



THE PEOPLE NETWORK



HOSPITALITY FROM THE LENS OF “HUMAN RESOURCES”



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The hospitality sector in India stands at the cusp of innovation, navigating a whirlwind of changes that have been fuelled by the post-pandemic travel demand, technological advancements, and shifting guest expectations. As per recent research by IBEF, the tourism sector in India is projected to contribute US\$ 250 billion to the country's GDP by 2030, generating employment for 137 million individuals. The sector which currently accounts for 35 million jobs has already witnessed a growth of 8.3% over the last year (2022) and is likely to surpass 53 million jobs over the next 5 years.

As we witness this transformative era in the business of hospitality, **for building a long-term sustainable future, it is highly suggested that the sector introduces some innovative approaches toward its HR practices that will help navigate through the challenges** related to the availability of manpower, high attrition levels, and low pay scales.

It may be worthwhile to remind you that in the past, the Human Resources (HR) function's primary focus was on administrative efficiency, ensuring HR processes run smoothly while adhering to legal and regulatory compliance. Though these responsibilities were crucial, HR was often excluded from strategic decision-making and were considered support functions rather than strategic partners. **While some of the other allied sectors have been quick and far-sighted to acknowledge HR as "Business Partners", the hospitality sector still appears to have taken minimal steps in that direction.**

Considering the nature of the business and the precedence of how the hospitality sector in India has been functioning for many decades, **the overarching business goals which are focussed on managing costs and owner expectations, continue to take priority when compared to implementing and aligning modern HR practices in the sector.**





In a comprehensive effort to gather valuable insights into the implementation of transformative HR practices across the hospitality sector in India, The People Network initiated a survey that was completed by senior HR leaders across all domestic and international hotel companies operating in the country. Our initiative **witnessed participation from 12 hotel companies operating 1546 hotels in the country** and was aimed to assess the current trends, opportunities, and challenges faced by these chains from the context of human resources.

The survey aimed to understand how hotel companies are faring on key trends related to -

- Compensation
- Workforce agility
- Diversity and inclusion initiatives
- Impact of technological advancements on HR practices

While the survey responses highlighted many interesting takeaways, it was encouraging to note that HR Leaders find that the function is gradually earning its spot in being considered as "STRATEGIC ADVISORS" rather than being perceived as administrators. Although, it may be noted that the current state of empowerment for HR leaders to implement certain processes, may vary depending on the specific organization and its approach to modernization. **The survey findings have indicated that many leading hotel brands and organizations have made substantial strides in reevaluating and reshaping their HR strategies to align better with contemporary workforce needs.**

Undoubtedly, the completion of this survey by all senior HR leaders in the hospitality sector stands as a testament to the industry's dedication to continuous improvement and collective growth. Their active involvement and transparent responses have provided crucial data that will serve as a basis for formulating future strategies and best practices for the industry as a whole.



KEY RESULTS

The upcoming sections showcase the findings on some key HR trends, challenges and ideas influencing the hospitality industry.

Alongside the survey results under each section, we have also shared a few thoughtful and actionable suggestions which can be explored to mitigate the challenges effectively.

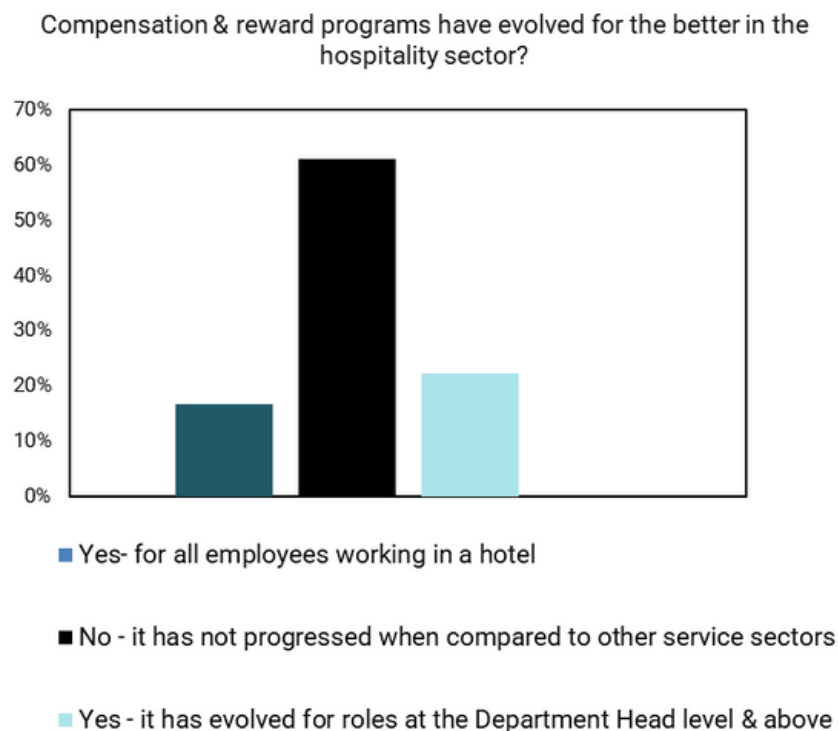
It is important to note that while we have carefully considered our suggestions, some proposals may require further evaluation and feasibility assessments before implementation.

We acknowledge that each solution may not be universally applicable and may vary depending on our organization's unique circumstances.

SECTION 1 - COMPENSATION

The survey questions in this section focussed on capturing the prevailing outlook toward pay and benefits and how companies are competitively compensating their workforce to attract and retain talent.

Q. Do you think compensation & reward programs have evolved for the better in the hospitality sector?



Source : The People Network Research 2023

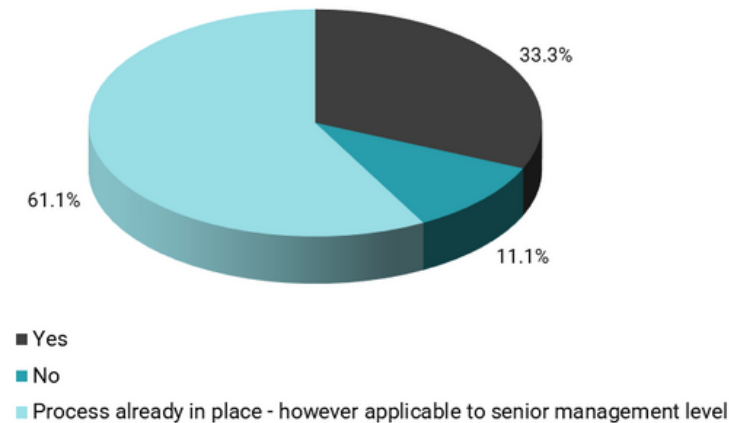
According to survey findings, 61.1% of the respondents have indicated that **compensation levels have not progressed when compared to other service sectors** whereas 22.2% of the respondents have indicated that **it has improved however only for roles at the Department Head level and above.**



SECTION 1 - COMPENSATION

Q. Is it feasible to implement a dynamic variable payout structure for all employees including front-line staff, wherein a variable pay increase is linked to the hotel's Sales/Gross Operating Profits?

Feasibility to implement a dynamic variable payout structure for all employees including front-line staff



Source : The People Network Research 2023

61% of respondents have indicated that **there exists a process for senior management-level staff that links a dynamic variable payout structure to the hotel's sales / Gross Operating Profits**. It is also encouraging to note that **33.3% of the respondents do see merit in exploring the feasibility of implementing such structures for front-line staff** as well.

As it is, the lack of skilled manpower in the hospitality sector has been plaguing the industry for years, and given the dismal pay structures, the scarcity is being felt even more, especially for hiring talent at the entry-level. Linking a dynamic variable payout structure to the hotel's sales or Gross Operating Profits (GOP)/Guest satisfaction scores etc. for entry-level staff can be a strategic approach to incentivize and reward employees based on their direct contribution to the hotel's performance. This in turn will help elevate the pay packages being offered for entry-level staff.

Overall, based on the survey responses received in this section, we gather that the **average annual salary increase in the industry continues to remain stagnant at 8% - 9%**. Despite the ever-evolving nature of the sector and the increasing operating profits, and demands from both guests and employees, the incremental growth in salaries especially for entry-level roles has failed to keep pace. One of the primary reasons behind this stagnation can be attributed to the highly competitive nature of the hospitality market. The industry is known for its thin profit margins, which often leave little room for substantial salary increases. As a result, many hospitality companies find themselves constrained by budgetary limitations, forcing them to maintain a conservative approach to employee compensation.

SUGGESTIONS - WAY FORWARD



Enhancing pay and rewards for employees in the hospitality sector requires a proactive and thoughtful approach that will assist in attracting and retaining talented individuals while ensuring the financial sustainability of the business.

Here are some steps that can be taken to achieve this:

Conduct Compensation Benchmarking across the service hospitality sector:

Start by conducting comprehensive compensation benchmarking in related service sectors which are preferred employment grounds (such as F&B restaurants, malls, real estate, co-working space, and aviation) to understand the industry standards. This analysis will provide insights into how the hospitality sector's compensation package compares to other service sectors.

Profit Sharing Or Bonus Pool:

Consider implementing a profit-sharing or bonus pool system, where a portion of the company's profits is distributed among front-line staff as an additional reward for their contributions to the organization's success.

Comprehensive Recognition and Rewards Program:

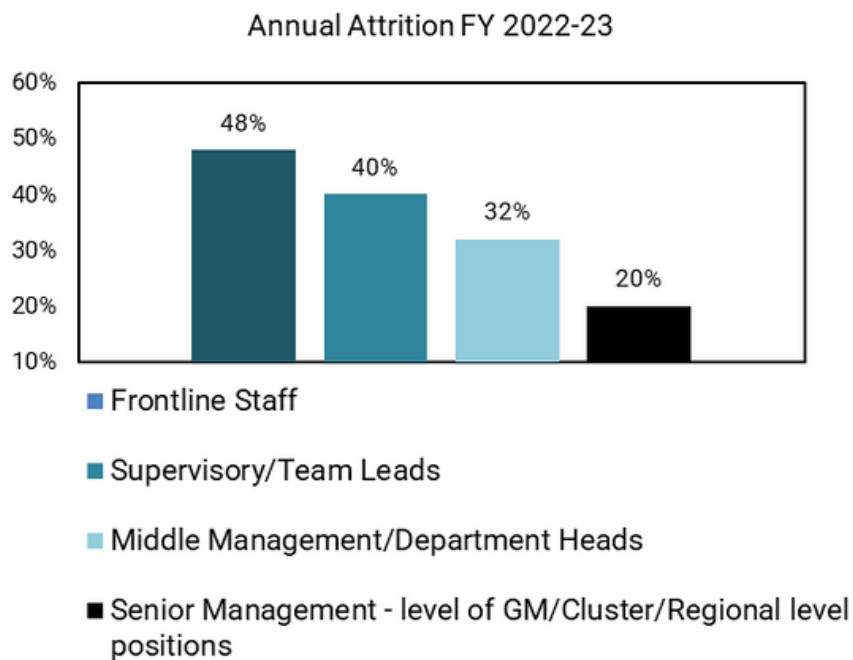
Establish a robust recognition and rewards program that acknowledges and celebrates the achievements of entry-level staff. This can include spot bonuses, or non-monetary rewards like gift cards, vouchers, or extra paid time off. Furthermore, wellness initiatives and benefits that support the physical and mental well-being of entry-level staff like a gym membership, etc. can be an added advantage too.



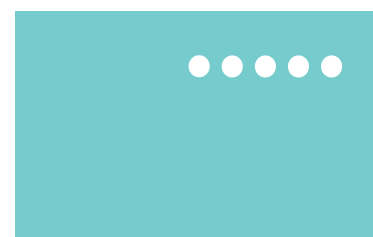
SECTION 2 - WORKFORCE AGILITY

Workforce agility refers to an organization's ability to respond quickly and effectively to changing circumstances and demands in the business environment. The survey questions in this section were focussed to gather insights into the various factors which are most impacting the hotel brands and are acting as impediments. It also tries to capture how companies are adapting to a dynamic work environment, that can empower employees to respond effectively to changing market demands.

As per survey findings, **the current annualised attrition in the hospitality sector is the highest amongst the frontline staff at 48%**. This is followed by employees at the supervisory/team lead level which is at 40%. The middle management level is witnessing attrition of 32% whereas annualised attrition is at 20% for employees at the senior management levels.



Source : The People Network Research 2023



SECTION 2 - WORKFORCE AGILITY

Q. With the changing workforce dynamics in the hospitality sector, please rank the factors which are posing the biggest threat.

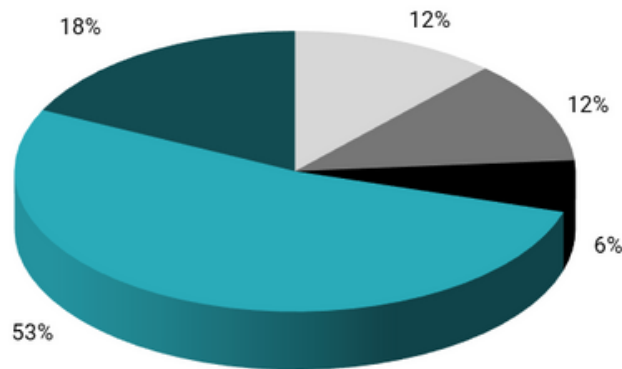
As per survey results, **the top-ranking reasons posing the biggest threat in the rapidly changing workforce dynamics in the hospitality sector** are as given below:



SECTION 2 - WORKFORCE AGILITY

Q. Has your organisation implemented a 5-day work week across hotels in its portfolio?

Implementation of 5 day work week across hotels



- Implemented in less than 25% of the hotels in my organisation
- Implemented in more than 50% of the hotels in my organisation
- Implemented in 100% in all hotels in my organisation
- Yet to be implemented
- Unlikely to be implemented

Source : The People Network Research 2023

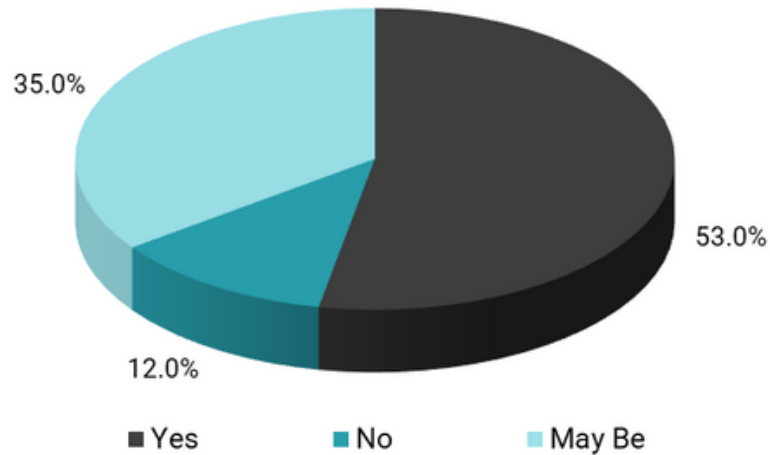
It is interesting to note that even though long work hours have been the bane of problems for the sector, survey results indicate that a lot is desired to be done to mitigate this challenge. As per survey findings, **53% of the respondents have indicated that they are yet to implement a five-day workweek across their hotels.** Although a very nominal part of the hospitality sector continues to feel that implementing a five-day workweek is an unlikely possibility, **30% of respondents have embraced the idea of a five-day workweek and are working to implement it across their hotel units as a means of bolstering employee satisfaction and reducing burnout.**

We believe **recognizing the benefits of providing employees with an additional two days off per week, will help align with the industry's efforts to attract and retain top talent. In a highly competitive job market, offering a more balanced work schedule can serve as a strong incentive for prospective employees,** particularly those seeking better work-life integration. This shift in schedule will help enhance employee well-being, increase productivity, and promote a more attractive work environment in an industry known for its demanding and round-the-clock operations.

SECTION 2 - WORKFORCE AGILITY

Q. In certain support functions within the hospitality sector, do you believe remote work options can help alleviate talent management challenges in the industry?

Can remote work options for certain support functions help alleviate talent management challenges in the industry?



Source : The People Network Research 2023

53% of the respondents agree that remote work options can help alleviate talent management challenges in certain support functions within the hospitality sector.

While remote work may not be feasible for all roles in the industry, there are specific support functions where it can be a valuable solution to address various talent management challenges. Remote work options can attract a broader pool of talent who prefer or require flexible work arrangements. This can be particularly beneficial for support roles that do not require a physical presence at the hotel property. Though it will be crucial to assess each role's feasibility for remote work based on its specific job requirements and responsibilities.

By recognizing the importance of adopting new-age practices, the hotel sector at large can look at, ultimately positioning the industry for sustainable growth and success in the evolving landscape of managing talent.



SECTION 2 - WORKFORCE AGILITY

Q. With the non-availability of skilled workforce within the sector, the rise of the gig economy, and the availability of flexible work arrangements, HR will need to adapt its strategies to foster workforce agility. What have been the steps taken by your organization?

Partnering with skilling centers for hiring entry-level staff who can supplement the required manpower.

Managing work through gig workers.

Reduced work hours across a few functions have been introduced.

Introduction of flexible work arrangements for mothers returning to work post-maternity.

Introduction of wellness first campaigns for employees.

Introduction of caregiving leaves.

Introduction of part-time options.

Flexible work timings for support functions, pregnant women employees, and young mothers.

Strict adherence to shift timings so that employees are able to maintain work-life balance.



SUGGESTIONS - WAY FORWARD



The current generation of job seekers has different preferences and priorities when it comes to work-life balance and career paths. One can already witness how this has already led to a shrinking pool of candidates who are unwilling to commit to the demanding and unconventional schedules often required in the hospitality industry.

As a step towards creating an agile environment with a thriving workforce in the hospitality sector, one can explore taking the following steps:

Implement a Five-day Workweek for All Employees

Explore creating Remote Work Options for Certain Functions:

This can help attract a broader pool of talent who prefer or require flexible work arrangements. This can be particularly beneficial for support roles that do not require a physical presence at the hotel property.

Empower Employees:

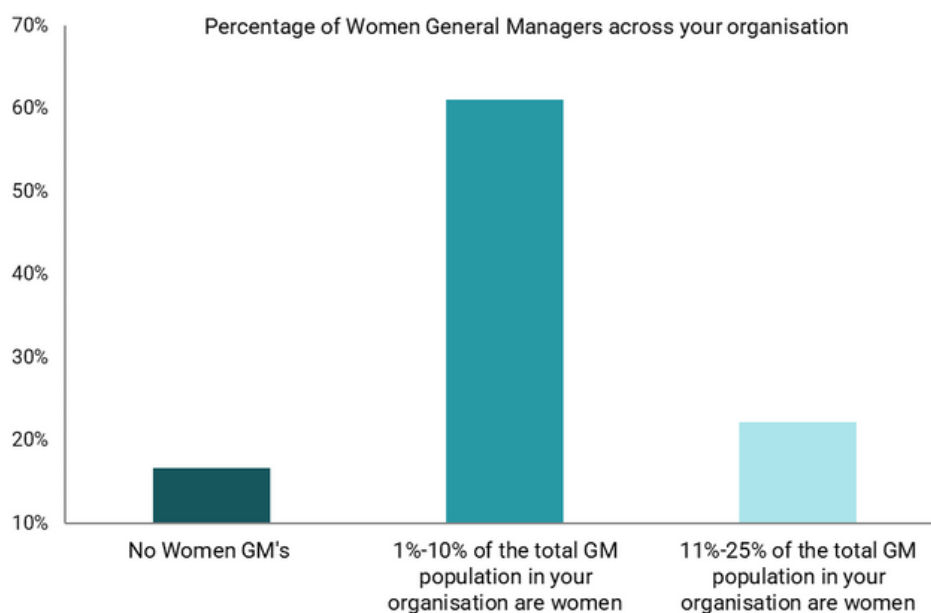
Empower front-line employees to make certain decisions independently, especially when addressing guest needs or resolving minor issues. This autonomy can speed up problem-solving and improve the overall guest experience.



SECTION 3 - DIVERSITY AND INCLUSION

The survey questions under this category were intended to capture the current state of a diverse workforce in the Indian Hospitality sector,

As per findings, **from the 12 hotel companies who participated in the survey, the majority of them (61% of the respondents) have indicated that they have close to 10% of Women as General Managers (GM).** In fact, **a couple of hotel companies even reported having no women representation at all at this level.**



Source : The People Network Research 2023

Even though the finding around women GMs constituting less than 10% of the overall GM population in the country seems dismal and definitely leave a lot for the industry to introspect, however, it may be noted that the data has significantly improved over the years. Thus, reflecting some positive progress in gender diversity and inclusivity within the hospitality industry.

Historically, the General Manager position was predominantly occupied by men, but in recent times, there has been a notable increase in the representation of women in this leadership role. One of the reasons behind the rise of women General Managers is the growing recognition of the unique skill sets that women bring to leadership roles. Furthermore, increasing awareness and advocacy for gender diversity have prompted hotel companies to proactively seek out and promote women to leadership positions. However, despite the progress made, there are still many hotel companies with negligible representation of women in a General Manager's role.

SECTION 2 - DIVERSITY AND INCLUSION

The survey findings also reflect another interesting fact about women's representation across other functions in the hospitality sector. While **women are widely noticed to take up roles across functions such as Human Resources, Sales, Marketing, and Learning & Development**, survey results also highlight that **72% of the hotels that have participated in the survey have less than 10% of women in specialized fields such as the Finance function.**

Continuing with the overall theme of Diversity and Inclusion in mind, while many sectors are now embracing LGBTQ+ diversity to create equal job opportunities for everyone, and foster a sense of belonging and safety for LGBTQ+ employees, guests/customers, the hospitality sector has largely remained silent on this subject.

While the **hospitality sector in India has less than 5% of its total employee base constituting this community, demonstrating a commitment to LGBTQ+ inclusivity can help attract a diverse pool of talent**, enhancing a company's ability to recruit and retain skilled employees from different backgrounds. After all, employees are more likely to feel valued and loyal to an organization that embraces their identities and respects their rights.



SUGGESTIONS - WAY FORWARD



At a time when the hospitality sector is facing a serious manpower crunch, it is important to look at multiple avenues and sources which can help break the perception around the industry and clear up paths that can offer potential talent.

Here are some directions that the hospitality industry should think about, to enhance the available talent pool:

Attracting Diverse Talent:

By promoting diversity and inclusion in the workplace, the hospitality sector can send a clear message that they value and welcome individuals from diverse backgrounds. This inclusive approach can attract candidates who might have otherwise overlooked the industry due to perceived barriers or lack of representation.

Expanding Skill Sets:

Diverse teams bring a wide range of perspectives, experiences, and skills. By embracing diversity, hotels can tap into a pool of talent with varied expertise and knowledge, enabling them to cater to diverse customer needs.



SECTION 3 - IMPACT OF TECHNOLOGICAL TRANSFORMATIONS ON HR PRACTICES

The survey questions were designed to understand how the Indian hospitality sector has adopted and integrated modern technologies in HR operations.

Q. How has your organization leveraged digital technologies for HR processes?

- Employee self-service portals or mobile apps for easy access to personal information and leave management.
- Implementation of a cloud-based HR management system for streamlined employee data management.
- Digital performance management tools for real-time feedback and performance evaluation
- Digital recruitment platforms and applicant tracking systems for efficient hiring processes

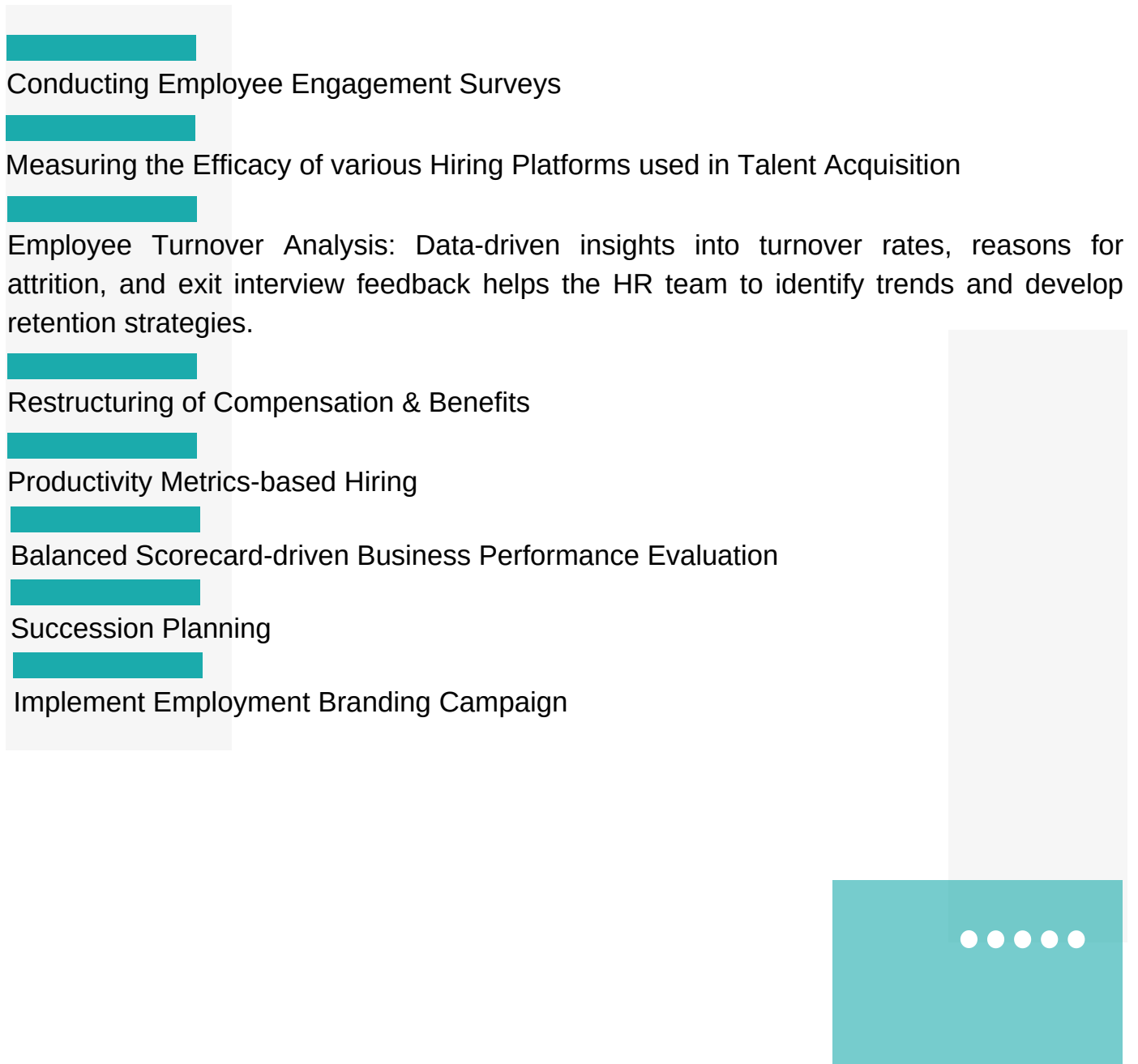
As per survey results, most hotel companies have given priority to the adoption of employee self-service portals or mobile apps for easy access to personal information and leave management. Furthermore, it is encouraging to note that HR in the Indian hospitality context is taking conscious steps to rely on data-driven decision-making in order to optimize talent management, enhance employee experiences, and drive overall organizational success. **While the sector still has a long way to go, the use of data and analytics in HR processes has enabled hotels to make informed and strategic decisions based on real-time insights.**



SECTION 3 - IMPACT OF TECHNOLOGICAL TRANSFORMATIONS ON HR PRACTICES

Q. Does HR within your organization rely on data-driven decision-making? If yes, please provide details of the top three initiatives undertaken based on data-driven insights.

As per survey results, listed below are some of the ways in which data-driven decision-making is being followed by the HR function across the hospitality sector.



SUGGESTIONS - WAY FORWARD



By embracing technology, the industry can attract top talent, optimize workforce management, and create a more agile and adaptable work environment.

Following are a few suggestions on how the sector can infuse innovation and excitement into its digital transformation initiatives, creating a modern and employee-centric workplace:

Workforce Planning:

Data analytics can support HR in making workforce predictions, identifying staffing requirements, and planning for future talent needs based on business growth projections.

Virtual Reality (VR) for Onboarding:

Implement VR-based onboarding experiences that allow new hires to virtually explore the workplace, interact with colleagues, and learn about company policies. This immersive approach can create a lasting impression and accelerate the onboarding process.

Artificial Intelligence (AI) for Employee Assistance:

Integrate AI-powered chatbots or virtual assistants that can answer employees' common HR-related queries, such as leave balances, policy information, or benefits details. This will allow time for HR Managers to focus on more strategic tasks.

Personalized Employee Development Plans:

Utilize AI algorithms to create personalized development plans for each employee based on their strengths, interests, and career aspirations. This approach ensures employees receive relevant training and growth opportunities



CONCLUSION



As the responses were collected and analysed, it became evident that the survey succeeded in highlighting both the shared challenges and unique approaches of each hotel brand. Additionally, it illuminated the solutions that some brands have already implemented successfully, inspiring others to adopt similar practices for enhancing their human resources and organizational excellence.

Overall, it's important that the industry gets together to build focussed campaigns which promote a better stronger, and more progressive image of the sector.

Creating better advocacy around the hospitality sector requires a coordinated effort from industry stakeholders which include owners, operators, employees, and hospitality consultants/advisors. By proactively showcasing the industry's potential for growth which offers competitive compensation packages, and emphasises employee well-being, the hospitality sector can attract a new generation of talented individuals eager to contribute their skills and passion to this dynamic and rewarding field.

Launch “Incredible Hospitality Campaign”

Hotels, restaurants, resorts, and other related establishments should collaborate to launch nationwide campaigns that showcase success stories of individuals who have built fulfilling and successful careers within the sector. These campaigns can feature executives, chefs, managers, and front-line staff who have risen through the ranks, emphasizing the industry's potential for career growth and advancement.

Social Media for Hospitality Sector Advocacy

Leverage social media platforms creatively to showcase the sector, the culture, employee stories, and achievements. A compelling story on the hospitality sector along with employer branding strategy on platforms like LinkedIn, Instagram, and Twitter can attract top talent and create a positive brand image.

Success Campaigns

Launch campaigns and initiatives to raise awareness about the diverse career opportunities and the employee benefits being offered by the hospitality sector. Highlight success stories of individuals who have built fulfilling careers in the industry.



Participating Hotel Companies

