

Original Article

Human Resources Management's Strategic Role in Sri Lanka's Hotel Sector

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Abstract - Human Resources Management as a discipline has been in existence for decades. However, throughout history, practitioners and researchers have continued investigating various Human Resources Management practices and their influence on the business. Many authors argue that HRD confronts a unique set of challenges and some emerging trends globally and locally (Devadas and Silong, 2011). Through this research, the researcher has identified Human Resources Management practices in Sri Lanka's hotel sector with special attention to strategic involvement of the HRM, such as involvement of HR Leadership in formulating a business plan and policy formulation, Talent acquisition, etc. among other findings of this study the different leadership styles emerge in related to Strategic HR in the Hotel Industry. When considering Strategic Human Resources Practices in the Hotel Industry in Sri Lanka, it is evident that HR Leadership should play the role of Business Partner. Among the other findings, the researcher found out that there is a growing need for a national-level Strategic Human Resources Management policy framework. As this research was carried out using qualitative research method, empirical study on varying Human Resources Strategies and their practices in three major hotel chains, namely, Hilton Hotels, Cinnamon Grand Hotels, and John Keels Hotels, were studied. The researcher believes that there can be varying results in the small and medium-sized hotels management and their application of strategic human resource management.

Keywords - SHRM's contribution in the Decision-making process, Sri Lanka's Hotel Industry, Strategic Human Resources Management SHRM

I. INTRODUCTION

Literature review shows that role of Human Resources Management has taken a new shape in today's fast-changing business environment, especially its strategic role has been identified as a critical factor for the success of any business. In post-war Sri Lanka, successive governments looking for economic prosperity and social upliftment through job creation have identified the hotel sector as a key means of attracting much-needed foreign currencies to Sri Lanka.

In today's fast-changing business environment, business challenges become more complex with economic, global, technological, competitive, customer, and

demographic changes. That is why business leaders seek innovative solutions to managing short-term and long-term costs and growth. For HR professionals to contribute to these demands, they must transform how they work. This fundamental transformation must occur in the way the HR department is organized (into service centers, centers of expertise, embedded HR); how HR practices are designed, integrated, and aligned to business requirements; (Ulrich, Dave 2009).

Strong growth in the tourism and hospitality sector creates employment and career opportunities and can harness the intrinsic hospitality of Sri Lankans. (Tourism Strategic Plan 2017 to 2020, Ministry of Tourism Development and Christian Religious Affairs). However, through the literature review, it was evident that compared to other industries in Sri Lanka, the hotel industry has shown significant progress in terms of investments and resources allocation for human resources development. This was re-iterated at the PS TSC – Private Sector Tourism Skills Committee annual meeting held in July 2018.

II. STATEMENT OF THE PROBLEM

Through literature review researcher identified that there are three types of strategic leadership in Sri Lanka's hotel sector. They are;

1. Ones who grow up on the career ladder in Sri Lanka's hotel sector; those who were working for a long period of time,
2. Those who acquired qualifications abroad in countries like Switzerland, Australia and
3. The expatriate/foreign nationals are working on short-term contracts. However, it is safe to mention that, like in any other industry in a developing country, human resources management has not been considered as a strategic partner.

Kaufman (2015: 404) states that Strategic Human Resources is 'the choice, alignment, and integration of an organization's HRM system so that its human capital resources most effectively contribute to strategic business objectives.'

In the past, HRM was seen as mere support services for businesses. However, with changing socio-economic



environment, the job of HRM has much more than a functional HR & Administrative role.

The researcher hopes to through this study to conduct a thorough literature review and study the current practices on the subject matter.

III. LITERATURE REVIEW

HRM has been argued to have begun in the mid-1970s. Purcell (1999), subsequently, Nankervis, Compton, and Baird (2008) mention that both human resources and personnel as well as HRM (defined in subsequent sessions) have been influenced by management theory. The advent of technology, globalization, and unionism, and changes in society, brought about new management theories (Schuler & Jackson, 2005).

It's generally agreed that contemporary management literature, as well as concepts, have emerged in the post-industrial revolution era where the manufacturing industry continued to be the soul of economies, and this led to the emergence of research in an industrial setting. Post World War II, services industries continued to expand, and economies have experienced the transformation from a traditional industrial setting to an emerging service industry landscape. Innovations are blessed by creativity value the addition of human resources for organizations, whereas even the services sector needs such human resource strategies for differentiation (Dissanayake, Wasantha, & Jinadasa, 2016). The hospitality industry is considered a sub-category within the services industry and has experienced significant growth with expanding global economy and positive changes pertaining to the travel and hospitality industry in a global environment. Further, the services industry is widely accepted to be driven by customer satisfaction, and therefore human resources are an essential component of service delivery. Therefore investigating HRM practices in a labor-intensive industry such as hotel is important. Studies conducted by Hoque (1999), Alleyne et al. (2006), and Chand and Katou (2007) researcher have examined HRM practices in the hotel industry from a global perspective, in particular, some of the tourism hot spots such as the UK, Barbados, and India respectively. Although the studies have been conducted in different years and there is a significant gap between the studies, a comparison of HRM practices in these studies provides significant insights on the adoption of HR practices in three countries. Based on the findings of the above studies, it can be stated that HRM in the hotel industry is widely adopted, and researches are emerging from developed and emerging markets examining HRM practices. Therefore, through this study researcher focuses on identifying SHRM practices in the Hotel industry in Sri Lanka and whether there is a significant difference in SHRM practices in chain hotels and independent hotels.

The differences between growth stages and HR problems also present several interesting observations. The highest-growth firms demonstrated the most challenges with development. This is not surprising given the fact that high-growth firms generally experience communication

problems because the owner/manager can no longer easily train every employee. Instead, the firm must move toward formalizing the development of employees, and this is often a painful transition (Hanks & Chandler, 1994). In contrast, these high-growth firms reported the lowest levels of retention problems. This is likely caused by the fact that high-growth environments tend to attract employees who enjoy the fast-paced atmosphere and may be willing to accept less money to be involved (Muse et al., in press). As sighted by Suraweera BHS, Daily Mirror, Wednesday, December 5, 2018

As suggested by Allen and Wright (2007: 88), SHRM 'represents an intersection of the strategic management and human resource management (HRM) literature. Strategic management was described by Johnson et al. (2005: 6) as 'understanding the strategic position of an organization, making strategic choices for the future, and turning strategy into action'(emphasis inserted). The purpose of strategic management was expressed by Kanter (1984: 288) as being to 'elicit the present actions for the future and become action vehicles – integrating and institutionalizing mechanisms for change.'

However, Baird and Meshoulam (1988, p. 122) suggest that HRM should not only accomplish the external fit, "but also the components of human resource management must fit with and support each other". Budhwar and Aryee (2008) mention that the horizontal or internal fit needs every aspect of the HR strategy to fit together, with the objective of accomplishing a consistent process of managing human resources. The notion is to form a synergy between the HR policies and practices, for example, recruitment and selection, training and development, performance appraisal, and employee compensation, ensuring that one policy or practice assists and reinforces the performance of the other (Dela Awo Mansa Agbodo-Otinpong, 2005)

IV. KNOWLEDGE GAPS AND SIGNIFICANCE OF THE STUDY

Though there has been a growth in knowledge creation in the field of SHRM in the Sri Lankan context, the pace of the growth may not be on par with the other developed and emerging economies.

Literature review reveals that while there were sporadic attempts had been made to understand the topic and its application. The researcher believes a real action plan which can engage all stakeholders in the field of Strategic Human Resources Management for the hotel sector is still a necessity. Moreover, it is increasingly evident through senior leadership focus on Strategic HRM as a requisite for the success of any business.

While Sri Lanka's universities and other higher educational institutions have a focus on knowledge creation through historical knowledge sharing through their curricula, the researcher believes that this should further enhance at the post-graduate level. There is a real need for new knowledge creation at the post-graduate level. This will eventually spark a healthy conversation at the top level, mainly to identify the real problem faced by the industry &

find a sustainable solution for them. Overall, the Sri Lankan economy is largely attributed to the services sector (Dissanayake & Weerasiri, 2018). In this case hotel industry and its human resources strategic approach for the success of the industry.

Therefore, the researcher believes that this is a significant study and will help the industry finding the impact of the SHRM in hotel management.

V. CONCLUSION AND FUTURE WORKS

With an ambitious plan of increasing the number of international tourist arrivals to Sri Lanka from 2.5 million in 2018 to 3 three million by the end of 2019, the hotel industry should be ready to cater to this number. While hotel rooms and other facilities may be developed, the challenge for the industry is to groom manpower for various jobs. Tourism development is not simply a numbers game. In a journey towards a brighter future for tourism, Sri Lanka needs strong partners (Jayawardena, 2012a). The tourism sector of Sri Lanka needs brand development strategies to penetrate destination advantages, including its locational value propositions (Koththagoda & Dissanayake, 2017). As the preliminary step, the government and all community stakeholders in the private sector, as the engine of growth, must work together to understand the complexity of sustainable tourism. With SHR in mind following are some of the long-term initiatives that need attention for the strategic development of Human Resources Management.

Through this study, the researcher could identify the following emerging themes related to SHRM in the hotel industry.

1. Need for Improved Governance and Regulations: create a system of tourism institutions, regulations, and processes conducive to streamlined investment and business operations; facilitate industry best practices, monitoring, and enforcement; and support the development of communities and the workforce.
2. Lifting Industry Standards on EH&S – Environment, Health, and Safety: create mechanisms to support best practices in the handling of water, energy, and waste; in service and quality control; and in the protection and presentation of wildlife and other environmental, cultural, and historical values. EH&S – Environmental, Health, and Safety are an integral part of the SHRM.
3. HR Leaders should play the role of Business partners, going beyond the typical HR functional stakeholders. HR partners should be competent to understand there is only a business strategy; businesses can't have separate HR strategy and Business strategy. HR is essentially leading the strategy with setting up people agenda.
4. National HR policy should improve to be more inclusive and focus on the strategic level. The current policy framework focuses more on the skill level workforce developmental need.
5. Identify human resource development as a strategic requirement for tourism industry growth in Sri Lanka – both in terms of quantity and quality. There are various interpretations of the actual number of employees needed by 2019 and beyond, but it is reasonable to predict that Sri Lanka needs half a million employees in hospitality and tourism over the next five years.

It is fair to say that given the limitations and inefficiencies that often characterize developing countries like ours. There are mainly people-related issues (knowledge gaps & skill gaps) in running a business. It is unlikely that the government alone will be able to provide education/training on this scale. Therefore, it is important that Sri Lankan tourism and hospitality management professionals be innovative and able to learn from various best practices as well as the challenges faced by other destinations. (Jayawardena, 2012a). In this context, the researcher would like to make the following suggestions as remedial measures:

1. Further, develop and improve tourism-infused curricula in secondary education. Indonesia and India can be good role models to emulate. Authorities have included some of these courses in the national university curricula. However, further research and post-graduate opportunities are not sufficiently developed.
2. Promote tourism/hospitality as an attractive career from the school level (from grade 10, 11, and 12 students.)
3. Promote hospitality trades/apprenticeship programs with concurrent employment for teenagers (literature review shows that this was implemented effectively in Germany, Austria, and Switzerland).
4. Develop continuing education opportunities for current employees in tourism/hospitality to encourage higher certification and multi-skill development (implemented effectively in Canada).

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