# IMPACT OF EMPLOYMENT PRACTICES ADOPTED BY HOTELS ON PRODUCTIVITY OF ITS EMPLOYEES – A COMPARATIVE STUDY BETWEEN HYDERABAD AND BANGALORE CITIES

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Milind A. Peshave

University of Pune

Dr. Rajashree Gujarathi

Sinhgad Institute of Business Management, Mumbai

#### **Abstract**

Employment practices in the commercial sector of the hotel and catering industry tends to be poor. Very few hospitality employers meet all of the basic requirements set by employment legislation and the managers and proprietors are poorly advised or trained about 'good practice'. Poor employment practice is of concern because, ultimately, it threatens India's success in tourism and hospitality markets as well as providing only low quality employment for many people This study aims at analyzing the interdependency of Employee productivity and employment practices followed in the hospitality industry represented from hotels ranging from 'Five star' to 'Economy' categories. It further attempts to compare the findings of Hyderabad & Bangalore cities. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 243 hotel employees from the management and the associates categories to understand their views on the subject. The responses received were represented graphically and analyzed using basic analytical tools. The findings of his research confirm the fact that employment practices adopted by the hotel industry have a positive impact on the productivity of its employees. However, the productivity management system should be suitably designed to focus on key employment practices with an aim to enhance the overall employee productivity. It further states that the most important areas for boosting employee productivity on which the management of hotels should focus their employment practices are provision of "Monitory Benefits (Salary & Wages, Overtime, Incentives)" and "Work-Life Balance (Weekly offs, Holidays, Duty timings)".

## Keywords

Employment Practices, Employee Productivity, Hospitality Industry.

#### Corresponding author

Milind Peshave, Research Scholar, University of Pune, India.

Email: peshave.m@gmail.com

#### Introduction

# Significance of study

Suddenly, India is witnessing a huge growth in the hospitality industry. More and more players are entering the market, and the competition is becoming increasingly fierce. As a consequence of this, retaining employees is becoming a huge problem in the city's hospitality market. Human Resource is an area that is growing in importance. As the industry continues to recover, it needs to focus on its employees and their roles as service providers.

At a time when the attrition rate in the hospitality industry has been on the rise and is set to double to nearly 50 per cent in the next two years, hotel companies are finding it hard to arrest employee exit. However, some new hotel companies have devised several employee welfare schemes to keep employees satisfied. At the same time, these hotel companies are training their employees to be more obliging in service so that they understand the crux of the hospitality services and discipline themselves to stay with the company for a sufficiently long period.

Survey suggests that employment practices in the commercial sector of the hotel and catering industry tends to be poor. Very few hospitality employers meet all of the basic requirements set by employment legislation and the managers and proprietors are poorly advised or trained about 'good practice'. Poor employment practice is of concern because, ultimately, it threatens India's success in tourism and hospitality markets as well as providing only low quality employment for many people

In labour intensive industries human resources are also costly to develop and

maintain. The recent phase of global rescission has led to the rediscovery of human resource costing and accounting as a means by which organizations can monitor the impact of their employment practices on business performance. However, very few hotel companies undertake any systematic analysis of their human resource investments and the economic contribution of employees remains unknown.

Also one must not forget that the Productivity of labour is an essential condition for the prosperity of any organization. The hospitality Industry is no exception to this. Along with other input resources, employee welfare and through provision of satisfaction employment practices are equally important in influencing the productivity of labour. In an effort to examine the impact of Employment Practices on Employee Productivity in the Indian Hotel Industry, the primary task is to identify the various employment practices followed by hotels and to check the intensity of its impact on enhancement of Employee Productivity.

This study aims at analyzing the interdependency of Employee productivity and employment practices followed in the hospitality industry represented from hotels ranging from 'Five star' to 'Economy' categories. It further attempts to compare the findings of Hyderabad & Bangalore cities

# Comparison between Hotel Industry of Hyderabad and Bangalore cities

These two cities have been chosen by the researcher for the study due the similarity of characteristics of the Hotel industry in these two cities. This similarity may be seen in the following parameters in which the industry can be characterized.

Parameters of comparison	Common features of Hotel industry of Hyderabad & Bangalore cities		
Category of Hotels	Business Hotels		
Clientele	<ul> <li>The major clientele of all business hotels is corporate and business travelers.</li> <li>Apart from this, the hotels of these cities have a clientele from the Information Technology sector and it is a known fact that Hyderabad &amp; Bangalore are the upcoming hubs in the sector of Information Technology. This fact is visible from the study of hotel clusters that</li> </ul>		

	have developed surrounding the Information technology industry at various locations in these cities.
	The hotel may be classified as "Star Hotels" & "Budget Hotels".
Classification	<ul> <li>Star hotels are further classified as Five star, Four star and Three star. The budget hotels cater to the clientele looking for economical options.</li> </ul>
	<ul> <li>It may be observed that since the target clientele of hotels in Hyderabad and Bangalore cities is the same, the availability of hotels in various classifications is also more or less similar.</li> </ul>

Thus a lot of similarity is observed between the hotel industries of Hyderabad and Bangalore cities thereby giving us a scope for comparison.

# Employment practices followed in the Hotel Industry

Above discussion only points to one thing, generally for every business, and particularly for a services industry like Hotel, employees are definitely the most valuable assets. The employees should be highly motivated, efficient and possess a high moral to participate in the service delivery process that would lead to a better customer satisfaction. Thus more and more attention should be paid to role of employees in services and investments should be made to improve the most valuable asset of services. In response to this fact, the hotel industry has restructured their employment practices to achieve greater employee efficiencies.

The employment practices followed by the hotel industry can be classified in the following areas:

## **Monitory Benefits**

The hotel industry is known as one of the poor pay masters. The salary paid to the employees is much lesser as compared to any other industry. There are several reasons for the same. Moreover, due to extreme competition in the hotel market hotels are struggling for their survival and due to the high overhead and other fixed costs that the hotels have, generating profits is a very challenging task. Thus salary or the labour cost is the only cost that may be controlled or kept within a limit. In addition to that, the forces of demand and supply of labour have kept the salary at a lower level. However, due to the increasing competition in the industry,

employees have options available due to which the attrition rate have increased in the industry. To curb this and to keep the employees satisfied and motivated the hotels have revised their compensation strategies by introducing the following monetary benefits to its employees:

- Better salary & wages
- Incentive schemes
- Overtime compensation.

## Training & Development

This is an ongoing activity in any organization to enhance the skills of the employees. Like others the hotel industry has introduced extensive training and development programmes for its employees. programmes may be in the form of on the job training or formal classroom training. The industry believes in continual development of service delivery process to match international standards. Moreover with the entry of international chain hotels, the hotels have identified the need of its employees to cope up with the challenge by acquiring the necessary skill sets through these activities.

## Work-Life Balance

The hotel industry is characterized with long working hours in different shifts, hard work, unpredictable weekly offs etc. Thus the employees have a poor work-life balance with negligible social life. The average working hours of the hotel employees is 12-14 hours during which they are expected to be on their feet almost all the time. Moreover, due to seasonal variations in the business, the hotels operate with meager staff so as to keep the labour cost low especially during the off-peak season thereby increasing the workload and work timings of the existing employees. The operations in hotels are very dynamic and unpredictable in nature many a times to cope up with the same, employees have to work on

their scheduled day offs at the cost of their plans with their families on such days. It is a known fact that during festive seasons the hotel business is in boom thus the employees are expected to be on their toes while their families are enjoying the festivals without them. Although, the industry has started realizing this fact, it has not been able to find a solution on the same. With a motive to lower the gravity of this problem, hotels have initiated the following measures:

- Additional Leaves / Holidays / Weekly offs
- Employee Leisure Clubs / Family Get together.
- Fixed number of working hours per day

### **Work Culture**

Work culture or Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. (Source- Wikipedia). It affects the way people and groups interact with each other, with clients, and with stakeholders. In the service industry, unlike any other industry the emphasis is on client or guest interaction which has a direct influence of the work culture prevailing in the organization. Work culture may comprise of:

- Employee relations: The professional relationship between "Employers Employees" & within employees. This is a major component of work culture since the operations of the organization revolves around the same. Especially in the hotel industry where it is more of a team effort making the guest experience memorable, professional relationship within the members of the team or "Team bonding" is crucial. A healthy work culture creates a hassle free work atmosphere in which the employees can fully focus on the core operational issues.
- Interactions: These are an essential part of any organization. Interactions within the formal organization may be in the form of vertical or horizontal interactions. As discussed earlier, it is more of a team effort that is required to offer a service to the guest. This effort is meaningless without proper interactions within the team members. These interactions may be by way of meetings, briefings, discussions, orders, directions, feedback etc. The

- success of any business highly depends on these interactions.
- Healthy work atmosphere: A stress free work atmosphere is characterized with just & fair organizational policies, amicable employee relations, well defined organization structure with clarity of each and every individual's role in the organization. Such an atmosphere leads to higher employee moral which has a direct impact on the employees' performance and overall productivity.

# **Employee Welfare**

Occupational welfare is welfare distributed by industry as part of employment and it includes salary-related benefits, measures intended to improve the efficiency of the workforce and some philanthropic measures. (Source- Wikipedia). These welfare measures have a great impact on the employees. In fact today's competitive environment, organizations are focusing on this employment aspect to attract and retain talent. The hotel industry is no exception to this. Although every hotel has its own corporate policy towards provision of employee welfare activities, the following practices are followed by majority of the hotels.

- On the job Meals: This is a very common feature observed in all the hotels. Employees are provided with on the job meals. Hotels being in catering business, provision of meals to its employees is convenient and economical. Although this aspect is taken for granted by the employees, it proves to be a very important facility especially when employees are working in odd shifts or working for long hours.
- Transport Facilities: This facility is not a very common feature in the hotel industry. However, few hotels provide this facility to outstation employees. The biggest reason for not providing this facility is uneven work timings of the employees. However, it is mandatory to provide a home drop facility to women employees working till late night.
- Accommodation Facilities: This is a common feature observed in Resorts where majority of the employees are outstation and rental accommodation is

limited and expensive. However, business hotels provide family or shared accommodation to its outstation employees on a temporary or permanent basis with or without a nominal charge depending upon the policy of the hotel.

- Family Medical Benefits: Based on the organizational policy, this benefit may be in the form of medical insurance schemes, Employees' State Insurance Scheme (ESIC), medical allowance or reimbursement of medical expenses to the employees. However, this may be restricted only towards employee liability and may not be extended to his family. Although a few hotels extend the same to family members of employees, it may be restricted only for senior management as a perk.
- Child Education Plans: This provision is very rare in the hotel industry. However, a few hotels may provide the same to its senior management as a perk.
- Family Pension Scheme / Insurance schemes: Based on the organizational policy, this benefit may be in the form of group insurance schemes, Employee Provident fund etc.

## **Employee Recognition**

Recognition of employees goes a long way in motivating them towards enhancing their performance. It shows that the management acknowledges the efforts taken by the employees. Employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce, with your chosen means of recognition, the actions and behaviors you most want to see people repeat. An effective employee recognition system is simple, immediate, and powerfully reinforcing. A few employee recognition tools commonly followed in hotels are:

- Rewarding employees for outstanding performances.
- Appreciation of steady performing employees.
- Employee of the month for exceptional contribution during the month.

# Impact of Employment practices on employee productivity

It is a known fact that the employee practices followed in organizations have a positive impact on the performance of the employees. It boosts their moral and motivates them to give in their best to enhance their performance. Productivity is a measure the performance of the employees towards attainment of the organizational objectives. However, the impact of each of these practices on productivity of the employees needs to be tested. Once the impact is identified, organizations can focus on such practices to enhance the productivity of its employees.

### Literature Review

Bayless, (2012), reported on the importance of staff training program to increase the productivity. It mentions that both new staffs and longer-term staff must be given opportunity to refresh, re-engage and develop new skills through training programs. Further the article focuses in the objectives of the Leadership in an organization.

Wan-Jing April Chang, (2010), examined the impact of human resource (HR) capabilities on internal customer satisfaction and organisational effectiveness. The findings revealed the importance of internal customers in enhancing employee morale, organisational commitment, employee productivity, turnover rate and the organisation's ability to attract talent.

Chen Shyh-Jer, (2009), indicated that job satisfaction for casual employees in the hospitality industry might well be increased when employers offer flexible rewards such as bonuses paid according to performance. In keeping with other research, the study also found that hospitality organizations tend to have lower staff turnover if the organization employs more internal employees. The study also found a significant positive relationship between internal employment modes and productivity.

Mohinder Chand, (2007), explored that hotel performance is positively associated with hotel category and type of hotel (chain or individual). Furthermore, hotel performance is positively related to the HRM systems of recruitment and selection, manpower

planning, job design, training and development, quality circle, and pay systems.

Li-Yun Sun, (2007), examined processes (mediation and moderation) linking highperformance human resource practices and productivity and turnover, two indicators of organizational performance and revealed that service-oriented organizational citizenship behavior (OCB) partially mediated the between high-performance relationships practices and human resource performance indicators. Unemployment rate the service-oriented moderated turnover relationship, and business strategy (service quality) moderated the serviceoriented OCB-productivity relationship.

Liz Price, (2007), reviewed the evidence suggesting that personnel practice in the commercial sector of the UK hotel and catering industry tends to be poor. In particular, she presents the findings of her own recent surveys which demonstrate that few hospitality employers meet all of the basic requirements set by employment legislation and that managers/proprietors are poorly advised/trained about 'good practice'. She argues that poor personnel practice is of concern because, ultimately, it threatens UK success in tourism and hospitality markets as well as providing only low quality employment for many people.

Seonghee Cho, (2006), investigated the relationship between the use of 12 human resource management (HRM) practices and organizational performance measured by turnover rates for managerial and nonmanagerial employees, labor productivity, and return on assets. The results of regression analyses indicated that companies implementing HRM practices such as labormanagement participation program, incentive plans, and pre-employment tests are more likely to experience lower turnover rates for non-managerial employees.

Erdem, (2006), examined the impact of employee relations programs on organizational performance in the lodging industry. These programs provide employees with opportunities to participate in planning and improving work-related tasks.

Pendrous, (2005), discussed issues facing human resource directors and managers at the food industry in Great Britain and stated

that there is a need to increase productivity and efficiency of employees. The industry should invest in staff training and development. It is also important to identify transferable skills.

Sheng-Hshiung Tsaur, (2004), explored the relationship among human resource management practices, service behavior and service quality in the tourist hotels in Taiwan. The results indicate HRM practices had partially a direct effect on customer perceptions of service quality and an indirect effect through employees' service behavior. Kuldeep Singh, (2004), found out the relationship between the human resources management practices and firm level performance. The study conducted on 82 Indian firms indicates that there is a significant relationship between the two resources practices, namely, training and compensation, and perceived organizational and market performance of the firm.

# **Objectives of the Study**

- I. To identify the various employee practices followed by hotels.
- To examine the impact of employment practices on employee productivity in the Hospitality Industry.
- To conduct a comparative study of the impact of employment practices on employee productivity in the Hospitality Industry of Hyderabad and Bangalore cities

# 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 and employees 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 of 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 total sample comprising of 243 hotel employees from Hyderabad & Bangalore cities was selected for the study. The sample that was selected on random basis represented the 'Manager' & "Associates" categories of 22 hotels ranging from five star to serviced apartments.

# Findings General Findings:

Agreement on whether employment practices followed by the hotel have an impact on the productivity of its employees

	Frequency	Percent
Strongly Disagree	2	.8
Disagree	17	6.8
Can't Say	18	7.4
Agree	142	58.6
Strongly Agree	64	26.3
Total	242	100.0

## Observation No.1.

Employment practices followed by the hotel have an impact on the productivity of its employees.

Impact of Employment Practices on Employee Productivity:

Areas on which the management should focus their employment practices based of its importance in boosting the employee productivity

Report				
Mean (7 points rating scale)				
		Location of respondents		
Key Areas for boosting the employee productivity -	<b>Bangalor</b>	Hyderabad		
	e			
Monitory Benefits (Salary & Damp; Wages, Overtime, Incentives)	6.02	5.82	5.91	
Training & Development (Skills development, Development programmes)	5.45	5.27	5.51	
Work-Life Balance (Weekly offs, Holidays, Duty timings)	5.93	5.91	5.87	
Work Culture (Employee relations, interactions, healthy work atmosphere)	5.46	5.49	5.51	
Employee welfare (Family health Schemes, Children Education, Insurance)	4.76	5.28	5.23	
Employee recognition (Rewards & Appreciation)	5.28	5.36	5.46	

# Observation No.2.

Based on its importance in boosting employee productivity, the highest rated areas on which the management of hotels should focus their employment practices are provision of

"Work-Life Balance (Weekly offs, Holidays, Duty timings)" and "Monitory Benefits (Salary & Wages, Overtime, Incentives)".

Employment practices that affect employee productivity in Hotels based on its impact seen on enhancing employee productivity

Report			
Mean (7 points rating scale)			
	Location of respondents		
Key Areas for boosting the employee productivity -	Bangalo	Hyderabad	Total
	re		
Monitory Benefits-Better salary & Damp; wages-	4.56	4.43	4.76

Monitory Benefits -Employee Incentive Scheme-	4.80	5.37	5.28
Monitory Benefits -Overtime compensation-	4.13	4.62	4.63
Training & Development -Opportunities to attend training programmes to enhance operational skills-	4.24	4.10	4.39
Training & Development -Personality Development Programs-	6.19	5.94	5.96
Employment -Scientific Recruitment Procedures-	5.12	5.43	5.34
Employment -Proper selection of personnel based on the job requirements-	5.17	5.29	5.25
Employee Services-On the job Meals-	4.98	5.17	5.02
Employee Services-Transport Facilities-	4.75	4.52	4.67
Employee Services-Accommodation Facilities-	4.75	4.59	4.71
Employee Relations-Employee friendly work culture-	5.66	5.31	5.39
Employee Relations -Effective employee grievance handling mechanism-	6.04	5.97	5.87
Employee Benefits-Family Medical Benefits-	5.45	5.63	5.44
Employee Benefits -Child Education Plans-		5.56	5.45
Employee Benefits -Family Pension Scheme / Insurance schemes-		4.57	4.70
Work-life Benefits -Additional Leaves / Holidays / Weekly offs-		5.92	5.94
Work-life Benefits -Employee Leisure Clubs / Get together-		5.33	5.39
Work-life Benefits -Fixed number of working hours per day-		5.94	5.86
Employee Appreciation-Employee Rewards Schemes-		5.64	5.43
Employee Appreciation -Appreciations of performing employees-	5.49	5.57	5.45

# Observation No.3.

Provision of "Better salary & Wages" is the most widely used employment practices in the category of "Monitory Benefits".

Findings on Comparative study between Hyderabad and Bangalore cities:

"Monitory Benefits" and "Work-life Benefits"

employment practice pertain to the area of

# Observation No.4.

On the basis of its impact on enhancing employee productivity, the highest rated

# **Availability of Employment practices in Hotels**

Availability of Employment practices in forces		
Employment nyostices adopted by Hotels	Difference in observations between the location of	
Employment practices adopted by Hotels		
	respondents	
I. Monetary Benefits		
Better salary & wages	No significant difference	
Overtime compensation	No significant difference	
2. Training & Development		
Opportunities to attend training programmes to enhance operational skills	No significant difference	
Personality Development Programmes	No significant difference	
3. Employment		
Proper selection of personnel based on the job requirements	No significant difference	

4. Employee services		
On the job Meals	No significant difference	
Accommodation Facilities	No significant difference	
5. Employee relations		
Effective employee grievance handling mechanism	No significant difference	
6. Work - life benefits		
Fixed number of working hours per day	No significant difference	
7. Employee appreciation system		
Employee Rewards Schemes	No significant difference	
Appreciations of performing employees	No significant difference	
	Difference in observations	
Employment practices adopted by Hotels	between the location of	

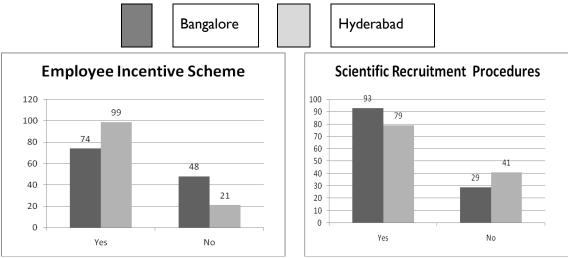
Employment practices adopted by Hotels	Difference in observations between the location of respondents
I. Monetary Benefits	
Employee Incentive Scheme	Significant difference
2. Employment	
Scientific Recruitment Procedures	Significant difference
3. Employee services	
Transport Facilities	Significant difference
4. Employee relations	
Employee friendly work culture	Significant difference
5. Employee benefits	
Family Medical Benefits	Significant difference
Child Education Plans	Significant difference
Family Pension Scheme / Insurance schemes	Significant difference
6. Work - life benefits	
Additional Leaves / Holidays / Weekly offs	Significant difference

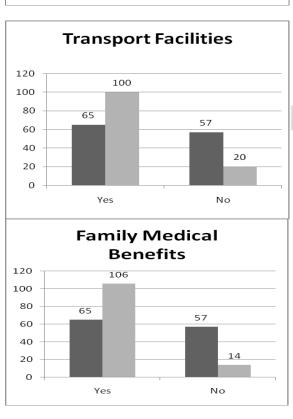
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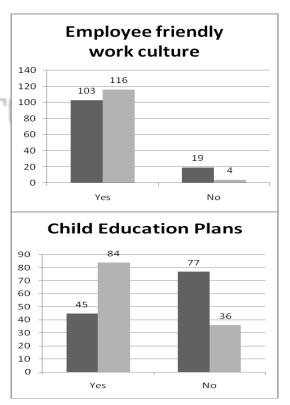
Employee Leisure Clubs / Get together

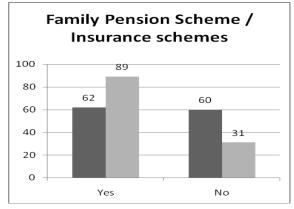
Significant difference

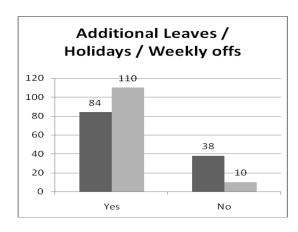
# Employment practices adopted by Hotels showing significant difference between Hyderabad and Bangalore cities













## **Conclusions**

The findings of the research can be concluded as under:

The hospitality industry agrees to the fact that the employment practices followed by the hotels have an impact of the productivity of its employees.

Employees belonging to the 'Manager' category feel that hotels should focus on the employment practices pertaining to Work culture, Employee recognition & Training & development since they have a maximum impact on their productivity.

Employees belonging to the 'Associate' category feel that hotels should focus on the employment practices pertaining to monetary benefits, Work culture & Employee recognition since they have a maximum impact on their productivity.

Employees belonging to the 'Manager' category feel that the employment practices that have a greater impact on enhancing their productivity are satisfactory followed by the hotels where as employees belonging to the 'Associate' category feel that the employment practices in hotels are not adequately available

in proportion to its impact on enhancing their productivity.

The most important areas for boosting employee productivity on which management of hotels should focus their employment practices are provision "Monitory **Benefits** (Salary Wages, Incentives)" "Work-Life Overtime, and Balance (Weekly offs, Holidays, timings)".

On the basis of its impact on enhancing employee productivity, the highest rated employment practice pertaining to the area of "Monitory Benefits" is provision of "Employee Incentive Scheme".

On the basis of its impact on enhancing employee productivity, the highest rated employment practice pertaining to the area of "Work-life Benefits" provision is "Additional Leaves / Holidays / Weekly offs". Based on the importance in boosting employee productivity and on which the management should focus their employment practices, the area pertaining to "Monitory (Salary Wages, Benefits & Overtime, Incentives)" employment practices has the

highest total mean of 5.91 on a 7 point rating scale.

The findings of the research confirm the fact that employment practices adopted by the hotel industry have a positive impact on the productivity of its employees. However, the productivity management system should be suitably designed to focus on key employment practices with an aim to enhance the overall employee productivity.

## **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:

The findings of this study suggest that the employment practices adopted by hotels have a great impact on the productivity of its employees. In spite of having an agreement with this fact by the management of hotels, the employment practices remain poor as compared to other industries. It is therefore recommended that hotels should design employee friendly practices aiming at the

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The biggest challenges of working in the hospitality industry are 'Poor pay packages' and 'Poor Work-life Balance' and they also happen to be the areas of greatest concern for its employees. The management should focus on provision of employment practices pertaining to the areas of 'Monetary Benefit' and 'Work-Life Balance' that have a higher impact on enhancing productivity of its employees.

The hotels should device a mechanism to link the productivity of its employees to their salary or some monetary compensation. This will prove to be a good motivator for the employees to be more productive.

Employee benefits like 'Family medical benefits', 'Child education plans & 'Family pension schemes / insurance' act as an additional perquisite to the employees and is not a common feature in the hotel industry. Thus taking a note of this, the industry should implement these schemes for its employees.

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