

## An Analysis Of The Methodology Adopted By Hotel Industry For Measuring Productivity Of Its Employees And The Challenged Faced Thereon

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### Abstract

*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. Hotel industry being a part of such a service industry faces a similar problem. This study aimed at analyzing the challenges faced by hotels in measuring employee productivity and to suggest the most suitable method of measuring employee productivity in hotel industry. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 365 hotel employees from the management and the associates categories to understand their views on the entire process. 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. Based on the suitability in measuring employee productivity, method pertaining to "Number of guest praises / positive feedbacks received per department / person" has been rated highest followed by "Percentage of repeat guests generated".*

### 1. Introduction

"**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. Hotel industry being a part of such a service industry faces a similar problem. However, the 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 challenges faced by hotels in measuring employee productivity and to suggest the most suitable method of measuring employee productivity in hotel industry.

## 2. Literature Review

- ▶▶ Rajashree Gujarathi, (2013) 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 and concluded that, the major reasons contributing to the ineffectiveness of the system are lack of management will, lack of common parameters of productivity measurement and intangible nature of the product of the industry i.e. “Service”.
- ▶▶ 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.
- ▶▶ 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.
- ▶▶ 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.

### 3. Objectives Of The Study

- i.) To analyze the effectiveness of the Productivity Management System followed in hotels and the satisfaction level of the employees on the same.
- ii.) To identify the challenges in measuring productivity in the Hotel Industry.
- iii.) To identify methods adopted by the hotels to measure the employee productivity.
- iv.) To check the suitability of the various methods adopted by the hotels to measure the employee productivity.

### 4. Research Methodology

#### 4.1 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 get an insight on the problem under study.

- **Questionnaire:**

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

**4.2 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 sample comprising of 365 employees representing various hotels from five star to serviced apartments was selected on random basis to conduct the study. The said sample was collected from Pune, Hyderabad & Bangalore cities due to the similarity of the nature of hotel industry in these cities.

Apart from the above mentioned tools the relevant secondary data for the research was collected from journals, books & internet.

**5. Findings**

**5.1. Challenges faced by the hotel industry in measuring employee productivity**

**Table 1: Whether measuring employee productivity in Hotels is a difficult task?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	217	59.5	59.5	59.5
	No	148	40.5	40.5	100.0
	Total	365	100.0	100.0	

**Interpretation:** 59.5% respondents feel that measuring employee productivity in hotel industry is a difficult task where as 40.5% do not feel so.

**Table 2 : Analysis of rating challenges in measuring employee productivity in hospitality industry**

	Mean			
	Respondents Location			
	Bangalore	Pune	Hyderabad	Total
Possible reasons for making measurement of productivity difficult in hotels: Intangible Product (Characteristics of Service Industry)	4.62	5.51	5.06	5.07
Possible reasons for making measurement of productivity difficult in hotels: Lack of Knowledge about Productivity Management.	4.43	5.15	4.47	4.69
Possible reasons for making measurement of productivity difficult in hotels: Lack of common parameters of measuring productivity.	4.83	5.04	4.59	4.82
Possible reasons for making measurement of productivity difficult in hotels: Lack of scientific approach towards labour management.	4.62	5.16	3.92	4.58
Possible reasons for making measurement of productivity difficult in hotels: Lack of management initiative.	4.38	5.25	3.88	4.52
Possible reasons for making measurement of productivity difficult in hotels: Difficulties in measuring customer satisfaction.	4.72	4.95	3.86	4.52
Possible reasons for making measurement of productivity difficult in hotels: Diverse operations.	4.79	5.05	4.37	4.75

**Interpretation:** Based on the importance in making measurement of productivity a difficult task in hotels, the factor pertaining to “Intangible Product (Characteristics of Service Industry)” has the highest total mean of 5.07 on a 7 point rating scale.

**5.2. Methodology adopted to measure employee productivity in Hotels**

**Table 3: Methodology adopted to measure employee productivity in Hotels**

Report	Mean			
	Location of respondents			
	Bangalore	Pune	Hyderabad	Total
<b>Methodology adopted to measure employee productivity in Hotels</b>				
Methodology adopted to measure employee productivity in Hotels -Total revenue generated per employee.	4.24	5.28	4.25	4.59
Methodology adopted to measure employee productivity in Hotels -Total food revenue generated per Food production staff.-Rating	4.47	5.00	4.16	4.55
Methodology adopted to measure employee productivity in Hotels -Total food & beverage revenue generated per Food & Beverage service staff.-Rating	4.59	5.09	4.41	4.70
Methodology adopted to measure employee productivity in Hotels -Total room revenue generated per Front Office / Sales & Mktg. staff.-Rating	4.53	4.93	4.55	4.67
Methodology adopted to measure employee productivity in Hotels -Average number of covers served per worked hours. (Food Production & F & B Service staff)-Rating	4.92	5.27	4.11	4.77
Methodology adopted to measure employee productivity in Hotels -Average number of check-ins / check-outs handled per worked hours (Front office staff)-Rating	5.18	5.32	4.50	5.00
Methodology adopted to measure employee productivity in Hotels -Average number of rooms serviced per worked hours (Housekeeping staff) –Rating	5.11	5.03	4.36	4.84
Methodology adopted to measure employee productivity in Hotels -Average number of guest satisfaction points generated per department.-Rating	5.40	5.63	5.54	5.53
Methodology adopted to measure employee productivity in Hotels -Number of guest praises / positive feedbacks received per department / person.-Rating	5.65	5.64	5.78	5.69
Methodology adopted to measure employee productivity in Hotels -Number of guest complaints / negative feedbacks received per department / person.-Rating	5.30	5.19	5.09	5.19
Methodology adopted to measure employee productivity in Hotels -Percentage of repeat guests generated. –Rating	5.48	5.75	5.59	5.61

**6. Conclusions**

The findings of the research can be concluded as under:

- I. 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.

- II. On the basis of “Revenue generation”, the most widely used methods to measure employee productivity are “Total food & beverage revenue generated per Food & Beverage service staff” and “Total room revenue generated per Front Office / Sales & Mktg. staff”
- III. On the basis of “Time frame”, the most widely used method to measure employee productivity is “Average number of check-ins / check-outs handled per worked hours (Front office staff)”
- IV. On the basis of “Guest satisfaction”, the most widely used method to measure employee productivity is “Number of guest praises / positive feedbacks received per department / person”
- V. On the basis of “Repeat business”, the most widely used method to measure employee productivity is “Percentage of repeat guests generated”
- VI. Based on the suitability in measuring employee productivity, method pertaining to “Number of guest praises / positive feedbacks received per department / person” has been rated highest with a total mean of 5.69 on a 7 point rating scale followed by “Percentage of repeat guests generated” with total mean of 5.61 on a 7 point rating scale.

### 7. 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:

- I. The management of hotels should be keener 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.
- II. The management of hotels should be keener 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.
- III. Management of hotels should focus on provision of employment practices that have a greater impact on productivity of its employees.
- IV. Monetary benefits, Work-life balance & Training & Development are the areas that the management should concentrate upon to attain better employee productivity.
- V. Hotels should frame employee centric employment practices that would lead to enhancement of the performance of the employees thereby attaining greater levels of productivity.

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