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### **ABSTRACT**

*In the recent years, the word productivity has gained popularity in the business world. The problem of scarcity has a deep rooted impact on the economies of each and every business unit. Almost all organizations, either reactively or proactively, have become serious on their productivity. Although it looks simple from the face of it, productivity management is a big challenge to organizations especially when the product is in the form of a service. The characteristics of service industry make productivity management in such industries more difficult and challenging. Hospitality industry being a part of such a service industry faces a similar problem. However, the hospitality industry cannot just sit over the problem and thus have to find a gateway to deal with the issues of productivity management in hotels. This study is aimed at analyzing the Productivity Management System adopted and implemented by the hospitality industry with an objective to identify the challenges in measuring productivity in the Hotels and to identify various methods adopted by the them to measure the employee productivity. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 100 hotel employees from the management and the associates categories to understand their views on the entire process. The responses received were represented graphically and analyzed using basic analytical tools. The findings of his research states that although the industry is concerned with the issues related to employee productivity, the implementation of the productivity management system is not very effective. The major reasons contributing to the ineffectiveness of the system are lack of management will, lack of common parameters of productivity measurement and intangible nature of the product of the industry i.e. "Service".*

### **KEYWORDS**

Hospitality Industry, Hotels, Employee Productivity, Service Industry, Productivity Management System, Hotel Industry.

### **1. INTRODUCTION**

In the recent years, the word productivity has gained popularity in the business world. The problem of scarcity has a deep rooted impact on the economies of each and every business unit. Almost all organizations, either reactively or proactively, have become serious on their productivity. Moreover, in today's world of cut-throat competition, every organization is striving hard to have an upper edge over their competitors. The organizations have realized that enhancing their productivity goes a long way in success of their business operations and thus productivity has become a matter of great concern amongst them. "Productivity is an average measure of the efficiency of production. Productivity is a ratio of production output to what is required to produce it (inputs of capital, labor, land, energy, materials, etc.). The measure of productivity is defined as a total output per one unit of a total input." (Source – Wikipedia)

Although it looks simple from the face of it, productivity management is a big challenge to organizations especially when the product is in the form of a service. The characteristics of service industry make productivity management in such industries more difficult and challenging. Hospitality industry being a part of such a service industry faces a similar problem. However, the hospitality industry cannot just sit over the problem and thus have to find a gateway to deal with the issues of productivity management in hotels.

Although there are various inputs that needs to be studied under productivity management, this study concentrates on labor as a parameter of measurement of productivity. Thus we are indeed talking of labor productivity or employee productivity or workforce productivity.

Employee Productivity Management is series of interlinked activities or tasks right from formulating a productivity management model to suit the organization to taking measures in enhancing the employee productivity. This study aims at analyzing the productivity management system adopted by the hotels and the challenges faced by them is implementation of the same.

### **2. LITERATURE REVIEW**

- Juan Gabrie, (2010) used time-series techniques to estimate the long-run relationship between real wages and labour productivity in the Mexican tourism. The finding shows that the average labour productivity depends positively on real wage, and are weakly exogenous and causes labour productivity. Moreover, the impulse-response function shows that a positive shock in real wages produces a small negative effect in productivity for two years followed by a large positive one.
- Christine A. Witt, (2010) discussed problems of measuring productivity, together with specific reasons for low productivity in the hotel sector. It is suggested that increased usage of operations management techniques by hotel management is likely to result in improved productivity, and various examples are presented of situations in which these techniques can be successfully employed.
- Peter Jones, (2009) examining the level of productivity in the housekeeping departments in a chain of 45 hotels. The paper reviews the concept of productivity and the issues relating to its measurement, before reviewing previous studies of productivity in the hotel sector. A number of factors are identified that appear to affect productivity performance. The paper concludes that there is no significant difference in productivity levels according to the size, location, demand variability or age of the hotel, thereby refuting evidence from some prior studies.
- Osman M. Karatepe, (2008) examined the effects of negative affectivity (NA) and positive affectivity (PA) on work-family conflict and family-work conflict and the effects of both directions of conflict on marital satisfaction and turnover intentions. The findings of the study indicated that family-work conflict has a detrimental impact on marital satisfaction. However, this study provided no empirical support for the relationship between work-family conflict and marital satisfaction.
- Ching-Fu Chen, (2007) analyzed the cost efficiency of Taiwan's international tourist hotel sector. A stochastic cost frontier function with three inputs (i.e. labor, food and beverage, and materials) and one output as the total revenue is specified and used to estimate hotel efficiency. The results reveal that hotels in Taiwan are on average operating at 80% efficiency.
- Gunjan M. Sanjeev, (2007) provided exploratory insights on measurement of efficiency of the hotel and restaurant companies operating in India. The study also explores whether there is a relationship between the efficiency and size of the hotel and restaurant companies. The study identifies the top performers in this sector. Also, managers get important insights for their strategic and operational decisions to improve performance.
- Carlos Pestana Barros, (2005) discusses, by means of data envelopment analysis, the efficiency of individual hotels belonging to the Portuguese state-owned chain, Pousadas de Portugal, which is managed by the enterprise, ENATUR. By identifying the efficient hotels in a sample, the slacks in inputs and

outputs of the inefficient hotels and the peer group of efficient hotels, the data envelopment analysis stands out as one of the most promising techniques to aid the improvement of efficiency. Managerial implications arising from this study are also considered.

8. Hasan Kilic, (2005) report on an empirical research study which investigated the factors influencing productivity in hotels in Northern Cyprus. According to the research findings staff recruitment, staff training, meeting guest expectations, and service quality are the main productivity factors in hotels; while crises, technology, marketing, and forecasting are ranked relatively low.
9. Robert Johnston (2005) provides a structure for analyzing productivity in service organizations by distinguishing between operational and customer productivity. The authors also identified some of the problems in measuring productivity, especially in a service setting, and then use a few examples to illustrate the sometimes counterintuitive relationship between operational and customer productivity.
10. Marianna Sigala, (2005) aimed to illustrate the value of stepwise data envelopment analysis (DEA) for measuring and benchmarking productivity. The issues and problems regarding productivity measurement as well as the advantages of using DEA in productivity measurement are analyzed. Six inputs and three outputs are identified as the factors affecting rooms division efficiency in three star hotels.
11. Bo A. Hu, (2004) proposed Data Envelopment Analysis (DEA) as an effective tool to measure labor productivity of hotels. Using the data collected from the hotels in the State of California, the study applies DEA to calculate the labor productivity score of each sampled hotel. The internal and external determinants of labor productivity are examined. Implications of the study's results are also discussed.
12. James R. Brown, (2000) gained insights as to how managers can improve the productivity of their service businesses. The context of the study was the hotel industry, in which the authors examined empirically the impact of labor and capital as well as selected strategic and organizational inputs on the dollar value added by the hotel. They found that regardless of hotel size, value added rose significantly with an increasing number of employees. Expanding the number of rooms available for sale as well as upscale positioning generated significantly greater value added for medium-sized hotels.

**3. OBJECTIVES OF THE STUDY**

1. To explore the employee productivity management system followed in Hotels.
2. To identify the challenges in measuring productivity in the Hospitality Industry.
3. To identify various methods adopted by the hotels to measure the employee productivity and to check its suitability.
4. To analyze the effectiveness of the Productivity Management System followed in hotels and the satisfaction level of the employees on the same.

**4. LIMITATIONS OF THE STUDY**

1. This study is purely based on the information given by the employees and management of sample hotels.
2. The study is conducted in the current scenario and the opinions, perception and expectations of the respondents may differ with time.
3. The study does not differentiate respondents on basis of their demographic factors which may have an influence of their perception thereby identifying scope for further research.

**5. RESEARCH METHODOLOGY**

**COLLECTION OF DATA**

The data required for the research was collected using the following techniques:

**PERSONAL INTERVIEWS**

The researcher conducted personal interviews with employees and Human Resource managers of reputed hotel brands to explore the productivity management system followed in their organizations.

**QUESTIONNAIRE**

A questionnaire bearing straight forward and relevant questions was drafted and handed over to the sample to obtain their responses.

**SAMPLING TECHNIQUES**

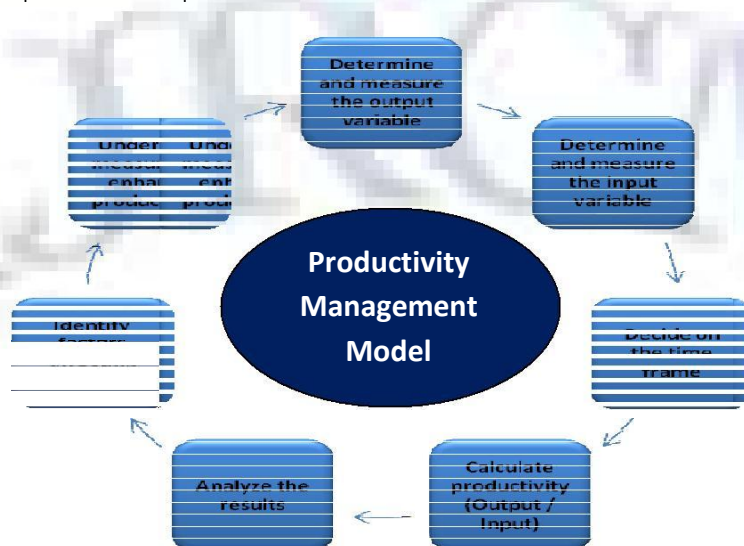
The population being "employees of Hotels" is more or less homogeneous in nature since the characteristics and service conditions of the industry are almost similar in nature throughout the population. With due consideration to this fact, a sample comprising of 100 employees representing the 'Manager' & "Associates" categories of various hotels from five star to serviced apartments was selected on random basis to conduct the study.

**6. OBSERVATIONS & DISCUSSIONS**

Labor is the costliest and most critical variable expense in the hospitality business. The most commonly used parameter to calculate the return on labour investment is evaluation of the "Labour Productivity" of the Organisation. It is imperative that hospitality managers learn to design and effectively implement the employee productivity model that suits the best to their hotel. Once the productivity model is developed it becomes a blue print of the Productivity management process.

**6.1 EMPLOYEE PRODUCTIVITY MANAGEMENT MODEL**

A model is nothing but a skeleton or a flowchart of inter linked activities that becomes a guideline for developing any process. A model should be flexible enough to be modified as per the needs and requirements of the process.



**6.2 CHALLENGES FACED BY THE HOSPITALITY INDUSTRY IN IMPLEMENTATION OF EMPLOYEE PRODUCTIVITY MANAGEMENT SYSTEM**

Hospitality industry is a part of service industry and is characterized by certain features that create challenges in designing and implementation of employee productivity management system. These features or characteristics needs to be studied in detail for the effective development of a productivity management system. These features are briefly discussed below:

**1. Intangible Product (Characteristics of Service Industry):**

While the term productivity is most often associated with the goods-producing-industries, it is critically important to monitor and manage this aspect of performance in the hospitality sector as well. Productivity is a ratio between input and output at a given quality level. The inputs in the hospitality industry may be in the form of man, money material & machine. All these components can be quantified or measured but this is just half done because the second aspect in productivity management is the output or the product itself and their lies the major challenge for the hospitality industry because its product is intangible in nature which cannot be monitored or easily measured. The product of this industry is service and its measurement is hidden in the perception of its end users that is the customers which in the hotel language are termed as "Guests" Thus intangibility of the product of the hospitality industry is the biggest hurdle in the productivity management process in this industry. Service as an output product cannot be quantified or mathematically measured and thus as per the above mentioned formula of productivity measurement, the ratio of input and output cannot be easily established. The only way to make measurement of productivity in the hospitality industry possible is to make its output measurable and this is the major challenge in front of the industry.

**2. Lack of Knowledge about Productivity Management:**

The management of hotel industry basically posses expertise in the technical area of hotel operations. They are the masters in the field of hospitality. However, they lack the scientific and technical knowledge required for implementation of productivity management system in their hotel. Moreover, due the hectic and busy schedule of the managers, they are discouraged to acquire any professional training in the area of productivity management. Even if a person who posses the required knowledge is hired, due to his varied duties he is not able to devote sufficient attention towards the said issue.

**3. Lack of common parameters of measuring productivity.**

As mentioned earlier, measurement of productivity in the hospitality industry is a challenging task. However, experts have suggested a few parameters on which the employee productivity can be measured in hotels. These parameters differ from each other and different parameters have to be used for measurement of productivity in different operational areas of hotels depending upon its suitability. Thus to measure the productivity of the entire hotel a combination of all the parameters have to be used thereby making the process more complex. Thus lack of common parameters of measurement of productivity is a big challenge for the hotel managers.

**4. Lack of scientific approach towards labour management.**

Hotel managers being originated from the operations, tend to be more inclined towards operational issues. Thus labor management is a lower priority to these operational driven managers. Moreover, their limited knowledge and scientific approach towards labor management becomes a biggest hurdle in productivity management.

**5. Lack of management initiative.**

Although productivity management is an important management task, hotel managers are not very keen on the same. As discussed earlier, due to the various challenges in implementing the same, managers tend to tackle the issue halfheartedly. Thus lack of management initiative is another challenge of the hospitality industry with regards to productivity management.

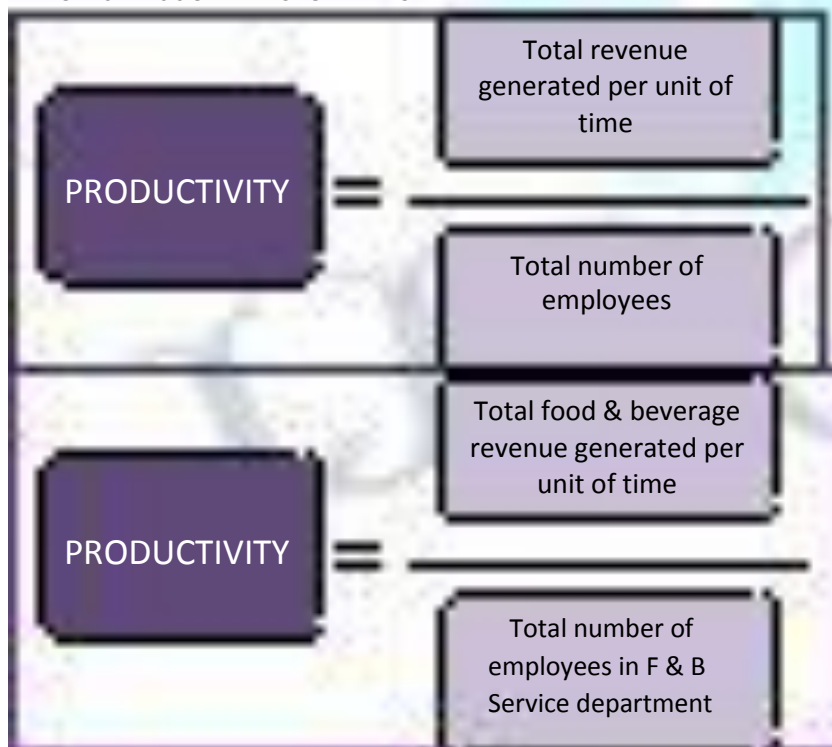
**6. Difficulties in measuring customer satisfaction.**

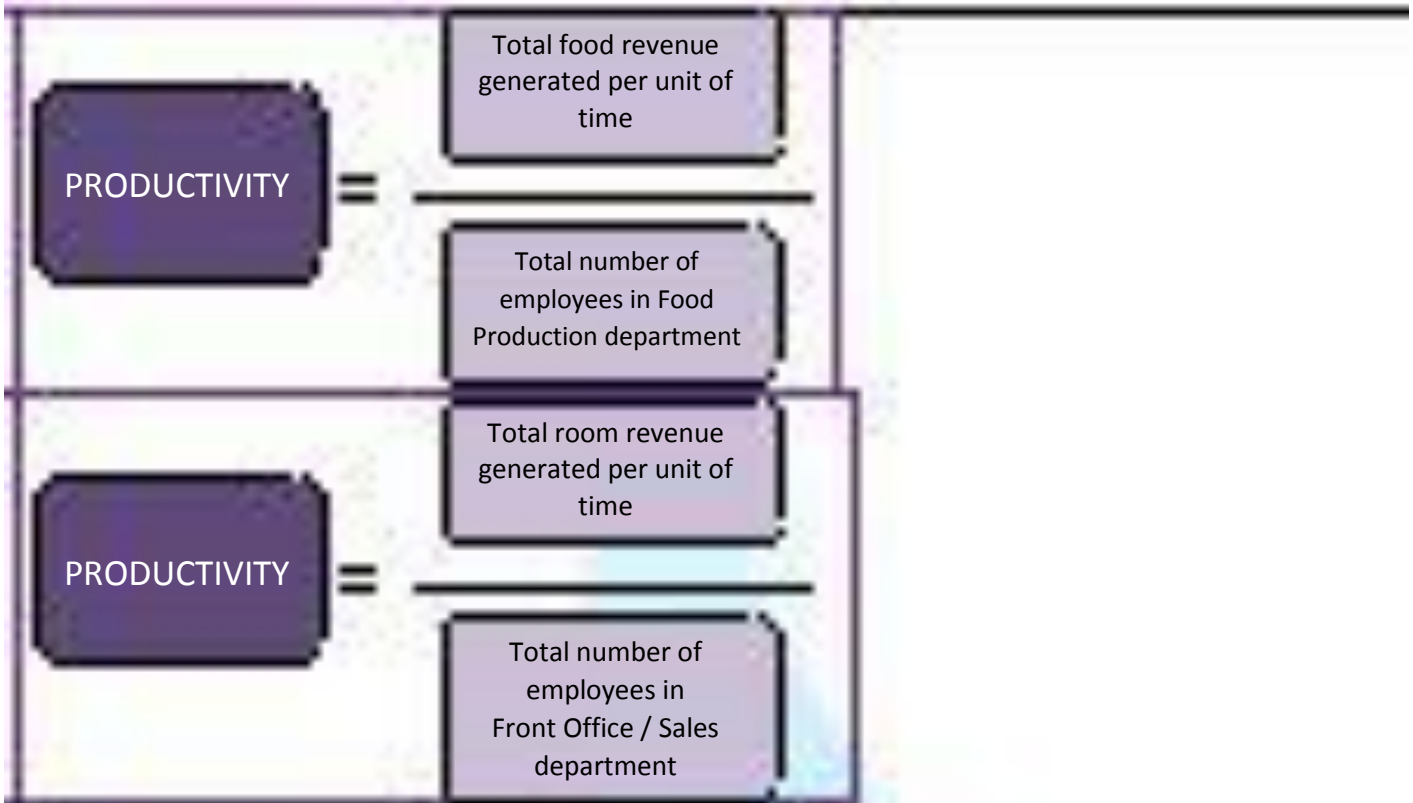
The most suitable parameter to measure employee productivity in the hospitality industry revolves around the output of satisfied customers. Thus before calculating the productivity, one has to measure the satisfaction level of the hotel customers. This itself is a very complex task since every customer has a different perception of being satisfied and measuring the comparative satisfaction level of all the customers is a very difficult task thereby creating a challenge in productivity management.

**7. Diverse operations.**

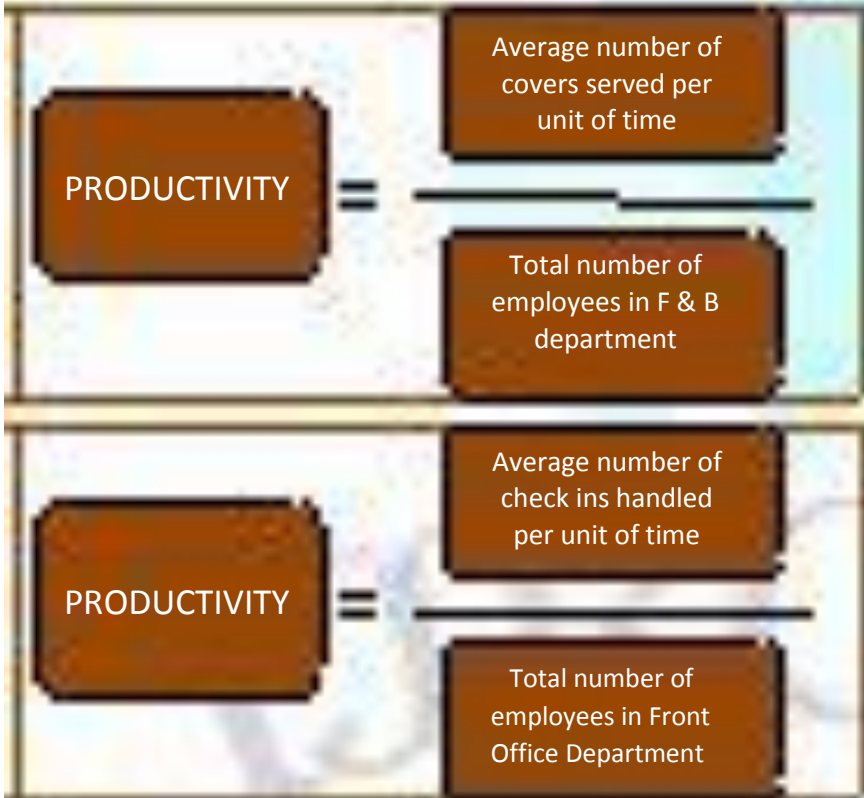
The operations of the hospitality industry are diverse in nature. Thus every department is operationally different from each other. Since the nature of work, skill sets required, manpower requirement is different for every department, one cannot have uniform parameters of measuring employee productivity thereby making productivity management in hotels more difficult.

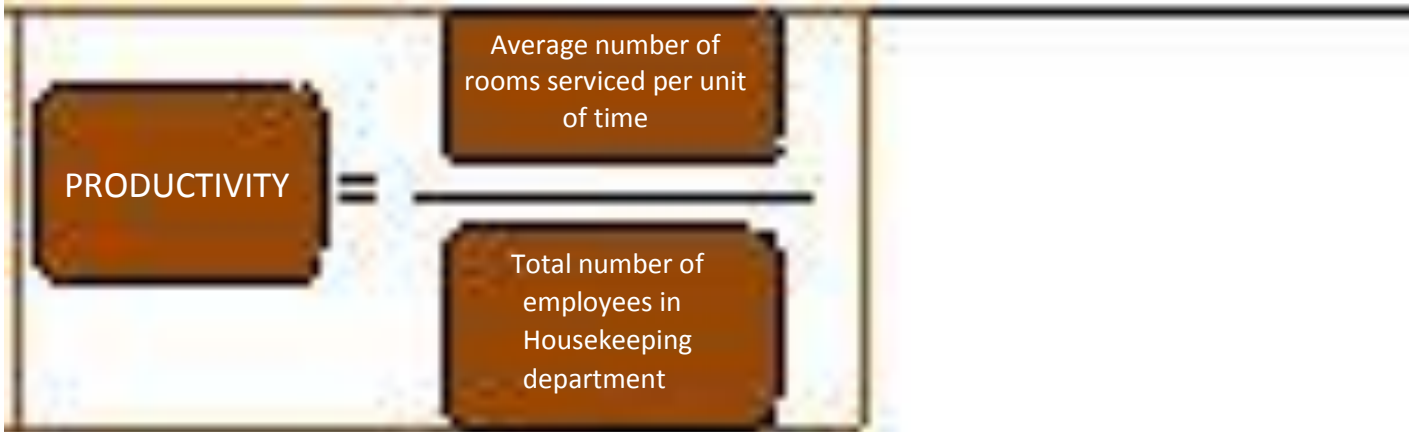
**6.3 METHODOLOGY ADOPTED TO MEASURE EMPLOYEE PRODUCTIVITY IN HOTELS I. BASIS OF REVENUE GENERATION**



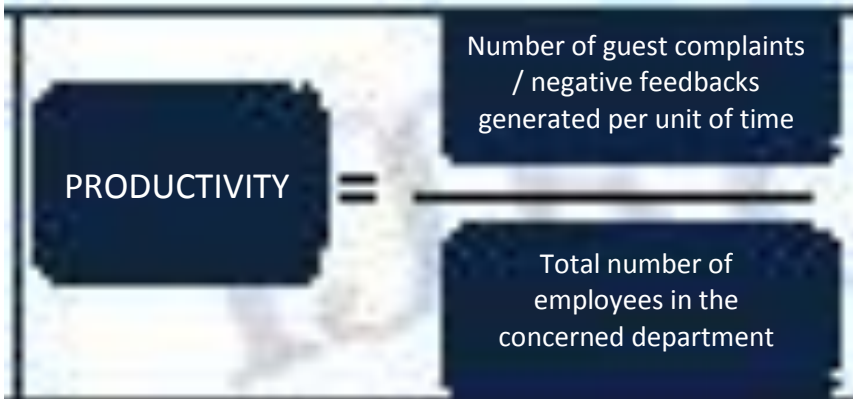
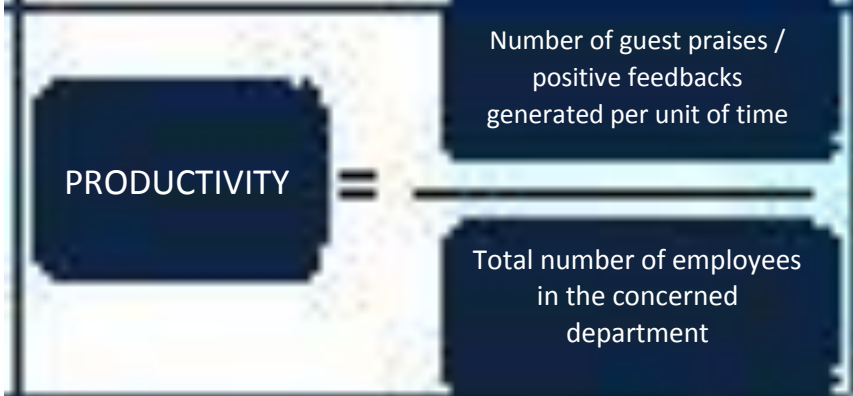
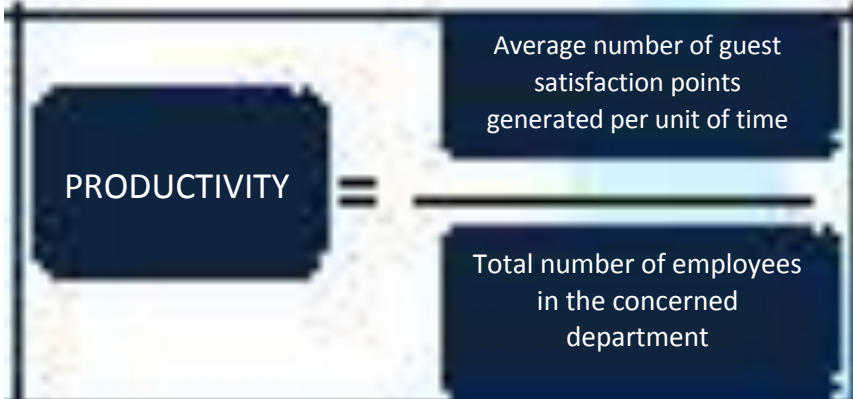


**II. BASIS OF TIME FRAME**

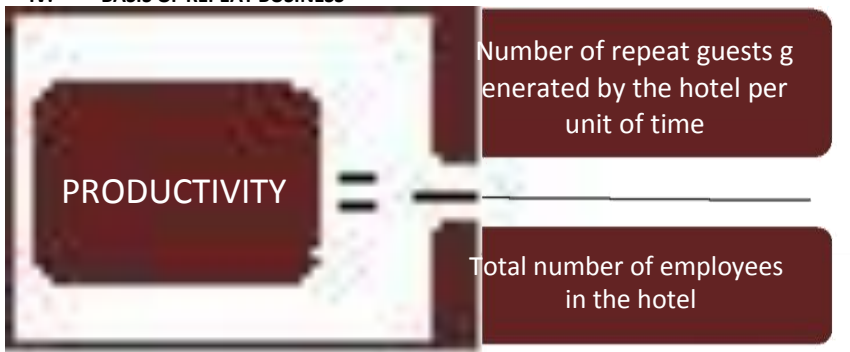




III. BASIS OF GUEST SATISFACTION



IV. BASIS OF REPEAT BUSINESS



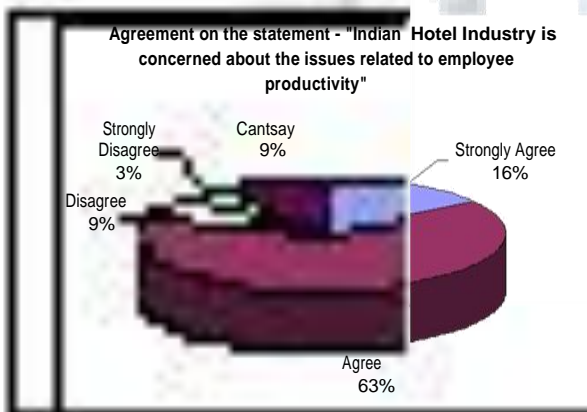
6.6 METHODOLOGY ADOPTED TO ENHANCE EMPLOYEE PRODUCTIVITY IN HOTELS

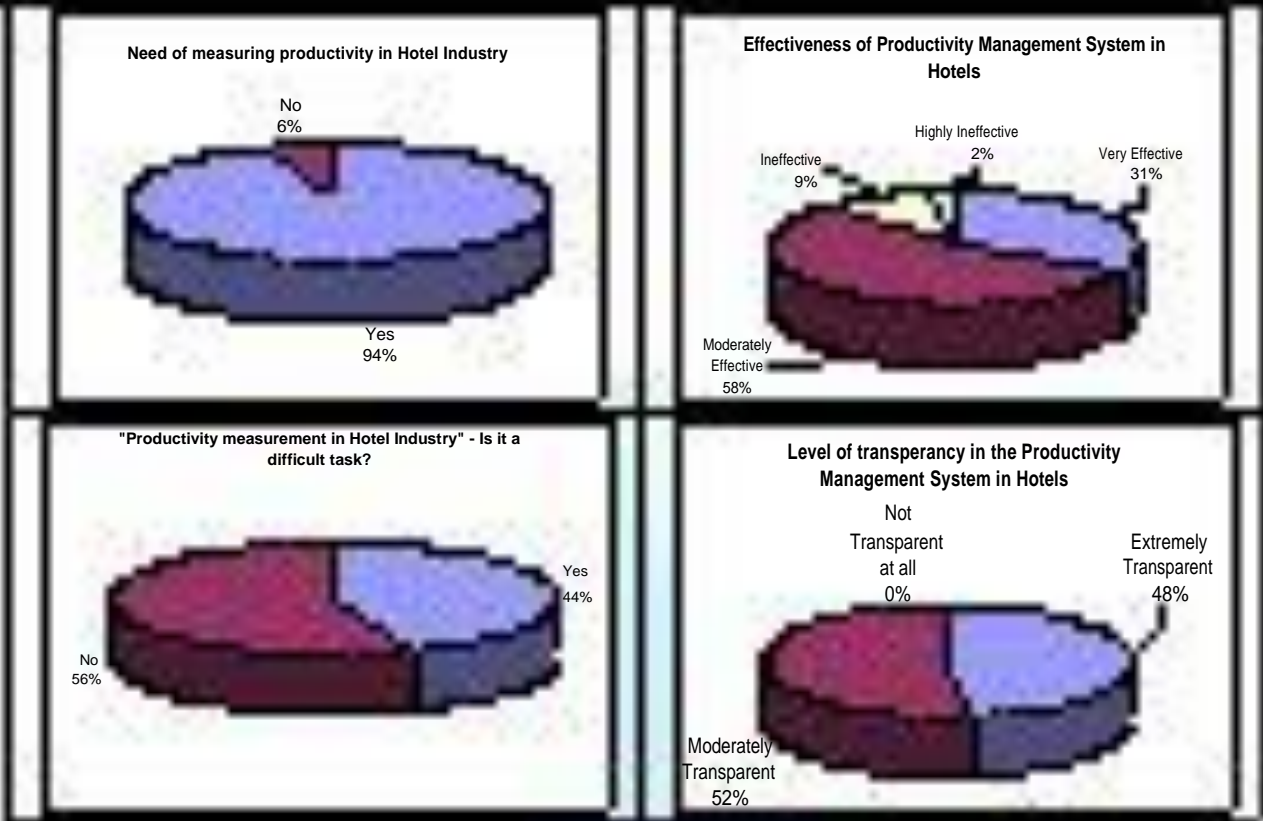


- **Transparent Productivity management system:** The employees should be aware of the Productivity Management System adopted by the organization. The various parameters of measuring the productivity should be clearly defined and adhered to. It is a good practice to involve employee representatives in designing the system so as to make the system more effective. When the employees are aware that their productivity is being monitored by the management, they consciously or sub-consciously strive to improve on the same.
- **Training & Development:** This is the most vital measure of improving employee productivity in any organization. This measure focuses on a positive approach towards the Productivity Management System wherein the employees are empowered to tackle the operational challenges. Training may be in the form of knowledge skills enhancement, adaptation to automation, stress management, general work approach etc. In all its forms, training aims at the holistic development of the employees. A well-trained employee is a gateway to success of any organization.
- **Motivation:** Along with regular training & development, motivation plays an important role in enhancing the employee productivity. When the employees get a feel that the management is acknowledging their efforts, they go an extra mile to prove their capabilities. The literal meaning of "Motivation" is "To move", thus by motivating the employees, they start moving towards achieving the organizational goals.
- **Fair employment practices:** Adherence to fair employment practices is a key to achieve high levels of employee productivity. Fair employment, in a nutshell, comprises of creating a better work place for the employees. It may consist of compensation, work culture, rewards & recognition system, employee welfare, employee relations, etc.

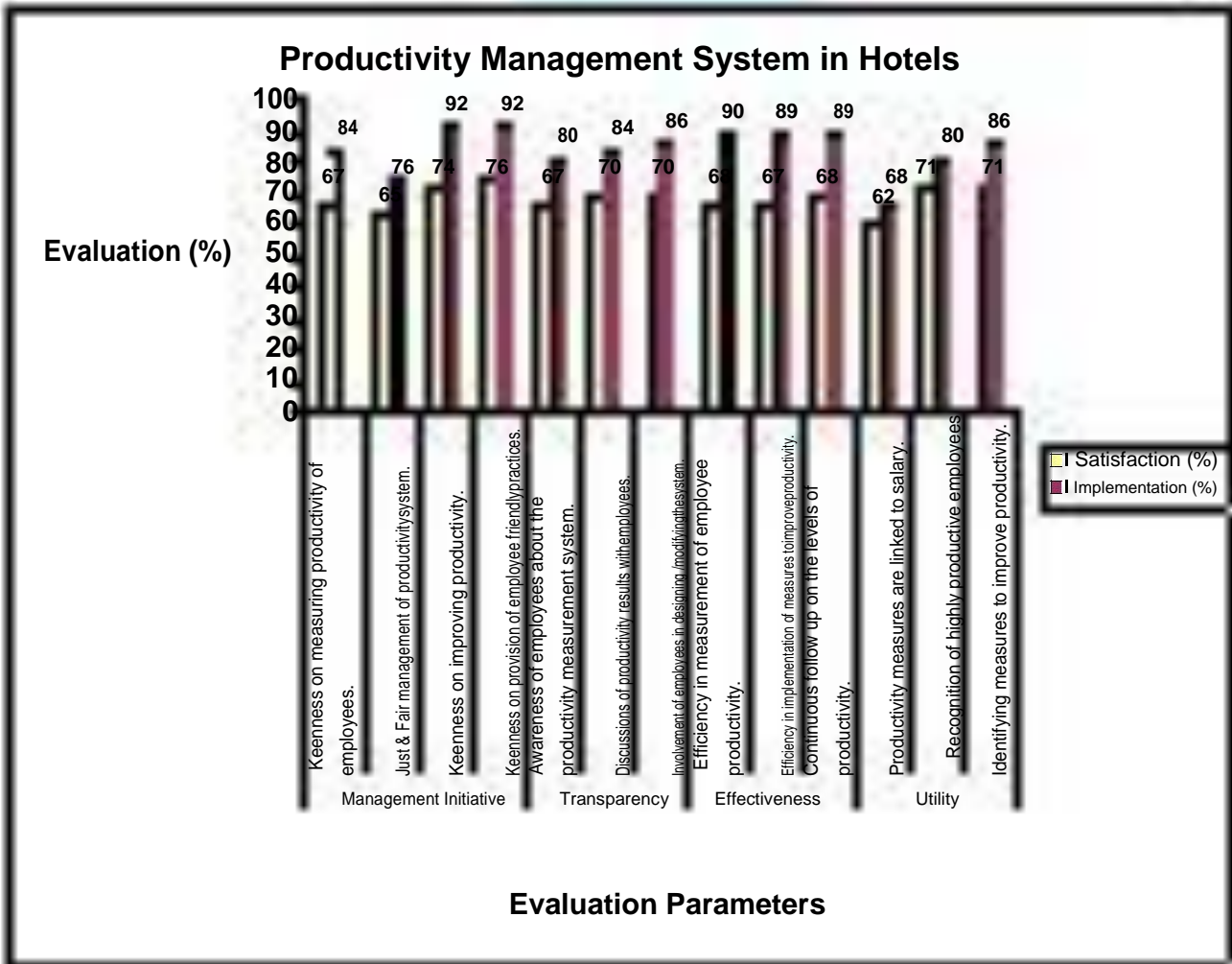
7. FINDINGS

A. PRELIMINARY INFORMATION



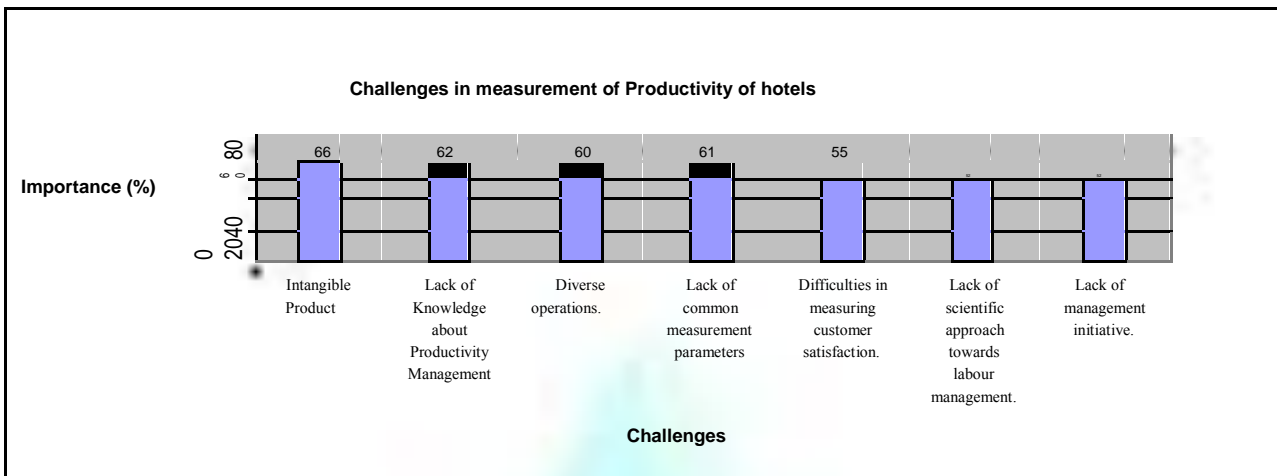


**B. PRODUCTIVITY MANAGEMENT SYSTEM IN HOTELS**

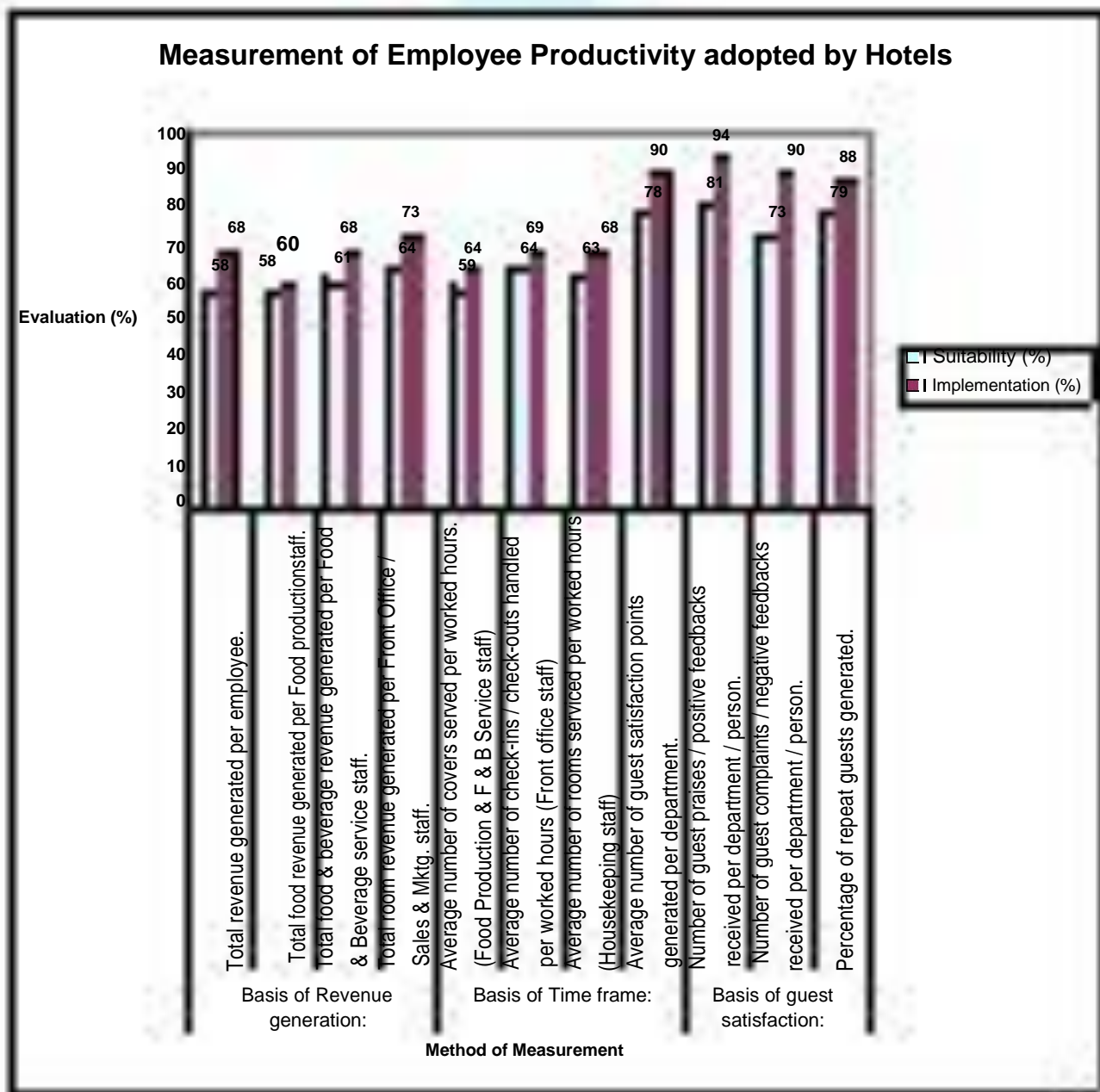




C. CHALLENGES IN MEASURING EMPLOYEE PRODUCTIVITY IN HOSPITALITY INDUSTRY



D. METHODOLOGY ADOPTED TO MEASURE EMPLOYEE PRODUCTIVITY IN HOTELS



## 8. CONCLUSIONS

The findings of the research can be concluded as under:

1. The hotel industry is concerned about the issue related to employee productivity and most of the hotels have the Productivity Management System in place, however, its implementation is not very effective.
2. The major reason behind the ineffectiveness of the system is the lack of management will and approach towards implementation of the system.
3. Measurement of productivity in Hotels is a challenging task and the major reason being that the industry is characterized by an "Intangible Product" i.e. "Service" and moreover the management of hotels lacks knowledge about Productivity Management.
4. There are several identified methods of measuring employee productivity based on "Revenue generation", "Time frame" & "Guest Satisfaction". However, the most suitable one is on the basis of "Guest satisfaction" and the same is used by most of the hotels.
5. The utility of the Productivity Management System is limited to identification of shortfalls and the same is not linked to the remuneration of the employees.
6. Employee productivity is measured on a collective basis and methods of measuring individual employee productivity are not in place.
7. The industry lacks common parameters of productivity measurement thus the every hotel has its own model for the same therefore comparison between two hotels becomes difficult.

## 9. SUGGESTIONS & RECOMMENDATIONS

Based on the responses received by the employees of the hotel industry on the issues related to Productivity management in hotels, the following suggestions & recommendations can be made:

1. The management of hotels should be more keen on the implementation of the "Productivity Management System" by acquiring the necessary knowledge on the same and should hire experts to develop and implement the system for better results.
2. Proper parameters to be selected for measurement of productivity so as to get accurate results.
3. The employees should be involved in the entire process to strengthen the system and make it more effective.
4. Avenues for measuring individual employee productivity should be explored for identification of less productive employees so as to take relevant measures to train and develop them for enhancing their productivity.
5. The system should identify key areas that have a direct impact on employee productivity and should take measures to control them thereby resulting into higher productivity.
6. As a part of effective implementation of the system, the management should link remuneration of the employees to their productivity. Thus it will act as a great motivation to the employees to enhance their productivity.

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