phenomenon. It is true in case of all types of business units, irrespective of nature and size. Hotel industry (all categories) has the same experience.

The research student asked few questions to hotel managers and employees about the mutual relationships within the organization. All have agreed that relations between the groups, relating to business are very significant i.e. management and employees, employees and employees, employers-employees and visitors relations between owners and outsiders. Relations contribute in changing environment.

Businesses and behaviour relations are interdependent in nature. Business objectives, policies, plan and decision making is handled by one group (employer/ founder members of business). The employees and subordinates are engaged in policy and decision implementation, follow orders and instructions. Experience, knowledge, intelligence and willingness to work, are some common requirements. The human resource in business units gets divided in two groups. Collectively they shoulder the herculean task of managing the business, and contributing in attainment of goals. They live together as a 'family' and eventually develop informal relations. Their behaviour, good or bad develops or interrupts business. Therefore every business has these two important pillars on which the organizational structure rests.

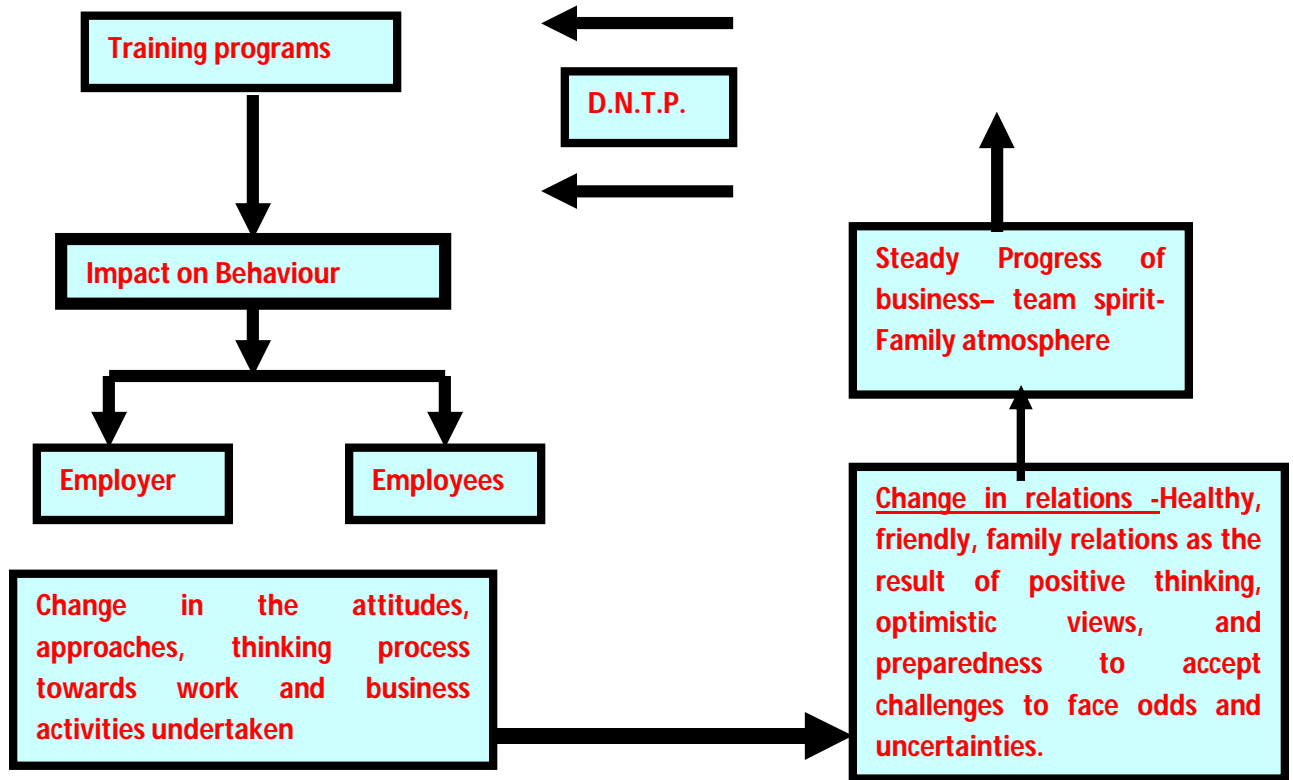
Star hotels are experiencing a close link between behaviour and relationship. Training has impact on human behaviour which changes the environment- strained relations slowly get converted into healthy and friendly relations. Training results in changing the attitude and approach of employees. It develops the habit among employer and employees to think in a systematic way (also known as human approach) about problems which the other side is facing. In this chapter the main objective is to study the impact of training programs on behaviour of the employees and on their relations. In this chapter also the review of training programs run by star hotel management is taken.

#### **Flow Chart- Behaviour- Relations- Business**

**E.E.T.P.**

**Business Success and growth-Minimum differences between management and staff**





[\\*EETP =Evaluation of Earlier Training Program,\\*Dntp =Development of New Training Programs to Suit Current Requirements and Changing Environment](#)

### 5.17 Concept of organizational performance and effectiveness

**Organizational Performance:-**Human beings are unique compared to other animals in terms of their linguistic abilities and creativity. Their behaviour is influenced partly by inherited make-up and partly by environment. Both internal factors such as instincts, genetic background, cognitive influences or personality traits and external environment are important determinants of behaviour.

The study of individual behaviour alone is incomplete because the actions/responses of employees are influenced by the organization where he or she works. Again, studying only organization without learning about people leads to one sided study. Thus, influence of environment on the interface between individuals and organization cannot be overlooked. Both the sides influence each other, partly or fully.

Interactions within organization are in the form of continuous chain. Employer, managers communicate plans, policies, decisions to middle order and lower order subordinates

(downward communication). Employees, subordinates engage themselves in completion of given tasks as per employer's expectations. They communicate problems, difficulties; pass on suggestions in upward direction for taking corrective actions. This two way process leads to interaction in hotel industry. There is also interlinking of employees, when tasks are assigned to group of employees.

Performance level is attained through 'collective effort'. It is true at all levels, family level as well as at business level. This is true in case of the hotel industry. Organization is made of employees 'mutual relationship' interactions within organization, keeping before the eyes the common goal. In case of the hotel industry 'hospitality in service', with quick and efficient service with smile is considered to be the main objective e.g. preparation of good quality food, serving the food systematically, timely serving of food. This involves team work in star hotels. All must work in unity.

Organizational performance can be experienced in the form of 'quality services' 'continuous services' and giving 'equal treatment to all' visitors in hotel without making discrimination. It is the performance fulfilling the expectations of all at one and the same time, of those who are in the hotel and restaurant premises.

Services as per commitments give satisfaction to both sides. Basically, human behaviour is an unpredictable thing. Carefully designed HRD programs bring about the necessary changes in the behaviour of employees. Normally 'positive' and 'result oriented' changes are expected to take place in the attitude and approaches', when responsibility of both employer and employees is increasing under conditions of competition. When the employers as well as employees perform their roles well, the organizational behaviour improves.

In business everything is unpredictable; hotel industries are also experiencing the same. The owner (management), assistants (employees or subordinates) as well as visitors / clients as human beings behave differently under different circumstances or situations. Everybody experiences different patterns of behaviour by the person who is on the 'other side of the counter'.

H.R.D. programs mainly make an attempt to change the behaviour of the two parties relating to business owners and employees. The two groups operate in the market to attain some ‘common goals’ and simultaneously operate for safeguarding personal interests.

**Effectiveness and Performance**

Definitions of effectiveness range from the inclusion of very specific concepts such as output quality, client satisfaction and goal attainment to the inclusion of very broad concepts such as system maintenance or the ability of the organization to survive. Optimum finance utilization and profit maximization is one aspect but not the only aspect on which materialization of the dreams depend.

Organization is made up of people and it is through their endeavours, whether they are the chief executive or the most junior member of staff, that the organization achieves its objectives and is successful. Training and development can contribute to the success of both the organization and the employees as members of the same family.

**Table- 5T-13 Effect of Training programs on the Employees and Organization**

<b>On the employees (on individual and group)</b>	<b>On the organization (performance and effectiveness)</b>
Improves their performance in job and helps in achieving their individual and organizational objectives	Improves performance of the company as a whole which increases productivity(trained staff prepare quality food and gives service which result into improvement of performance of an organization)
Achieves promotion and thus follows a chosen career path. Enhancement of career prospects	Reduces cost on human resource (reduce accident), operation and reduction in wastage.
Acquires professional or further educational qualifications and thereby acquiring new skills, knowledge and attitudes	Increases range of competencies of employees and enables the organization to have a flexible workforce

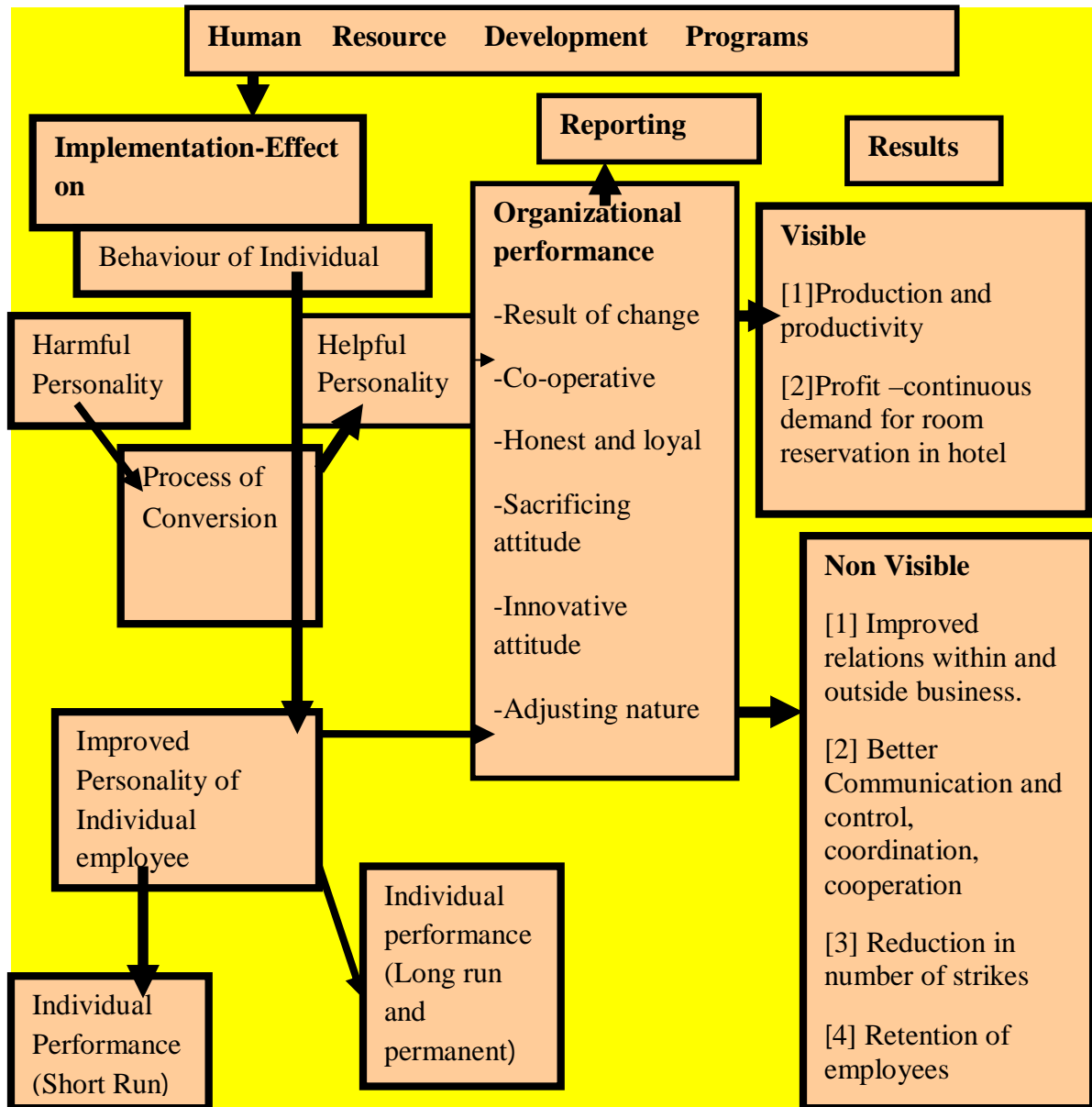
Improves quality of work and reduces waste and errors by the employees.	Profit maximization, better work environment
Achieves inherent job satisfaction ( from performing a task well and from being able to exercise a new range of skills) and extrinsic job satisfaction (extra earnings accrued through improved job performance)	Less absenteeism, less labour turnover
Employees deliver quality service to visitors	Greater customer satisfaction

In order to survive and to operate effectively, all business organizations must adapt and respond in a timely and flexible way to technical, economic and social changes. This requirement has become imperative as we approach the twenty-first century and it implies that there are particular individuals, groups, organizational and institutional attitudes and perspectives needed by the nation's manpower. Training is one of the processes by which such needs can be realized.

**5.18 Linkage –Training Program –Individual Performance –Organizational Performance.**

Every organization depending on its nature, size, resource availability and objectives, adopts a specific, need based training program depending on the level, content and the expected outcome from it. Since there is no tailor made formula which fits into all types of problems, a thought based and need focused method should be selected by the training department in consultation with other line managers aligning the organization goals, individual goals and the task assigned.

**Linkage –Training Programs –Individual Performance –Organizational Performance**



[1] Implementation of training programs effectively changes the behaviour of a majority of the employees (and not all the employees) in the organization, as the training program motivates them to do the right things in right manner.

[2] Training program may result into slow and steady reduction in harmful elements in the behaviour of employees e.g. changes are brought about in their attitudes and approaches towards work and later on towards employer. The harmful employees become helpful to organization and give priority to organizational goals rather than personal objectives.

[3] Training programs have some impact on the personality of employees. Reluctant and lazy employees become regular and sincere. A desire is created for full utilization of physical and mental capacities (intelligence and knowledge) for the employer.

[4] Change in the behaviour and personality in case of all employees at one and the same time may result into higher individual performance which may result into organizational performance.

[5] The need however arises for arranging training programs at regular intervals and for all categories of employees so as to maintain effectiveness. Otherwise, the good result of training may slowly be disappear in the long run. Regular reporting is needed after completion of every training program. Reporting must be balanced and without previous bias in mind. Loopholes in current training programs must be reported at the right time and in right the manner.

[6] Restructuring of training programs must be done at the right time and in the right manner when the results reported are partly encouraging.

According to the responses willingly given to questionnaires by the employees in star hotels, the linkage between four elements is not deniable. **Training Programs; Individual Performance; Organizational Performance** and developing new training programs. There is definite linkage between HRD programs and organizational performance and effectiveness. As in case of other organizations this is true in case of star hotels also.

The hypothesis stated earlier and tested on the basis of vast and variety of information collected by the research student can now claimed as proved.

**Table No-5T-14 Linkage of HRD-Organizational performance and Organizational Effectiveness**

Sr. No.	HRD programs	Visible result( organizational performance)	Not visible result (organizational effectiveness)
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1	Induction or Orientation training	Planning and executing work adaptability according to the environment by the lower, middle and top level of management.	Awareness, understanding others ,expectation from others ,co-operation among departments
2	On the Job training  (1)Quick removal of small technical faults  (2)Arranging bed more neatly in visitors room  (3)Preparing better quality tasty food	Develop employees' skills, abilities and performance commitments of doing their job i.e. food preparation, quick and neat bed making, and learn to take decisions in busy working time	Change in original attitude (non-cooperative to cooperative), Thus improves product quality and quantity
3	Apprentice training  (1)cooking  (2)bakery	Increase in skill, knowledge of cooking, baking and can be taken as an employee(becomes skillful)	Help to fulfill present and future workforce needs and create a more flexible workforce through quality production, cost reduction.
4	Job rotation	Multi-skills and management development	Maintain level of performance. Energetic in service to the customer. More quick service with smile
5	Exercises, mediations	Stress relief and develop concentration of employees.	Quality output, minimization in grievances.
6	Films and audio visuals, conference method, seminar	Learns to do better service, adoption of new techniques.	Customer satisfaction creates goodwill. Increase in profit using resources economically.

(1)The aim of any training program [HRD] should be to minimize harmful qualities of individual employees which when put together makes it difficult to achieve organizational goals. (Resulting in contraction in further growth opportunity) gradually without charging punishment or penalties.

(2) Making additions to existing good qualities. Training program should serve the purpose, “Learning by observation”. Encouragement should be given to follow up the foot steps of good employees. Self made efforts, voluntary participation in research to be encouraged.

(3) Harmful qualities” Zero Level”, helpful qualities “Hundred percent”. Both the objectives are unattainable.

### **Training Programs – Relationship**

If training programs are to be made result oriented, that means improvement in quality and quantity of services to visitors of star hotels. Proper attention should be given to following relationship or linkage

### **Basic Linkages**

(1) Regular budgetary provisions- Regular budgetary provisions and adequate delegation of authority for utilization of funds and for arranging suitable training programs.

(2) Linkage in training schedules- Linkage in training schedules and proper balancing is essential. Training programs should be linked with organizational needs and employee needs.

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[Table no-5T-14- This table is prepared on the basis of information given by the management and employees of star hotels in Pune]

(3) H.R.D. should make the observations about the real needs, areas of training department wise or section wise and training programs should be undertaken on that basis Schedules, prepared in advance and their intimation should be given to sectional heads for making the staff available for training purpose.



(4) Training programs should have linkage with internal and external changing environment (change in food production, marketing techniques, entry of new hotels, innovative store management, selling techniques etc.).

### **5.19 Summary**

Managing human resource in the hospitality industry presents special challenges, including highly diverse employee backgrounds, roles and an ever-present focus on guest services.

Training programs are an effective weapon in the hands of every management. The management of star hotels develops its own training programs or sometimes they are organized by taking help of external sources. Employees' names are recommended to training institutes and colleges. They are sometimes sent on deputation for short duration courses (one year courses in Bakery and Confectionary, Front office, Restaurant and counter service). Senior category employees are considered for management courses-e.g. time management, stress management, etc. Purpose is updating the knowledge of supervisors, departments' staff, with respect to the job they are handling.

Hotel employees, subordinates are given opportunity for developing their skills. Sometimes training is given to them in office premises by making adjustments in their working hours. Attempt is hereby made to develop skills, e.g. efficient handling of new technical electronic devices, and in case of emergency proper repairs and maintenance of equipments, skills of conversation, controlling emotions, physical fitness through yoga etc.

Star hotels give preference to high quality services to domestic and foreign visitors. Therefore quality of all categories of staff is required to be maintained. Then only they can achieve their goals easily. Change in the individual behaviour, results ultimately in improving the organizational performance. It is undeniable fact. It is also the experience of most of the star hotels.

## PART-II

### CHAPTER NO-06:

## ANALYSIS AND INTERPRETATION OF DATA

### 6.1 Collection of Data

It is an essential step, in the completion of any research in social and natural sciences. Collection of relevant data is one of the important aspects of research methodology, which makes the research meaningful and effective.

It is not an easy task to draw any conclusion and to test the hypothesis on which this research work is based. In order to serve both the purposes the research student decided to issue separate questionnaires to hotel management (star hotels) and their employees, so as to know the nature of human resource development programs undertaken by 3, 4, 5 star hotels in Pune city in recent years.

Considering the three important constraints, time factor, money factor, and attitude of respondents generally reluctant to co-operate, it was decided to cover 25 star hotels in and around the Pune city. This has enabled the student to study effectively the problems relating to “Human Resource Development” and training programs which the hotel management is currently using for improving the quality of the staff and for assuring better services from visitor’s point of view.

A separate list, giving the names and addresses, of three star, four star, and five star hotels is prepared and included in the first chapter of this research work (chapter no-01, page no-17). This research is not related to hotel management but the main stress is on the latter part, i.e. development of human resources and especially the qualitative human resources, rather than the growth in the number of employees. Quality and competent staff makes possible the fulfillment of customer’s expectations and fulfils their ‘demand for quality services.’

There are different methods to collect data and the right method of data collection can be decided by the researcher keeping in view the consideration of time, cost, and reliability of the source he is using.

Primary data for this research work is collected by taking the interviews of managers. Similarly some eminent personalities (list of the eminent persons is attached at the end of this thesis), having very wide experience in the line of hotel industry were contacted. In personal interviews, they have given open minded replies to questions asked by the research student. Free discussions with them have enabled the research student to locate the problem areas relating to development of human resources in this important sector of the economy i.e. hospitality industry, travel and tourism. For the three groups relating to star hotels namely hotel management, employees in star hotels, and visitors, separate questionnaires were prepared and circulated. Copies of the questionnaires are enclosed at the end of this research work.

Star hotel management manages and arranges training programs for their employees within the business premises or recommends the names of its employees to training institutes, either paying the cost of training (fees) or later on reimbursing the fees paid by employees. Employees are the beneficiaries of training programs in one way or the other. As their efficiency increases and skills develop the customers or visitors are benefited in form of quick and quality services. On the other side, dissatisfied customers or visitors, buyers of service instead of only complaining should give some useful suggestions, on the basis of their past experiences in other hotels. Suggestions and recommendations of visitors also, if taken seriously, form the basis of new training programs. As stated earlier, approaching these three groups, employer (star hotel management) employees, and the beneficiaries-visitors, through questionnaires and personal interviews, enabled the research student to collect primary data, from the real participant of human resources development in star hotel industry (hospitality sector). This has made the research more meaningful.

Secondary data collection is comparatively an easy task. It can be collected from libraries and other places of information. In this research too, for preliminary studies and for making background preparations, use of books, news papers articles, magazines and periodicals has been made for studying the environment in and around the hospitality industry. During the post independence period, especially 1980 onwards, a review of state government's and central governments policy is taken to know the government's approach relating to growth and development of star hotels.

Visitors (domestic as well as foreign) in star hotels expect quality services since their entry to exist. On their part generally there is no demand for discount and concession in the bill amount. Therefore the research student found it necessary to give an opportunity to visitors for giving useful suggestions to hotel management for further improving the quality of different services. A separate questionnaire was prepared for visitors, copies were made available to them (visitors) for noting their reactions regarding the quality of services currently made available and expectations in future from the management. In each star hotel, five copies were made available at the counter with a covering letter of request. Very few visitors have shown interest. In all 35 replies were received, most of them from domestic visitors (27 visitors) and foreign visitor's response were negligible (08 foreign visitors). The research student has found this response valuable though not sufficient.

The expectations of customers (domestic as well as foreign) must be given due weightage, while arranging training programs, so as to fill up the gaps between expected level of quality services and the actual level of quality services. If due care is taken by hotel management to accept suggestions (oral and written) sportively and to cover the suggestions while framing new training programs, some good results will be achieved in the form of further pushing up the level of efficiency of employees and the level of quality services. It also makes possible the fulfillment of visitor's expectations.

Management and employees in star hotels must remember that visitors are the best judges of services that are offered to them. The concept of 'Aathithi Deo Bhav' should not remain just a saying but actual implementation is important. Giving commitments in brochures is not enough, the actual experiences of visitors are important. This factor adds to ones competitive strength in the market as well as in winning confidence of visitors. It is an important achievement in the present era of globalization and liberalization.

Expectations about the quality of goods and services are always increasing. There is no point of saturation. Similarly, quality is a relative concept that changes from time to time, person to person, and place to place. However, the management of star hotels needs no compromising approach on this front. They must accept willingly the suggestions from visitors, who are bringing business. It is necessary for the progress of star hotels so as to make their future brighter.

## 6.2 Data Analysis and Interpretation

The responses received from the employees were satisfactory. The target group of respondents comprised representatives from grade I, II, III and IV. The criterion for selection of respondents was the completed years of service. Based on this criterion, the employees were classified as follows.

**Table No-6T-01**  
**Representation of respondents' data (on the basis of years of service)**

<b>Sr.No</b>	<b>Years of service</b>	<b>Number of male respondents</b>	<b>Number of female respondents</b>
1	01 to 05 years	71	18
2	5 to 15 years	63	29
3	15 to 30 years	32	27
4	30years and above	18	09
<b>Total number of respondents</b>		184	83

All grades of employees were included in the sample size, so as to make the research comprehensive and avoid any lopsided conclusions. Newly established units, launched after 2007 have not been considered.

**Table no 6T-02**  
**Number of star hotel employees in Pune (25 star hotels)**

<b>Sr. No.</b>	<b>Number of Star Hotels</b>	<b>Number of Employees</b>
1	04 ( Five Star) - Altogether	476
2	08 ( Four Star) - Altogether	543
3	07 (Three Star) - Altogether	447
4	06 ( Budget Hotels) - Altogether	752
<b>Total(Permanent and temporary)</b>		2218

(Figure as on 31/12/2008)

**Table No 6T-03**

**Number of questionnaires sent to various levels of employees**

<b>Sr. No.</b>	<b>Hotel category</b>	<b>No. of Star Hotels</b>	<b>Hotel Employees</b>
1	5-star hotels	04/05(80%)	300/476(63.02%)
2	4-star hotels	8/12(66%)	123/543 (22.65%)
3	3-star hotels	7/13 (35%)	65/447(14.54) %)
4	Budget Hotels	6/10(60%)	200/752(26.59%)
<b>Total number of questionnaires sent to various level of employees on the basis of experience</b>		<b>25/39(64%)</b>	<b>688/2218(31.01%)</b>

**Table No- 6T-04**

**Number of actual respondents for the questionnaires**

<b>Category</b>	<b>Males</b>	<b>Females</b>	<b>Total</b>
Managers and Supervisors	53	24	77
Employees	131	59	190
Total number of questionnaires received from various level of employees(from 688)	184	83	267(38.80 %)

(The 267 number of employees having normal education and above i.e. HSC, graduation and post graduation)

Questionnaires containing 23 questions about training and development programs for employees, 10 questions about star hotel services for visitors and 8 questions about star hotel management were circulated among the employees, employers and visitors. The responses received were analyzed and inferences were drawn about the effectiveness of the training given to the employees. The impact of the training on individual performance and organizational behaviour was studied. The hypothesis formulated at the beginning of the research was tested.

After analyzing the available responses from the employees, visitors and star hotel management an important conclusion was drawn. Training leads to an enhancement of the

employee's skills and attitude which are then utilized by the employees to provide better quality service to the visitors.

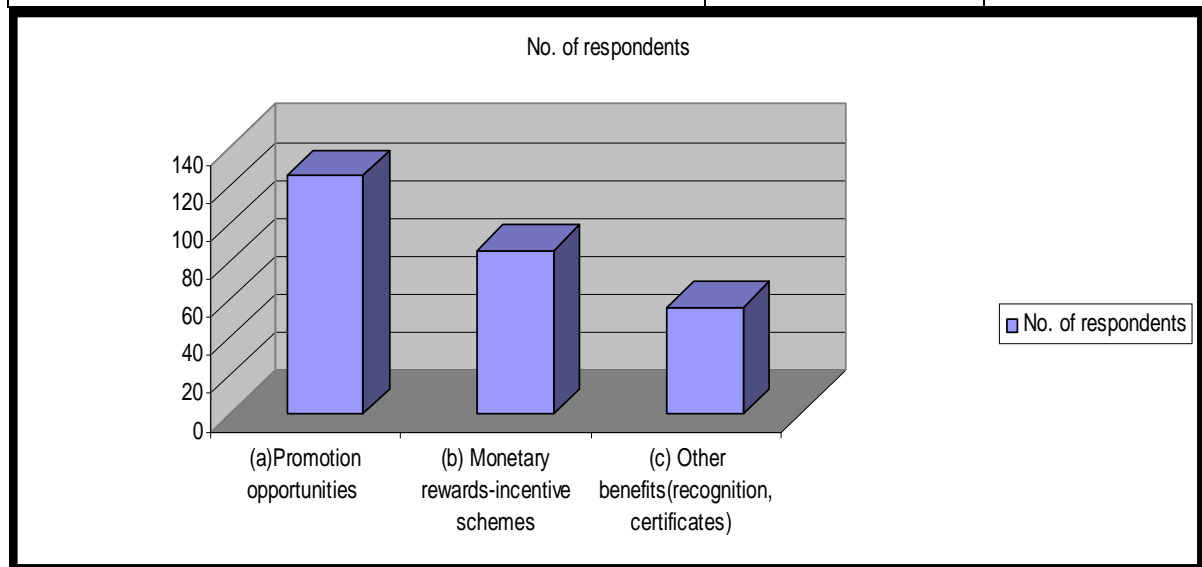
Surveys enable the researcher to obtain data about current practices, situations or views at a particular point of time through questionnaires or interviews. Quantitative analytical techniques are then used to draw inferences from this data regarding existing relationships. The use of surveys permit a researcher to study more variables at one time than is typically possible in laboratory or field experiments, whilst data can be collected about real world environments.

### 6.3 Analysis of the responses of the employees, employers and visitors

#### Group A

##### (1) Do you think training should be linked with?

Options	No. of respondents	Responses in %
(a) Promotion opportunities	125	47%
(b) Monetary rewards-incentive schemes	86	32%
(c) Other benefits(recognition, certificates)	56	21%

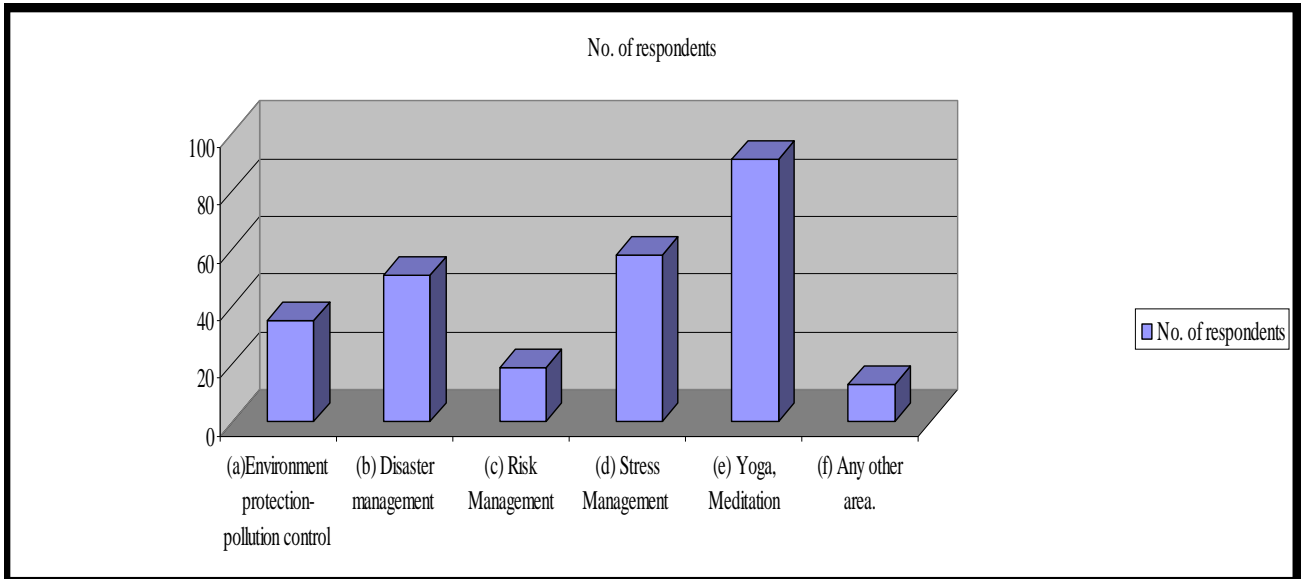


Immediate promotion opportunities are not always possible. Deserving candidates also find difficult to get promotion or monetary benefits even after training. Reasonable monetary rewards, cautious decision making is required.

##### (2) Any suggestion you would like give for developing training programs under the changing environment.

Options	No. of respondents	Responses in %
(a) Environment protection-pollution control	35	13%

(b) Disaster management	51	19%
(c) Risk Management	19	7%
(d) Stress Management	58	22%
(e) Yoga, Meditation	91	34%
(f) Any other area.	13	5%

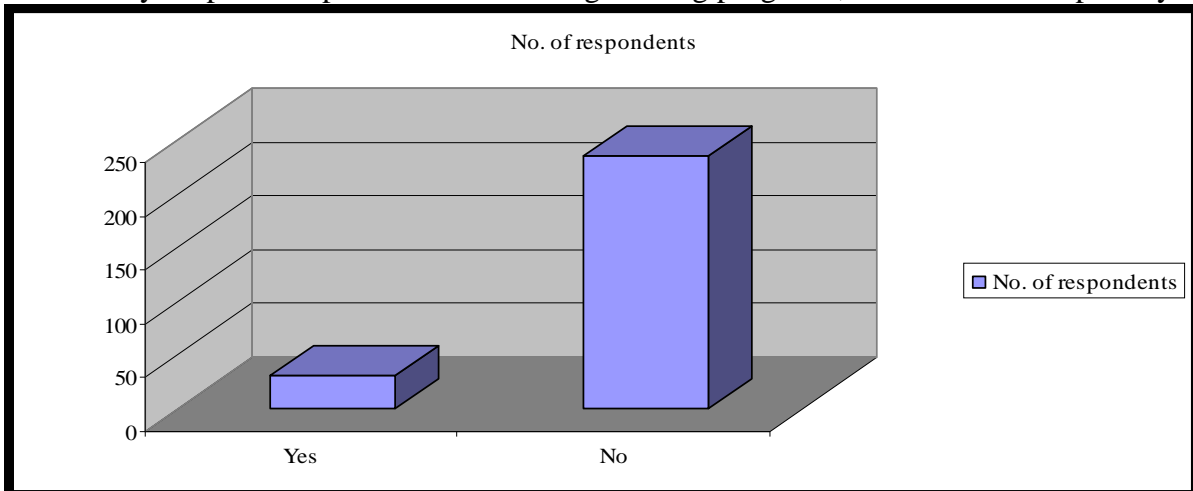


New areas of training to be consistently located scope and significance. Scope and significance of these training programs should not be overlooked by hotel management.

**(3) Whether management gives you any choice with regard to attending training program.**

Options	No. of respondents	Responses in %
Yes	31	12%
No	236	88%

Considers your personal problems in attending training programs, or it is made compulsory.

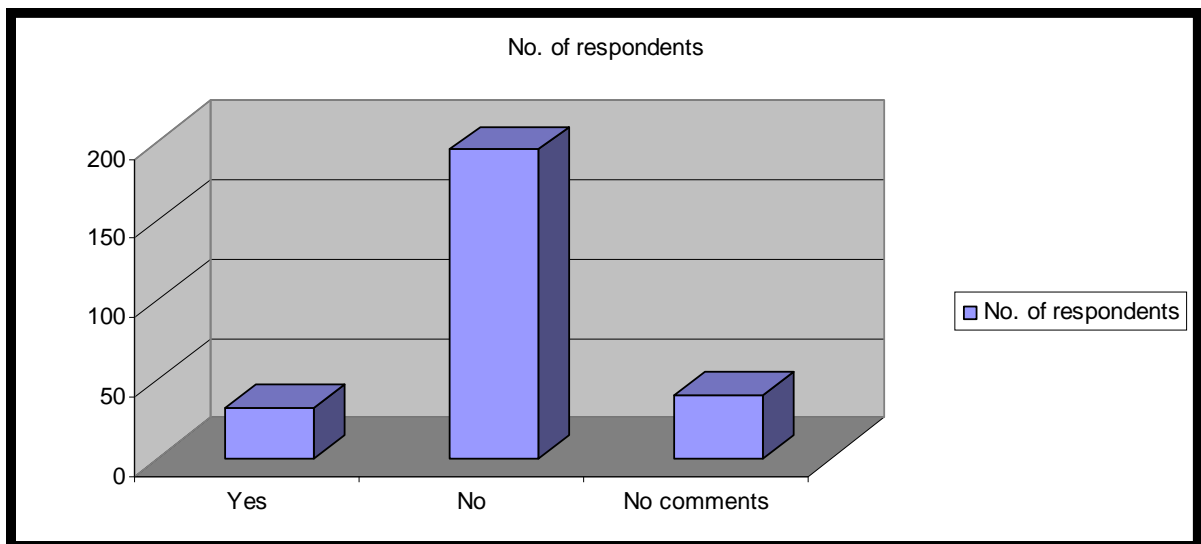




Training programs need to be conducted batch wise to deal various uncertainties in relation with employee's personal and working life. These practices are not adopted by the star hotel management in Pune to get better result through training programs.

**(4) Do you think training programs interrupt your routine work? After rejoining the duties, speeding up the regular work consumes some time.**

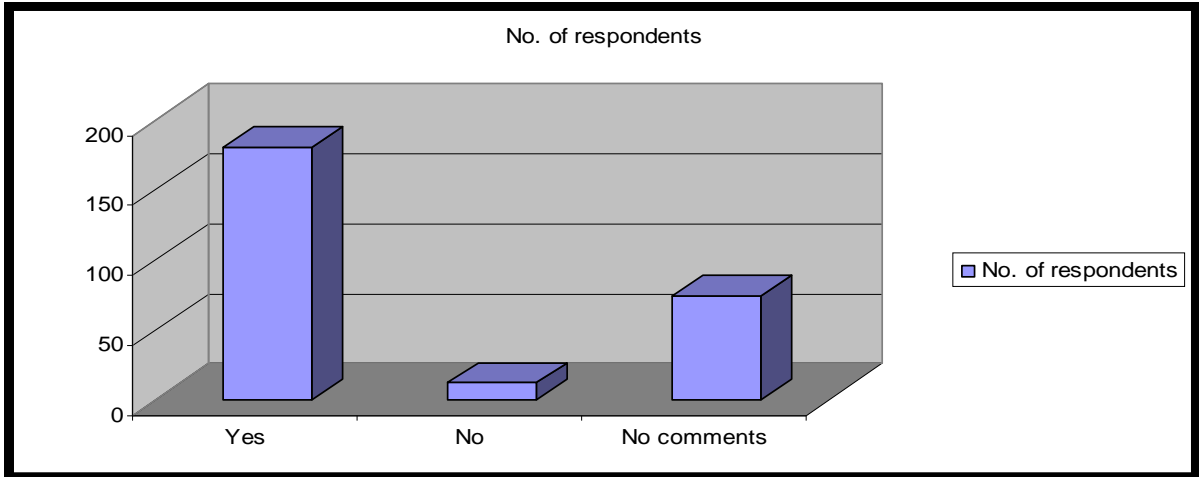
Options	No. of respondents	Responses in %
Yes	32	12%
No	195	73%
No comments	40	15%



Well communicated training programs are not disturbing the routine work in star hotels.

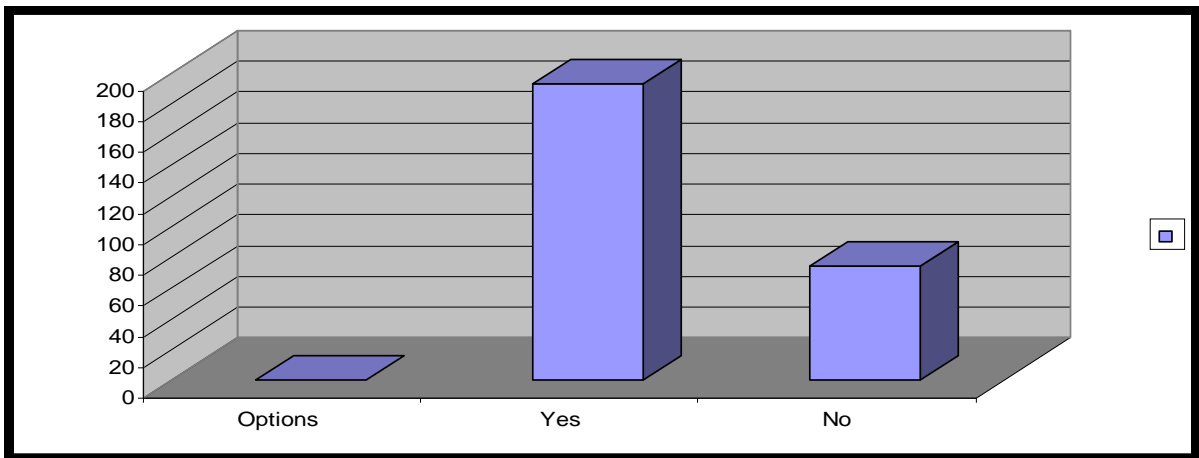
**(5) Do you think the trainers really have updated knowledge? Or use the same old knowledge for training to many batches?**

Options	No. of respondents	Responses in %
Yes	181	68%
No	12	4%
No comments	74	28%



**(6) Do you think senior staff members can give training more effectively than outsiders or specially invited persons?**

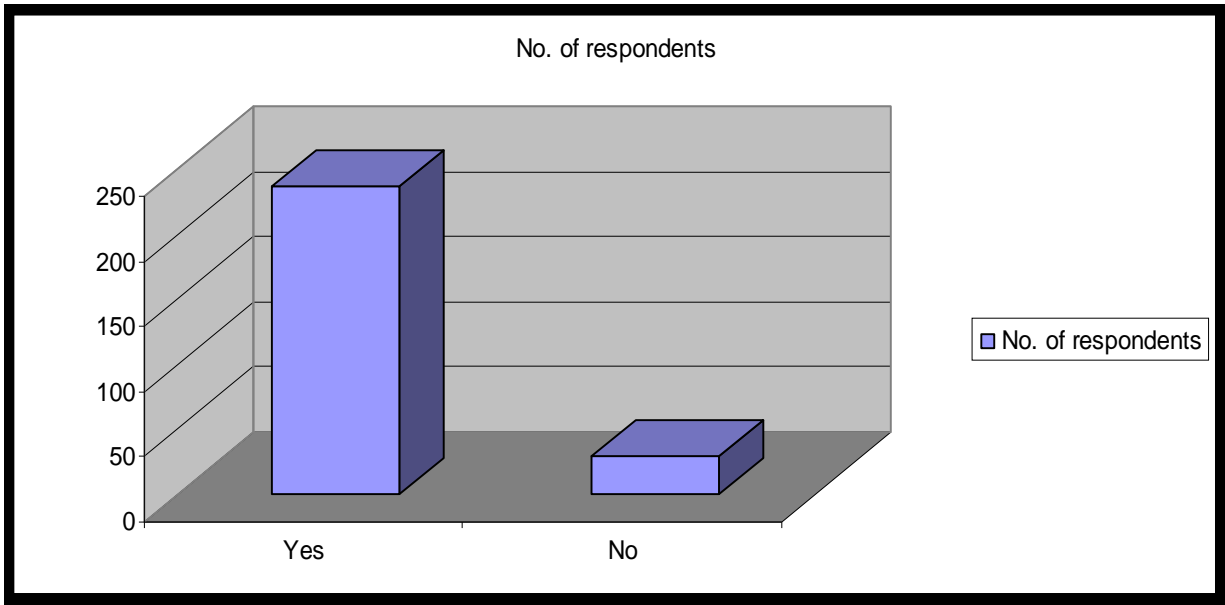
Options	No. of respondents	Responses in %
Yes	193	72%
No	74	28%



Most of the employees have agreed that senior staff members can give better input than expert or specially invited persons. It is because they are well accustomed with day to day matters and have knowledge of real facts.

**(7) Whether separate payment is made to senior staff for giving training to subordinates.**

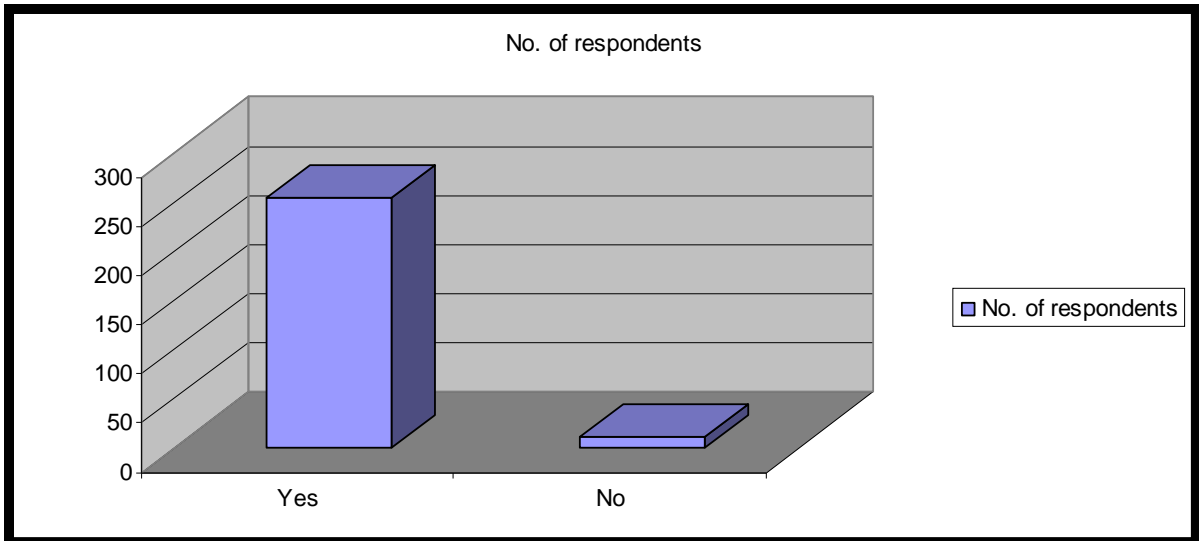
Options	No. of respondents	Responses in %
Yes	237	89%
No	30	11%



This practice acts as incentive for trainer. He imparts knowledge without reservations. Senior employees may decide to have free minded open discussion with colleagues, share vies sportively. Trainer communicates his experiences

**(8) Whether training programs, really support the theoretical, bookish knowledge possessed by newly recruited staff.**

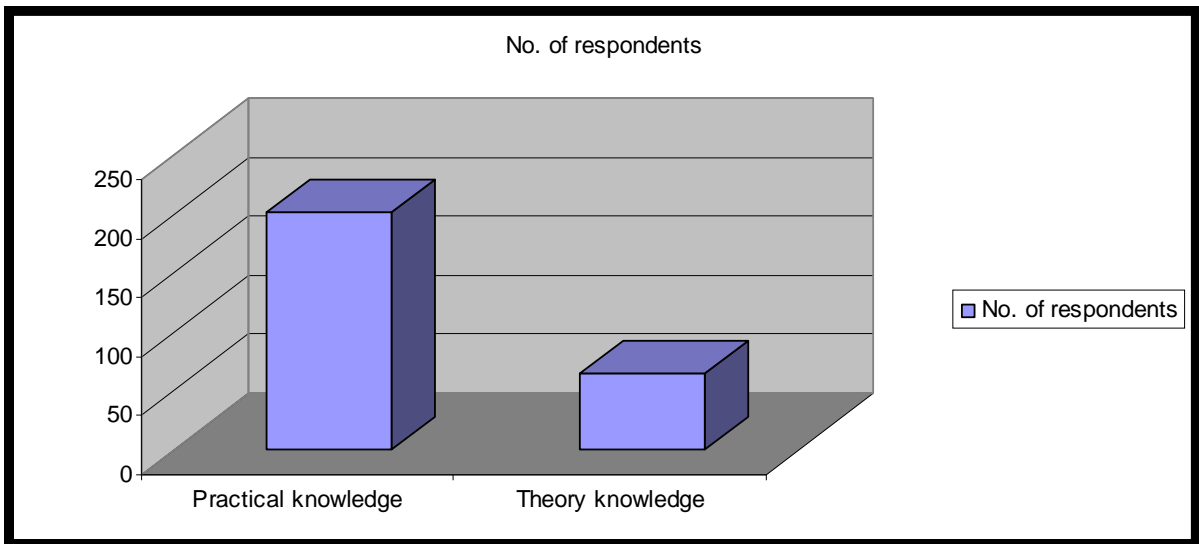
Options	No. of respondents	Responses in %
Yes	255	96%
No	12	4%



Training programs containing practical /technical knowledge is of supporting nature. Role playing opportunities incase senior employees are on long leave due to personal or professional (work related) problems. Second line of defence may be developed, e.g. repair/ maintenance training in case heavy cost/ expensive machinery and equipments

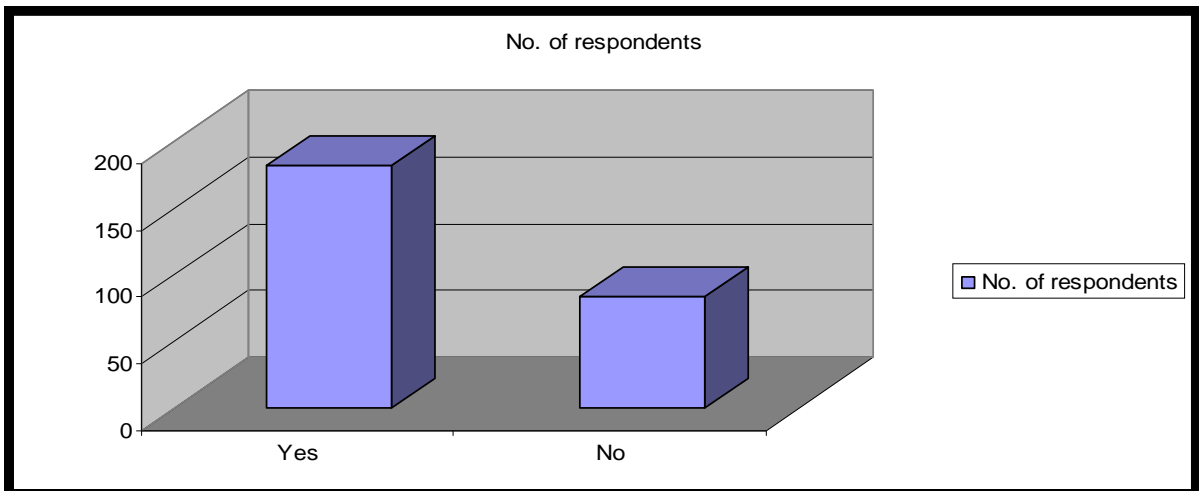
**(9) What should be the proportion of practical knowledge to theoretical one?**

Options	No. of respondents	Responses in %
Practical knowledge	202	76%
Theory knowledge	65	24%



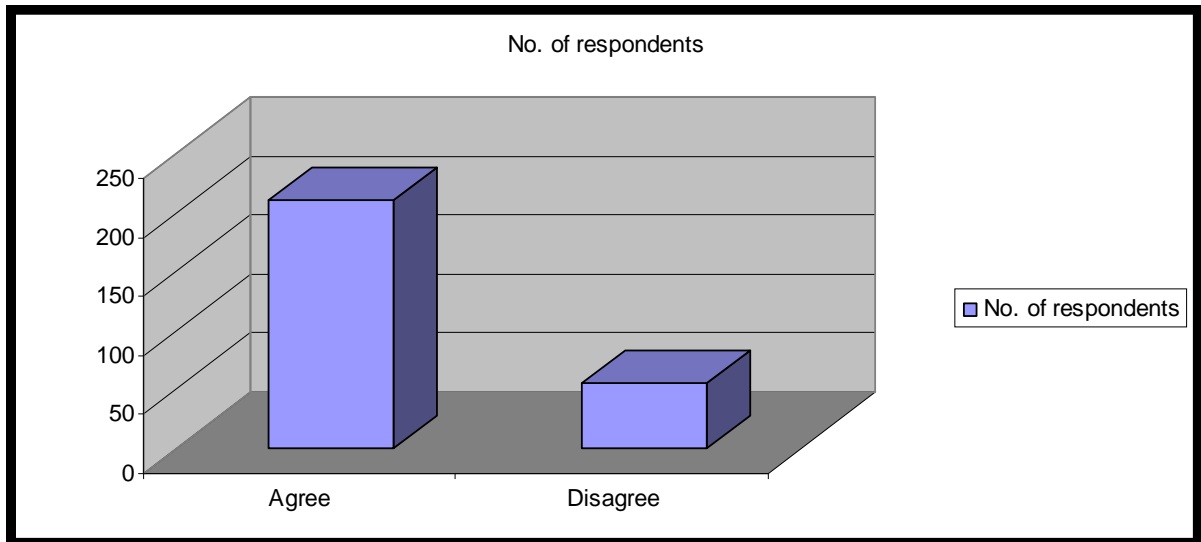
**(10) Do you think command over language can be improved through training?**

Options	No. of respondents	Responses in %
Yes	183	69%
No	84	31%



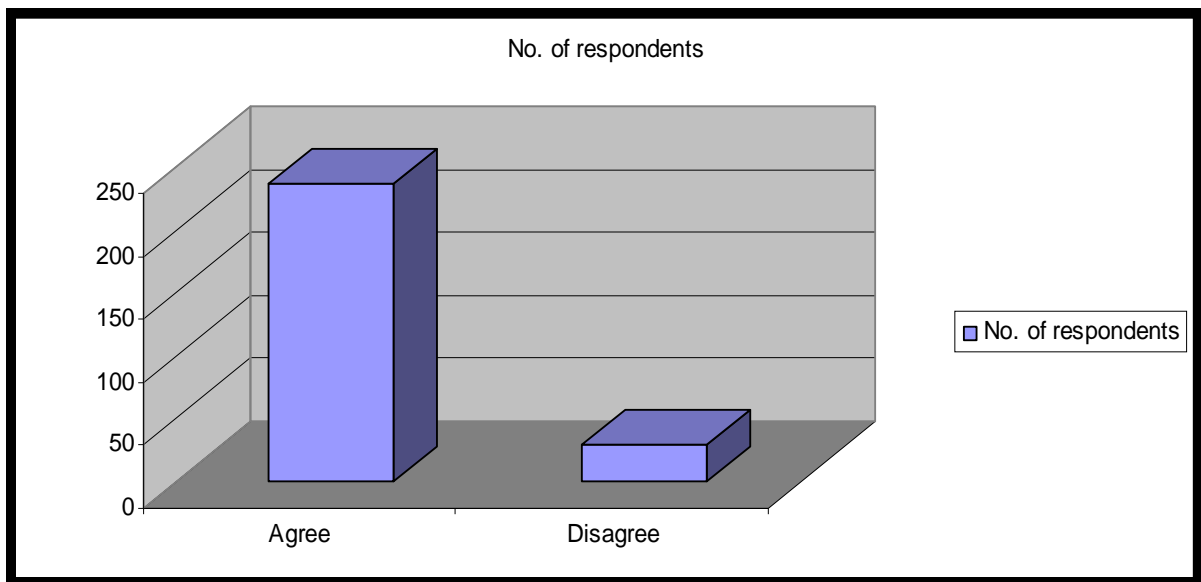
**(11) Human resource development program helps in expansion, modernization of new schemes of star hotel?**

Options	No. of respondents	Responses in %
Agree	211	79%
Disagree	56	21%



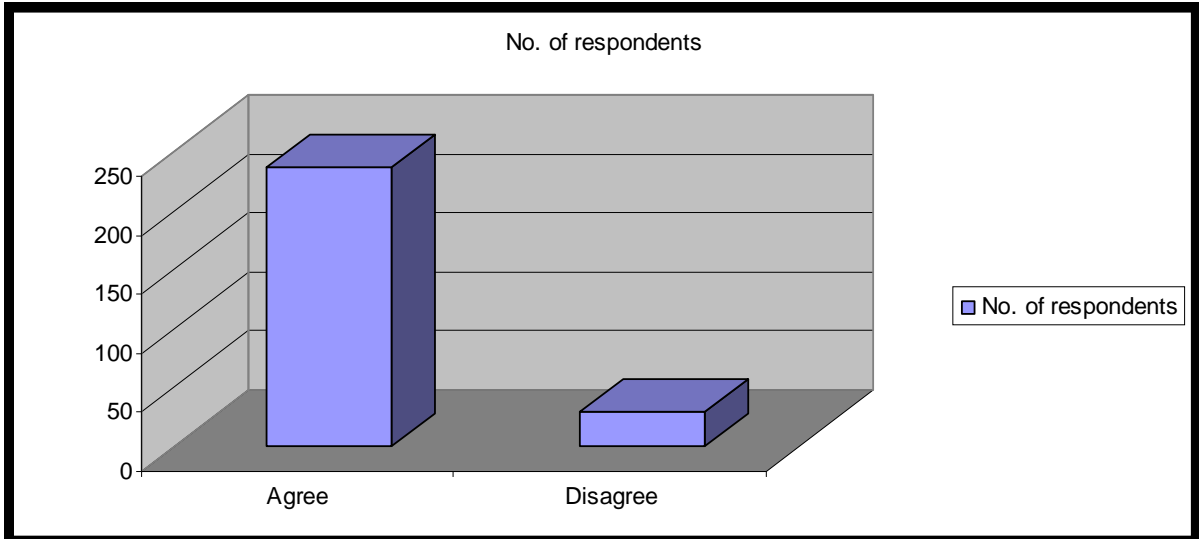
**(12) Human resource development program contribute to further improvement in quality of the service.**

Options	No. of respondents	Responses in %
Agree	237	89%
Disagree	30	11%



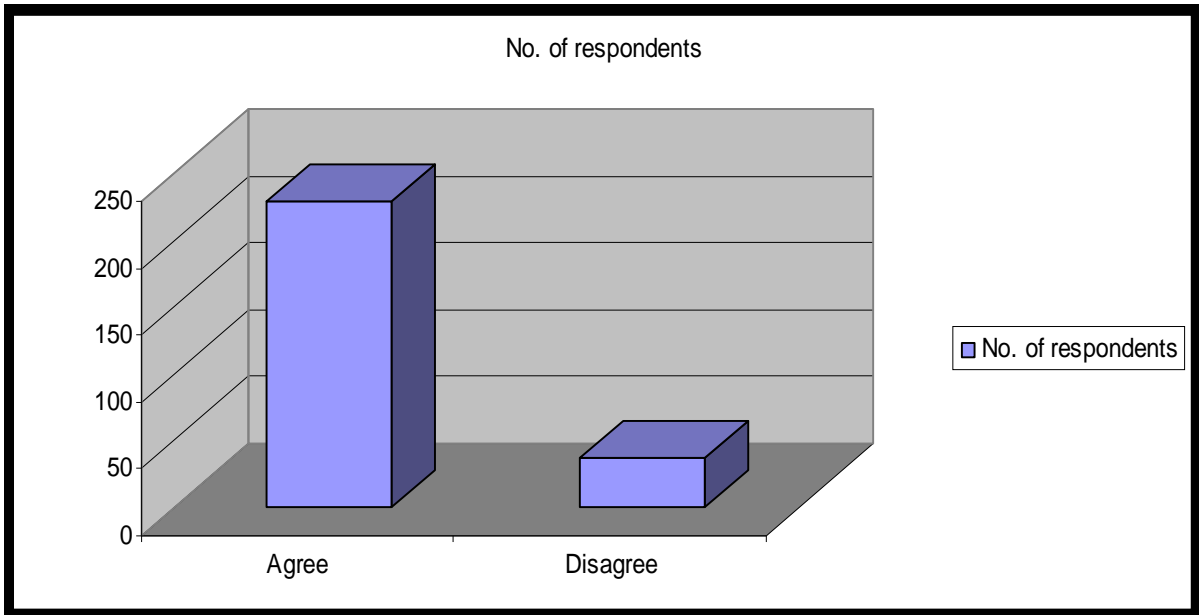
**(13) Human resource development program clearly improves the understanding of roles and responsibilities of a staff/supervisor.**

Options	No. of respondents	Responses in %
Agree	195	73%
Disagree	72	27%



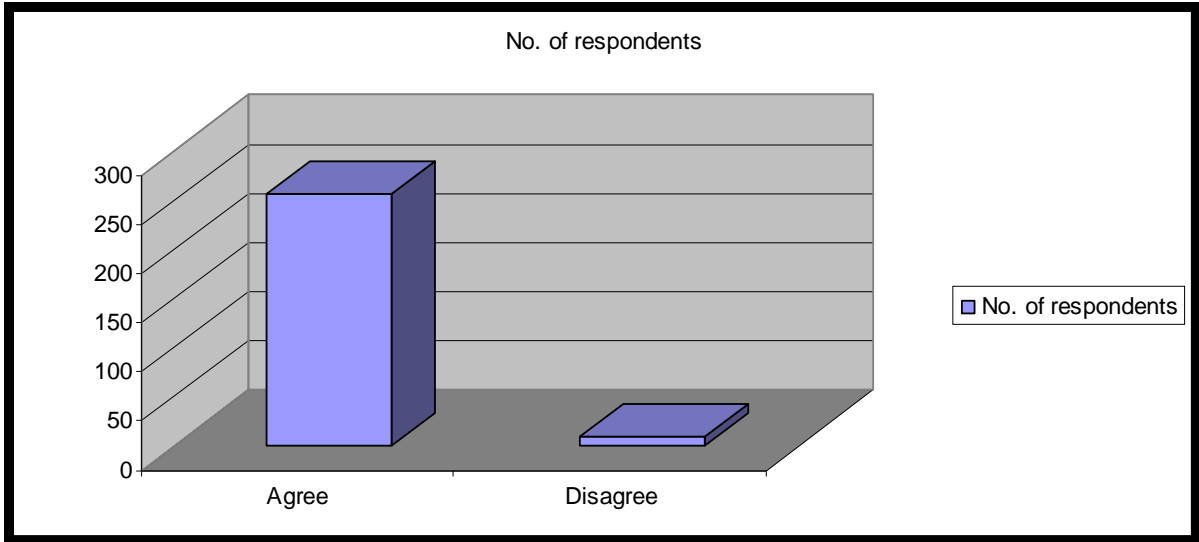
**(14) Human resource development program enhances the capacity of the staff to accept more responsibility.**

Options	No. of respondents	Responses in %
Agree	230	86%
Disagree	37	14%



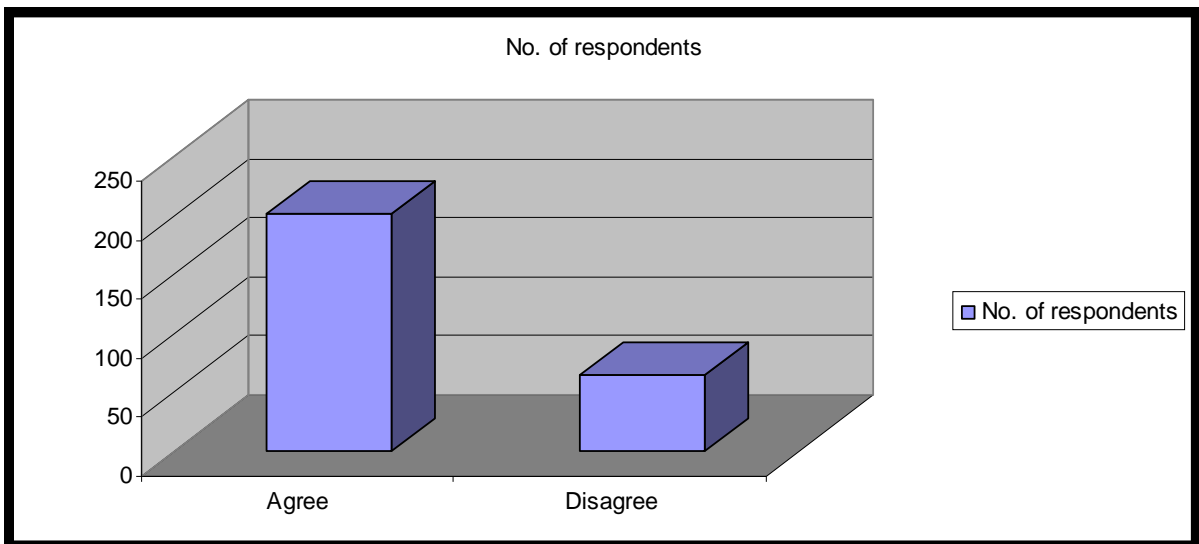
**(15) Maximum utilization of resources becomes possible after attending training program.**

Options	No. of respondents	Responses in %
Agree	258	97%
Disagree	09	3%



**(16) Human resource development programs help to increases guest satisfaction.**

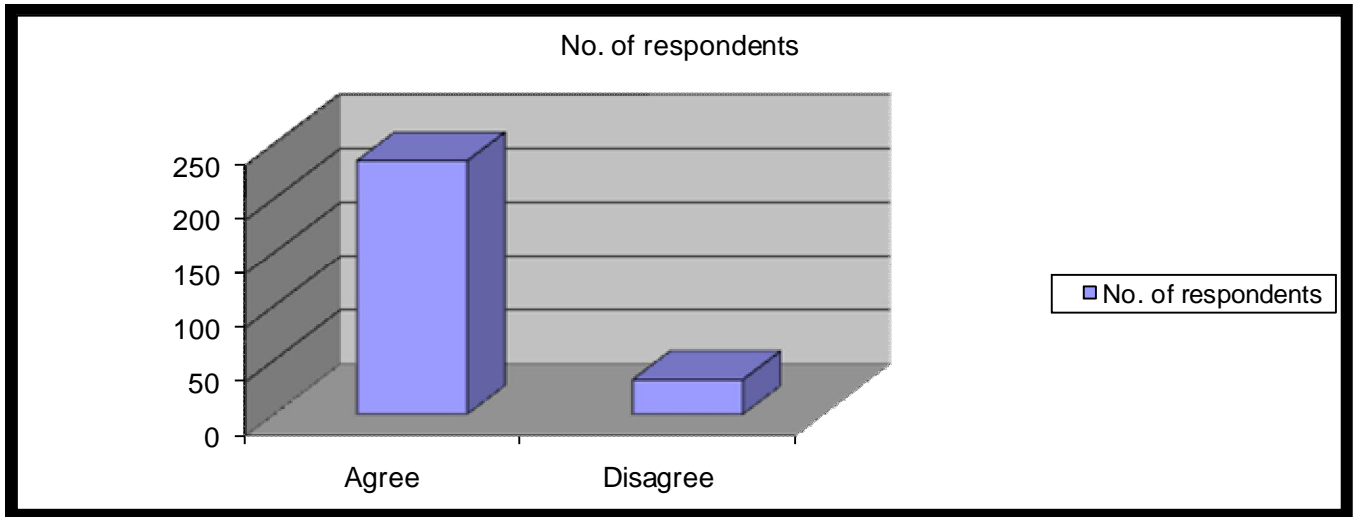
Options	No. of respondents	Responses in %
Agree	202	76%
Disagree	65	24%



Guest is the important media of hotel and service industry for marketing, so satisfaction of the guest will increase business and they repeatedly prefer to stay in the same hotel.

**(17) Management development programs improve the quality of managerial function like planning, organizing, coordinating, directing, and controlling.**

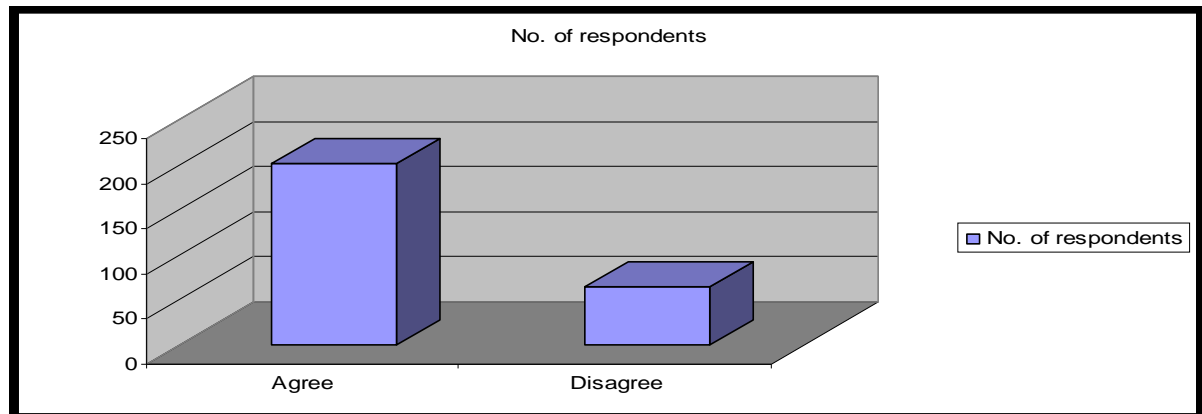
Options	No. of respondents	Responses in %
Agree	235	88%
Disagree	32	12%



Utility of management functions in day to day working improves and it can be experienced through quick and result oriented decisions by the trained employees. It also gives courage to face odds and uncertainties (quick room service to guest, proper room cleaning in busy time).

**(18) After attending development programs, more open communication takes place in the hotel organization, as employer and employees come closer.**

Options	No. of respondents	Responses in %
Agree	202	76%
Disagree	65	24%

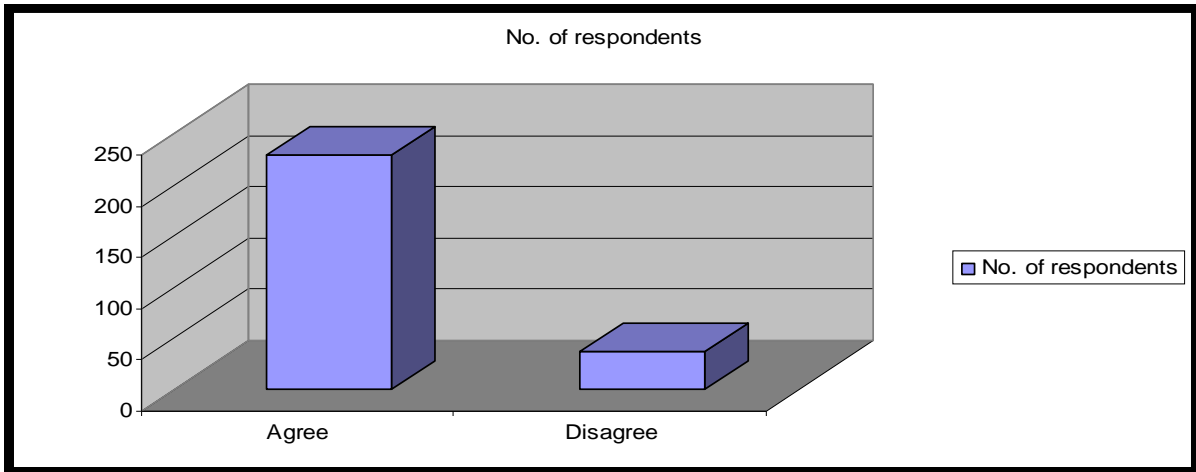




Reserve minded attitude of employees slowly disappears. Employer employees take more interest in free, friendly discussion on all matters relating to business. Workers participation in management increases.

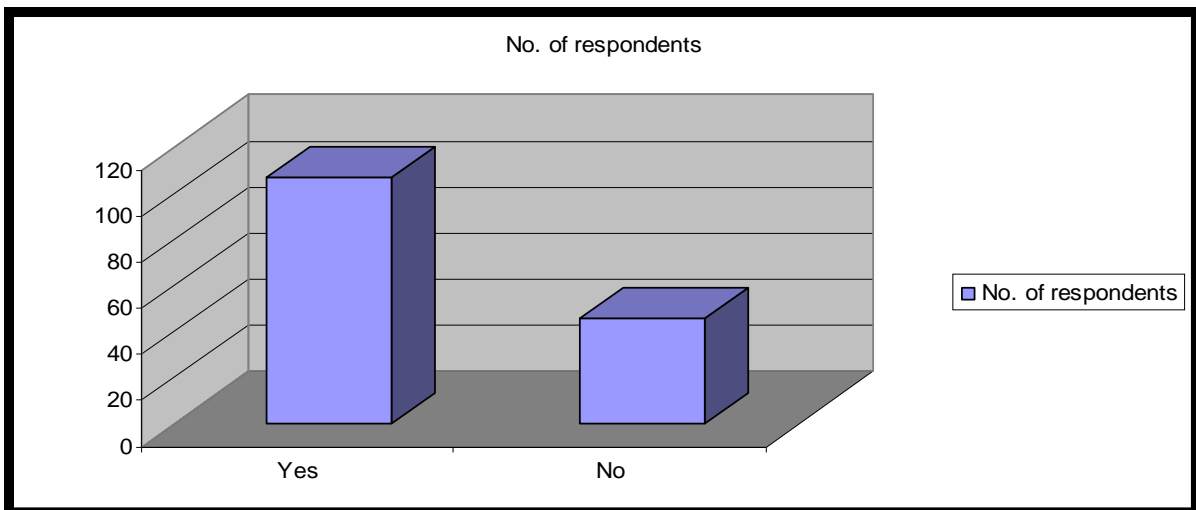
**(19) Personal improvement in work and interpersonal relationship of participants improve after attending the training program.**

Options	No. of respondents	Responses in %
Agree	230	86%
Disagree	37	14%



**(20) Persons on the verge of retirement are also benefited by training programs.**

Options	No. of respondents	Responses in %
Yes	107	40%
No	46	17%
No comments	114	43%



## Group B

**21. What suggestions would you like to give to participating managers /employees prior to attaining the Human resource development program?**

- (a) Only physical presence is not enough, employees should actively participate and be regular in attendance.
- (b) Training attendance not to be looked upon as a formality.
- (c) Doubts, difficulties in training should be cleared on the spot.

**22. What tips you would like to give the human resource development managers to derive more benefits from development program?**

- (a) To maintain records properly with regard to post training performance.
- (b) Allow participants to give suggestions, make evaluation of training program with regard to its effectiveness.
- (c) Senior employees should be given an opportunity to draft training programs.

## GROUP C

**23. How far was the training given found effective?**

Training given found satisfactory, effective, and improved skills (Yes-82% and No-18%).

### **(a) Staff Reaction**

- (1) Lower level management appreciated the employer's approach to provide an opportunity to learn new things. (90%)
- (2) Training in local language was demanded by majority.

### **(b) Suggestions of staff for further improvement**

- (1) Senior category employees who have completed more than 20-25 years of service need not to be pressurized to attend training programs.
- (2) Refresher courses are must for updating knowledge.

### **(c) Impact of Training**

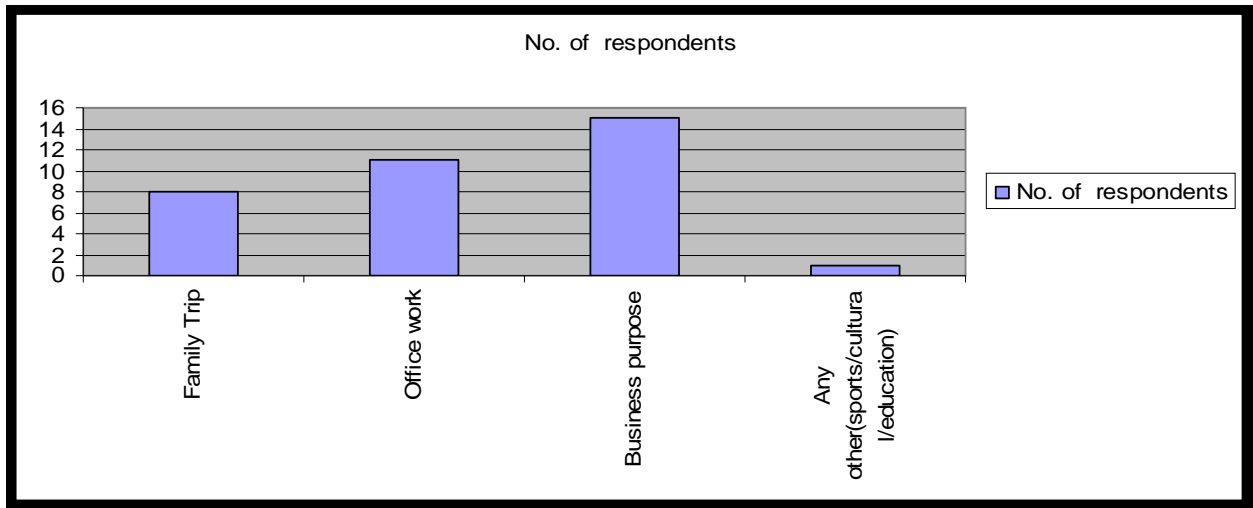
- (1) Training given in local language has a long term impact.
- (2) Training should match with the job opportunity given; only then does it assure long term impact (everlasting impact).

## Questionnaire (For Visitors)

Total number of respondents-27(domestic) and 8 (foreign visitors)

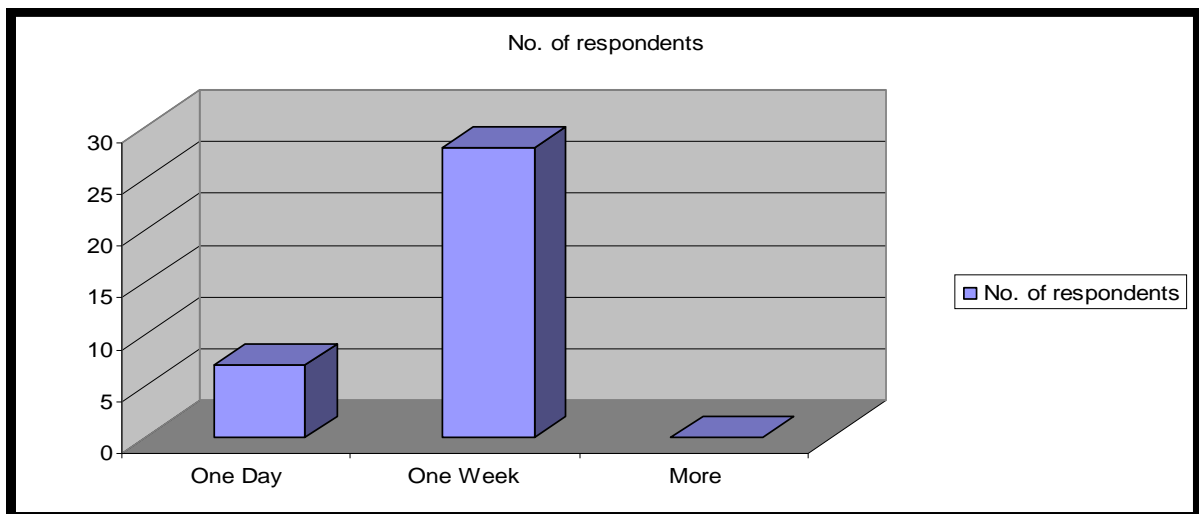
### (1) Reason for visit

Sr.No	Purpose of visit	No. of respondents	Responses in %
1	Family Trip	08	23%
2	Office work	11	31%
3	Business purpose	15	43%
4	Any other(sports/cultural/education)	1	3%
		35	100%



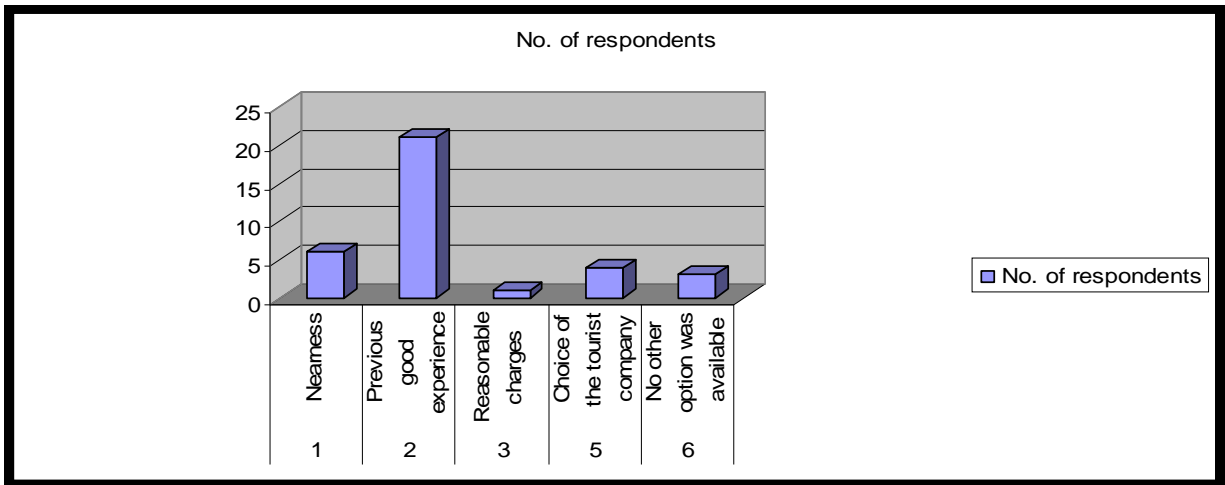
### (2)Duration of stay

Sr.No	Length of the stay	No. of respondents	Responses in %
1	One Day	07	20%
2	One Week	28	80%
3	More	--	--
		35	100



**(3) Reasons for choice**

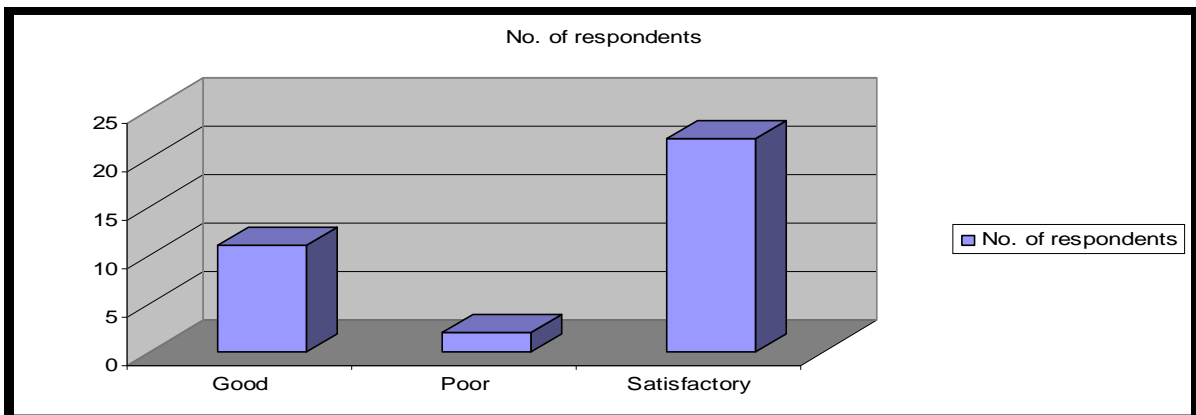
Sr.No	Length of the stay	No. of respondents	Responses in %
1	Nearness	06	17%
2	Previous good experience and with respectful treatment	21	60%
3	Reasonable charges	01	3%
5	Choice of the tourist company	04	11%
6	No other option was available	03	9%
		35	100%



**(4) Your experience at the hotel**

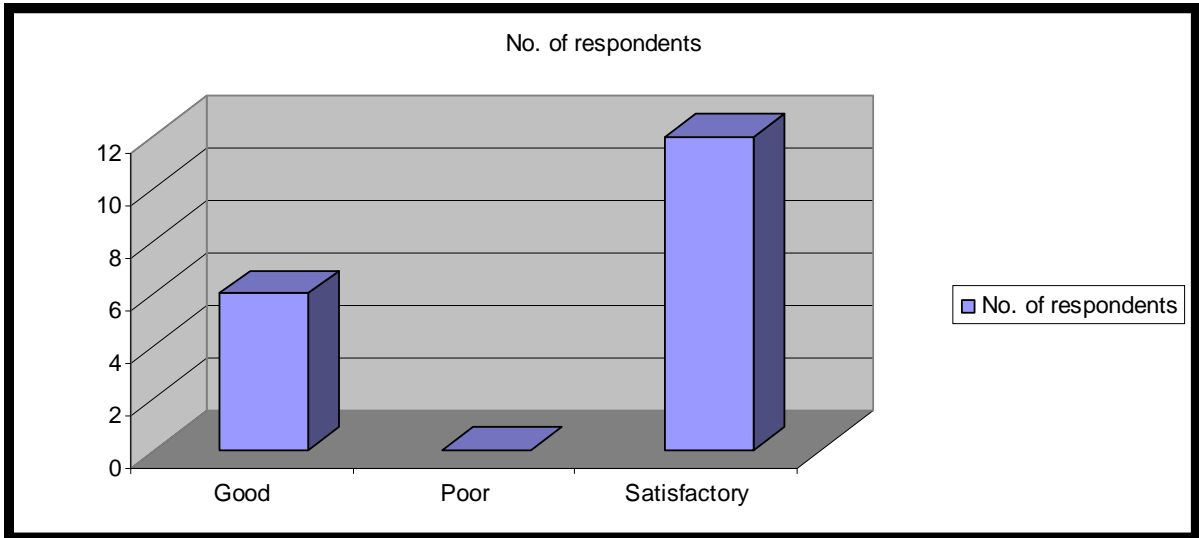
**(a) Service at the counter (billing, information of the hotel, credit cards etc.)**

Options	No. of respondents	Responses in %
Good	11	31%
Poor	02	6%
Satisfactory	22	63%
	35	100%



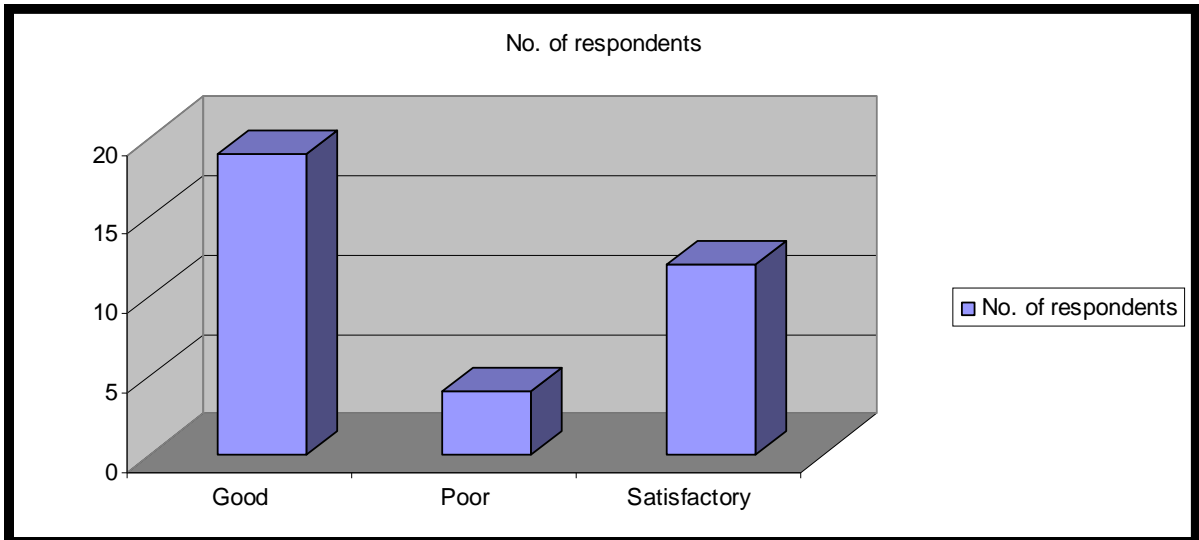
**(b)Room service (Room cleaning, Breakfast service, Phone, Internet etc.)**

Options	No. of respondents	Responses in %
Good	6	17%
Poor	17(delay in orders)	49%
Satisfactory	12	34%
	35	100%



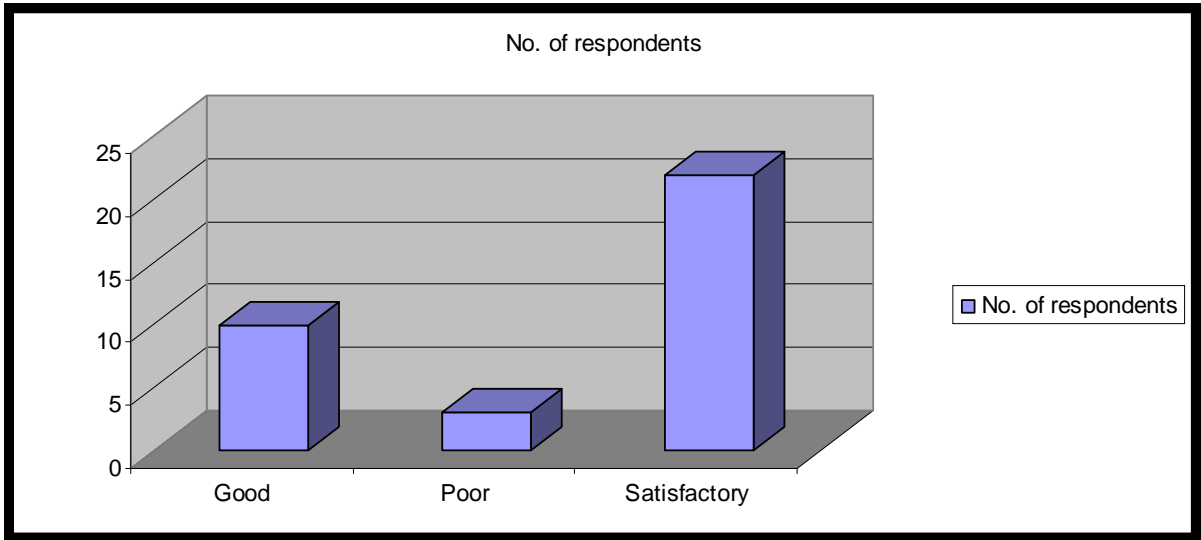
**(c)Quality of food and beverage, snack items**

Options	No. of respondents	Responses in %
Good	19	54%
Poor	04	12%
Satisfactory	12	34%
	35	100%



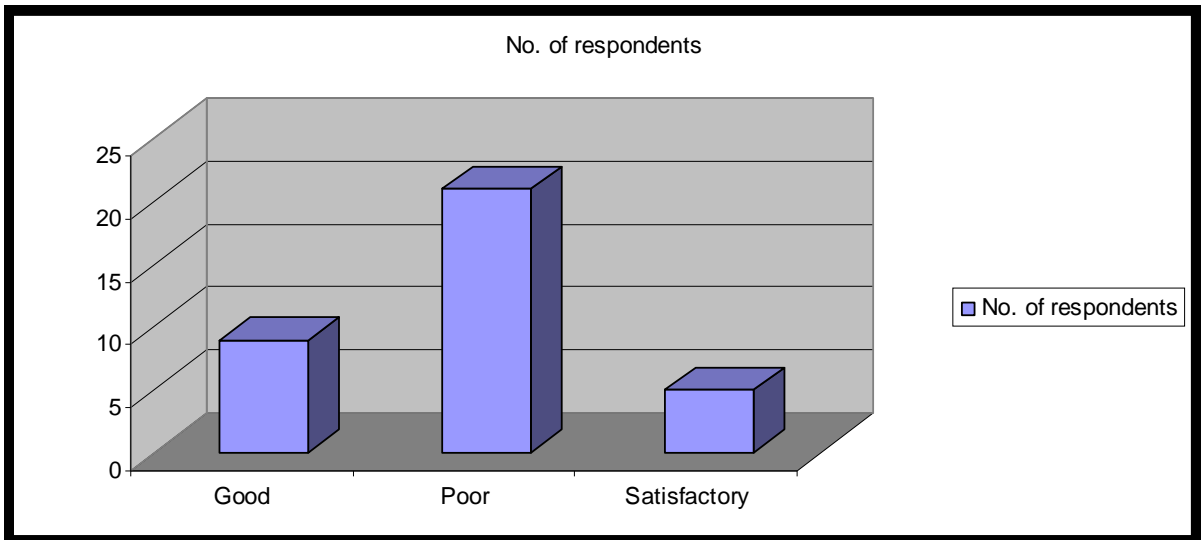
**(d) Local tour arrangement (city tour, visit to place of interest)**

Options	No. of respondents	Responses in %
Good	10	29%
Poor	3	8%
Satisfactory	22	63%
	35	100%



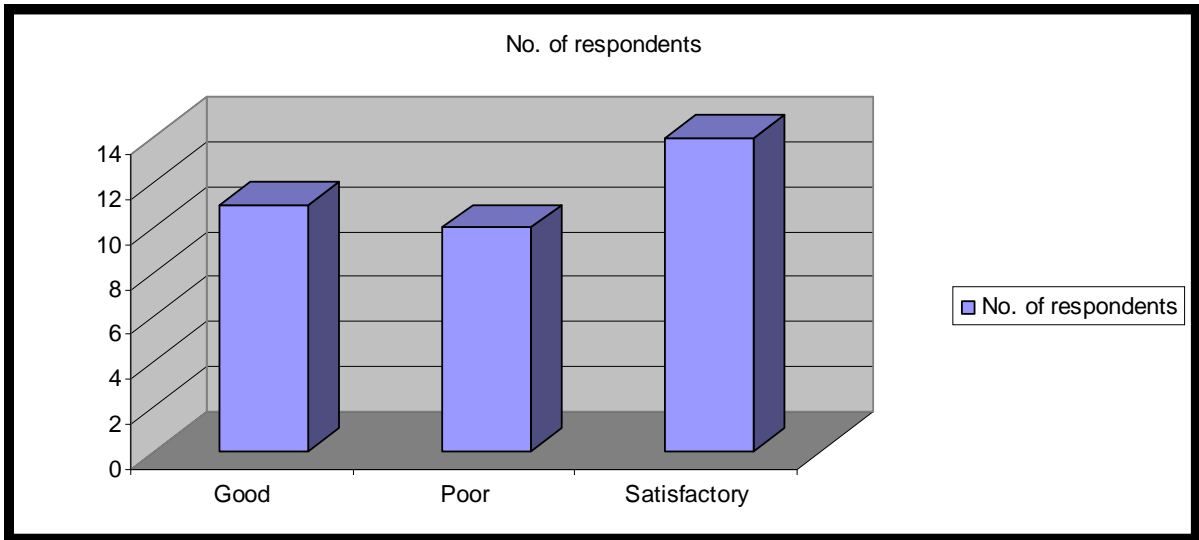
**(e) Safety and security**

Options	No. of respondents	Responses in %
Good	09	26%
Poor	21	60%
Satisfactory	05	14%
	35	100%



**(f) Billing service (Calculations, charges of rooms etc.)**

Options	No. of respondents	Responses in %
Good	11	31%
Poor	10	29%
Satisfactory	14	40%
	35	100%



**(5) Rough, irregular or unfair treatment experienced by you**

(a) State the incidents

- ❖ No major complaint recorded by the visitors
- ❖ Few visitors complained about food, delay and improper service and billing mistakes (07 visitors).

(b) Name of the hotel:

- ❖ No specific hotel of Pune is mentioned by the respondents.

**(6) Would you like to suggest any points for improvement?**

(a) Hotel environment, decor or others- No suggestions were given by them.

(b) Service- Quick service and professional approach should be given due importance

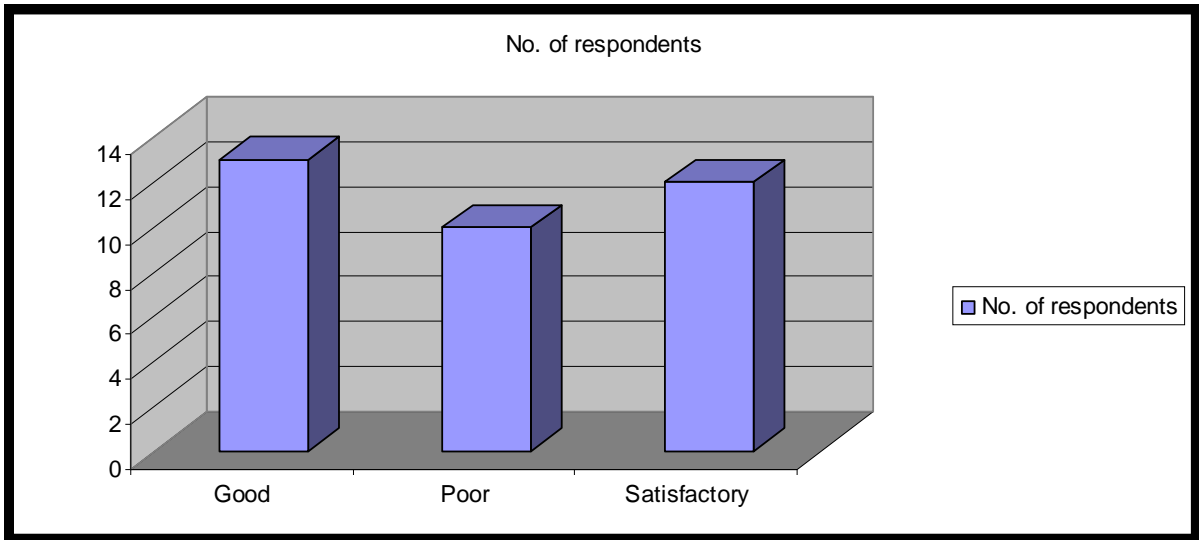
(c) Room charges- No suggestions were given

(d) Safety and security (personal belongings) - A more serious approach should be adopted by the hotels towards safety and security of visitors.

**(7) Do you feel services are professional, please point out the areas.**

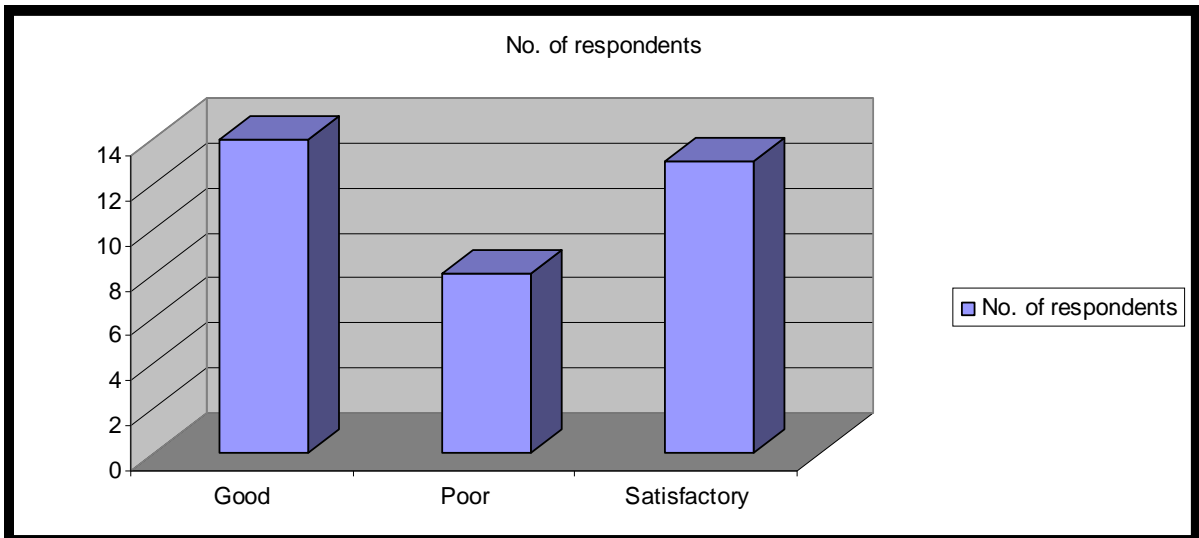
**(a)Service at the counter**

Options	No. of respondents	Responses in %
Good	13	37%
Poor	10	29%
Satisfactory	12	34%
	35	100%



**(b)Room Service**

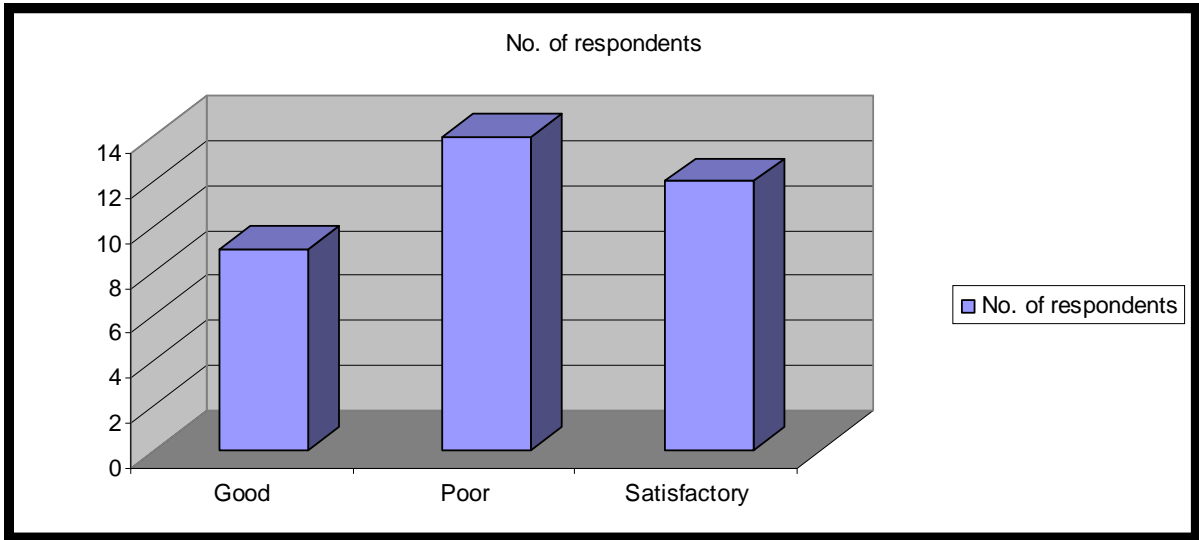
Options	No. of respondents	Responses in %
Good	14	40%
Poor	08	23%
Satisfactory	13	37%
	35	100%





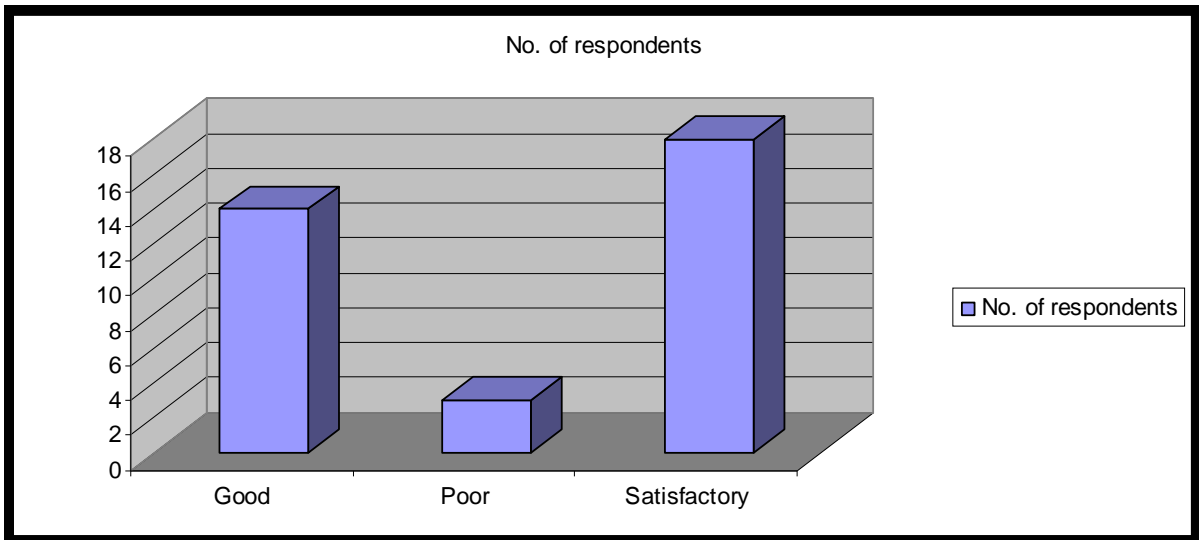
**(c) Food and Beverage service**

Options	No. of respondents	Responses in %
Good	09	26%
Poor	14	40%
Satisfactory	12	34%
	35	100%



**(d) Other services (Postal, courier, luggage handing, lift service)**

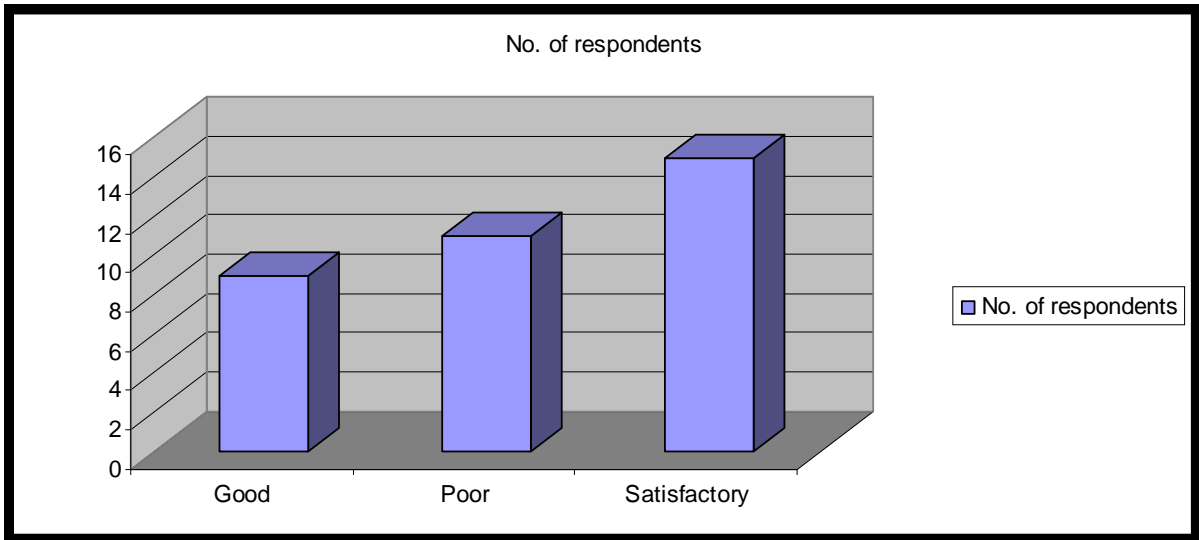
Options	No. of respondents	Responses in %
Good	14	40%
Poor	03	9%
Satisfactory	18	51%
	35	100%



**(8)What do you feel about other services of the hotels?**

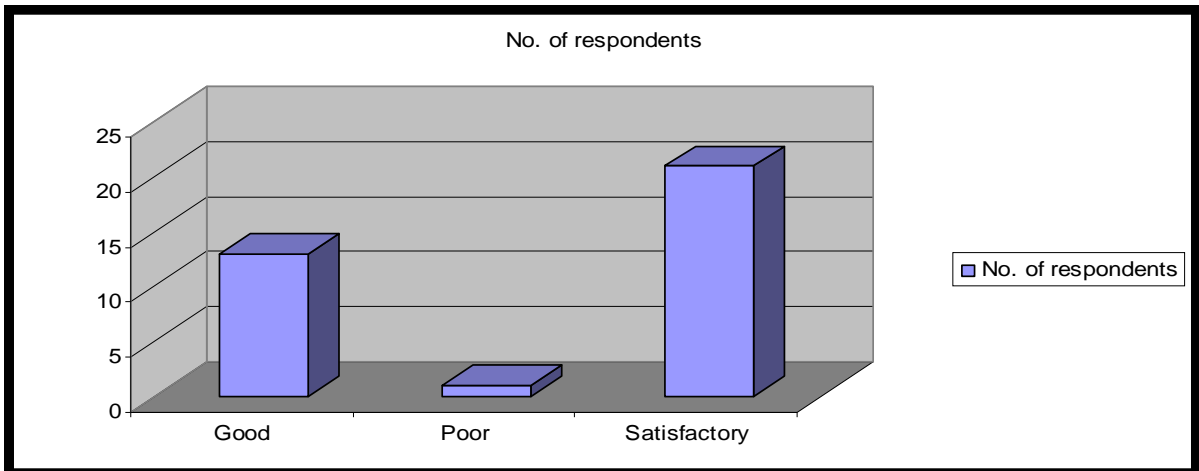
**(a)Housekeeping**

Options	No. of respondents	Responses in %
Good	09	26%
Poor	11	31%
Satisfactory	15	57%
	35	100%



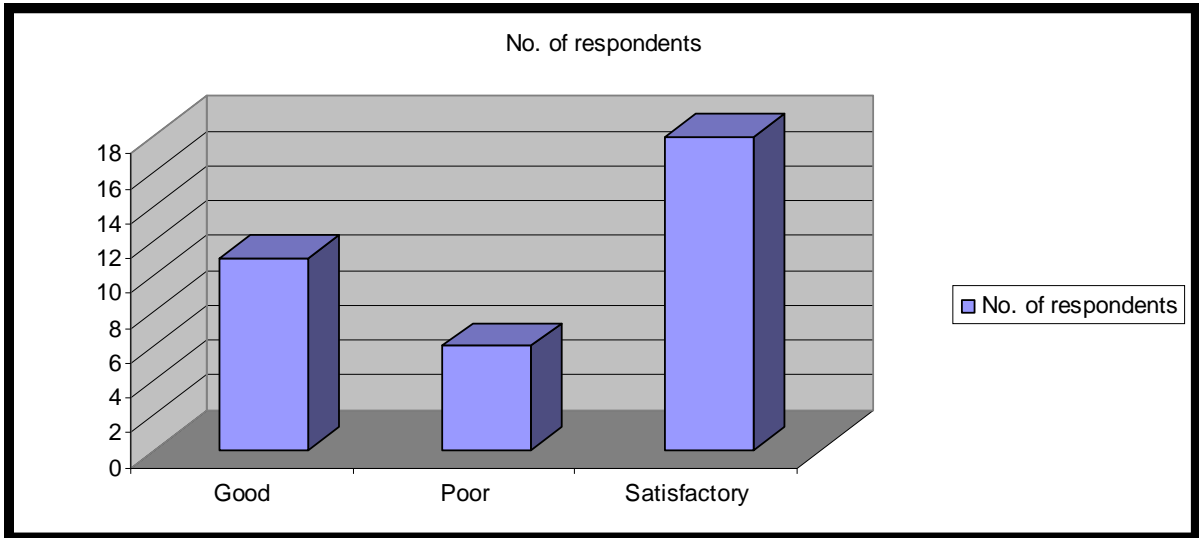
**(b) Laundry**

Options	No. of respondents	Responses in %
Good	13	37%
Poor	01	3%
Satisfactory	21	60%
	35	100%



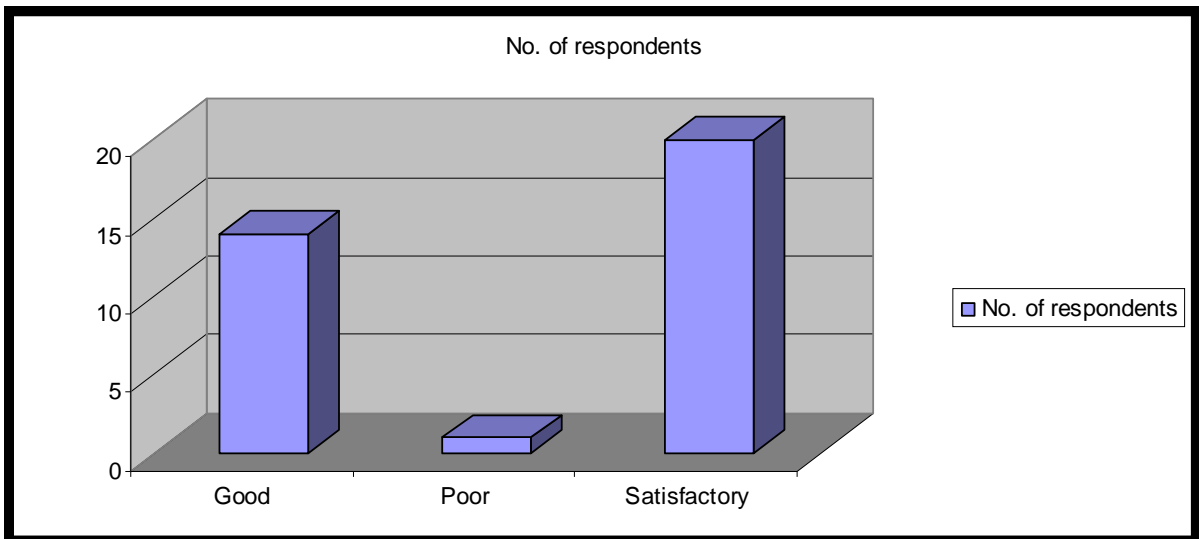
**(c) Cleaning (general)**

Options	No. of respondents	Responses in %
Good	11	31%
Poor	06	17%
Satisfactory	18	51%
	35	100%



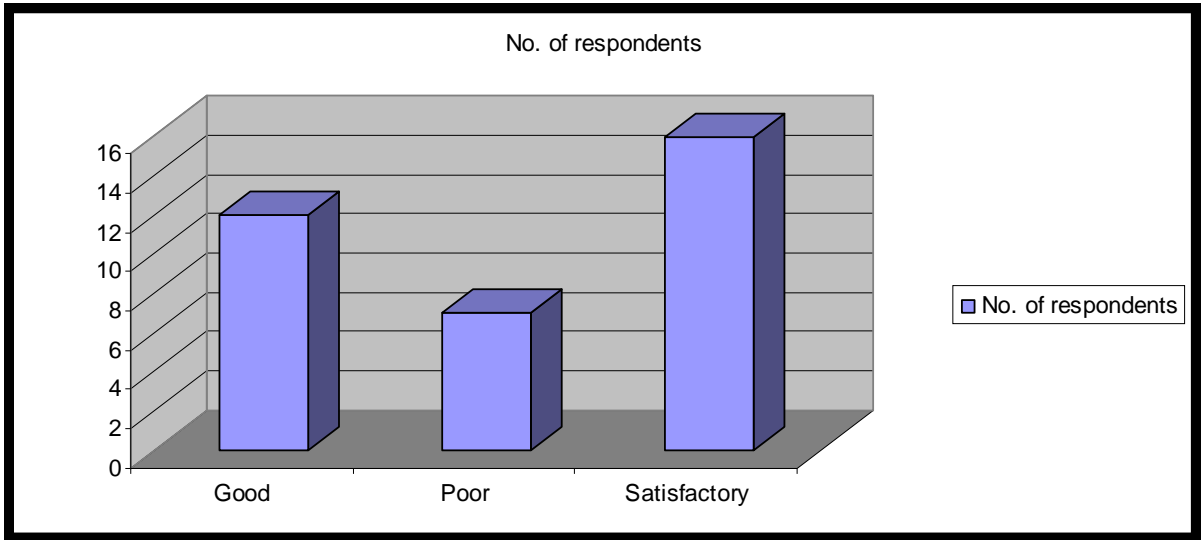
**(d) Entertainment (TV/Movie)**

Options	No. of respondents	Responses in %
Good	14	40%
Poor	01	3%
Satisfactory	20	57% %
	35	100%



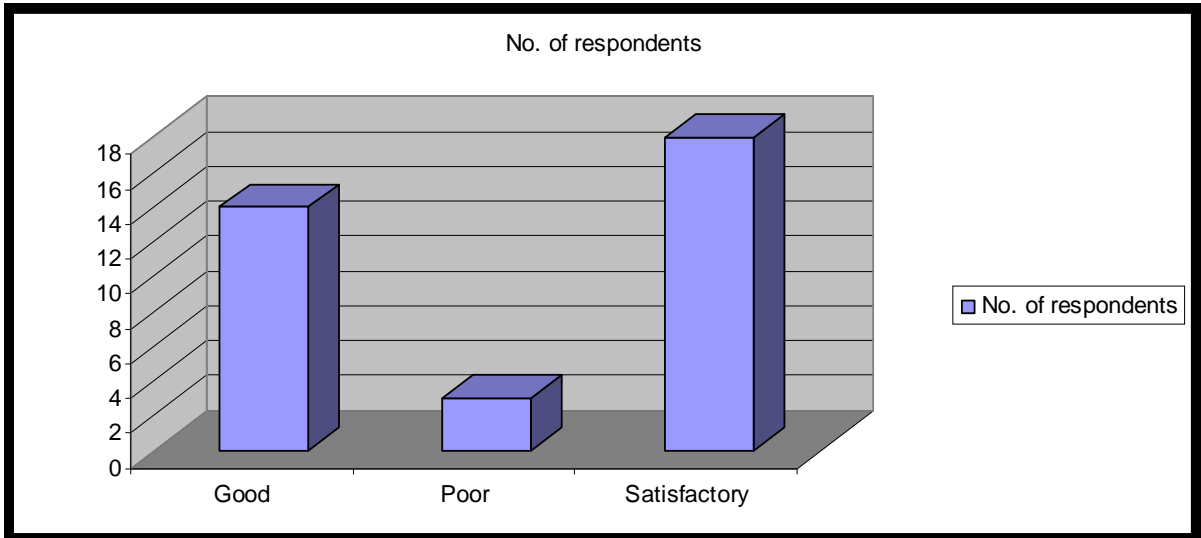
**(e)Facilities for children (Garden, play ground, video-games etc.)**

Options	No. of respondents	Responses in %
Good	12	34%
Poor	07	20%
Satisfactory	16	46%
	35	100%



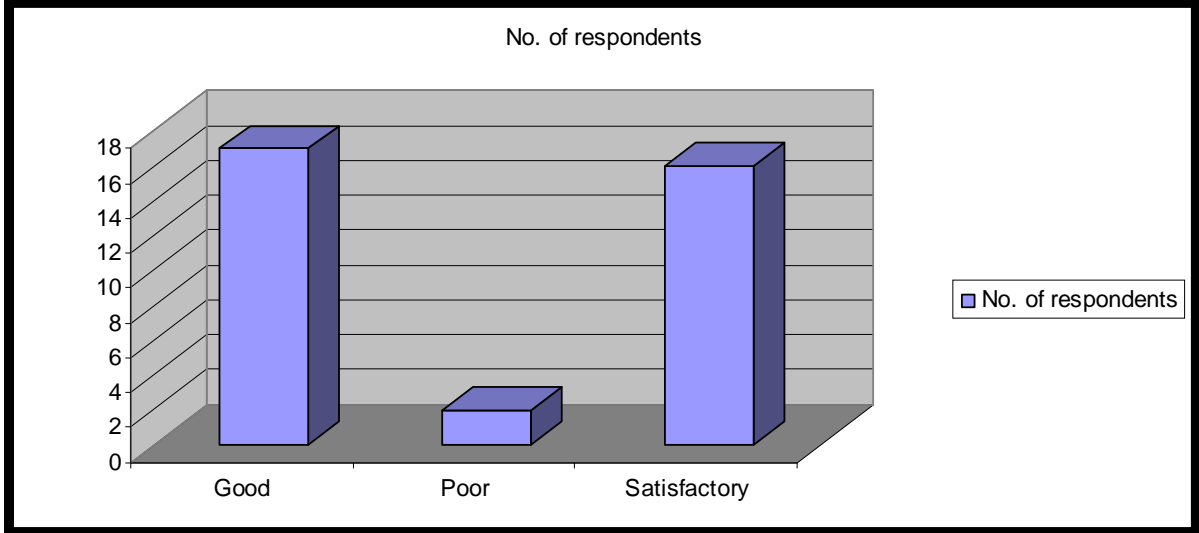
**(f)Telephone (STD/ISD)**

Options	No. of respondents	Responses in %
Good	14	40%
Poor	03	9%
Satisfactory	18	51%
	35	100%



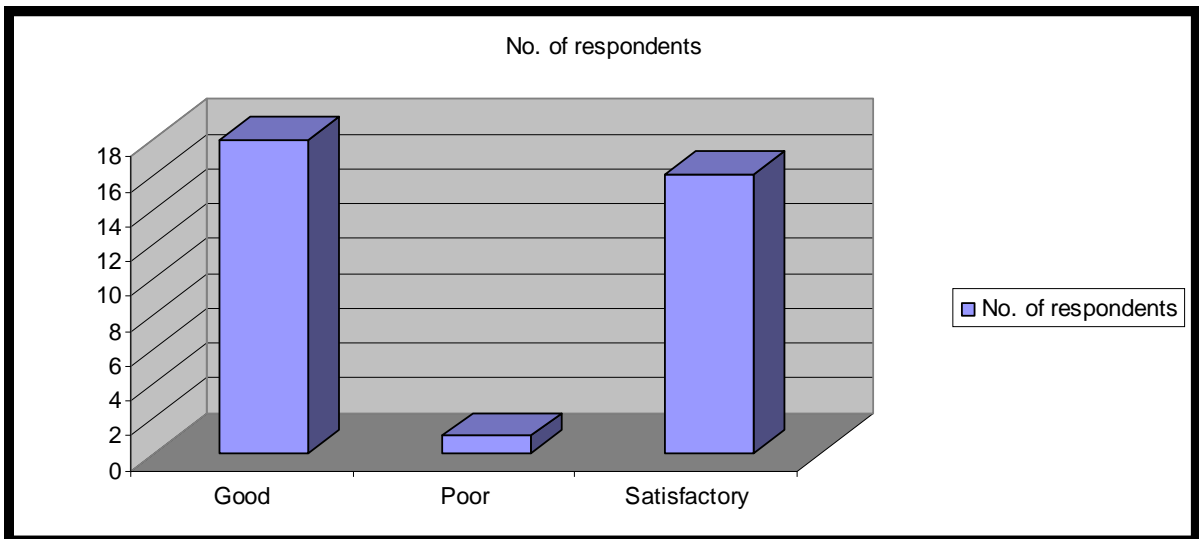
**(g) News paper**

Options	No. of respondents	Responses in %
Good	17	49%
Poor	02	6%
Satisfactory	16	45%
	35	100%



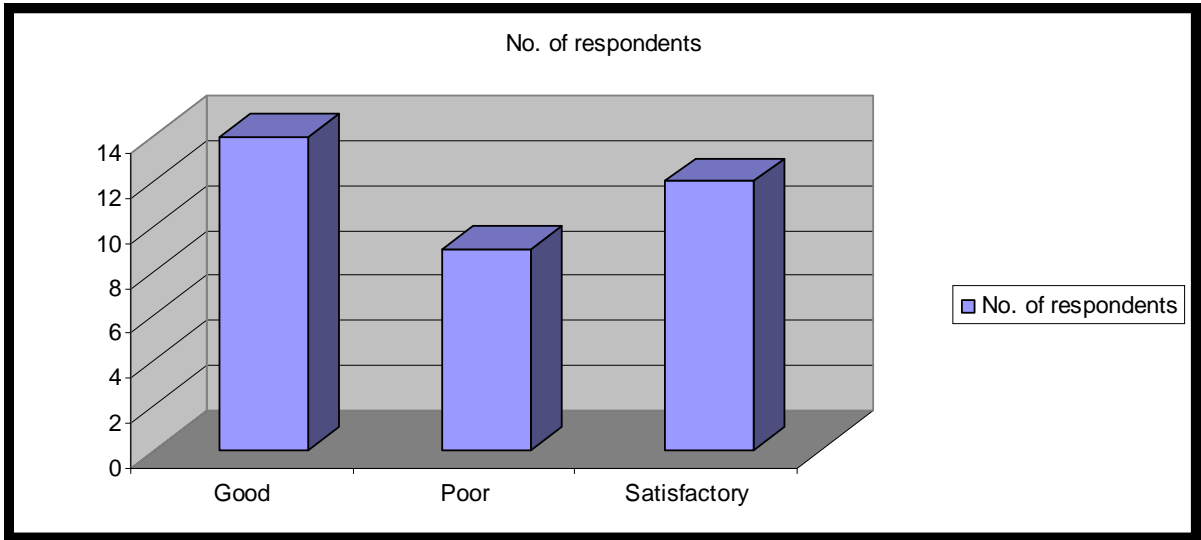
**(h) Regular- Timely / Delay**

Options	No. of respondents	Responses in %
Good	18	51%
Poor	01	3%
Satisfactory	16	46%
	35	100%



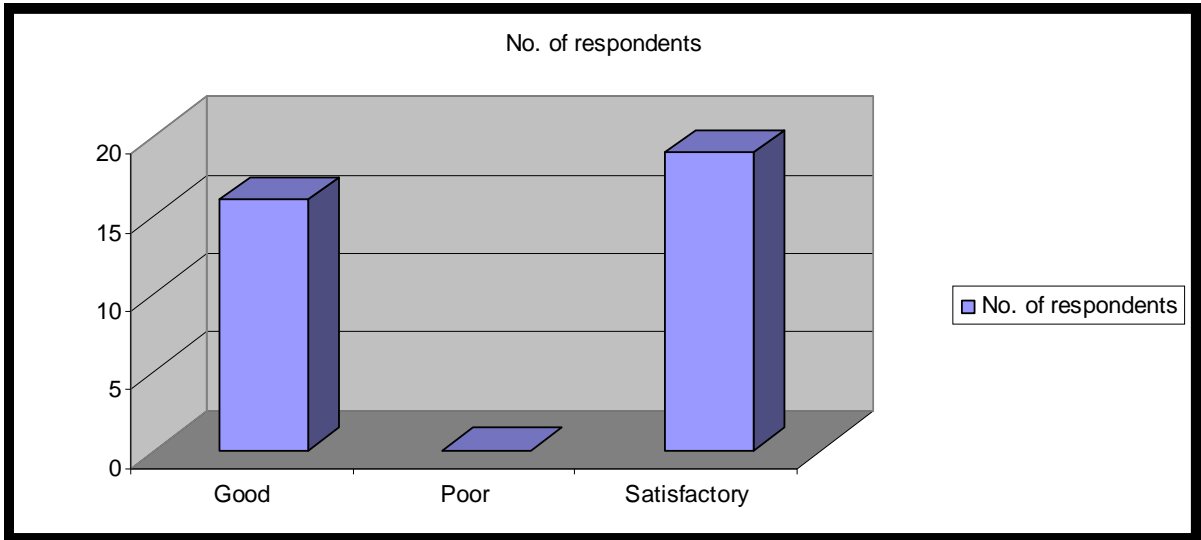
**(i) Language- Marathi/English/desired language**

Options	No. of respondents	Responses in %
Good	14	40%
Poor	9	26%
Satisfactory	12	34%
	35	100%



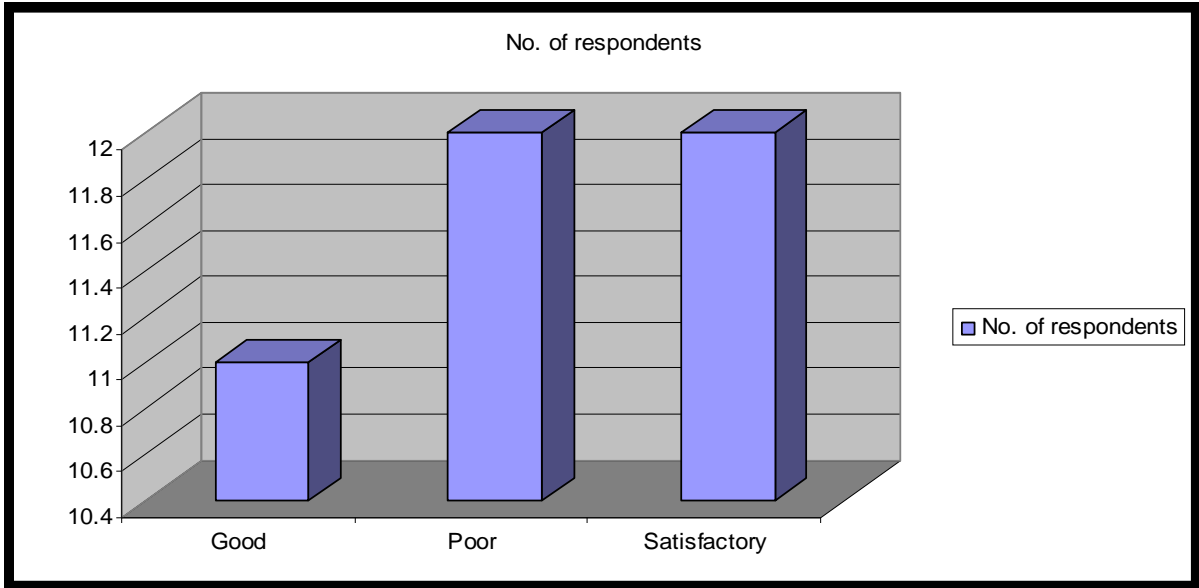
**(j) Fax**

Options	No. of respondents	Responses in %
Good	16	46%
Poor	--	--
Satisfactory	19	54%
	35	100%



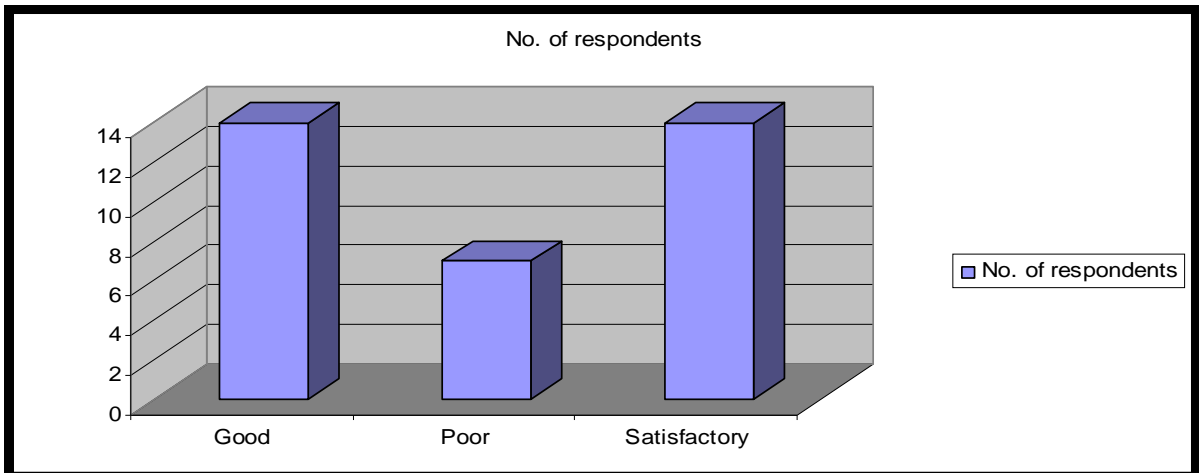
**(k)Grievance Handling**

Options	No. of respondents	Responses in %
Good	11	32%
Poor	12	34%
Satisfactory	12	34%
State the incident, if any	---	---
	35	100%



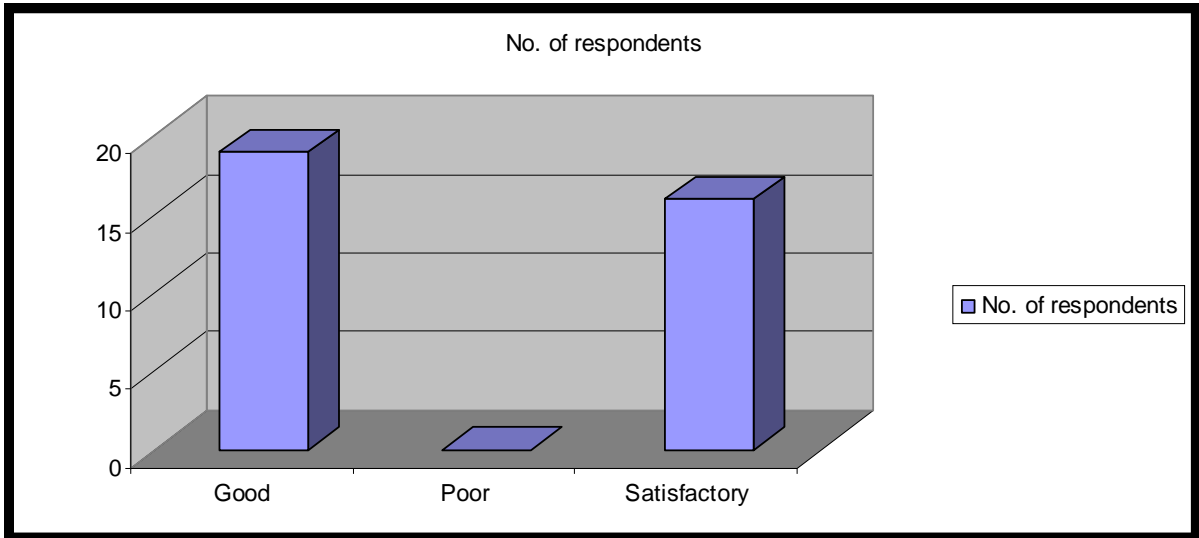
**(l)Magazines**

Options	No. of respondents	Responses in %
Good	14	40%
Poor	07	20%
Satisfactory	14	40%
	35	100%



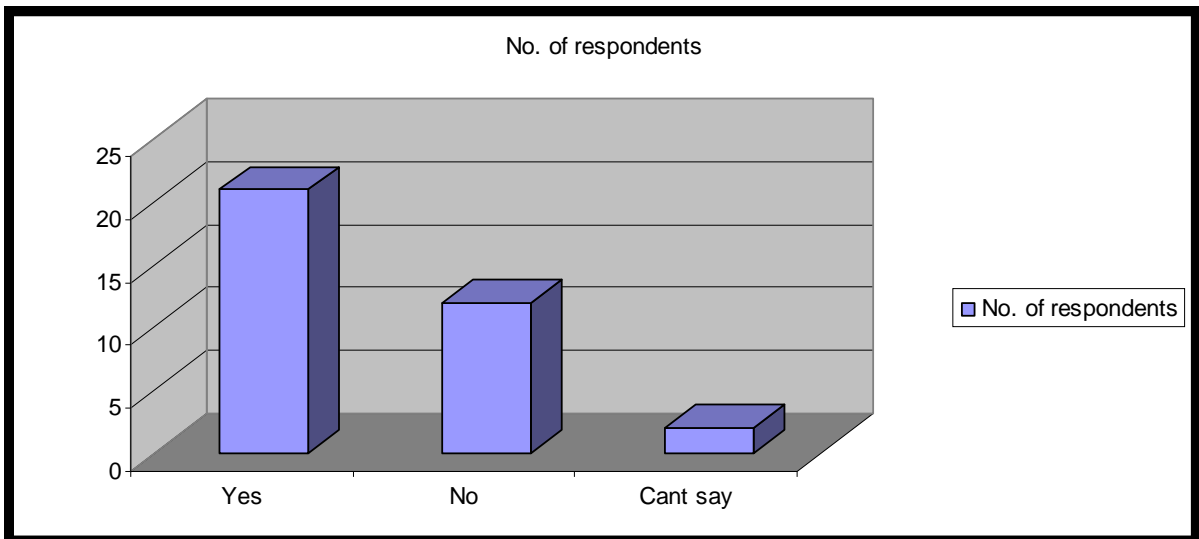
**(m) Credit card facility**

Options	No. of respondents	Responses in %
Good	19	54%
Poor	--	--
Satisfactory	16	46%
	35	100%



**(n) Demand of Tip**

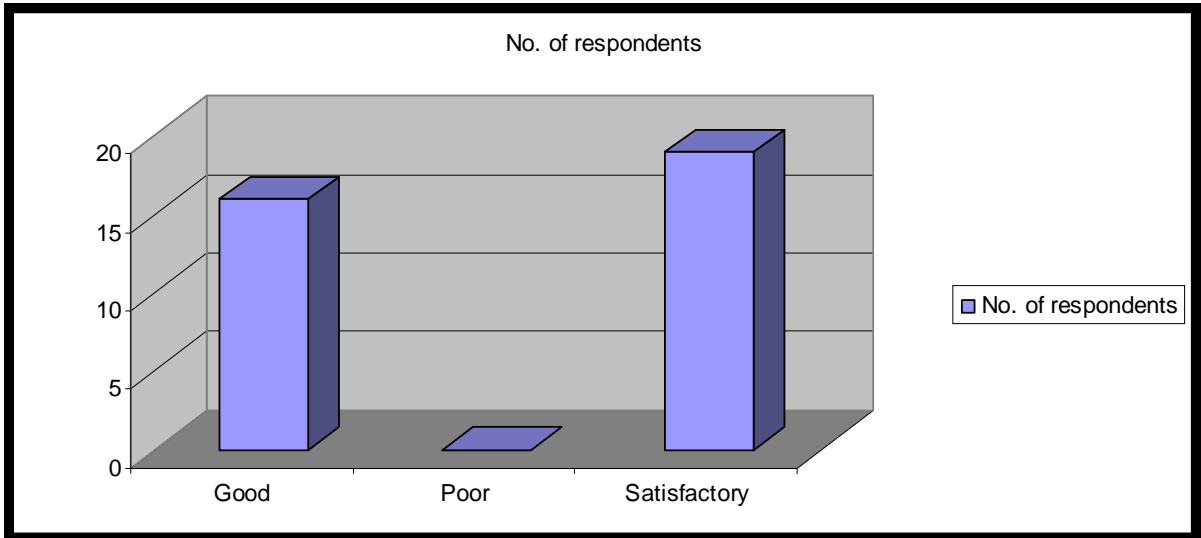
Options	No. of respondents	Responses in %
Yes	21	60%
No	12	34%
Cant say	02	6%
	35	100%





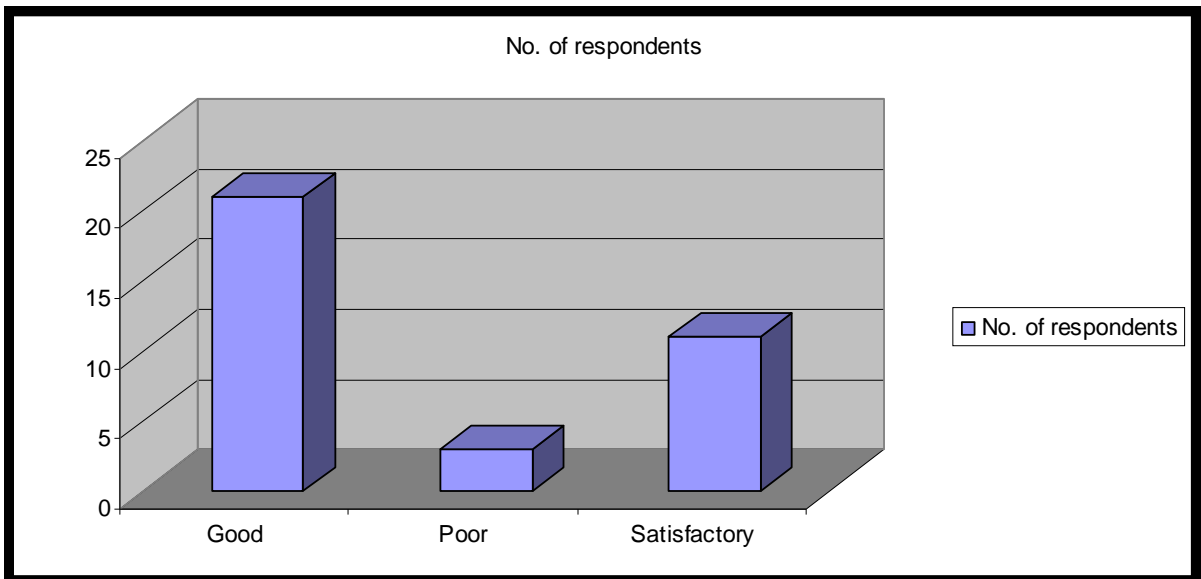
**(o)Gymnasium**

Options	No. of respondents	Responses in %
Good	16	46%
Poor	--	--
Satisfactory	19	54%
	35	100%



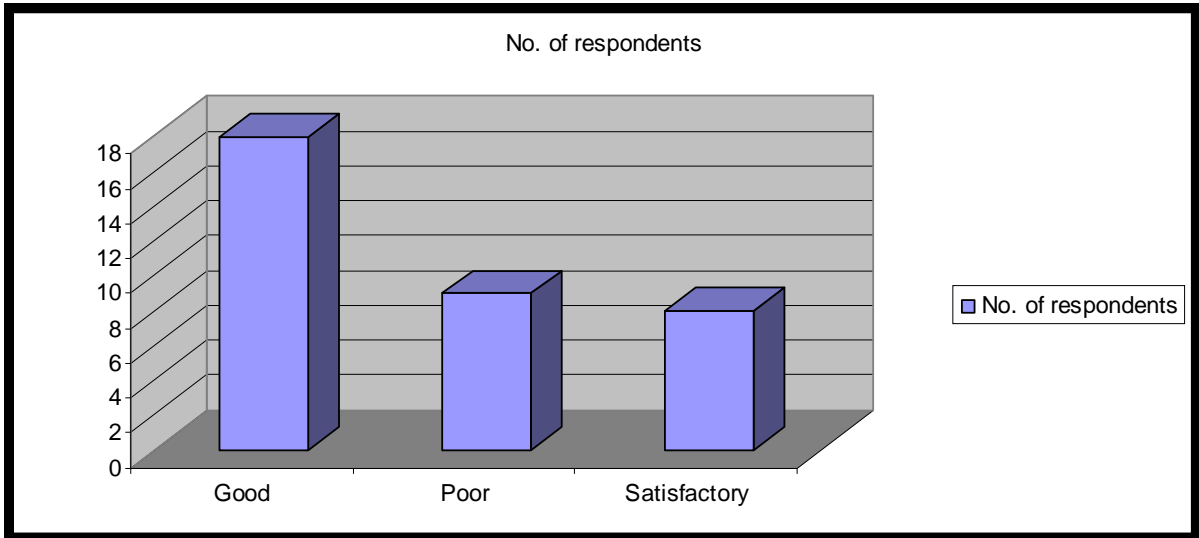
**(p) Games (Indoor/Outdoor)**

Options	No. of respondents	Responses in %
Good	21	60%
Poor	03	03%
Satisfactory	11	31%
	35	100%



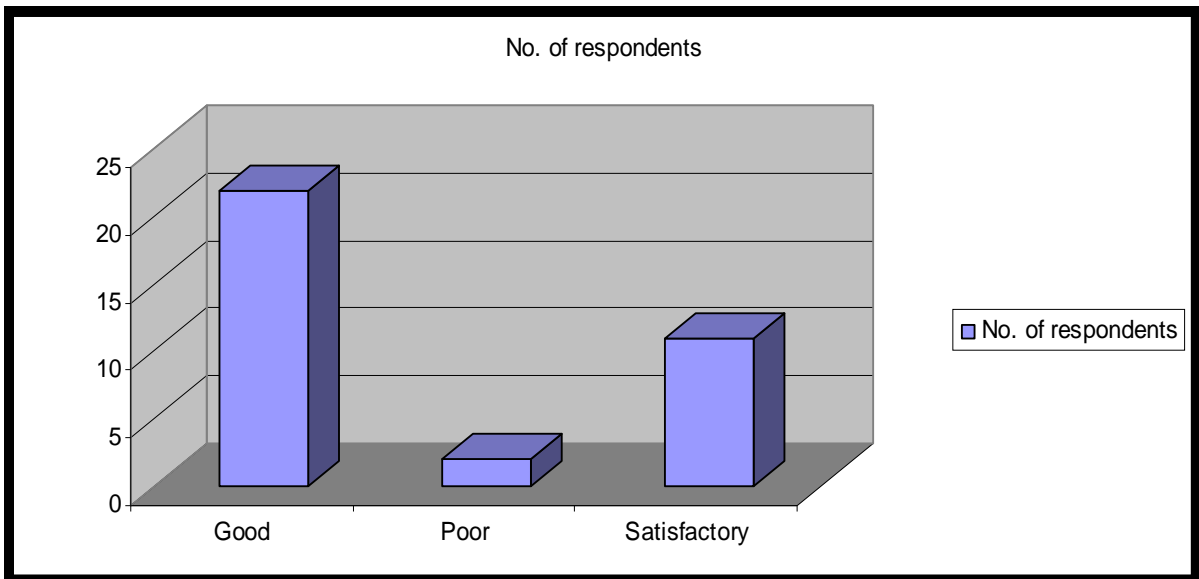
**(q)Health Facility**

Options	No. of respondents	Responses in %
Good	18	51%
Poor	09	26%
Satisfactory	08	23%
	35	100%



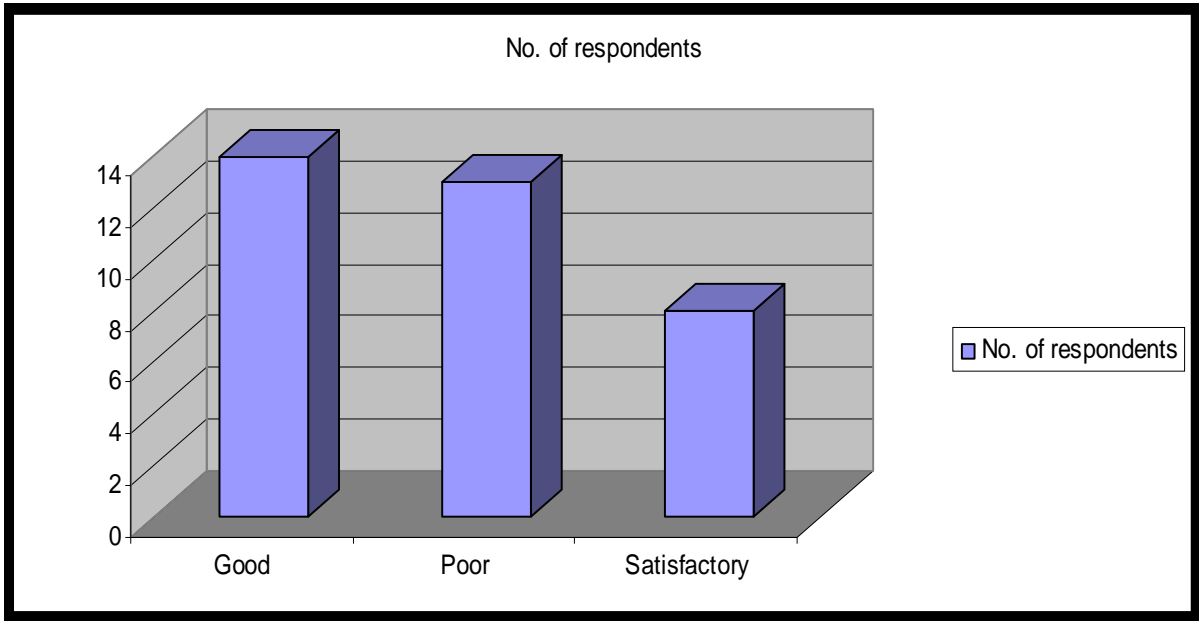
**(r)Concierge (24 hrs Service of assistant)**

Options	No. of respondents	Responses in %
Good	22	63%
Poor	02	6%
Satisfactory	11	31%
	35	100%



**(s)Information/ Assistance**

Options	No. of respondents	Responses in %
Good	14	40%
Poor	13	37%
Satisfactory	08	23%
	35	100%



**(9)Suggest training programs which you feel the hotels should implement for changing the attitudes, approach and the method of conversation with buyers/in handling visitors.**

- ❖ There should be training modules designed for each operating department of the hotel especially guest contact areas such as front office and house keeping.
- ❖ There is a general lack of easy and tourist-friendly information in hotels. There should be some staff at such places who can guide the visitors once they arrive at a new place. Once they settle down, they can easily take care of themselves.

**(10)Your comments**

- (a)Environment protection in hotel
- (b)Provisions (facilities) –Noise/Water/Air
- (c) Prevent pollution (any suggestions)

No complaint and suggestions were registered by the visitors.

## **Hotel Management**

**(Only selective questions reply had been given by the hotel management and analysis of only those questions are as follows)**

### **(1)Can you give the reasons for increase, decrease in price?**

- ❖ The hospitality market in the city is primarily driven by the corporate sector, which is growing. The demand is more than supply.
- ❖ The IT boom is one of the factors.
- ❖ People are well travelled these days and are looking out to experience new things.
- ❖ Pune is an education hub with a lot of private colleges coming up in the city. There are a lot of students who come to Pune to study and these students coming from outside Pune require lodging and boarding facilities.

### **(2)Selection of employees**

Private employment exchange, Campus interview method and employee referral are the methods adopted for the selection procedure.

### **(3) Expected qualification for staff to be recruited**

- ❖ Five/Four star hotels: Most employees in the management/supervisory cadres in the front office, Food and beverage service and housekeeping have hotel management backgrounds. Almost 70% of the chefs have a hotel management degree/ diploma or a certificate from a Food Crafts Institute and lower level employees are XII and X pass background with previous hotel experience.
- ❖ Three, two and one Star Hotels: Almost half the managers and supervisors have either a hotel management degree/diploma or a Food Crafts Institute Certificate. A majority of those at junior levels are just graduates or even SSC pass.

### **(4)Whether there is HRD wing?**

- ❖ Number of hotels which have HRD wing are 12(48%)
- ❖ Other hotels considered for data collection do not have separate HRD wing. (13 i.e. 52%)

**Table no-6T-5 showing the star hotels having separate HRD and HRM departments**

<b>Sr. No.</b>	<b>Number of Star Hotels</b>	<b>HRD</b>	<b>HRM</b>
1	04 ( Five Star)	03(75%)	04(100%)
2	12 ( Four Star)	04(33.33%)	07(58%)
3	13 (Three Star)	01(8%)	03(23%)

4	10 ( Budget Hotels)	04(07%)	08(80%)
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**(5)Mention the training program conducted.**

❖ Details of the training programs are enclosed in chapter no.5 ( page no-182-185)

**(6) Training program developed so far for regular staff.**

No new programs have been developed by the star hotels. Emphasis is given on traditional and old training programs by the most of the star hotels in Pune.

**(7)Procedure for evaluation of performance –**

The purpose of the employee evaluation system is to evaluate the performance of each employee within the assigned job duties. The employee's supervisor will create an objective evaluation of the employee by identifying strengths and deficiencies, developing corrective action if necessary and providing written documentation to the employee.

The Employee evaluation is an annual process that involves feedback between the supervisor and employee throughout the evaluation period. Emphasis is placed on the supervisor's coaching of the employee so they can fulfill the expectations set forth in the accountabilities and behaviour sections of the evaluation. The supervisor will collect feedback document that is measurable to effectively evaluate the accountabilities of the employee and behaviour.

**(8)Impact of training on current performance of employees and how do you measure it.**

**(1) How far the training given was found to be effective?**

According to the responses willingly given to questionnaires by the employees in star hotels, the linkage between four elements **Training Programs; Individual Performance; Organizational Performance and Developing New Training Programs** is not deniable.

**(a) Management Reaction**

Implementation of training programs effectively changes the behaviour of a majority of the employees (not all the employees) in the organization.

**(b) Suggestions from the management for further improvement.**

The need however arises for arranging training programs at regular intervals and for all categories of employees so as to maintain effectiveness. Otherwise, the good result of training may slowly disappear in the long run.

**The following important interpretations are made after analyzing the responses of the employers, employees and visitors.**

(1) All the employees, employers and visitors (respondents) agree that there is a need for training.

(2) Along with the lower and middle level of management, even top level of management requires training. Managers have to keep their knowledge up-to date.

(3) Training leads to an improvement in the employees behaviour, attitude, interpersonal relations, efficiency, but this is based on certain assumptions (factors) e.g. the willingness of the employees to participate in the training, learn new things, adaptability etc.

Their participation, if obligatory in nature and they are not committed towards the training, the positive impact of training will not be experienced.

(4) The positive impact of training on the employees and on the organizational behaviour can be just a temporary phenomenon if the employees do not get the expected opportunities immediately after the training. Such experiences can act as an obstacle to permanent improvements/change.

(5) The knowledge, information, practical experiences that any training provides should be changed, updated so as to stay in line with the changing times. The trainers should be aware of the changing needs and design their training programs accordingly.

(6) Those employees who have genuine problems should be given concessions in attending the training program. They should be allocated the next batch. If they are forced to attend such programs, their participation would not be willful.

(7) Revision batches/ refresher courses are required. Training cannot be given as a one time activity. Management has to invest money/resources in training on a long term basis.

(8) The management should consider all levels of employees (managers, supervisors, seniors, juniors) for training. They should not assume that only specific levels of employees are eligible for training.

(9) The management should not insist on the employees who are close to the age of retirement to attend training programs. They should consider factors like the individual benefits that the employee will receive, organizational benefits like increase in productivity before insisting.

#### **6.4 Summary**

The effect of training on employees should not be short lived, 'as morning dew' that disappears with sunshine. The positive effect must be permanent and should not disappear

with changes in the work environment or when there are negative changes in the working conditions. External factors may be responsible for making the atmosphere gloomy, dull and discouraging. Heavy doses of training should be avoided, but at the same time it is true that 'revision batches' for updating knowledge are equally necessary.

The conclusion is "Hypothesis stated is proved". The 'linkage' between H.R.D. programs and organizational performance and effectiveness is a universal truth. This relationship is definite and constant. Whatever is true in the case of star hotel is also a true fact in case of all other types of businesses, whether manufacturing unit's distribution, trading units or service rendering units. The credit of upgradation of quality of services to be given to individuals and institutions is not possible without developing human resources. Similarly maintaining the quality of services in future is also important. The development of human resources should be sustainable. No deterioration in the quality of the staff and quality of services is expected to meet the competition and growth of star hotels in Pune.

**PART –III**  
**CHAPTER-7:**  
**Testing of Hypothesis**

**7.1 Introduction**

Testing the hypotheses is the prime objective of any research work. While completing this research work, the research student has noticed that there is definitely a close relationship between training of employees and the ‘development’ of other three elements i.e. employee’s skills, development of business, and the development of a new process of food preparation (innovative attitude) to save energy, time and money.

It is true that human resources are equally important as the other means of production i.e. capital, land, machinery and equipment. Raw materials and equipments cannot be used effectively unless they are in the hands of skilled and efficient employees recruited by the hotel management.

Human resource development aims at keeping the laziness, negligence, carelessness, on part of employees at the minimum possible level and changes their basic attitude towards employer and the employment. In small size hotel businesses, industrial units, service rendering institutions and trading associations spending separate time and money for HRD is not possible, because of inadequate resources. In this research, attention is focused on star hotels in Pune City, which are closely concerned with giving high quality services to its guests. Good quality services are given to Indian as well as to foreign visitors who are prepared to pay high cost.

The hypothesis for this research is as follows:

**“Professional skills developed through human resource development programs undertaken by star hotel managements in recent years make an important contribution in increasing the capacity of individual employee and organizational performance by attracting more customers”.**



The above mentioned hypothesis proposes to test the following hypothesis variables.

**H1**-Employees perceive that there is a positive relation between professional training and organizational effectiveness.

**H2** -Employees perceive that there is a relationship between professional training and improvement of skills and abilities

## 7.2 Hypothesis Testing

Development, suitable changes, in the H.R.D. programs should be made at the right time, as soon as some loopholes in current H.R.D. programs are noticed. The linkage cannot be denied. H.R.D. programs lay the foundation of organizational performance, and effectiveness. In this research, student has made an attempt to prove this close relationship by measuring the performance of star hotels by using some criteria's and he has also made an attempt to study the effectiveness of organizational Performance.

Research student tested hypothesis with the help of the Chi- Square Test. Chi-Square is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. It can used to make comparisons between theoretical population and actual data when categories are used.

For H1: We select the following data testing.

**H1= Employees perceive that there is a positive relation between professional training and organizational effectiveness.**

**In the Hypothesis research student considered more than 20 per cent of employee perceives that there is no positive relation between professional training and organizational effectiveness.**

Firstly research student worked out the variance of the sample data and the same has been worked out as under.

**Table No-7T-01- Variance of Sample data**

Serial No.	Frequency ( $X_1$ )	$(X_1 - X^-)$	$(X_1 - X^-)^2$
1	235	101.5	10302.25
2	32	-101.5	10302.25
n = 2	$\sum X_1 = 267$		$\sum (X_1 - X^-)^2 = 20604.5$

$$X^- = \sum X_1 \div n$$

$$267 \div 2 = 133.5$$

$$\sigma_s = \frac{\sum(X_1 - \bar{X})^2}{n - 1}$$

$$\sigma_s = \sqrt{20604.5 \div 1}$$

$$\sigma_s^2 = 20604.5$$

Where

$\sigma_s^2$  = variance of sample

$\sigma_p^2$  = variance of population (20 per cent of 267=53.4)

(n-1)= degree of freedom

Let the null hypothesis be  $H = \sigma_p^2 = \sigma_s^2$ .

In order to test this hypothesis research student worked out the  $X^2$  Value as under.

$$\begin{aligned} X^2 &= \sigma_s^2 \div \sigma_p^2 (n - 1) \\ &= 20604.5 \div 53.4 * (2-1) \\ X^2 &= 385.85 \end{aligned}$$

Degrees of freedom in the given case is  $(n - 1) = (2 - 1) = 1$ .

At 5 per cent level of significance the table value of  $X^2 = 16.92$

At 1 per cent level of significance the table value of  $X^2 = 21.67$

These values are less than the calculated value of  $X^2$  which is 385.85. Hence we reject the null hypothesis and conclude that the variance of the given distribution can be taken as less than 20 per cent of employee perceives that there is no positive relation between professional training and organizational effectiveness.

H2: Employees perceive that there is a relationship between professional training and improvement of skills and abilities required to offer quality service to the customers.

In the Hypothesis II considered more than 10 per cent of employee perceives that there is no positive relation between professional training between professional training and improvement of skills and abilities required to offer quality service to the customers.

Research student worked out the variance of the sample data and the same has been worked out as under.

**Table No-7T-02- Variance of the sample**

Serial No.	Frequency (X <sub>1</sub> )	(X <sub>1</sub> - X̄)	(X <sub>1</sub> - X̄) <sup>2</sup>
1	20	-33.4	1115.56
2	17	-36.4	1324.96
3	10	-43.4	1883.56
4	40	-13.4	179.56
5	180	126.6	16027.56
n = 5	∑X <sub>1</sub> = 267		∑(X <sub>1</sub> - X̄) <sup>2</sup> = 20531.2

$$\begin{aligned}
 \bar{X} &= \sum X_1 \div n \\
 267 \div 5 &= 53.4 \\
 \sigma_s &= \sqrt{\frac{\sum (X_1 - \bar{X})^2}{n - 1}}
 \end{aligned}$$

$$\begin{aligned}
 \sigma_s &= \sqrt{20531.2 \div 4} \\
 \sigma_s^2 &= 5132.8
 \end{aligned}$$

Where

**σ<sub>s</sub><sup>2</sup> = variance of sample**

**σ<sub>p</sub><sup>2</sup> = variance of population (10 per cent of 267=26.7)**

**(n-1) = degree of freedom**

Let the null hypothesis be H = σ<sub>p</sub><sup>2</sup> = σ<sub>s</sub><sup>2</sup>.

In order to test this hypothesis we work out the X<sup>2</sup> Value as under.

$$\begin{aligned}
 X^2 &= \sigma_s^2 \div \sigma_p^2 (n - 1) \\
 &= 5132.8 \div 26.7 * (5-1) \\
 X^2 &= 768.95
 \end{aligned}$$

Degrees of freedom in the given case is (n- 1) = (5 - 1) = 4.

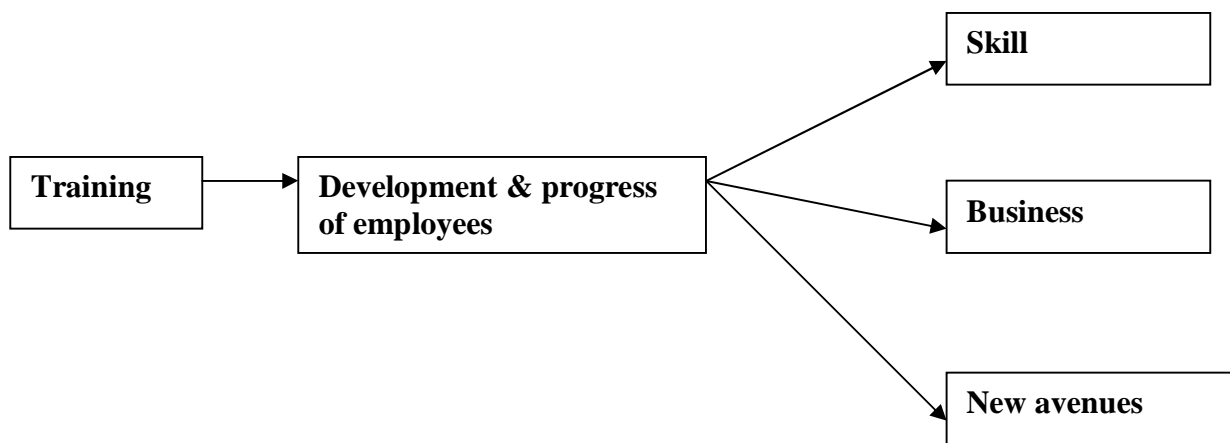
At 5 per cent level of significance the table value of X<sup>2</sup> = 9.488

At 1 per cent level of significance the table value of X<sup>2</sup> = 13.277

These values are less than the calculated value of X<sup>2</sup> which is 768.95. Hence we reject the null hypothesis and conclude that the variance of the given distribution can be taken as less than 10 per cent of employee perceives that there is no positive relation between

professional training between professional training and improvement of skills and abilities required to offer quality service to the customers.

Hypothesis formulated is mentioned earlier. It is true that human resources are equally important as the other means of production – capital, land, machinery and equipment. Raw materials and equipments cannot be used effectively unless they are in the hands of skilled and efficient employees recruited by the hotel management. There is definitely a close relationship between training of employees and the ‘development’ of other three aspects/elements i.e. employee’s skills, development of business, and the development of new avenues (in the form of other related businesses like handicraft, tourism etc).

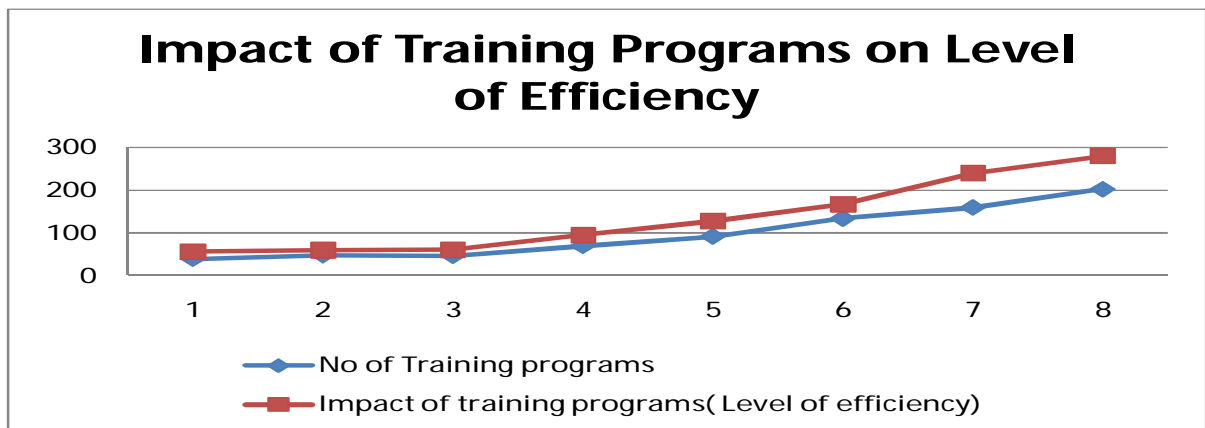


The most important thing is application of mind, experience, knowledge, and some qualities, honesty, loyalty, sincerity, adaptability, etc. for the attainment of common goal. At the same time it is also true that labour force and employees available in the organization are not uniform, therefore element of non uniformity in respect of attitudes, approaches towards work. The most common trend that can be noticed is avoiding the work or performing the work by using minimum skills and capacities for retaining the job.

Organizational performance is closely related with the attainment of business goals. Organizational performance is the performance shown by all employees collectively and jointly. It is the result of team work and ‘team spirit.’ It is based on the principle ‘United we stand’ and the principle of team spirit. The achievement of individual goals and business goals becomes possible when differences in approach and views of employees are reduced to minimum level.

**Table no-7T-03 Imaginary Table and Graph showing impact of training programs on level of efficiency**

Year	No of Training programs	Impact of training programs on level of efficiency
2001	40	56
2002	48	60
2003	47	61
2004	70	95
2005	92	128
2006	134	168
2007	160	240
2008	203	280



**Observation-** Imaginary figures of the table indicate that the implementation of training programs effectively changes the behaviour of the employees and employers in the organization. As the training programs increase the level of the efficiency of the employees also increases which results into the organizational and individual growth.

### 7.3 Summery

The hypothesis stated in the early stages has been proved and employees skills, development of hotel and tourism (industry) business and earning of foreign exchanges from foreign tourists in higher proportion are inter related matters. Human resource development program makes it possible to attain these goals

The 'linkage' between H.R.D. programs and organizational performance and effectiveness is Universal truth. This relationship is certain and constant. The research

work is restricted to the study of star hotels in Pune. But whatever is true in the case of star hotels, it is also true in case of all other types of businesses, whether manufacturing Units distribution, trading Units, service rendering Units, making available other essential services. The Up gradation of quality of services to be given to individual and institutions is not possible without developing human resources. Similarly maintaining the quality of services in future also is important. The development of human resources should be sustainable. No deterioration in the quality of the staff and quality of services is expected.

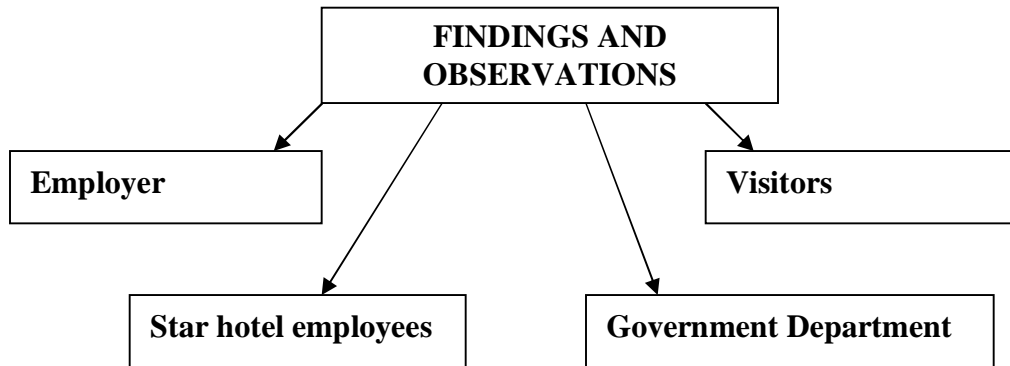
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**PART –III**  
**CHAPTER-8:**  
**FINDINGS, SUGGESTIONS AND CONCLUSIONS**

**8.1 Introduction**

Every research concludes with meaningful observations made by the research student. Every researcher is expected to make some contribution to the existing knowledge. This chapter is included in this thesis at the end, with the same purpose. The important observations and findings made by the student, on the basis of survey of 25 star hotels in Pune, interviews of nearly three hundred employees, and managerial staff of these hotels, have revealed the strengths and weaknesses of business run by star hotels in and around Pune city. The research student has noticed some loopholes in the successful running of business by star hotel.

On the basis of collected information, the student has made some important observations regarding the working of star hotels which are included in this chapter. The analysis of data and its interpretation have made the task of making observations and arriving at conclusions easier. As a matter of convenience, the findings and observations made are grouped under four heads.



- (1) **Employer( Hotel management)**
- (2) **Problems and difficulties of star hotel employees**
- (3) **Government’s policies and supporting role played by the state as well as central government.**
- (4) **Visitor’s problems and difficulties**

## **8.2 Employer**

### **(a) Uneven Spread over, imbalanced growth of star hotels in Pune**

Pune has more than 39 hotels in the star category with a total inventory contribution of about 1800 rooms (As on 31.12.2007). The Central Zone accounts for around 27 hotels (70 per cent) of the total stock in this category across the city.

There is imbalanced expansion of the star hotels in Pune, which is not a good sign for the city in term of economic environment and the business growth they experience. The proximity of the star hotels with each other will increase the dirty politics of price-war and it will be harmful for the development of star hotels in Pune (Chapter 01, Map of Star Hotels in Pune, page no-17 and 18, considered for this observation).

### **(b) No uniformity in tax structures and heavy tax burden**

Due to high duties and the imposition of several taxes by state governments, the industry ends up paying multiple taxes, substantially increasing overall costs and influencing decrease in profit. India has the highest tax rate on hotel projects in the Asia Pacific region. Each state has its own criteria for luxury tax, varying from 5 per cent to 20 per cent on rack rate, rather than the actual rate.

#### **Excessive Tax Burden-complaints by owners**

The hotel industry is heavily taxed. Expenditure tax, luxury tax and sales tax inflate the hotel bill by over 30 per cent. The effective tax in Southeast Asian countries works out to only 4 to 5 per cent. As these taxes are the domain of the state government, the rates vary accordingly.

#### **Luxury tax**

Luxury tax varies widely across services and states. Also, in most of the states it is charged on the published tariff by not considering the commissions paid to agents and discounts offered to walk-in clients.

Across the country there is no rationalization of taxes as states charge different rates. Secondly, multiplicity of taxes like value added tax and service tax further compound the problem. Tax holidays are available only to hotels at heritage sites and so this measure is inadequate for the growth of the hotel industry.



## **Service Tax**

Service Tax is a form of indirect tax imposed on specified services called "taxable services". Service Tax was first brought into force with effect from 1<sup>st</sup> July 1994. The rate of tax was increased from 5 per cent to 8 per cent w.e.f 14<sup>th</sup> May 2003. From 10<sup>th</sup> September 2004, the rate of Service Tax was enhanced to 10 per cent from 8 per cent. Besides this, 2 per cent extra on the amount of Service Tax was also introduced. In the Union Budget of India for the year 2006-2007, service tax was increased from 10 per cent to 12 per cent. On February 24, 2009 in order to give relief to the industry reeling under the impact of economic recession, the rate of Service Tax was reduced from 12 per cent to 10 per cent.

Some of the major services of hotels like, franchise services and event management come under the ambit of Service Tax.

### **(c) Shortage of skilled and efficient labour**

Currently, there are 25 Institutes of Hotel Management and another 180 Institutes conducting Degree/ Diploma courses in F&B service, F&B production and Housekeeping in India. These training facilities provide approximately 10,500 graduates in various courses every year. However, this does not solve the problem faced by the budget hotel segment, given the preference of graduates for the 5 star segments.

Other reasons contributing to the manpower worries include:

- Bright and educated younger generation has never considered hotel industry as a progressive employment option.
- There is more demand overseas for trained candidates of hospitality industry.

The demand from a rapidly expanding hospitality industry in India and abroad, a limited pool of qualified and well-trained staff to choose from, (not to speak of the demand generated by the mushrooming of Indian restaurants abroad) has resulted in a severe shortage of expert hands, whether chefs, Food and Beverage managers, House-keeping personnel or HR staff. Manpower shortage is the most serious issue faced by the star hotel in Pune.

Although central government and the state government have collaborated to provide resources in order to train people in the hospitality sector the overall development efforts

are negligible (chapter 5, page 159). There is a huge gap between the training capacity of educational institutes and the actual need of the star hotel industry. This is the important issue that the hotel industry required to tackle.

The number of students ready for job at entry level and middle management level in hospitality industry through catering institutes located in Pune is mentioned in table number 5T-1 (page no-148-149, chapter 05). Comparing the need of 20,000 candidates in India and of around 2500 in Pune each year, it is clear that the requirement of trained manpower in Pune is 50 per cent, which is comparatively very less. All of them are not interested in joining the star hotel industry in Pune; they may choose different professions or countries and cities to work.

{Number of hotel management students in Pune catering colleges- 1260(2008), Requirement of the employees in star hotels in Pune- 2500 approximately,  $((1260/2500 * 100))$ }

The hotel management (23 out of 25 i.e. 92 per cent) will strongly agree with the fact that hotel industry lacks competent people. A major reason is that the majority of candidates who are joining the hotel industry are simple graduates and under graduates, not having any degree or diploma in hotel management.

**(d) Non-cooperation by local authority in problems of environment protection, dust, dirt, drainage and irregular service of the same**

Cooperation of Municipal Corporation (local government) is very much needed for smooth functioning of star hotels. When the question was asked to hotel managers and senior members, Board of directors, the reply given was negative (personal interview with 19 star hotel managers). There is a wide gap between 'demand for assistance and availability of assistance'. The staff recruited by Municipal Corporation for road cleaning and supply of non polluted water only gives commitments and promises.

Assistance is made available, only under some pressures or unauthorized additional payments (Bakshisi) for services. This practice has become very common in local government offices. Problems of star hotels are resolved but many things depend on the mercy of authorities and subordinates working in PMC and PCMC.

Dirty and damaged roads and drainage lines are leading to noise and air pollution in surrounding areas of star hotels. Noise of vehicles and smoke make the comfortable and

peaceful stay of the guest in the hotel room difficult. Growth of slum areas in Pune city have also brought into danger, the safety and security of hotel property and personal security of visitors. These problems in recent years are further aggravating the situation. Non cooperation by municipal corporation staff in timely pick up of garbage ,cleaning drainages, cleaning roads, making them dust free, electrification work, road widening programs and unauthorized cutting of plants and trees spoil the environment around five star hotels.

**(e) Inspection of star hotels**

Inspection of hotels, enquiries by police departments, visits by corporation staff interrupt the regular work of star hotels. Corruption and unauthorized and unfair practices make the task of hotel management difficult.

**(f) Utilization of Funds and Availability of Trainers**

The three, four and five star hotels are making budget provisions for training programs in advance. The provisions of budget are in increasing proportion i.e. from Rs.1 lakh to 3 lakhs and sometimes are fluctuating in nature, depending upon financial conditions of the hotel. Budget is made in the month of March every year and communicated to HRD or HRM department (in case of nonexistence of HRM and HRD department then the concerned department). This department arranges training programs according to the needs of hotel employees.

Some hotel managements have replied that there was no hundred percent utilization of funds for one reason or the other. Coordination problem was also noticed between the training department and other departments.

Training schedules are arranged in advance (with some margin of flexibility) as soon as budgetary provisions are known and powers are delegated to HR department to arrange training programs. The practice of calling meetings of department heads prior to and post training program was noticed.

An important observation made by the student is that the managements of 3, 4 and 5 Star hotels are equally interested in arranging HRD (Training) programs. The difficulties reported by them are as follows.

[1] Availability of experts in different subjects is very limited e.g. grievance handling, soft skill development

[2] Expert on quick bed making, garnishing of food preparations is not available, senior members are not willing to share the knowledge due to their busy schedules.

[3] Problems of availability of professionals in government department offices e.g. Taxation, Environment Protection Department, Legal Advisors. Very few professionals showed willingness to share their views with management and general category staff. Hotel inspectors have also showed limited interest in lecture work and demonstrations. (Page no-186)

**(g) Self Motivated employees: The whole picture is not gloomy**

The important observation noted by research student is that, some employees are self motivated and interested in further education and training in the same line, in which they are currently engaged. Even they are prepared to pay the cost out of their own pocket. The cost is paid by the trainee or learner; they take more interest and attend training programs with maximum honesty (reported by the hotel management).

**(h)Star Hotels Training Programs in Pune**

Previously more emphasis was given on lower management training programs. The trend is shifting and there is an increase in training programs for top and middle management due to competition by international hotel chains and increase in demand of top and middle management workforce in star hotels.

**Table no 8T-1-Breakup of training programs in star hotels**

<b>Year</b>	<b>Top Management</b>	<b>Middle Management</b>	<b>Lower Management</b>
2001	(06 out of 40)15%	(14out of 40)35%	(20out of 40)50%
2002	(08 out of 48)17%	(12 out of 48)25%	(28 out of 48)58%
2003	(05 out of 47)11%	(11 out of 47)23%	(31 out of 47)65%
2004	(10 out of 70)14%	(23 out of 70)32%	(37 out of 70)52%
2005	(18 out of 92)19%	(33 out of 92)35%	(41 out of 92)46%
<b>2006</b>	(26 out of 134) <b>20%</b>	(32 out of 134) <b>24%</b>	(76 out of 134) <b>56%</b>
<b>2007</b>	(33 out of 160) <b>21%</b>	(48 out of 160) <b>30%</b>	(69 out of 160) <b>49%</b>
<b>2008</b>	(53 out of 203) <b>26%</b>	(65 out of 203) <b>32%</b>	(85 out of 203) <b>42%</b>

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 {Source- Table no 8T- 1 - Based on personal interview with managers, supervisors and available secondary data of star hotels in Pune from Training department (Chapter no-05, Table no-5T-6, Page no-176)}

### **(i) High Labour Turnover in star hotels**

An organization is as good as its people and nobody can deny the fact that manpower is the greatest asset of a star hotel organization. Moreover high labour turnover rates incur major costs to the hotel industry including recruiting expenses, training expenses and guest service with quality less than what one has been striving for.

High turnover is a key challenge in the hospitality industry. The star hotels have difficulty in retaining skilled workers because of the negative image that the industry faces. A hotel industry encounters major challenge from multinational companies (MNC) and BPOs. They are taking away the major chunk of the manpower from star hotel industry.

Employee turnover figure in the hospitality industry is a whopping 50 per cent, increasing the tangible (like accidents, better presentation of food preparation) and intangible costs (service, guest handling capacity) of employee turnover for the employer. Fresher's have a trend to join as hotel management trainees and with experience aspire to move abroad to join the food and retail industry. These trends are not limited to the starting level but also among the top management level. Both the government and private sector should take appropriate steps to retain them in this industry,

Turnover has an immediate effect, particularly in customer service areas of the star hotels like front office or food service. A vacant position means more work for the remaining employees without making a compromise on the customer service front.

Little wonder then that hospitality companies with low turnover rates report higher customer satisfaction and assure higher profits.

(Hotel Management  $19/25 \times 100 = 76$  per cent mentioned and pointed at the labour turnover problem and average turnover in star hotels in Pune is close to 50 per cent reported by research report survey, HVS).

### **(j) Personality traits- Controversies**

Human Resource is the most uncertain means of production. Willingness to work, ability to work, desire to work are inconsistent things because of human psychology. It is not uniform with respect to the employees in the organization. The employer cannot expect the same level of efficiency at all times and with respect to all employees. Human psychology, thinking process, factors influencing willingness to work go on changing

from time to time ,person to person and place to place. Human resource has greater mobility resulting in labour turnover.

**(k)Impact of training programs of star hotels in Pune**

The research student has taken survey of training programs undertaken by star hotels in Pune. A separate questionnaire was prepared for the collection of data on this issue of employees training programs in star hotels. The common thread noticed after discussions with the employees and managerial staff is as follows-

- ❖ Training programs resulted in improvement of performance on the part of employees in star hotels. It also helps in changing the attitude, approach towards the work and task assigned to them, as well as their approach towards employer.
- ❖ Some positive changes have also been noticed by the management, with respect to the behaviour of employees in the organization.
- ❖ Every employee is a small part of the team. When the individual behaviour of all employees changes in a positive direction, the organizational behaviour also changes and brings about a change in organizational performance. Therefore there is a close linkage between the three elements- training programs, individual behaviour and organizational performance.
- ❖ Training programs, organized and implemented by the star hotel management have brought about changes in the attitude and behaviour of the employees of all categories i.e. from top level management to lower ranking staff.

The analysis of the data has brought into limelight the following changes in the behaviour of star hotel employees.

**Table no 8T-02-Impact of training on star hotel employees – Post training period (Observation)**

Sr. No.	Qualities(traits) of employees before training	Qualities(traits) developed after Training Programs
1	Non- cooperative	Cooperative
2	Argumentative	Submissive
3.	Weak or ill health ( Psychologically)	Strong health(Training programs like meditation, stress management)

		programs)
4	Careless, Lazy	Attentive
5	Poor personality	Impressive personality
6	Unsteady mind or wavering mind	Adjusting nature
7	Lack of concentration	Adaptability or adjusting nature
8	Lazy employees	Sincere and hard working employees
9	Dishonest and disobedient	Honesty and loyalty

**(l)Return on investment in training programs**

On the other side, training programs have resulted in development of courageous leadership, decision making skills and the capabilities of undertaking new projects. When questions were asked to star hotel employees and to employers, no one had denied the utility of training programs. All of them are agreed that training programs play a creative role and they are not unproductive efforts. In fact they pay good dividends in the long run and result in further strengthen the relations within and outside the organization. Training programs help in the attainment of the objective of the welfare of all the groups relating to star hotels.

Proper training given at the right time and at regular intervals makes ‘shy employees’- become more and more smart, encourages them to work with full concentration and devotion. It makes them more and more enthusiastic, develops their interest in learning new things. In short, training changes the work environment. This experience is common even for star hotel management. The management and employees of the star hotels in Pune, which have made investments in training programs and made budgetary provisions, have admitted to this fact that it is long run investment but gives positive result. In case of these hotels, training programs have not proved totally wasteful effort, but at the same time, there is not a hundred percent favourable result.

- (1) The above observation is based on the replies given by employers/employees.
- (2) Application of theories of motivation i.e. recognizing the need for attending training programs by the employer, as rightly quoted by the experts **“Drop of honey saves pip of money”**.

The employers agreed that there is a positive linkage between training programs and a change in harmful qualities into helpful ones in an individual which improves organizational performance.

Human nature cannot be uniform or permanent. As there are many employees, there are differences in their nature. There is a constant change in their personality and behaviour. Some sudden changes can be noticed in their behaviour, approach and attitude which surprise the boss or employer. Sometimes employees themselves are surprised. Both the sides experience “Shock”. However it is true that personality traits create hurdles in effective implementation of training programs.

**(m) Lack of importance given to the need for setting up HRD and HRM department.**

Setting up HRD and HRM departments is not given any priority. Very few star hotels in Pune city have separate personnel department or human resource development department. As pointed out by some managers of star hotel, making separate provisions is very difficult. (Employers are not keen to spend more money for a separate HRD department)

**Table no 8T-3-Table showing the star hotels that have separate HRD and HRM departments**

Sr. No.	Number of Star Hotels	HRD	HRM
1	04 ( Five Star	03(75%)	04(100%)
2	12 ( Four Star)	04(33.33%)	07(58%)
3	13 (Three Star)	01(8%)	03(23%)
4	10 ( Budget Hotels)	04(07%)	08(80%)

(Source-Table no6T-5, Page no-240-241, chapter no-06)

**(n) Heavy investment in land**

Land prices in Pune constitute almost 25 per cent of the cost of the project whereas it accounts for only 15 per cent to 20 per cent of project cost overseas. This cost has only been on the upward side. The rising land cost and low Floor Space Index (FSI) adds to the star hotel industry’s financial dilemma.

The industry is capital intensive and has a long gestation period, with repayment of loans beyond 11 to 15 years. However, the current borrowing and lending scenario is not



something to cheer about, as (a) Banks are not looking at funding beyond a period of 7 to 9 years; and (b) They have made the lending norms and the process more rigorous. Even the RBI has stopped foreign currency loans under its External Commercial Borrowing (ECB) guidelines to the hospitality industry thereby further choking debit funds. Moreover, since the sector has not yet received 'Infrastructural' status, this has impacted government allocations and subsidies towards the sector.

The only silver lining remains the fact that there has been no major impact on the private equity fund flow into the country as these funds prefer to stay invested for a longer term.

#### **(o) License Issues**

Hotel license is the Act that provides for the grant of a hotel license and a small bar license. However, they are all referred to as a hotel license and vary in the manner of trade and trading restrictions.

Hotel and Tourism being a concurrent subject under the Indian constitution, both the central and state governments regulate the hotel industry. The regulations include statutory and regulatory sanctions (or approvals and licenses) from the Central and State departments or agencies.

This includes license to operate a restaurant, (issued by municipal, state and central government authorities), license from the police (issued by local police) and a bar and permit room license (issued by excise department).

Hotels have to apply for numerous licenses and approvals through multiple government agencies.

**A typical hotel may require approaching up to 17 different agencies to obtain licenses (list is attached in chapter no-2, page no-54) depending upon which state it is located in. Compare this with the Singapore hotel industry, they requires only six licenses from government departments.**

Most hotels need to dedicate 6-12 months for the approval process. However, even this is indicative as an environmental clearance alone may take up to two years. This results in unavoidable delays in execution of the hotel projects and adds cost to the overall project, which is already among the highest in the world due to high interest cost. Furthermore, the lack of transparency of the entire process allows for unethical business practices for parties with vested interests.

### 8.3 Problems and difficulties of star hotel employees

#### (a)Unsatisfactory Payments-Low wage structure inadequate payments and incentive schemes make the job opportunities less attractive.

The HR practices still lack professionalism in most of the organizations in the industry: long working hours (more than nine hours), improper career path, lack of professional growth (promotion) and lack of training and development are the key issues in the hotel industry. This need should be addressed by the industry in order to reduce shortage of competent employees. Moreover a good manpower planning, job description and specifications and proper career planning is required at all the levels.

Exploitation of employees is very common in the hotel industry- excessive hours of work from morning till midnight are very common and so employees experience fatigue, stress and strain particularly in business hours. This affects consistency in efficient services. There is no relationship between rewards and efforts. {Total 187 (70 per cent)} employees of star hotels, emphasized on the above mentioned complaints in their personal interview while filling up the questionnaire).

Compared to other service sectors, hospitality careers are often stereotyped as low-wage and entry-level with little opportunity for advancement. Consequently, qualified workers especially youth, are unaware about the range of hospitality careers available to them.

**Table no 8T--4-Comparison of payment between star hotels and BPO, KPO**

Sr. No	Employees Category	Scale in Hotel industry (in Rs.)	Scale in BPO and KPO(in Rs)
1	Fresh Graduates	5,000/- to 6000/-	10,000/- to 15000/-
2	Experienced staff	8,000 to 10,000/-	20,000 to 30,000/-

Professors and students of the hotel management institutes have brought to notice the fact that entry level low wages is the key driving force for students to look for job elsewhere(e.g. further education or go abroad on cruise line, or join BPO, KPO)or choose a different career.

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(Source Table no 8T-4- BPO- Business Process Outsourcing. and KPO- Knowledge Process Outsourcing, Data is collected through personal interviews of HR managers of BPO, KPO)

**(b)Problems of safety and security {Men, Material, Machinery, Money}**

Safety and security of employees is a neglected area in various star hotels in Pune. Poor ventilation, inadequate light and hot climate affects the health of the employees. Employees in the kitchen department are continuously engaged in preparation of variety of food items according to demand. Quickness and quality in preparation of vegetarian, non-vegetarian food items (which is the normal expectation) increases tension on the kitchen staff. In the busy season of the hotel, employees are required to work in two shifts continuously. Provisions of Factories Act-1948 i.e. health (section 10-20), safety (section 21-41b) and welfare (section 42-49) are not taken seriously by the star hotel management. Many important cities are on the hit list of terrorists. Delhi, Mumbai, Hyderabad, Jaipur, Ahmedabad and Pune have experienced heavy damages relating to loss of human lives as well as business property. Sad incidences in Taj and Oberoi hotels of Mumbai, bomb blasts in German Bakery have revealed the fact that safety and security matters are not given due weightage in star hotels.

Pune is also an important industrial centre, a city with many software companies and most importantly a city with 'defence academy' and airbase for air force and likely to be on the 'hit list' of terrorist groups coming from Pakistan. The importance given by star hotels on safety and security matters is a major concern.

The Indian hotels sector was adversely affected by the global economic crisis and the terrorist attack on Mumbai on November 26, 2008. The players in the sector reported a fall in profits in the quarter ended on March 2009, despite this quarter generally being the peak season for the hotel business.

Disaster management is the new area which is hidden and creates worries and psychological tensions on management. Every star hotel management in recent years is required to make its own provisions for facing disaster till it gets assistance from external sources i.e. teams handling rescue operations, fire extinguisher department, medical assistance doctors, nurses and ambulance service. It is new area for training of employees in (a) First aid service (b) Fire fighting equipment users (c) Safe rescue of visitors from their rooms, e.g. use of stretchers for injured persons (employees as well as visitors).

**(c) Opportunities for growth- post training period**

The employees revealed that immediately after the training programs, they felt a big improvement in their skills but gradually they started losing it because it is not rewarded or recognized by the employer. In a nutshell workmen felt developments after each training program though it did not have lasting impact because of lack of opportunity they do get after completing successful training program.

89 per cent employees replied that the training program does boost their morale. Since their work related knowledge and efficiency increase, they experience an enhancement in the quality of work they perform daily. Opportunities for growth of employees after training programs are very low (10 per cent). Employees uncovered that only previous experience and qualification is used as an effective ladder to get promotion in star hotels. Employees in some hotels are given opportunity to attend training programs, within and outside the organization, but opportunities for promotion, change in work are not made available.

**(d) Lack of practical knowledge- Training inadequate (Current knowledge)**

All training programs are found to be traditional, old and similar. Table no 4T-9 to table no 4T-12 in chapter 04, Page no-171-179, indicate, that training programs were arranged for all categories of staff but not conducted regularly. Emphasis is given only on induction, not on updating the realistic awareness of the dynamic star hotel market. Practical knowledge like American, Guaridon or English food service, effective and quick room cleaning, flower arrangement for VIP functions, strategy (menu planning for banquet) and creativity of the workforce of the star hotels are not considered while framing training programs.

Few important aspects are lacking in these training programs like business tactics, grievance handling and environment act familiarization and so on.

Reference -Table No 5T-7 to 5T-11 {Page numbers 177 onwards}(84 per cent) hotel managements agreed that there is lack of practical knowledge in training programs of star hotels and 04(16 per cent ) star hotels are recently making an endeavour to form new training programs with an input of practical, soft skills, grievance handling procedure etc.

### **(e)Grievance Cell**

Grievances cells are very uncommon in star hotels in Pune. There is no mechanism for perfectly handling of grievances and complaints of employees. “No job satisfaction” is common complaint, registered by the employees (188 employees out of 267 i.e.70 per cent) in star hotels.

### **8.4 Role of Government Agencies**

Government agencies contribute in the creation of suitable environment entertaining the expectation of hotel owners in proper manner. They play supporting role and contribute the progress of business unit. It is the normal expectation of supporting role from the hospitality industry. As observed and noticed by research student, this expectation is not fulfilled by government department. The element of cooperation seems to be replaced by the element of non-cooperation in the form of non availability of the services at the right time.

The bureaucratic attitude of government employees especially Municipal corporation employees, becomes main hurdles in progress e.g. (1) renewal of licenses (2) inspection of hotels (3) non availability of government maintenance services(drainage cleaning, road maintenance, regular water supply).

### **(a)Uncertain, Unsteady policies of Central and state government**

Some loopholes and weaknesses are affecting the smooth growth of hospitality industry and their proper functioning under changing environment. However the whole atmosphere is not gloomy and dark, there are some patches of sunshine. As a caretaker and guardian, state and central government have taken some positive steps through suitable policy formulation. In the following pages a snap-shot review of steps taken by state and central government are covered.

### **Highlights of government policy**

The government has given its full support to the industry by introducing friendly legislation, a liberal policy framework, support infrastructure and an open-sky policy allowing foreign airlines to operate in India. The government has ensured further opportunities for star hotel and tourism industry like growing business and commercial

activities, the improved image of the international tourism sector, technological developments facilitating remote tour management from overseas.

### **Policies and Initiatives by Government**

**The Government's major policy initiatives include:**

- Liberalization in aviation sector
- Pricing policy for aviation turbine fuel which influences internal air fares
- Immigration services
- Procedural changes in making land available for construction of hotels
- Allowing setting up of Guest Houses

The Indian Ministry of Tourism has identified 31 villages across the country to be developed as tourism hubs. The states in which these villages have been identified include Himachal Pradesh, Gujarat, **Maharashtra**, Bihar, Karnataka, Madhya Pradesh, Andhra Pradesh, Kerala Tamil Nadu, Orissa, Assam, Sikkim, Rajasthan and West Bengal.

#### **(b)Government's Open Skies Policy**

The Government's Open Skies policy, permission for domestic airlines to commence international flights, start-up of various low-cost carriers, and fleet expansion by domestic players has created a huge incentive for domestic travellers to explore far-off destinations within and outside India. The booming aviation business is bringing an ever-increasing number of travellers to India and pulling Indians out of their homes and into hotels.

The numbers, according to the Ministry of Tourism, speak for themselves:

- The number of domestic and international travellers has increased fifteen-fold to 73.3 million in 2008/09 since 1970.
- Domestic air traveller traffic grew by 16.8per cent in 2008/09 as compared to 2004/05.
- International traveller traffic observed a growth of 16.9 per cent in the same period.
- Private airlines accounted for 77 per cent of the total domestic traffic.

#### **(c)Foreign Trade Policy**

The Foreign Trade Policy announced in April, 2006, offered the following incentives to the hospitality industry. Hotels and Restaurants are allowed to import duty free equipment and other items including liquor, against their foreign exchange earnings. As

in previous years, this entitlement is 5 per cent of previous year's foreign exchange earnings for hotels of one-star and above (including managed hotels and heritage hotels) approved by the Department of Tourism and other service providers in the tourism sector registered with it. The stand-alone restaurants will be entitled to duty credit equivalent to 10 per cent of the foreign exchange earned by them in the preceding financial year (instead of the earlier 20 per cent).

#### **(d) Other Government Initiatives**

The government has undertaken following initiatives to attract both inbound and outbound tourists:

- *Incredible India* - This program of the government promotes India through various integrated marketing programs.
- *Atithi devo bhava (guests are equal to god)* - Under this program, the Government creates awareness among Indian people who come in contact with the tourist.
- Encouragement to religious tourism for instance, promotion of various places in India as Buddhist abodes.
- National Highways Development Project it includes the 5,846 km Golden Quadrilateral Highways of 7,300 km north-south and east-west corridors and investment of Rs. 5,400 million.

#### **(e) Visit India 2009**

The initiatives taken to minimize the negative impact of the global economic slowdown included a "Visit India 2009" scheme launched in collaboration with all stakeholders including airlines, hotels, tour operators, The State Governments organized Road Shows in important tourist generating markets overseas, arranged familiarization tours to India for international travel trade and appointed media representatives to keep them updated on safety / security conditions in the country and carried out extensive media campaigns in the print, electronic, online and outdoor media.

#### **(f) Observation on Policies and Initiatives by Government**

Most of the above policies are ideal on paper. But the implementations of these policies are at very slow pace. Red tapism, corruption and negligence are the major issues that reduce the positive effect of these policies. Collecting documents for various licenses and permits are the major challenges faced by the hotel owner before they start.

The hotel and tourism ministry in India needs to be equipped with executive powers. At present, its role is limited to that of a facilitator and that does not allow the ministry to effectively implement a national level hotel and tourism policy. Hotel and Tourism policies and strategies need to be in line with global trends as well as responsive to local factors such as the changing socioeconomic conditions in the country. India needs a hotel and tourism master plan, which should aim at joining Singapore, Hong Kong and Bangkok as the 'Gateway to Southeast Asia'. The research student is of the view that the hospitality sector has collectively failed to impress upon the central and state governments on the actual unrealized potential of this sector in terms of generating employment and thereby poverty eradication. The industry must use all forums available to it to advocate these facts to the governments. The political class and decision makers in India must be informed about the tremendous potential of hotel and tourism in the development of the country so that concrete measures are taken in the direction of enhancing hotel and tourism in India.

### **8.5 Visitors Problems**

The trend of Indian markets has changed noticeably from agricultural to service market. All of the service businesses are trying their best to improve their service quality in order to make customers satisfied with their services, especially the hotel industry.

Hotel operators now focus more on the quality standards in order to meet the basic needs and expectations of the customers. Once customers and requirements are clearly identified and understood, hotel operators are more likely to anticipate and fulfill their customers and needs and wants.

The more satisfied the customers are more likely visit again or prolong their hotel stay. Following are the observations made by the research student to reduce the problems of customers and make hotel services more qualitative for them.

**(a) Taxes and tips** – Payments to be made by visitors in addition to regular bills, taxes (luxury and entertainment tax) and tips. The expectation of tips by senior and junior staff in star hotels, increase the burden of expenditure on visitors.

**(b) Timings**- Sometimes irregular supply of hot and cold water, cleaning of room, 'check-out timings' create major problem for the visitors who pay high cost for stay in star



hotels. Some flexibility in services schedule is expected from the star hotel management for long term association with guests.

**(c)Language problem-** Understanding each others views becomes difficult and thus develops confusion due to the problem of language. Different spoken languages become an important bottleneck in understanding each others problems in star hotels. Sometimes it becomes an important hurdle in knowing each other properly to provide better service to visitors. It results in complaints and grievances.

**(d)Exchange rate problem-** The unsteady exchange rates (i.e. Indian Rupee and foreign currencies) creates a problem of payment in case of foreign visitors. Latest knowledge about the exchange rates is important for hotel employees at the counter, especially for those who prepare bills and accept payments to avoid inconvenience and confusion between staff and visitors.

**(e)Parking services** –Comfortable and safe parking area are available. Use of exit and entry register and safety of vehicles is given due importance.

Under the present conditions, (recession) an increasing number of visitors is very important for star hotels for their progress in future. However it is not a simple task. Visitors' complaints and grievances must be attended properly. In the consumers protection act, there are some provisions for registering the grievances, but the machinery established under consumers protection act at the state level and district level is operating very slowly. Machinery in the state of Maharashtra is not operating at a regular speed. Cases lying pending before the state commission at present are for years 1998-2000.

## **8.6 Rapidly changing environment**

The growth story started in 1980s when the development of several hotel projects kicked off to cater to The Asiad Games in New Delhi. The hotel sector in the past was polarized into two extremes – luxury hotels on one end and unclassified hotels on the other. However lately, (2000 onwards) there has been an emergence of star hotels in India.

### **(a)Growth Drivers**

The tremendous growth of India's hospitality industry can be attributed to a number of factors which may be broadly classified into three categories - **regulatory, external and internal.**

#### **Regulatory Growth Drivers**

The Department of Tourism, Government of India has initiated a number of steps as listed below:

- Foreign Direct Investment (FDI) allowed in all construction development projects including construction of hotels and resorts, recreational facilities and city and regional level infrastructure.
- Introduction of a new category of visa - 'Medical Visa' ('M'-Visa) for Medical Tourism.
- Tie-up with the United Nations Development Program (UNDP) to promote rural tourism. The Ministry has also sanctioned 102 rural tourism infrastructure projects to spread tourism and socio economic benefits to identified rural sites with tourism potential.
- Plans to permit the issue of visa-on-arrival by 2009 for persons arriving from specific countries (European countries, USA, Canada) under the pilot project.

#### **Bed and Breakfast Concept**

Furthermore, the Government of India is recognizing the availability of spare rooms with a large number of house owners by classifying these facilities as the 'Incredible India Bed and Breakfast Establishments', under 'Gold' or 'Silver' category. This "bed and breakfast" concept is popular abroad and is now fast catching up attention in India.

#### **External Growth Drivers**

##### **Rising GDP**

The Indian economy has been growing at a rate of 9.6per cent and 9per cent in 2006-07 and 2007-08 respectively. Despite the slowdown, the GDP growth for 2008-09 is at 7.1per cent. The hospitality sector is expected to contribute up to 2.2per cent to the GDP.

##### **Foreign Direct Investment (FDI) Inflow**

Of the total FDI inflow between 2000 and 2008, the hospitality sector attracted 1.56per cent, amounting to US\$ 1.07 billion (more than five thousand crore rupees). The

hospitality sector still requires over US\$ 10 billion in the next two to three years for which the Government is relying partly on FDI.

### **Changing consumer dynamics and easy availability of finance**

India is the second fastest growing financial market in the Asia-Pacific region. The credit card base in 2008 is estimated at 25 million and is expected to grow at 20 per cent to 25 per cent per annum. There is the increased use of credit cards for the purpose of purchasing, due to attractive and consumer friendly schemes being offered by various banks.

### **Increasing Domestic and International Tourist Arrivals**

There has been an increase in tourist flow, both domestic as well as international. From 310 million domestic visitors in 2003, the number rose to 529 million in 2007. The Ministry of Tourism's vision is to achieve a target of 760 million domestic visitors by the year 2011 with an annual average growth of 12 per cent.

Foreign Tourist Arrivals (FTAs) were up by 5.7 per cent million during 2008 and clocked 5.37 million compared to 5.08 million during 2007. Foreign exchange earnings increased by 8 per cent, to US\$ 11.5 billion in 2008 from US\$ 10.7 billion in 2007. The Ministry of Tourism aims to achieve a figure of 11 million foreign tourist arrivals by 2011.

### **Internal Growth Drivers**

#### **Demand Supply Imbalance**

As per the latest available statistics, India currently has approximately 114,000 hotel rooms spread across the various hotel categories and is facing a shortfall of 156,000 rooms. The impact of this demand and supply gap is felt by way of increased room tariff. In metro cities, the room rents have simply sky rocketed. This is especially the case with mid-segment and budget hotel categories that face a large gap in supply.

#### **Challenges Faced**

The optimism surrounding the Indian hospitality industry is not without glitches. The industry faces certain challenges which need to be overcome to realize its potential to the fullest. These challenges may be broadly classified into two categories - **external and internal**.

### **External Challenges**

#### **Economic Slowdown**

Average room rates of star hotels have fallen by 10 per cent to 15 per cent. As cost cutting measures, hotels have put on hold their expansion plans for the moment.

### Impact of Terrorism

Leisure destinations like Goa, Maharashtra and Kerala are likely to be affected more than business destinations. It is expected that average occupancy levels across major cities is likely to decline from the current average of 65 per cent to 58 per cent.

### **8.7 Specific Observation- Hotel Management Colleges- The Current Syllabus Needs Revision**

The objective of hotel management program is to make available to the hospitality industry a steady stream of competent young men and women with necessary knowledge, skills and attitude to occupy key operational positions, which is not achieved due to the various loopholes.

The research student has observed that the syllabus is not linked with the requirements of the hospitality industry and appears to be inappropriate or imbalanced. They are inappropriate in form of theory and practical combination covered under the three and four years diploma and degree courses in hotel management colleges.

The basic idea is to revise the curriculum of hotel management institutes with a view to keep them abreast with current changing trends in the hospitality industry. The syllabus for the hotel management is not revised by University of Pune from 2000 onwards and by the National Council of Hotel Management and Catering Technology for the last 17 years (1993). (The principals of 08 hotel management institutes and 24 professors have been notice about old syllabus and the importance of restructuring (updating) the syllabus)

### **Table no-8T-5-The proportion for the practical (PR) and theory (TH) lectures and marks are as follows**

Sr. No	Subject	Periods		Marks			
		TH	PR	TH	PR	INT	TOTAL
1	Food Production	2	8	40	40	20	100
2	Food and Beverage Service	2	4	40	40	20	100
3	Housekeeping	2	2	40	40	20	100
4	Communication Skills	2	4	80	--	20	100
5	Catering Science	3	2	80	--	20	100
6	Basic Principles of Accountancy	5	--	80	--	20	100

7	Front Office Operations	2	2	40	40	20	100
	Total	16	20	360	120	120	600

**Table no-8T-6 Industry Institute Interactions**

Sr. No	Periods	Marks		
	TH	EXT	INT	TOTAL
1	Industrial Training 16 Weeks x 6 days x 8 Hrs. = 768 Hrs.	150	100	250
2	Project Report	150	100	250
3	Computer Application 4 Weeks x 6 Days x 8 Hrs. = 192 Hrs.	--	--	--
	TOTAL	300	200	500

**The observations on syllabus of hotel management institutes in Pune and Maharashtra are as follows.**

**Food Production**

❖ This subject is taught for all three and four year courses for six and eight semesters. The distribution of theory and practical marks is 50 per cent each. In practical preparation of the modern food dishes e.g. preparation of diet food, sugar free dishes and core concepts of food production are given very less exposure e.g. the boiling of green vegetable without losing its colour. It is only theoretically covered.

❖ Lectures allotted in time table for Practical- 08 hrs (only two practicals) and theory 02 hours (less importance is given to practicals).

**The following additional points have also been observed.**

❖ No basic hygiene practice has been observed in the kitchen. (E.g. No separate cutting board for non-vegetarian food and vegetarian food, washing hands before entering into the kitchen, etc.)

❖ Safety practices are completely ignored in the various training institutes (there are old outdated equipments or no fire extinguishers and hose pipes, improper maintenance of gas burners etc.).

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(Source Table no 8T-5 and 8T-6– Brochure of Institute of Hotel Management and Catering Technology. Pune. Source of observation- personal interview conducted by research student with professors of hotel management the catering institutes of Pune)

❖ Importance is not given to proper storage of vegetarian and non vegetarian raw materials in the storage room (Paneer is stored with peeled garlic or fish with other meat items).

❖ No practical significance and incorporation in syllabus for diverse updated cooking methods e.g. cooking of rice in steamers, preparation of soup and sauces in boiler.

### **Food and Beverage Service (for all three/four year courses)**

❖ The distribution of theory and practical is 50 marks each.

❖ Lectures allotted in time table- Practical- 04hrs and Theory 02 hours.

❖ Negligence towards teaching basic restaurant etiquettes like greeting the guest assisting the guest to sit by pulling a chair.

❖ Ignorance of restaurant hygiene practices like storage of crockery and cutlery, cruet set (salt and paper), proprietary sauces like Tomato or Soya sauce.

❖ Handling of service gear (napkins), carrying plates, glasses and other equipments not given due attention.

### **Front Office and Housekeeping**

❖ The distribution of theory and practical is 50 per cent each.

❖ Lectures allotted in time table- Practical- 02hrs and Theory -02 hours.

❖ Unawareness about different reservation systems, passport handling procedure, currency handling and lost and found procedure.

❖ Improper introduction of housekeeping department, cleaning agent and equipment.

❖ Inadequacy in teaching the housekeeping work e.g. polishing, vacuum cleaning and telephone etiquettes, handling guest messages by housekeeping staff.

### **Other Issues**

❖ Ten business laws need to be taught in a particular semester which is not feasible. ( for MBA only four laws are covered in one semester and a total of ten laws are covered in three semesters )

❖ Less importance is given to Hotel Accountancy, Principles of Management, Organizational Behaviour and Communication.

❖ Minimum weightage is given for industry interaction i.e. only 10 per cent {Total number of weeks are 160{04 year \* (4 weeks \* 10 months)} and industrial training is only for 16 weeks (as mentioned in table no-02).

Basic training facilities in hotel management institutes do not meet acceptable standards in Pune and Maharashtra. In the face of such expansion, questions have often been raised about the level, scope and quality of hotel industry training and education in the country. Therefore, there is a need to come up with a uniform curriculum that is not only acceptable to all the industry participants, but which is also competitive both locally and internationally. (Page no-44, chapter 4)

## **SUGGESTIONS, RECOMMENDATIONS AND CONCLUSION**

### **8.8 Introduction**

Every research, in any faculty concludes with meaningful observations, and at the end significant suggestions and recommendations are made. Human resources development aims at developing a variety of competencies of hotel employees and developing a dynamic work culture in the hotel organization. Efficient utilization of resources is the key to improvement in productivity in industry and service sector.

The success and progress of any business irrespective of size and nature, depends on four segments, i.e. owner/employer, employees, customer/visitors and government's positive role. Similarly it depends on internal and external environment. Research student, in his analytical study covered all four elements collectively responsible for the smooth operations of five star hotels in and around Pune city. The main focus, simultaneously, is on the systematic development, planned efforts made by star hotel management for the development of human resources (employees) at their disposal. The systematic study undertaken by the student has enabled to identify the weaknesses and loopholes in each element, owner/employer, employees, government and visitors.

The owner/employer and employees are closely connected, for the day to day handling of various operations. They are the parties responsible for making available regular and efficient services for satisfaction of visitors. The government and visitors are outsiders who occasionally come in to the picture in the business of star hotels.

**Hotel business (especially star hotel business has four dimensions)**

**(1) Employer –Owner**

## **(2) Employees**

## **(3) Government- State and central government**

## **(4) Visitors**

Without mutual understanding and cooperation progress of star hotels their growth and real sharing in the prosperity of the nation, contribution in national income , all these things are next to impossible. Every side must come forward, willingly and safeguard interests of other three sides, while struggling in uncertainties and facing many odds. There problems and difficulties are everlasting in nature. Remaining silent over the important is not a good remedy. Every side must make sincere and continuous efforts to boost up growth of hospitality industry.

Efforts making is not possible without knowing the hurdles, difficulties these four sides are required to face. Making efforts without knowing the facts the real problems making suggestions and recommendations would be like shooting at the horizon, unfruitful and wasteful efforts. Research student has therefore focused attention on acquiring the knowledge properly about hurdles, obstacles hotel industry is required to face currently i.e. during the last decade.

Some problems have crop up as the result of excessive liberalization and globalization – e.g. liberal issuance of passport and visa malpractices and the issuance of bogus passport and visa has created problems of safety and security, nation’s security and safety has come into danger.

Chapter number six “observations and finding is based on primary and secondary data collected by the student. The information collected has therefore become reliable and authentic. These efforts have created sound base for this chapter (which is a concluding chapter of research work undertaken by the student). Valuable suggestions and recommendations indirectly make contribution to existing knowledge. Specific suggestions, new training program for development of human resource within hotel industry, amendments suggested in some acts play significant role in deciding the fate of hotel industry in future.

In this context research students claims that his suggestions are meaningful and concrete. These suggestions if implemented with utmost sincerity by all the participants of



hospitality industry would contribute in the removal of cloudy and uncertain atmosphere currently existing.

## **8.9 Employer**

### **(a) Proper Choice of location – Considering long term huge investment**

The imbalanced expansion of the star hotels in Pune should be reduced for development of star hotel industry and to improve the economic environment in Pune. The proximity of star hotels will not only increase the dirty politics of price-war but also create problems of staff.

Therefore the hotel industry owner should consider the problems of other hotel in their close proximity before they start. A suitable location should be developed by the star hotel owner for the benefit of the city as well as their own benefits.

Convenience of visitors, comfortable and peaceful stay are the factors to be given due weightage. Licensing policy should be based on this point. Concentration in specific areas should be avoided by the star hotel owner in Pune city. Nearness to market, hospital facilities, closeness to the railway station, airports, green belts are some points that should not be overlooked by the licensing authority.

### **(b) Co-operation to government departments- local authorities – inspection of hotels payment of taxes and filing returns**

Probably the most important complaint reported by hotel management is that, in designing their tax systems the Indian government should keep the administrative dimension at the center rather than the periphery of reform efforts. Poor administrative capacity creates a wedge between the structure of the tax on paper and what actually works in practice.

Apart from eroding revenue productivity, poor administration results in the perpetuation and even the spread of informal economy, significant deadweight losses and the violation of horizontal equity. The poor infrastructure of administration causes lots of problems e.g. delay in accepting tax, prompt return of tax and calculation of tax should be avoided by appropriate government.

### **Specific Recommendations**

- ❖ Simplification in tax structure
- ❖ Easiness in calculation of taxes and filing returns.

- ❖ Uniformity in tax rates in all the states
- ❖ Tax burden to be minimized for pushing up further their (star hotels) capacity to compete.

These are the steps to be taken by the government instead of focusing attention on increasing the number of tax payers, minimizing tax evasion. Tax incentives are necessary for those who are honest, loyal and regular. Tax rebates, timely refund of extra taxes are the normal expectations of any tax payer to be fulfilled by the government, local as well as central.

### **Reduce Tax Burden**

- Include Hotel and Tourism as a subject in the Concurrent List of the Constitution of India. This would enable both the central and State Governments to participate in the development of tourism with greater harmony.
- Grant hotels infrastructure status under Sec 80-IA of *Income Tax Act*. This would enable hotels to access cheaper debt from international markets. Related tax benefits would also help the sector (now only Uttar Pradesh government has the granted status of the hotels as industry).
- Grant hotels as 'Industry' status across India. This would allow them benefits like concession in VAT/sales taxes, property tax, and industrial rates on consumables like electricity and water amongst others.
- Impose a single uniform luxury tax, based on the actual room tariff only, across all Indian states
- Impose uniform tax rates on rooms, food and beverages and liquor across the country
- Give incentives, in the form of tax breaks, to reinvested capital in hotel industry
- Develop a more scientific rating system to truly benchmark hotel quality
- Grant special incentives for budget hotels across the country to improve funding issues.
- Ease restrictions on franchisers operating in India
- Envision a national tourism master plan with a broad outlook
- Augment infrastructure at all touch points for tourists

- Rationalize local taxation guidelines in favour of the sector

### **(c) Ways to overcome for shortage of skilled and efficient employees**

The staff requirement for various hotels ranges from 1 to 3 persons per room, depending on the hotel category. This is regardless of the fact that technology is replacing manpower in operations since hospitality is a service-oriented industry.

The challenge for upcoming hotels in Pune, especially the star hotels, is to find enough skilled professionals (through campus interviews, consultancies and employees referral) to maintain the level of service standards that regular international travellers are expect.

#### **❖ Problems in acquiring skilled labour**

The research student's interaction with the HR heads of various hotel corporations in Pune reveals that only about 20 per cent of new hotel management graduates are deemed employable. An inconsistent mix of budget hotels, unbranded hotels, restaurants, food service industry, airline and the BPO sector absorbs the rest.

### **Recommendations to curtail the shortage of labour supply**

**Scale up the intake** - The industry will need to learn to absorb candidates in large numbers. The emergence of the retail industry is expected to adversely affect hospitality, just as the BPO industry did in late-nineties. Hotels will need to strengthen their HR and training processes to face the churn. Valuable lessons can be learnt from the BPO and IT sectors in India, which operate with a market-wide attrition rate of 30 per cent.

**Improving industry interface with academia** - It is common knowledge that the best catering institute regularly uses the services of practicing industry experts as guest/visiting faculty. However, even the relatively well-known hotel management colleges of India witness negligible involvement from the industry. Complaints about the bad quality and low employability factor of fresh hotel school graduates need to be addressed holistically. Hotel companies, especially those in the luxury segment, need to get together and share industry knowledge with students of accredited institutes.

**Work-life balance** - An hotelier can use the option of work-life balance as the main reason for attracting more employees at managerial level. The fast-changing family system in India and increased responsibility of both sexes has made it difficult for even die-hard hoteliers to ignore the social and personal aspects of their lives.

**Outsourcing** - Hotels need to learn to outsource areas of operation where they do not possess key competence (chef, service department). International hotels manage to save millions of dollars per year by outsourcing departments like restaurants, security, accounting, housekeeping, amenities, maintenance etc. This has to be complemented by a comprehensive Quality control mechanism to ensure that the outsourced function conforms to the brand standards.

**Temporary workforce** - Hotel companies need to develop a flexible workforce, which can be summoned when the need arises. One globally accepted method is to induce a part-time workforce from college or universities (seasonal employment to college students, i.e. “Earn and learn scheme”). The extent of usage of this flexible staffing is generally inversely proportional to the market orientation of the hotels. This, therefore, will be a more fruitful strategy for the mid-market and budget segments. While, temping for hotels is not a full-scale solution, this is an area worth exploring. Interested hotel companies will need to support entrepreneurs to establish such temp-workforce in local markets.

**Technological intervention** - The industry needs to wake up to the benefits of superior technology to achieve a higher operational efficiency (on line reservation of rooms), which is not accepted by two and three star hotels in Pune. The luxury and first class hotel segment could focus towards standardization and product enhancement via technology. The mid market and budget segment need to reduce the ratio of employee to room by the innovative use of technology.

Additional recommendations:

- ❖ The present and new hotel management institutes have to train a substantially larger number of students to cater to the increasing demand in hotels and restaurants.
- ❖ The students of diploma and certificate courses needs to be increased substantially; this could be done by altering the mix of students in favour of the short-term courses.
- ❖ Since trained manpower is scarce in the smaller hotels, a training module in the form of audio and video CDs can be explored which is available with Hotel and Motel Association, USA.

- ❖ A joint sector campaign has to be undertaken to generate pride in a hotel management career. This will help to attract and retain trained manpower in this sector.

### **Recommendations to the Government:**

The Government could constitute a steering committee to review the demand and supply of the human resources in the hospitality industry and prepare plans for developing qualitative human resources which are required for the present day global industry. The committee should consist of the members from all concerned areas like

- State and central tourism development commissioners
- Representatives from all areas of hospitality industry
- Members /president/ secretary of the hotel management associations
- Members /president/ secretary of the Travel and tourism associations
- Representative from hotel employees associations
- One member representative from international hotel chain
- Organize visits abroad by hotels and restaurant association

**The committee should review the present situation and suggest the steps to be taken to reduce the gap between the demand and supply of human resources in the industry.**

**The committee should also concentrate on the following issues:**

- Create a policy on Industry institutional interaction
- Establish an apex body to coordinate all the hospitality management institutes in the country
- To conduct a common entrance test (CET) for all Govt. University/AICTE/Private institutes in the country
- Develop curriculum from time to time as per industry requirement
- Design fees structure for different courses in different institutes

**(d) Protection of environment, tree plantation, disposal of waste water, garbage, clean premises, noise free**

The Municipal Corporation should accomplish their commitments and promises. Assistance is made available, not only under some pressures or unauthorized additional

payments for services but at all the times for the benefit of development of star hotels in city.

Hotel industry should also take following measures to help Municipal Corporation.

- 1) **Tree plantation**-Tree plantation at convenient places. Flowers and plants not only change the climate but also make it very pleasant.
- 2) **Garbage disposal** – Garbage disposal of remaining or unused parts of fruits, vegetables and non-vegetarian item preparation is to be carried out professionally. Training should be given to dispose them according to the Environment Act guidelines and without creating problems to the society.
- 3) **Disposal of waste water**- Underground drainage system should have regular and timely check up for prevention of harmful gas formation and bad smell.
- 4) Dirt and dust in rooms, passages and surrounding areas should be cleaned frequently.

**(e) Inspection of star hotels**

Necessary steps should be taken by local and state government to reduce the unfair practices of the inspection staff. There must be standard guidelines provided for hotels and inspection staff to incorporate discipline amongst them. The number of trained inspectors for inspection of hotel industry needs to be increased which is comparatively very less. Research student has noticed and recorded in his visit, that in environment offices, only 17 numbers of inspection staff is available for all the industries in Pune.

**Inspection**-Inspection should be conducted at regular intervals, without notice but not with the intention of harassment of any kind. The authority of inspection must be clear and within limits. Issue of certificates, reports and preservation of inspection reports is advisable.

**(f) Utilization of funds by designing effective training programs and consultancy for trainer's availability**

The design of training programs covers the planning, creation of training and development programs by utilization of available funds.

Table I describes the process in greater detail.

**Table no-8T-7 Typical Instructional Systems Design Model**

<b>Sr. No</b>	<b>Step</b>	<b>Description</b>
<b>1</b>	<b>Needs analysis</b>	<b>Measuring the disparity between current and desired skill levels (e.g. Handling room reservations system, Preparing for foreign guest arrival )</b>
<b>2</b>	<b>Task assessment</b>	<b>Collection of data on job tasks and the subsequent identification of learning requirements and possible difficulties.(e.g. not aware about the documentation procedure of foreign guests, or previous complaints)</b>
<b>3</b>	<b>Stating objectives</b>	<b>Creation of a concise statement of objectives and purpose as a benchmark.</b>
<b>4</b>	<b>Assessment/ testing</b>	<b>Development of testing materials designed to measure the performance of the objectives.</b>
<b>5</b>	<b>Development of materials</b>	<b>Selection of effective instructional strategies followed by the development of materials based on the chosen strategies.</b>
<b>6</b>	<b>Plot programs</b>	<b>Piloting the program to gauge the effectiveness of the materials as well as identify potential weaknesses through subsequent evaluation.</b>
<b>7</b>	<b>Evaluation</b>	<b>Evaluation of the efficacy of the methods and materials.</b>
<b>8</b>	<b>Needs analysis</b>	<b>Measuring the disparity between current and desired skill levels.</b>

❖ **Evaluating Training Programs- Impartially**

Once a star hotel implements a training program, it must evaluate the program's success. In order to evaluate training programs, star hotels must collect relevant data. The data should include easily measurable and quantifiable information such as costs, output, quality and time.

Costs: Budget changes

Output: Units produced (food items produced or number of guest served), productivity per hour, (Bed making or room cleaning per hour)

Quality: Error rates, waste, defective products, customer complaints and shortages.

Time: Production or processing time, overtime, training time, efficiency and meeting deadlines.

The hotel industry can also use qualitative data such as work habits, attitudes, development, adaptability and initiative to evaluate training programs.

Furthermore, star hotels tend to evaluate training and development programs on four levels: behavior, learning, reaction and results. Businesses examine employee behavior after training programs in order to determine if the programs helped employees adjust to their environment; also, hotels can obtain evidence on employee behavior via observation and interviews. Throughout the training process, employers monitor how well trainees are learning about the hotel, the atmosphere and their jobs.

To evaluate training and development programs effectively, employers also gauge employee reactions to the programs. This feedback from trainees provides companies with crucial information on how employees perceive their programs. Using questionnaires and interviews, hotels can identify employee's attitudes toward various aspects of the training programs. Finally, employers attempt to determine the results of their training programs by studying the quantifiable data addressed earlier as well as by considering the employee turnover rate and job performance of workers who recently completed a training and development program.

**Problems of trainer's availability – can be tackled by:**

❖ **Nominating an expert training consultant**

Every star hotel must nominate one or two expert training consultants from training academy for their training input for special training programs (taxation, safety procedures). They should also include the expert in their advisory body for the betterment and contribution to the star hotels in form of suggestions for updating training modules. The nomination should not be on paper but interaction should happen to take suggestions from the expert delegates.

❖ **Comprehensive total training**

The entire training function can be outsourced if star hotel unable to spend time as well as money. However, according to the review of participants, a comprehensive training outsourcing strategy is more beneficial to star hotel industry due to unavailability of trainers.



### **(g) Needs to be encouraged -Self Motivated Employees**

The management can play a positive role and encourage other employees also for self development by following the process of refund, after the employee successfully completes the training programs and rejoins regular services. Self development [education and training] programs encourage the employee also for giving useful suggestions to management, which should be accepted and rewarded immediately. They willingly come forward to impart their knowledge to other colleagues in the organization. Qualities developed through self made efforts retain for a long term e.g. leadership is more stable in nature i.e. accuracy in decision making capacity.

Star hotel management should encourage their employees for further education and attending training programs. Hotel management must form a committee to encourage and reimburse the amount employees spent. A commitment or bond from the employees should be taken to work with the organization for not less than two years. This practice has been introduced in Oberoi and Taj hotel recently, which need to consider by star hotels in Pune.

### **(h)Importance need to given for top and middle management training programs in star hotels in Pune**

Attitudes and attention to training has changed greatly in the last 10years. Historically, training applied more to manual and trade skills often affected through apprenticeships and lower level employees. With the aid of modern technology, the training expertise itself has been greatly developed and improved to cover all aspects of modern business and industry.

The research student has suggested, (observation no 6.7) an increase in training programs for top and middle management. He recommends that there should be more involvement of top and middle managers for HRD.

- ❖ The effect of management training at the top filters downward throughout the entire organization where well trained staff builds a stronger team of employees.
- ❖ Management training will not only help managers to manage routine work and develop the business; it will also help them to identify the training required for their employees.

- ❖ On the job training (OJT) is a process which may involve several steps. This includes teaching and coaching by managers or team leaders or training at a desk or bench. The effectiveness of OJT will be determined by the quality of this guidance from managers or team leaders.

It is therefore essential that appropriate training is provided for managers and team leaders in this respect, and it is made clear to them that, this is part of their job and will be one of the areas for assessment of their performance.

#### **(i) Reducing labour turnover- Employee Retention**

##### **Promotion opportunity right time and right persons**

A high rate of employee turnover is a challenge for the hospitality sector. It is important to chalk out effective retention strategies that can have a long-term impact.

Retaining the right talent has always been an issue in the hospitality sector. The investment that goes into recruiting, training and acquiring on-the-job skills leads to both tangible and intangible loss when a skilled and experienced staff leaves the organization. Carefully formulated long-term strategies need to be worked out to prevent this loss and retain the people asset who holds the key to business survival and growth in the services-focused industry.

##### **Bring in right quality staff**

It is a well acknowledged fact that the key to retention lies in right recruitment. Stringent hiring processes are necessary not to just test the on-the-job skills of the individual but also his ability to adjust in the work culture and be a part of the team.

There is a direct co-relation between hiring and retention. It is important to evaluate the job requirement correctly, assess and source the right candidate (in catering institutes or other star hotels). A good assessment will yield more than a good candidate like a trade test for the kitchen department. It will shorten the learning curve and integration of the candidate into the system will be very smooth. Candidates who have the ability to adapt to people from other backgrounds, with good listening skills, patience and the ability to make quick decisions would be very successful in the hospitality sector.

It is also imperative to have a well-defined recruitment strategy along with the right pay package. The essentials are job satisfaction, role clarity, sense of belonging and welfare

measures. Career growth prospects also play a very important role in retaining employees. From an organization's point-of-view, employers look at the value which a prospective candidate could add to the organization through his/her experience and knowledge or even a fresh open attitude towards learning. Employers today prefer candidates who they feel can be retained for a longer period rather than a short one.

**Following are the additional suggestions for retaining human resource in the hospitality industry**

❖ **Transparent policies and procedures**

After induction, employees need to be educated about the policies and working procedures of the hotel. Keeping them transparent, fair and consistent will enable employees to see the employer in good light.

❖ **Recognition of performance**

More than a round of applause or a pat on the back, compensation in terms of bonuses, rewards, peer recognition, etc. is necessary as a recognition strategy. Innovative performance based perks such as an insurance cover and time offs are also good ones.

❖ **Discuss career paths**

Career development is on everybody's mind. The employer must offer advice and help to the employee's career development, highlighting how this job will cater to that need. It is important that the employees know that the organization is interested in investing time and money, provided they stick to their job. This will help both the employee and the employer to achieve mutual goals.

❖ **Exit interviews**

Finding out the reasons for the employee turnover can be effectively done through exit interviews of those planning to leave. The HR department must be trained in doing these and derive an inference from the answers to such questions. This will give the management an insight into the needs of the employees and allow them to sort out problem areas.

**(j)Principles to design effective training programs for different Personality traits**

Human nature cannot be uniform or permanent. Employees have differences in their nature. There is constant change in their personality and behaviour, but employers agreed

that training programs have resulted in development of courageous leadership, decision making skills and the capabilities of undertaking new projects.

Taking into account the different personality traits of employees, the star hotels must design effective training programs keeping in mind the following principles.

- ❖ Training can only be successful if it is recognized that learning is a voluntary process that individuals must be keen to learn and consequently they must be properly motivated.
- ❖ Employees learn at different rates and particularly in the case of adults, often start from different levels of knowledge and skill with different motives and attitude.
- ❖ Learning is hindered by feelings of nervousness, fear, inferiority, and by lack of confidence.
- ❖ Instruction must be given in short frequent sessions rather than a few long stints.
- ❖ Trainees must participate.
- ❖ Training must make full use of appropriate and varied techniques and of all the senses, not just one, such as the sense of hearing.
- ❖ Trainees need clear targets and progress needs to be checked frequently.

Confidence has to be built up by praise, not broken down by reprimand. Learning must be rewarding.

#### **(k) Impact of training programs**

As observed by research student and reported by employers and employees training programs leads to the improvement in performance and effectiveness (high quality of output with low input) at all the levels of star hotels.

More importance should be given to design updated training programs with considering the problems of hotel and employees.

#### **(l) Return on Investment**

The management and employees of the star hotels in Pune which have made investments in training programs and made budgetary provisions have admitted to this fact that it is long term investment with positive impact.

Considering the above fact star hotels should do the proper investment for training programs at all the levels.

**(m)Primary importance need to be given to set HRM and HRD department in star hotels**

The Human Resources (HR) function provides significant support and advice to line management. The attraction, preservation, and development of high caliber people are a source of competitive advantage for the hospitality business and are the responsibility of HRM and HRD.

What distinguishes a successful hotel from an unsuccessful one is the quality of manpower; it shows the importance of human resource development. The role of HRD is to optimize the use of human resources available with an organization.

The Hotel owner should take an initiative to have HRM and HRD department in star hotel. It will not only be useful for staffing functions but it will also reduce the shortage of labour supply and retention.

**(n)Proper choice of location – considering long term huge investment**

The more weightage should be given to increase the private equity fund flow from domestic and international sources. The choice of location should depend on airport vicinity, and other guest related services rather than central part or costly location.

**(o)Clear, Steady and Simple – Licensing Policy**

**License Issues**

License and certificates should be easily available without making unnecessary compromise in rules, regulations and technical formalities. Renewal of licenses should become an easier task rather than a tedious and time consuming one. Availability of licenses, permits, certificates at the right time, with minimum waiting period makes it easier for the management. They can start business, expand and modernize business so as to increase their utility to domestic as well as foreign visitors. Some liberalization in policy and quick implementation by concerned machinery is advisable.

Rationalization and increased transparency for the entire license/approval process; the entire process should be compressed to a maximum of 60 working days.

Minimize documentation to essential ones like:

- ❖ Rationalize and increase transparency for the entire license/approval process with minimum documentation
- ❖ Permission from Urban Development Authority

- ❖ Land usage certificate
- ❖ Clearance certificate for the building plan
- ❖ Fire, Sewage, Electricity- One window
- ❖ Temporary Occupation Permit (Pre-Opening stage)
- ❖ Permanent Occupation Permit (Post-Opening stage)
- ❖ Tax registrations
- ❖ Star classification

### **8.10 Problems and difficulties of star hotel employees**

#### **(a)Improve work environment (Inadequate payments, incentive schemes, HR practices make the job opportunities less attractive- improve work environment)**

Competitive salary, vacation and tuition reimbursement are three basics in employee job attraction. Reducing employee turnover and making job more attractive is dependant on the total work environment you offer to the employees. These recommendations are about making job attractive are very basic.

- ❖ Offer an attractive, competitive, benefits package with components such as life insurance, disability insurance and flexible hours.
- ❖ Provide opportunities for people to share their knowledge via training sessions, presentations, mentoring others and team assignments.
- ❖ Demonstrate respect for employees at all times. Listen to them deeply; use their ideas; never ridicule or shame them develop sporting spirit.
- ❖ Offer performance feedback and praise good efforts and results.
- ❖ Employees want to enjoy their work. Make work fun. Engage and employ the special talents of each individual through demonstration or yearly or monthly gathering in their respective departments.
- ❖ Involve employees in decisions that affect their jobs and the overall direction of the company whenever possible.
- ❖ Recognize excellent performance, and especially, link pay to performance. Base the upside of bonus potential on the success of both the employee and the company and make it limitless within company parameters. (As an example, pay ten percent of corporate profits to employees.)

- ❖ Recognize and celebrate success. Mark their passage as important goals are achieved.
- ❖ Provide opportunities within the company for cross-training and career progression. Employees like to know that they have room for career movement.
- ❖ Provide the opportunity for career and personal growth through training and education, challenging assignments and more.
- ❖ Communicate goals, roles, and responsibilities so people know what is expected and feel like part of the organization.

### **Low Wage structure to be abolished**

Most employees, whether or not represented by labour unions, continue to seek improvements in direct compensation, employee benefits and working conditions. All commitments must be based upon what the firm can afford, comply with current practices of other employers and be understood and accepted by the employees. Employee's policies of wage structure and operating procedures should be developed and negotiated with great care.

### **(b) Safety Measures –Men Materials and Machines**

Some incidences take place without intimation. Provisions must be made to tackle them efficiently, so as to minimize the losses and damage to business. Star hotels in Pune city are lagging behind in this respect (The recent incident on German bakery on Saturday, 13<sup>th</sup> Feb2010 at 7.15 p.m.).

Every star hotel management in recent years is required to make its own provisions for facing disasters till it gets assistance from external sources i.e. team handling rescue operation, fire extinguisher department, medical assistance, nurses and ambulance service. It is a new area for training of employees (a) First aid service, (b) Fire fighting equipment users. (c) Safe rescue of visitors from their rooms. Use of stretchers for injured persons (employees as well as visitors). Training programs should be developed for tackling these issues effectively.

### **(c) Opportunities for growth, post training period**

Skills and Knowledge are acquired in stages marked by periods of progress. An improved employee should be given an opportunity for promotion, rather than only on experience or on qualification base. As it can be a cause of disappointment and frustration for many

employees. Effective policy should be formulated by employers to promote competent employees and to increase morale.

**(d) Specific training and development programs to increase practical knowledge**

There is an increasing demand for customer care in star hotels. All employees require the skills to interact in a positive manner, in order to be able to create and maintain a safe, dignified working environment for the customer. The continued emphasis on developing core technical and hard skills is also essential for the industry. The developing need for soft skills is increasing and requires attention now, to prevent a critical gap arising in the future. The lack of soft skills will affect the star hotels organization performance and the national economy, in the long run.

The concept applies to the development programs which are considered at higher levels of management to improve the decision making, leadership or management skills for the middle and higher level management staff. Star hotel industry is dynamic in nature and highly competitive due to international chains. Therefore traditional training programs will not help in increasing the desired level of competency among the employees.

**Brief Explanation about Suggested Training Programs**

**Role Playing**

In role playing, trainees assume various roles and play out that role within a group to learn and practice ways of handling different situations (mistake in room charge billing of a regular customer, or non availability of room to a confirmed reservation of a hotel customer). A facilitator creates a scenario that has to be acted out by the participants and guided by the facilitator. Furthermore, participants receive immediate feedback from the facilitator and the scenario itself allowing better understanding of their own behavior.

**Self Instruction**

Self-instruction refers to an instructional method that emphasizes individual learning. In self-instruction programs, the employees take primary responsibility for their own learning. (Preparation of innovative new food preparation or making bed by using time and motion study) Unlike instructor- or facilitator-led instruction, trainees have a greater degree of control over topics, the sequence of learning and the pace of learning. Depending on the structure of the instructional materials, trainees can achieve a higher degree of customized learning.



Employers must not only make learning opportunities available, but also promote interest in these learning opportunities for the success self-instruction programs. This method also benefits three and four star hotels that have to train only a few people at a time.

### **Team Building**

Team building is the active creation and maintenance of effective work groups with similar goals and objectives (departments like food production and food service have competition of gaining monetary benefits in star hotels). Team building is a formal and methodological process of building work teams with objectives and goals, facilitated by a third-party or consultant or trainer. Team building is commonly initiated to combat ineffectual group functioning that negatively affects group dynamics, labour-management relations, quality or productivity.

### **Games and Simulations**

Games and simulations are structured competitions and operational models used as training situations to emulate real-life scenarios e.g. practical difficulties in front office, food service and housekeeping. The benefits of games and simulations include the improvement of problem-solving and decision-making skills, a greater understanding of the organization, the ability to study actual problems, and the power to capture the student's interest.

### **Mentoring**

Mentoring refers to programs in which companies select mentors also called advisors, counselors and role models for trainees or let trainees choose their own in the same star hotel. When trainees have any problems or need help, they turn to their mentors, who are experienced workers or managers with strong communication skills. Mentors offer advice not only on how to perform specific tasks, but also, on how to succeed in the hotel industry, how the corporate culture works and how to handle delicate or sensitive situations. Furthermore, mentors provide feedback and suggestions to assist trainees in improving inadequate work.

### **Job Rotation**

Through job rotation, hotels can create a flexible workforce, capable of performing a variety of tasks and working for multiple departments or teams if needed. Furthermore, employees can cultivate a holistic understanding of a hotel through job rotation and can

learn and appreciate how each department operates. Effective job rotation programs entail more than a couple of visits to different departments to observe them. Rather, they involve actual participation and completion of actual duties performed by these departments.

### **Technical Training**

Technical training seeks to impart technical knowledge and skills using common training methods for instruction of technical concepts, factual information, and procedures, as well as technical processes and principles (Room reservation system software, new equipment of food production like griller, toaster, grinder etc). Likewise, sales training concentrates on the education and training of individuals to communicate with customers in a persuasive manner and inculcate other skills useful for sales positions.

### **Communication Training**

Communications training concentrates on the improvement of interpersonal communication skills, including writing, oral presentation, listening and reading. In order to be successful, any form of communications training should be focused on the basic improvement of skills. The training should serve to build on present skills rather than rebuilding from the ground up. Communications training can be imparted separately or can be effectively integrated into other types of training, since it is fundamentally related to others disciplines.

### **The following are the suggestions with regards to above mentioned training programs**

- 1) **Generating interaction and developing inter personal behaviour** - Training techniques like role playing, meditations and exercises, etc. help in generating an inter-personal interaction and builds a sense of empathy, which, when properly nurtured, helps in building team work; not only at hotel departmental level but also at the organizational level.
- 2) **Better decision making and leadership skills** – Training techniques like games and simulations help in building better analytical and logical decision making skills. They develop an X- ray vision to critically analyze, interpret and find the best solution which is both effective, feasible and result oriented for the star hotel.

3) **Better work performance and rapport building** – Techniques like job rotation, mentoring, demonstrations or other job instruction technique, helps in not only improving the work performance but also brings about a continuous interaction that helps in building a good rapport between employees and supervisors. It also helps the employees to understand the expectations from the superiors and leads to better communication.

4) **Better understanding of organization and value inculcation** - The increased focus on orientation programs, induction exercises, communication, better time management, work life balance, enhancing team work or quality management helps in creating better inter-departmental interactions and understanding; thus, building a quality and value based work force.

**For consistent development and maintenance of star hotel services there is no other way but to impart training to personnel at all levels. Training is an effective medicine to cure many problems of employers and employees.**

#### **(e) Grievance Cell**

Hotel management itself should take the initiative and make improvements in grievances handling procedure. If necessary, a short term training program should be developed for training the staff. Immediate handling of grievances would improve the environment. A “stitch in time” policy is always ideal.

Awareness about, The Consumer Protection Act 1986, The Industrial Disputes Act 1947 etc., are important for avoiding clashes and complaints of employees and visitor’s argumentative attitude can be minimized, if awareness is on both sides.

### **8.11 Policies –Formulation and Implementation**

#### **(Uncertain, Unsteady policies of central and state government)**

A wide gap between formulations of policies on papers and implementation is always noticed. Implementation of policies mechanism is defective and corrupted. Red tapisum is one of the bottlenecks and hurdle in the progress of individual tax payers and business units. Concessions, rebates, incentive schemes and their benefits must reach to all at one and the same time, without delay and discrimination.

As pointed out by some star hotel management, concentration is needed on the implementation side.

The hotel and tourism ministry in India needs to be equipped with executive powers. At present, its role is limited to that of a facilitator and that does not allow the ministry to effectively implement all national and state level hotel and tourism policy.

Hotel and Tourism policies and strategies need to be in line with global trends as well as responsive to local factors such as the changing socioeconomic conditions in the country. India needs a hotel and tourism master plan, which should aim at joining Singapore, Hong Kong and Bangkok as the 'Gateway to Southeast Asia'.

The industry must use all forums available to it to advocate these facts to the government. The political class and decision makers in India must be informed about the tremendous potential of hotel and tourism in the development of the country so that concrete measures are taken in the direction of enhancing hotel and tourism in India.

## **8.12 Visitors**

### **Responses and Behaviour**

The visitors are very important for star hotels for their progress in future. However it is not a simple task. Visitor's complaints and grievances must be attained properly. In the consumers protection act, there are some provisions for registering the grievances. The machinery established under consumers protection act at the state level and district level is operating very slowly.

Employers should make the following necessary changes for the growth of hotel industry

1. The amount of tips to be paid should be communicated to guest according to the policy of the hotel. (In USA and Europe, guests are informed about the percentage of tips they have to pay which is not more than 5 per cent of the total bill)
2. Flexibility of timings, and other services should be provided not only for long term association but also for the growth of star hotel in this competitive world.
3. Training program should also include the awareness about the foreign exchange practices and change in the currency rate.

**Visitors should not be careless in using the facilities provided by the star hotels, instead cooperate with the hotel staff and management. The attitude of "only complaining" should be checked. Adjusting with the situation is important because some matters are beyond the control of management.**

### **8.13 Rapidly changing environment**

The hospitality sector in India has tremendous growth opportunities. However, some changes are required in the rules and regulations to provide momentum for growth.

These are:

- Section 32 of the IT Act should be amended to restore the depreciation rate to 20 per cent. The additional depreciation applicable to ‘plant and machinery’ under section 32 1 (iia) that make heavy investments in plant and machinery should also be allowed to hotels.
- The FSI norms need to be rationalized across the country in order to allow maximum utilization of space and thereby making rooms affordable. Most cities across the world offer better FSIs than their Indian counterparts. New York offers up to 15 FSI while NCR region offers 1.75 FSI.
- The abolition of service tax on tour packages will also help push tourism in the country. A uniform tax structure for rooms, food and beverage across the country is much required.

Poor infrastructure including power shortages, bad roads and inadequate water supply, has a direct impact on the growth of the hospitality industry.

Apart from changes in the regulatory system, the industry must also take the following step in order to address and tackle issues they face:

- Uniformity in room and food price across various seasons and a competitive pricing compared to the South East Asian destinations will definitely help in getting more tourist arrivals in the country in the long run.

#### Visa restrictions

Another major obstacle to growth of tourism is the difficulty of obtaining visa for travel to India. Visa restrictions need to be liberalized in order to ensure larger flows of international tourists. The possible options available include:

- (a) Liberalizing the visa administration, at least for countries that do not pose any political or security threat, including visa on entry for tourists from such countries.
- (b) Waiving the visa requirement in the case of nationals from countries with whom India has signed bilateral tourism agreements.

(c) Giving special tourist visa for two weeks and making them available at airports on arrival.

(d) Simplifying the procedure for issuing visa for major tourist generating countries and making visa applications available on the Internet. (This is under process by Government of India)

#### **8.14 Recommendations to Hospitality institutes (Academic):**

The need to develop the required human resources in various segments of the hotel industry has become imperative as a consequence of the rapid growth in hotels, technology, dynamic changes in the international hotel market and the growing expectations of visitors about the quality of services.

The basic idea is to modify the curriculum of hotel management institutes with a view to keep abreast with current changing trends in the hospitality industry. The objective of modification in syllabus of hotel management is to provide to the hospitality industry a steady stream of competent young men and women with necessary knowledge, skills, values and attitudes to occupy key operational positions, which is not achieved due to the

#### **Suggestions for changes in syllabus**

##### **Food Production syllabus**

The objective of the food production subject is to develop basic food knowledge and culinary skills which is in line with the requirement of the hotel industry. Therefore students should develop a comprehensive insight into culinary history, ingredients and its uses. Methods of core basic cooking and modern food dishes preparation should be given due importance.

It is recommended that demonstrations should be conducted in the initial stages to make the students familiar with various kitchen equipments and their usage.

Following are a few suggestions.

- ❖ Familiarization and identification of basic hygiene practices and safety practices in the kitchen.
- ❖ Food storage, using of knife, various cutting techniques (chopping, shredding) etc. should be given primary importance.

### **Food and Beverage Service syllabus**

The syllabus should aim to impart comprehensive knowledge and develop technical skills in basic aspects of food and beverage operations like service techniques, preparation of cocktails(mixing of whisky, rum or wine and fruit or vegetable juices)and mocktails(mixing of different fruits or vegetable juices) and awareness about the crockery and cutlery used in star hotel industry.

#### **Following are a few suggestions**

- ❖ Food and beverage service syllabus should cover restaurant etiquettes and restaurant hygiene practice completely.
- ❖ Technical knowledge should be imparted through more demonstrations and practical sessions.

### **Front Office syllabus**

This syllabus should have objectives to establish the importance of housekeeping, front office and their role in the star hotel industry along with acquiring basic knowledge and skills necessary for different task and procedural aspect of the subject.

- ❖ Syllabus should cover proper introduction of housekeeping department, cleaning agent, cleaning equipment and bed making procedure.
- ❖ FEMA and documentation of domestic and international tourists (from safety point of view), procedures of billing, lost and found slip (which is used for the valuable material lost and left by the guest), etc.
- ❖ Adequate information of polishing (silver antique, brass equipment), vaccum cleaning and telephone etiquettes should also be given attention through demonstrations and exercise for the students.
- Subjects like Hotel Accountancy, Principles of Management, Organizational Behaviour and Communication should also be treated seriously like other core subjects in hotel management. Business Law should be given due importance and included in more than three to four semesters so that the student understand it properly.

#### **The courses currently offered by hotel management institutes should also include the following:**

- 1) Part-time management development programs for middle and top management personnel of star hotels.

- 2) Language training in French, German, Spanish and Japanese
- 3) Training of grass-roots workers by conducting six month courses.

There is an obvious need to upgrade the capabilities of the National Council so that it can respond to the new challenges and problems. There should be more interactions between the Council and the institutes of hotel management as well as food craft institutes. The Council needs government assistance to gain cooperation from academic organizations so that they can contribute to the hospitality training sector.

#### **Recommendations for updating knowledge of the hotel management students**

- **Arranging guest lectures from industry:** The hotel management institutes must arrange guest lectures/visiting faculty from the industry to give complete current industry information and its development to the student. It is also beneficial to the faculty members to get in line with the current and demanding need of the hospitality industry.
- **Tie-ups with Institutes:** It is the duty of the hotel industry to make necessary tie-up for their required human resources with one or more hospitality institutes in the country, in order to impart to the student the latest and relevant knowledge from the field of hotel management. Every institute must also make necessary tie-ups with the hotel industry for providing employment and training to their students. Campus interviews are suggested for availing right quality staff. The required skills are already notified in chapter 01 and chapter 04.
- **Student's visits to hotels:** The institutes should arrange field visits and training in star hotels for their students. This will provide an opportunity to the students within and outside the institution for developing necessary operating skills relating to the hotel industry.
- **Nominating the industry people:** Every institute must nominate one or two experts from industry in their advisory body for the betterment and contribution to the institute in form of suggestions for updating syllabus and share the current trends with students through demonstrations or lectures. The nomination should not be on paper but through interaction.
- **Revise the curriculum:** The National Council of Hotel Management and University should revise the curriculum as per the industry needs from time to time. It will help to develop the knowledge and create opportunities for skill-development and will offer



evenly distributed and logically sequenced and updated information about the hotel industry.

- **Pay good salaries to trained staff:** Several educational institutions have been offering very low salaries to their teaching staff. This influences the quality of teaching and thereby it produces inferior quality managers which indirectly create unemployment. Therefore educational institutes should pay good salaries to their teachers.

- **Continuous training:** There is a need for continuous training of students of the catering institutes. When they have a tie-up with the star hotels, they will offer in-house training to different categories of students to sharpen their skills.

- **Research:** Every institute should spend some amount for research which is essential for further development and for understanding the present situation. The industry should be involved in research, by providing timely information and data which is ultimately useful for upgradation.

However, most of institutes lack basic training facilities and they do not meet acceptable standards. In the phase of such expansion, questions have often been raised about the level, scope and quality of hotel training and education in the country. There is therefore a need to come up with a uniform curriculum that is not only acceptable to all the industry participants, but which is also competitive both locally and globally.

### **8.15 Conclusion**

These observations made by the student are realistic and not imaginary. They are based on primary and secondary data collected. Similarly they are based on replies given by the management of star hotels and the employees working in star hotels. The third important source used by the student is discussions, personal interview of few guests, who regularly stay at five star hotels. These three sources have enabled him to make realistic observations as well as contributed in locating the important problem areas. The research student is constantly in touch with the working and operations undertaken by the star hotels in Pune.

Efforts are made by the student for identifying the problems, difficulties and hurdles faced by five star hotels and providing the base for making concrete and useful suggestions. As a silent observer, he has observed many personality traits. One common point is role of training may bring some change in personality of employees in star hotels.

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 resources will ensure the delivery of efficient, high-quality service to visitors, which is a direct and visible element of a successful hotel product. High standards of service are particularly important in sustaining long-term growth, since success of hotel is determined not only by price competitiveness or the range of attractions available, but also by the quality of the services provided there by the qualified human capital. This chapter suggests the recommendations to fill the gap. The research student is hopeful that the suggestions or the remedies, if taken seriously and if implemented, can change the fate of the hotel industry.

## Recommendations for further research

Increasing international competition in star hotel industry has led governments focus on ways of improving national and corporate economic performance. The effective use of human resources is seen as a prerequisite, and the training and development of employees as paramount. The growth of training and development reflects its growth in practice.

- ❖ Travel, Tourism and hotels creates jobs and wealth and has tremendous potential to contribute to economically, environmentally and socially sustainable development in both developed countries and emerging nations. It has a comparative advantage in that its start up and running costs can be low compared to many other forms of industry development. It is also often one of the few realistic options for development in many areas. Therefore, there is a strong likelihood that the Travel, Tourism and hotel industry will continue to grow globally over the short to medium term.
- ❖ Of course, if Travel, Tourism and hotel is managed badly, it can have a unfavorable effect, it can damage delicate environments and destroy local cultures. The challenge is to manage the future growth of the industry so as to minimize its negative impacts on the environment and host communities whilst maximizing the benefits it brings in terms of jobs, wealth and support for local culture and industry, and protection of the built and natural environment
- ❖ While this research touches on the use of training and developments in star hotels, time and cost constraints have limited both, the type and scope of primary data able to be obtained. As such this area would benefit from additional primary research in the form of a more detailed and extensive research in form of developing new models, implementation and evaluation.

Training and development is increasingly important to the international hotel industry, especially in India. Further research should examines some Indian four- and star hotels' training and development (T&D) practices from a Western human resource development (HRD) perspective and compares the results between the Indian ownership ventures. It suggests that a better training and development models for hotels may emerge by learning the lessons from both kinds of hotels' good practices.

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03	Express Hospitality (Fortnightly)
04	Hotel catering Review, Jema Publications, Dublin
05	M/S Indian Express News Paper
06	Daily News paper Sakal
07	Sakal dated 16/07/2008, Front page under the heading ( पुणयात उभागनायेत २० नवीन हॉटेल्स )
08	Economic Times dated 08 /10 / 2008

अ. क्र.	विवरण
१	सर्वकष गुणवत्ता व्यवस्थापन दैनिक सकाळ २८ जुलै २००९
८	हिरा है मदा के लिए दैनिक सकाळ १३ ऑक्टोबर २००८
५	दहशतीखाली पर्यटन १५ ऑक्टोबर २००९
६	Building and Environment towards Success
७	ते भयान काळवंडलेली रात्र दैनिक सकाळ
८	पाच हॉटेलांमध्ये कार्यक्रमांना बंदी दैनिक सकाळ
९	तज, टायडेंट पुन्हा सुरु दैनिक सकाळ दि. २२ डिसेंबर २००८
१०	इको टुरिझम विदर्भात 'जंगल पर्यटन' योजना दैनिक सकाळ
११	नाताळ असुनही 'टायडेंट' सुनेसुने दैनिक सकाळ २६.१२.२००८
१२	पर्यटन व्यवसायाला मंदीचा फटका नाही दैनिक सकाळ
१३	परदेशी नागरिकांविषयी माहिती न दिल्यास कारवाई दैनिक सकाळ
१४	पर्यटन ५० टक्यानी घटले दैनिक सकाळ दि. १.११.२००८
१५	भारतीय रस्त्याबाबत पर्यटकांना 'मार्गदर्शन' दैनिक सकाळ दि. १.११.०८
१६	मगठी तरुणानी फिरवली पाठ दैनिक सकाळ १८.२.२०१०
१७	हॉटेलचालकांकडून पोलिसांच्या सूचनांची अंमलबजावणी दैनिक सकाळ
१८	'मेट्रोपॉलिटन' तर्फे कम्युनिटी महाविद्यालयाची घोषणा दैनिक सकाळ
१९	हल्यानंतरही मुंबई मेरी जान दैनिक सकाळ १२ नोव्हेंबर २००८
२०	'जागतिक दर्जाच्या हॉटेलची गरज 'वेस्टिन' मुळे पूर्ण' दैनिक सकाळ
२१	हॉटेल उद्योगात भेडसावतीय कामगारांची कमतरता दैनिक सकाळ ८.१०.२००९
२२	पुण्यातील सुरक्षा यंत्रणा कुठे कडक, कुठे ढिली दैनिक सकाळ
२३	कर्मचा-यांची कार्यमग्नता व कार्यप्रवणता दैनिक सकाळ दि. ६.७.२०१०
२४	विक्रमित करा स्वतः चेच तत्वज्ञान दैनिक सकाळ दि. १२.६.२०१०
२५	A powerful melody for the Queen
२६	Food and terror : When banality meets brutality Daily Economic Time Dt. 6.12.2008
२७	Chefs, food firms stay optimistic as economy slows Daily The Times Of India Pune 27.10.2008
२८	HK Tourism offers incentives for hospitality development - Express Hospitality
२९	वाहनांच्या सख्येने कोलमडेल विकासाची वाट पान नं. ८ सकाळ दि. ११.७.२०११
३०	व्यावसायिकतेच्या अभावी पर्यटनात पिलेहाट पां. न. ७ सकाळ दि. १९.७.२०११
३१	कर्मचारी कंपनीचा एक अविभाज्य घटक पान नं. ४ पुरवणी सकाळ दि. १९.७.२०११
३२	परदेशी पर्यटकांचे हॉट डेस्टिनेशन महाराष्ट्र ! सर्वाधिक ५१ लाख जणानी दिलेली भेट सकाळ पान नं. १ दि. १९.७.२०११
३३	नॉलेज वर्कर पान नं. ४ पुरवणी सकाळ दि. ९.८.२०११

## Theses Referred

Sr. No	Research Theses
01	Institutional Financing of Small Scale Industries in Maharashtra 1960-1980 Ph.D Thesis By Dr. S.C.Dixit
02	"A Critical Study of Three Dimensional Theory of Sustainable Development of Cities With Reference to Pune and Pimpri Chinchwad Municipal Area" Ph.D Thesis By Dr. D. K. Abhyankar
03	Analytical Study of Relationship Between Computer Knowledge and Skills and Career opportunities in Business Administration(1996-2003) Ph.D Thesis By Dr. Anjali Kalkar







(c)More----- { }

**(4)Reasons for Choice of hotel**

(a)Nearness--- { }

(b) Previous good experience-- { }

(c)Reasonable charges---- { }

(d)Treatment with good respect---- { }

(e)Choice of the tourist company--- { }

(f)No other option was available---- { }

**Mention date and days of your last visit-**

**(5)Your Experience in hotel**

(a) **Service at the counter (Billing, Information of the hotel, Credit cards etc.)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(b)**Room service (Room cleaning, Breakfast service, Phone, Internet, etc.)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(c)**Quality of the food and beverage, snack items**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(d)**Local tour arrangement (city tour, visit to place of interest)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(e) **Safety and security**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(f) **Billing service (Calculations, charges of rooms etc.)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

(g) **Car parking service**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(6)Rough, irregular or unfair treatment experienced by you**

(a) State the incidences-----

-----  
-----

-----  
(b)Name of the hotel: -----  
(Unpleasant experience)

**(7)Would you like to suggest any points for improvement?**

(a)Hotel Environment, decor or other-

(b)Service-

(c)Room charges-

(d)Safety and security of Personal belongings/persons staying in room-

**(8) Do you feel services are professional, please point out the areas.**

**(a)Service at the counter**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(b)Room Service**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(c)Food and Beverage service**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(d) Other services (Postal, courier, Luggage Handling, lift service)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(9)What do you feel about other services of the hotels?**

**(a)Housekeeping**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(b) Laundry**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(c)Cleaning (general) and the room booked**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(d)Entertainment (TV/Movie)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(e)Facilities for children (Garden, Play ground, video-games etc.)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(f) Telephone (STD/ISD)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(g) News paper**

(1) Regular- Timely / Delay

(2) Language- Marathi/English/desired language

**(h) Fax**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(i) Grievance Handling**

(1) State the incident-

**(j) Magazines**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(k) Credit card facility**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(l) Demand of Tip**

(a) Unreasonable { } (b) Satisfactory { }

**(m) Gymnasium**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(n) Games (Indoor/Outdoor)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(o) Health Facility/ Medical service-First Aid**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(p) Concierge (24 hrs Service of assistant)**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(q) Information/ Assistance**

(a) Good { } (b) Poor { } (c) Satisfactory { }

**(10) Suggest training program which you feel hotel should implement for changing the attitudes, approach, and method of conversation with buyers/handling visitors.**

**(a) Training of foreign language to be given:-**

**(b) Training of other languages, in other states:-**

**(11) Your comments**

(a) Environment protection in hotel-

(b) Provisions (controlling) –Noise/Water/Air

(c) Prevent pollution (any suggestions)

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**QUESTIONNAIRE**  
(For Hotel Management)

Name: .....

Address: .....

.....  
.....

Telephone:

Fax:-

(1)The year of establishment:-

Partnership /Pvt. Ltd company /any other: .....

(2)Number of employees

Classification (Number of employees in each category)

- (a) Managers {     } (b) Asst. managers {     } (c) Head of the department {     }  
(d) Others {     }

(3)Records of visitors----

- 2001-2002 (a) Indian {            } (b) Foreigners {            }  
2002-2003 (a) Indian {            } (b) Foreigners {            }  
2004-2005 (a) Indian {            } (b) Foreigners {            }  
2005-2006 (a) Indian {            } (b) Foreigners {            }  
2006-2007 (a) Indian {            } (b) Foreigners {            }

(4) Hotel Charges— .....% of increase /decrease

Sr. No.	Type of Room	Charges	% of Increase	% of Decrease
1	Suite			
2	Deluxe			
3	Twin Room			
4	Single Room			
5	Any other type			

(5)Can you give the reasons (for increase, decrease?)

(a) General Price rise- {            }

(b)Improvement-- {            }

(c)Other (Competition) {            }

**(6) Selection of employees—source**

Private employment exchange- {        }

Campus interview method— {        }

Other source of procurement if any- {        }

**(7) Qualification expected for staff to be recruited –**

- (a) Telephone operators
- (b) Watchman /security
- (c) Account
- (d) Other clerical staff
- (e) Room attendants
- (f) Waiters
- (h) Maintenance staff (Technical)
- (i) Others

**(8) Whether there is HRD wing.**

Yes {     }        No {     }

(a) State Its Nature

(b) Mention the training program conducted (For new staff, College trainee)

**(9) Training programs developed so far for regular staff.**

**(10) Procedure for evaluation of performance –**

- (i) Suggestion box for employees
- (ii) Reporting by departmental managers
- (iii) Group discussions, past training

**(11) Impact of training on current performance of employees and how do you measure it.**

**(12) Training methods generally used by star hotels-**

**(13) Availability of trainers-**

**(14) Problems of participants-**

**(15)Recording performance**

**(16) Whether you make use of following alternatives/ all alternatives to train your staff**

- (a)Time management-
- (b)Disaster management-
- (c)Stress management-
- (d)Yoga/meditation-

**GROUP –C**

**(1)Training programs developed so far (Give year wise information)**

<b>Year</b>	<b>Name of the programs</b>	<b>Duration</b>	<b>Category of staff</b>	<b>Trainers information</b>	<b>No. of participant</b>
<b>2003-04</b>					
<b>2004-05</b>					
<b>2006-07</b>					
<b>2007-08</b>					
<b>2008-09</b>					

**(2)How far the training given found effective?**

- (a) Management Reaction.
- (b) Suggestions from the management further improvement.
- (c) Impact of Training

**(3) Financing Training programs-**



## Questionnaire (For staff)

### Part-I

(1) Name: - Mr. / Miss. / Mrs. -----  
-

(2) Organization's Name, Address, Phone No.:-----  
-----  
-----  
-----

(3) Present Department:-----

(4) Position /Job Title:-----

(5) Age Group (a) Below 30( ) (b) 31 to 40 ( ) (c) 41 to 50( ) & 50 and above ( )

(6) Qualification:-----

(7) Total number of training program attended:-----

(8) Years of Service (a) Total ( ) (b) State previous employment ( )

Reasons of leaving the previous employment -----  
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### Questionnaire

Listed below are various statements in connection with HR (Training and development program) department program.

Please record your opinion whether you agree or disagree with them by putting tick (✓) in the appropriate column. If disagree state the reasons.

#### Group A

(!) Do you think training should be linked with?

(a) Promotion opportunities

(b) Monetary rewards-incentive schemes

(c) Other benefits   
{recognition}

(2) Any suggestion you would like give for developing training programs under changing environment.

- (a) Environment protection-pollution control
- (b) Disaster management
- (c) Risk Management
- (d) Stress Management
- (e) Yoga meditation
- (f) Any other area.

(3) Whether management gives you any choice regarding attending training program.

Yes  No

Considers your personal problems in attending training program, or it is made compulsory?

(4) Do you think training programs interrupt your routine work? After rejoining the duties speeding the regular work consumes some time.

Yes  No  No comments

(5) Do you think the trainers really have updated knowledge? Or use the same old knowledge for training to many batches?

Yes  No  No comments

(6) Do you think senior staff members can give training more effectively than outsiders, specially invited persons?

Yes  No

(7) Whether separate payment is made to senior staff for giving training to subordinates.

Yes  No

(8) Training programs, whether really support the theoretical, bookish knowledge possessed by newly recruited staff.

Yes  No

(9) What should be proportion of practical knowledge to theory knowledge?

Yes

No

(10) Do you think command over language can improve through training?

Yes

No

(11) Human resource development programs helps in expansion, modernization of star hotels?

Agree

Disagree

(12) Human resource development program contribute, further improvement in quality of the service.

Agree

Disagree

(13) Human resource development program clearly improves the understanding of roles and responsibilities of a manager.

Agree

Disagree

(14) Human resource development program enhances capacity of staff to accept more responsibility.

Agree

Disagree

(15) Maximum utilization of resources becomes possible after attending training program.

Agree

Disagree

(16) Human resource development programs help to increases in guest satisfaction.

Agree

Disagree

(17) Management development programs improve the quality of managerial function like planning, organizing, coordinating, directing, and controlling.

Agree

Disagree

(18) After attending development programs, more open communication takes place in the hotel organization.

Agree

Disagree

(19) Personal improvement in work and interpersonal relationship of participants improve after attending the training program.

Agree

Disagree

(20) Persons on the verge of retirement are also benefited by training programs.

Agree

Disagree

**Group B**

1. What suggestion /tips would you like to give to participating managers /employees prior to attaining the Human resource development program?
  
  
  
  
  
2. What suggestions/tips you would like to give to Human resource development managers to give managers to drive more benefits from development program?

**GROUP C**

**(1) Details of training programs attended so far( Give year wise information)**

<b>Year</b>	<b>Name of the program</b>	<b>Duration</b>	<b>Category of staff</b>	<b>Trainers information</b>	<b>No. of participants</b>
2003-04					
2004-05					
2005-06					
2006-07					
2007-08					

(2) How far the training given found effective?

(a) Management Reaction-

(b) Suggestions of staff for further improvement

(c) Impact of Training

## Questionnaire for Employer (Management of star Hotels)

### Part-I

(1)Name: -. .....

(2)Organization's Name, Address, Phone No.:-----

-----  
-----  
-----

(3)Age Group (a) Below 30( ) (b) 31 to 40 ( ) (c) 41 to 50( ) & 50 and above ( )

(4)Qualification: -----

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Statements: - \* If your reply is negative, if you disagree with the statement given reason.

1 Human resource is equally important factor in any organization, as the other means of production.

Yes [ ] No [ ]

2 Use of human resource in business requires proper planning before job allocation.

Yes [ ] No [ ]

3 Human resource or man power means physical, mental abilities, skills of person which he/she is having as natural gift.

Yes [ ] No [ ]

4 Development of human resource is based on 'self made efforts' and sometimes efforts by other persons, institutions (i.e. trainers).

Yes [ ] No [ ]

5 Human resource is total sum of all qualities possessed by every individual in the organization.

Yes [ ] No [ ]

6 Human resources development means all round development of personality of every employee. It develops personality traits.

Agree [ ] Disagree [ ]

- 7 In every business human resource plays role, development or destruction(some employees create hurdles).
- Agree [ ] Disagree [ ]
- 8 Proper balancing in human resources development programs is necessary; it should cover all categories of staff.
- Agree [ ] Disagree [ ]
- 9 Arranging training programs within organization is more convenient than using external resources.
- Agree [ ] Disagree [ ]
- 10 Training programs planning and implementation is responsibility of human research development department only.
- Agree [ ] Disagree [ ]
- 11 Innovative attitude, experimentation is the qualities on the part of employer are necessary for repeated modifications in training programs.
- Agree [ ] Disagree [ ]
- 12 Voluntary attendance, willing participation with full concentration, devotion by employees are important things in the success of training programs and making them result oriented.
- Agree [ ] Disagree [ ]
- 13 Training programs really play important role in making development of required skills and abilities in employees, which intrun improve quality of services
- Agree [ ] Disagree [ ]
- 14 Opportunity should be given to senior employees to train subordinates as a means of developing internal relations and respect to seniors.
- Agree [ ] Disagree [ ]
- 15 Making budgetary provisions for training purposes, whenever there is need, pays dividend in the long run to employer and employees in one form or other
- Yes [ ] No [ ]

16 Star hotel managements need to insist on training of different regional and foreign languages for communication skills development.

Agree [ ] Disagree [ ] partially agree [ ]

17 Evaluating earlier training programs by a group of experts, is necessary step for developing new, ideal training programs.

Agree [ ] Disagree [ ]

18 Do you experience any opposition, non – cooperation for implementation of training programs by your employees or trade union?

Yes [ ] No [ ]

19 There must be continuous inclusion of new training programs/ replacement of old training programs in changing environment

Yes [ ] No [ ]

20 Modifications in training programs based on employees' suggestions benefit all.

Yes [ ] No [ ]