Hospitality HRM: past, present and the future

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Abstract

Purpose – This paper aims to review the past, current and future trends in human resource management (HRM) in the hospitality industry, with a specific focus on large international hotels. The setting of this review is within the context of general HRM theory development.

Design/methodology/approach – This paper provides a detailed review of the literature, background, issues and trends in HRM. It moves from the generic HR review to examine the hospitality industry and specific identifiable trends and issues. Additionally, personal communication with senior industry executives is used to highlight specific areas.

Findings – Issues of training and skills development and of service quality are as important in the future as in the past. Technology is now set to revolutionise the way HRM is conducted. Generational change and how Generations X and Y view work require new approaches for HRM. Casualisation and outsourcing will become more dominant methods of employment. Strategic human resource management (SHRM) and its practices have the flexibility to add value to future hospitality firm performance. The future of HRM in the hospitality industry will need to take into account the various trends but will also be influenced by local circumstances.

Research limitations/implications – This is a conceptual paper based on a review of literature that addresses a large area of both generic and hospitality HRM, and focuses on a specific section of the hospitality industry: large international hotels.

Practical implications – The paper provides a basis for understanding how the various HRM trends are developing, and addresses the steps required to meet future challenges in the industry.

Originality/value – The value of the paper is in its identification and analysis of the major trends in HRM and the implications these hold for the future of the hospitality industry.

Keywords Hospitality services, Human resource management, Employment, Training, Customer services quality, Outsourcing

Paper type General review

Introduction

The scale of the tourism, hospitality and leisure industry is enormous. It has become the world's largest employer and, despite the global financial crisis, it is predicted that the decline in international tourism arrivals may have bottomed out (United Nations World Tourism Organisation, 2009). It encompasses virtually every country and culture and has its foundations, according to Baum (2006), in the semi-feudal European society. Today the industry has multiple facets and the terminology can become confusing. For the purposes of this paper we will use the terms tourism, hospitality, lodging and hotel industry, which will be deemed to include the leisure industry, interchangeably. These industries include multinational companies (MNC) such as McDonald's, Marriott, Hilton, IHG and Accor as well as smaller national companies. Although the following discussion will be focused mainly upon larger companies, it is

acknowledged that the industry as a whole is primarily made up of small and micro businesses.

The paper addresses HRM in the hospitality industry by examining and analysing trends over the past five years. The literature review covers the linkages to the general management theory of HRM, which are discussed together with the constructs of "soft and hard", unitarism and pluralism, and SHRM. The paper then focuses upon specific hospitality issues covering the application of SHRM in hospitality, generational influences and change, training, skills and service quality, impacts of technology upon the workforce, high-performance workplaces (HPWPs), casualisation of the workforce and outsourcing. It summarises the views of a number of industry executives and posits several conclusions and possible future directions for HRM in the hospitality industry.

Literature overview
Development of human resource management (HRM)
In order to understand the future role of HRM, consideration must be given to its origins and historical development (Nankervis *et al.*, 2008). Both HRM and human resource personnel have been influenced by management theory, which has evolved as economic, social, political and industrial relation factors have changed. War, technology, globalisation, and unionism have impacted on the development of new management theories. The foundation of the HRM paradigm is based in the notion of the welfare of employees (Carey, 1999), as first seen in the 1940s with the use of welfare officers in organisations. Table I provides an overview of the stages of HRM development.

The welfare and administration stage of HRM (Table I) identifies a rigid and mechanistic process simply dealing with the mechanics of having employees and the need to hire, pay, and fire. A company aligned with this process was run by line managers who performed this function with administrative assistance. This is similar to the classical management approach that follows Taylor's scientific management principles and places emphasis on the drive for productivity rather than on individual employees.

The next stage moved to incorporate staffing and training, and saw the resurgence of unionism and behavioural science. In management theory the HR movement began to make a significant impact with the famous "Hawthorne experiment" and the neo-HR approach of theorists that showed that the way in which employees were treated and consideration of their motivations were critical factors in achieving productivity (Nankervis *et al.*, 2008).

From the 1970s through to the 1990s there was a significant focus placed upon the quality and strategic outcomes of HRM. This was mirrored to a large extent by general management thinking about holistic approaches, the Japanese approach and systems management of employees working with the organisation as a whole. Considerable work was also being done promoting a harmonious work culture and climate.

The new millennium in HR saw a focus on high performance workplaces, talent management, and the re-examination of what strategic HR meant in terms of structure. Human capital and knowledge management became key themes for organisations. Contingency theory in management emerged, with the understanding that there was

Development stages	
Welfare and administration (1900 to 1940s)	Represents an era prior to the establishment of the human resource management profession
	Line managers and supervisors performed personnel management functions
	Personnel management functions were fragmented
	Restricted to administration areas
Welfare, administration, staffing and training (1940s to mid 1970s)	Beginning of specialist approach to personnel management
	Human relations theory
	Scientific management
	Behavioural science
	Resurgence of unionism
HRM and strategic HRM (mid-1970s to late 1990s)	Influence of "excellence" theories
	Total quality management theories
	Move from personnel management to HRM
	Strategic focus on organisations' overall effectiveness
	Increased employment legislation
	Strategic approach to HRM – strategies and policies
SHRM in the new millennium	Likely that HRM concepts and roles of HR managers will change
	More attention to international HR models
	Thought leaders have implied that the new HRM will either specialise in value management, strategic partnering and establishing the HR architecture for organisational success or the devolvement of outsourcing traditional HR processes to line managers and external HR consultants, respectively
	Emphasis on talent management, knowledge management and human capital management

Table I.
Abbreviated
development stages of
HRM

Source: Adapted from Nankervis *et al.* (2008)

no best way, and situational variables dictated the type of formal structure a company would adopt.

Hard and soft HRM
The concept of hard and soft HRM identifies a dichotomous approach to understanding HRM. Hard HRM is tough and calculative (Michigan model; Fombrun *et al.*, 1984) and largely focuses upon the crucial importance of integration between the HR policies and systems with business requirements, in terms of activities and strategies (utilitarian instrumentalism; Legge, 1995). The soft HRM approach (Harvard model; Beer *et al.*, 1984) looks for ways to unleash the resourcefulness of employees through commitment and involvement with the organisation that in turn increases their effectiveness (developmental humanism; Legge, 1995).

The soft approach (Beer *et al.*, 1984) drew on the human relations school, which sought to encompass communications, teamwork, and individual contributions, incorporating the need to recognise a wider number of stakeholders. These include government and the community in addition to employees, managers, and shareholders. It also tapped into the entire "resource" of the employee in order to achieve organisational goals. Its emphasis is on "intellectual capital" or the "knowledge worker" as opposed to the physical or manual skills of the worker and requires a more sensitive and complex management approach for the human resources to reach their full potential. Beardwell *et al.* (2004) saw this as a fusing of all stakeholder interests with the HRM and business strategies.

In contrast, hard HRM (Fombrun *et al.*, 1984) is only concerned with the effective utilisation of employees and emphasises the quantitative, calculative and business strategic aspects of managing the head count resource as just another economic factor (Edgar and Geare, 2005). Others (Truss *et al.*, 1997; Keenoy, 1990; Poole and Mansfield, 1994; Guest, 1997; Legge, 1995) suggest that even though the rhetoric of HRM is soft, the reality is almost always "hard", with the interests of the organisation prevailing over those of the individual. Both approaches seek to utilise the intellectual capacity of employees rather than just the physical aspect of work.

Unitarist and pluralist perspectives of HRM

HRM is also examined in terms of industrial and employment relations perspectives through unitarianism and pluralism. The unitarian approach assumes a common interest between employers and employees, attempting to encourage commitment from both (Guest, 1987). It is inclusive in its use of communication and reward systems but is exclusivist in its discouragement of union membership (Worsfold, 1999). The pluralist perspective recognises that employers and their employees will inevitably experience conflicts of interest that HRM will need to negotiate and resolve in order to meet organisational goals (Guest, 1987; Worsfold, 1999). These two views have provided the basis for much HR research and to a large extent reflect the development in management and industrial relations theory.

More contemporary HRM theory includes such principles as efficiency, effectiveness, productivity, labour flexibility, and competitive organisational advantage. There are many new challenges for the future of HRM such as outsourcing and right-sizing. In addition there are many diverse cultural, country, and industrial relations environments that require individual HR approaches that recognise there is no single HRM model (Nankervis *et al.*, 2008).

Strategic human resource management

Carey (1999) has called strategic human resource management (SHRM) the fourth paradigm of HRM (preceded by the paradigms of welfare 1940s, administration 1950/1960s and service 1970s). It focuses on integrating all the entrepreneurial functions of the organisation with HRM, with the emphasis on its strategic role of setting and achieving the business goals. SHRM becomes the competitive advantage as it provides a unique contribution to the enterprise. While some argue that there is little difference from its HRM predecessor (Wright, 1995), Dowling and Fisher (1997) see the SHRM competitive advantage as a central issue, which is highly specific and non transferable.

The development of high-performance work systems and work practices (HPWSs/HPWPs) within the SHRM approach seeks to link HR practices to improved organisational performance. HPWP encompasses such factors as training, job security, decentralised management, employee empowerment, fair pay, fair procedures, and good benefits that are then complimented by management competence. This is dependant on good communications, an appropriate organisational culture, and climate that promotes trust between employees and managers. According to Boxall and Macky (2009), there is a large body of academic work in this area that covers labour economics, industrial relations, SHRM, organisational, and operational management. However, defining what *determines* HPWS is less clear and open to considerable debate. Boxall and Macky (2009) have advanced the argument that it is better to split this concept into high-involvement work systems (HIWS) and high-commitment management (HCM). HIWS focuses upon the employee having high involvement through practices such as skill development, training, empowerment and flexibility, whereas HCM is based upon management getting the right organisational settings such as the work culture and climate that drive feelings of attachment.

Despite the issues with HPWP, highlighted above, a strategic model has been developed by Orlitzky and Frenkel (2005). While scholars have focused on the methodological and theoretical areas of HPWP, Orlitzky and Frenkel (2005) provided empirical evidence for the model within the service sector. They note that service industries tend to have less well developed strategies than manufacturing industries where selection processes are more rigorous. Whilst there are limitations to the model due to some methodological issues and the comparatively narrow focus, it does demonstrate the relationship of labour productivity using HRM strategy and HPWP coupled with a high level of communication with employees.

Outsourcing

Outsourcing allows businesses to use outside vendors strategically to perform service activities that have traditionally been internal functions, such as IT, HRM, and accounting (Raiborn *et al.*, 2009). Cost saving is the main reason for outsourcing which enables companies to leverage vendor competencies in highly specific areas while also eliminating the distraction of having to manage peripheral functions. However, there are risks associated with outsourcing such as the loss of control, less innovation, and lower levels of organisational trust. Furthermore, outsourcing may incur higher than expected transaction costs, especially in functions that interrupt the flow of products or services between the organisation and its customer or its employees, for example, HRM services. Of particular note is the potential effect on the quality of employees hired. Therefore, while savings can be made in some areas, there is a need for increased management attention to deal with the risks involved. The risks to an organisation can be high especially if the service impedes the development and retention of effective relationships between the organisation and its customers or employees (Raiborn *et al.*, 2009).

Sheehan *et al.* (2002) suggest that there is a degree of concern about the fit between the organisation and the outsource vendor because it is occurring at a time when the role of HR is under review and is redefining itself as a strategic business partner. However, the outsourcing of selected tasks supports this transition and appears to be a

logical component of integrating HR into central decision-making processes. A survey by Sheehan *et al.* (2002) of 332 senior HR managers identified common HRM activities to be outsourced as: training and development, remuneration issues, performance and appraisal, and team development work. External consultants were used because of perceived expertise and access to networks unavailable to the organisation or the need to comply with legislation such as occupational health and safety.

HRM in hospitality: challenging perspectives

Woods (1999) proposed that HRM in the hospitality industry is at a crossroads where either HRM will evolve and adapt and become more important in an organisation or will disappear and be replaced by outsourcing and technology. Woods (1999) further suggests that the type of organisation and the work culture that exists will determine which of these possibilities eventuates in each organisation. HRM may become the integral component of the organisation following the SHRM model but this requires a shift from administrative to strategic, from a functional to business-based model.

In a review of 100 papers concerning HRM in five leading hospitality journals Lucas and Deery (2004) found that HRM research in hospitality predominately replicated mainstream HRM research. They suggest that HRM hospitality researchers should look at a number of key issues including the ownership of career development and the boundaryless career, the role of HRM in managing the 24/7 work environment, the impact of shift work on health, and managing the safety and wellbeing of employees in dangerous environments. There is also a need to examine the conflict between the cultural values of the owners and managers of large global companies and of the host community.

Raub *et al.* (2006) identified that while the same elements of HRM – strategic partner, change agent, administrative expert and employee champion – are used across organisations, the balance of how they are applied differs widely. At the corporate level there is a much more balanced approach to the elements, whereas at the department level the administrative element and employee champion roles predominate. They argue that the appropriate balance is for the corporate level to be more strategic and the unit level to be more balanced. The positive relationship between some HR practices and shareholder values has also been examined with evidence to support the proposition that some HR practices assist firms achieve their strategic objectives (Warech and Tracey, 2004; Rodwell and Teo, 2000). However, while Cho *et al.* (2006) found no relationship between HR practices and hospitality organisational performance, they acknowledged that HR practices did impact upon employee turnover.

In an examination of larger foreign-owned and smaller Australian-owned hotels and resorts, skill shortages and generational attitude changes have driven more inventive retention strategies in both groups (Cairncross and Kelly, 2008). None of the organisations reviewed had either formal team or individual performance pay strategies or systems. Further, Namasivayam *et al.* (2007) found that for managers it was very much about the quantum of reward, but that line employees looked for a wider range of benefits in addition to wages.

Poulston (2008) identified a number of HRM hospitality issues in New Zealand, including under-staffing and high staff turnover, poor training, employee theft and sexual harassment. Under-staffing was identified as the most common problem, with

90.8 per cent reporting this occurrence. The prevalence of high staff turnover, poor training and theft suggest serious and persistent management inadequacies. Three major themes were identified – poor training, misuse of the concept of on-the-job training, and the frequency of sink-or-swim workplace initiations. Enz's (2009) worldwide survey of 243 lodging managers for their opinions on HRM issues found their major concerns were attraction, retention, training, and morale of staff. Further, middle managers were disappointed with the lack of strategic thinking by senior managers. Enz's comment that "Innovation in human resource management is needed to gain a sustainable competitive advantage[. . .]" (Enz, 2009, p. 14) reflects the dynamic and elusive nature of what constitutes HRM.

Generational change in hospitality employees
Hospitality employees are increasingly being classified into their generational groupings by HR professionals as they approach work with distinctly different attitudes. The Australian Bureau of Statistics classifies generations as:

- Builders, born prior to 1946;
- Baby Boomers, 1946-1964;
- Generation X, 1965-1979;
- Generation Y 1980-1994; and
- Generation Z, 1995-2009.

Each of these generations has very different work attitudes that impact upon HRM (see Table II).

These different generational approaches pose significant problems for hospitality employers because in a service environment there is a heavy reliance upon work teams to ensure that customer service quality is maintained. Managers and HR managers have to shape their workforce with these issues in mind. The generational differences in hospitality employees have also been examined by Chen and Choi (2008), who explored the structure of hospitality management work values and the perceived differences among three generations of managers and supervisors in the hotel industry. Way of life, achievement and supervisory relationships consistently ranked among the top work values for all groups, whereas altruism, intellectual stimulation, security, independence, and economic return were ranked differently. Within group rankings,

Attitude	Baby Boomers (1946-1964)	Generation X (1965-1979)	Generations Y and Z (1995-2009)
Respect for elders	Automatic	Is polite	Only if earned
Professional respect	Tenure	Performance	Qualifications
Change	Resist it	Accept it	Want it
Leadership	Hierarchical	Cooperative	Collaborative
Training	Only if a problem	Is desirable	Is necessary and expected
Promotions	Tenure	Merit	It is my right

Source: Adapted from Drake International (2006)

Table II.
Work attitudes of different generations

Baby Boomers ranked altruism and intellectual stimulation higher than other groups, while Generation X ranked independence and security higher. Generation Y (Millennials) ranked economic return higher than the other groups.

Solnet and Hood (2008) also considered the impact of Generation Y employees entering the hospitality workforce, and the changes in management paradigms that will be required to successfully recruit, select, train and motivate them. Albeit limited, the research on Generation Y in the hospitality industry suggests that there are considerable differences (compared with other generations) in relation to work-related expectations, values, attitudes, and behaviours. Various expectations of Generation Y are outlined, including self-actualisation, intrinsic benefits, a work environment that is nurturing and supportive with social connections and opportunities, all of which hospitality employment has the potential to provide for this generation. They are innate social networkers and that can be beneficial to the hospitality industry and should be harnessed by existing organisations.

An issue that has not been adequately addressed by the industry or academic research is the impact of social media on HR practices and employment. Hospitality firms are now very aware of the impact of social media on their brand reputation with customers using blogs, Facebook, Twitter, and SMS messages to comment instantly upon service and quality. Marriott's Bill Marriott Jr runs his own blog (see www.blogs.marriott.com) and invites customer comment. Generation Y and Generation X use social media to tell friends and others their opinions. Employees commenting on their employers therefore have the potential to affect recruitment and organisational commitment in either negative or positive ways.

Training, skills, and service quality in hospitality

Worsfold (1999) called for more research into linking HR practices with service quality. Training has formed the basis of skills development in the hospitality industry with considerable financial, and human resources expended in an effort to ensure that employees can perform to the required service standards. Davidson *et al.* (2010) have noted that because of high staff turnover rates there is increasing pressure on training requirements to maintain service levels. However, a report by the Tourism Transport Forum (2006) found that there was a drop in the percentage of the payroll spent on training in Australian hotels.

Frash *et al.* (2008) argue that training must be considered in a multi level manner to maximise its effectiveness. The three levels that are particularly effective deal with:

(1) reactions of the trainees and liking the program;

(2) principles – facts – techniques; and

(3) applying learned principles.

Industry training is important and there is a need to constantly review provision, even in developed countries, to ensure that this need is being met. A report on tourism and hospitality workforce development strategy released in 2009 by Service Skills Australia (an Industry Skills Council) showed priorities for action (Table III; Service Skills Australia, 2009a).

It is particularly noteworthy that Australia has an international reputation for the excellence of its tourism and hospitality education (The International Centre for Excellence in Tourism & Hospitality Education ; see www.the-ice.org), and the detail of

Highly skilled workforce	1. Create a more responsive training and learning system
	2. Better recognition of learning and skills
	3. Accelerated pathways
	4. Focus on management and business skills
Expanding traditional workforce	1. Target those not in workforce and on welfare
	2. Engage indigenous workers
	3. Manage generational change: young and mature workers
	4. Use overseas workers
Access to quality workplaces	1. Improve attraction and recruitment
	2. Enhance retention strategies
	3. Flexible work practices and working arrangements
	4. Improve industry image and provision of career paths
Better workforce planning	1. Better information and analyses of data at regional level
	2. Destination management planning and labour force mapping to assist planning
	3. Provide high quality workforce information, tools and services

Table III.
Service skills priorities
for action

Source: Service Skills Australia (2009b)

training issues (see Table III) could very well apply to most, if not all, developed nations. It begs the question, what has changed in the last 20 or even 30 years? Is it the fault of the industry, or the educator that we seem to have made little progress in satisfying skill needs? Whatever the cause, the fact is we are still relying on imported workers, need better employee retention, want a better industry image and better career paths. And, of course, there is always the need to train a new generation of employees.

In the last three decades we have seen the emergence of Asia with countries such as China and India, where the major growth in tourism and hospitality services will take place in the future. The training necessary to deal with their requirements for skilled labour will be enormous and will become a major impediment to growth if it is not addressed (personal communication, HRM Senior Manager Asia Pacific, international hotel company, 7 December 2009). Already, Western educators are acutely aware of the increase of international tourism and hospitality students making up a large proportion of the student body is a result of this demand. There is certainly the potential for some dramatic changes in tourism and hospitality education and training.

Technology and hospitality workforce
The implementation and continuing development of technology for the hotel industry was addressed by MacVicar and Rodger (1996), who considered the literature and assessed its current and future impact on HRM issues. The following comments from interviewees represent specific contexts, and as such cannot be generalised to the larger industry. However, they have implications for practitioners and are worthy of future research. Computerised yield management systems are already linked to HR

planning (personal communication, Regional Director of HRM, international hotel company, 27 November 27 2009). There is a polarisation of skills levels within organisations, with technology de-skilling a large number of jobs yet also creating highly trained and mobile individuals – the technocratic elite – who are a sought after resource. However, according to MacVicar and Rodger (1996), the introduction of new technology can affect employee discretion, health (stress), autonomy, responsibility, and customer care as the IT systems do not allow an employee to negotiate.

IT systems typically increase the efficiency of HR processes, reduce administrative costs, and decrease transaction times. It should be noted that results of recent surveys indicate only 14 per cent of companies report that they are able to make better HR decisions (Stone and Lukaszewski, 2009). The problems identified with IT HRM systems include design, implementation procedures, and the fact that individuals are less likely to understand information provided than they do with a face-to-face explanation. These systems may affect an individual's attention, comprehension, and attitudes toward the organisation and affect the message being conveyed.

Strategic HRM, HPWP and the Balanced Scorecard in hospitality

An example of the importance of SHRM can be seen in the recent report "Tourism and Hospitality Workforce Development Strategy, 2009" (Service Skills Australia, 2009b). It highlighted specific initiatives:

(1) raising the status of jobs in the industry;

(2) alternative models of apprenticeship;

(3) managing generational change by engaging young and older workers;

(4) utilising the increasing number of grey nomads for short-term, seasonal work;

(5) improving job matching;

(6) promoting cost-effective screening and recruitment processes;

(7) increasing understanding of strategies that may enhance employee retention:
- promoting work-life balance;
- workplace culture;
- job role and design;
- management and supervision; and
- flexible work practices and development activities.

SHRM needs to be incorporating the above issues, and others, as part of a comprehensive business strategy approach to improve performance. Haynes and Fryer (1999) investigated changes in patterns of HRM and confirmed that the hotel industry shares many of the characteristics of the wider service sector including higher levels of part-time or temporary employment, higher proportions of young and female workers, higher rates of staff turnover, and lower levels of remuneration, skill and union density. They concluded that during the 1990s, employers in the hotel industry had not moved quickly to adopt innovative, commitment-based employee management strategies. They stated that HRM practices had not changed and that securing the commitment of the workforce on a long-term basis is a high priority.

A recent study by Murphy and Olsen (2009) identified the most important dimensions associated with HPWP using a Delphi methodology with 32 experts in the US casual chain restaurant industry (Table IV).

It should be noted that the dimensions of job design, employment security and reduced status distinctions were excluded as they were deemed to have less relevance to the restaurant industry. Also excluded were grievance procedures and labour relations as they were viewed as being more manufacturing-based. Of particular interest is the fact that employment security is not considered an important dimension and that omission must surely provide theorists in hospitality HRM considerable cause for reflection. The list of dimensions was drawn from the extensive literature on the practices found in HPWP. While there is still considerable debate upon what should and should not be included, using industry experts provides a sound basis to discuss which dimensions are considered appropriate. In an industry sector where predictability of demand exists and operating systems are well developed, for example possibly the US casual chain restaurant industry and to a larger extent manufacturing in general, the implementation of HPWP can be seen as less complicated.

McPhail et al. (2008) examined the extent of HR manager knowledge of a Balanced Scorecard approach (BSC) and its alignment with the learning and growth in performance appraisal. The BSC is a comprehensive performance measurement framework that uses the four interlinking perspectives of financial, customer, internal, and innovation and learning (growth). They showed that there was little awareness and virtually no use of such an approach in the four and five star hotel industry. As Ottenbacher (2008) notes, competently managing a large number of HR activities rather than handling just one or two well is the key to implementing SHRM. This is supported by Taylor and Finley (2009) who reported that the use of co-alignment strategies was poorly used by resort hotels and that for HR managers, change was primarily driven by industry environment.

Casualisation and outsourcing of hospitality workforce
Davidson et al. (2009) have highlighted that the hire of casual labour has now become a prominent method of employment within the Australian hotel industry. With 32 per

1.	Training and skill development
2.	Information sharing
3.	Employer of choice
4.	Selectivity in recruitment
5.	Measurement of HR practices
6.	Promotion from within
7.	Quality of work/life
8.	Diversity
9.	Incentive pay based on performance
10.	Participation and empowerment
11.	Self-managed teams
12.	Employee ownership
13.	High wages

Table IV.
HPWP dimensions in descending rank order of importance

Source: Adapted from Murphy and Olsen (2009)

cent of employees now employed on a casual basis, this has become the dominant labour supply strategy. Individuals employed on a casual hourly basis have little protection in law, tend to be low paid, and have little attachment to the organisation. However, it does provide students and young people with the opportunity to earn or supplement their incomes when their focus is not upon full time careers within the industry. It also allows managers to quickly adjust staffing levels to match business requirements and therefore meet wages budgets.

Motivations for outsourcing include specialisation subcontracting, cost reduction, market discipline, accessing new technology and skills, contracting-out IR problems, and stimulating a change process or cultural change. Disadvantages include transaction costs, monitoring and management of costs, loss of control, loss of skills and experience within the organisation, structural change trauma, and expense. The use of outsourcing and labour hire is essentially about the engagement of "labour without obligation". This is likely to lead to a deepening crisis in loyalty, trust, and commitment in many organisations. It is also likely that the increasing use of labour hire and outsourcing runs the risk of contributing to lower levels of employee commitment as well as reduced employer commitment to sophisticated HRD strategies (Hall, 2000).

The supply chain partnerships in the employment of housekeeping staff was examined by Soltani and Wilkinson (2009). They found that the flexible arrangements offered through an employment partner agency equate to the "hard HRM", model where labour is purely treated as a cost. These workers were highly disadvantaged in not having access to a range of training, remuneration, career development, and other benefits that were offered to core employees. There is also a gender bias against females, who are over-represented in many outsourcing situations. This use of labour follows the just-in-time philosophy with no thought of SHRM and it requires some compromise by management as these workers do not have the same organisational commitment. Nankervis (2000) advocates that the broad range of HRM practices will assist the industry but there will be social and cultural differences and that the numerical flexibility to cater for seasonality is a complex issue that the industry needs to confront.

Taking stock of HRM in hospitality

While there is a substantial body of work on HRM, both in the broader discipline area and the hospitality industry, the above has only covered a small fraction. The industry is grappling with SHRM and whether to take the hard HR or soft HR approach. There is such a wide range of approaches that each one must be seen within its own context, perhaps in line with Keenoy's (1999) hologram analogy of HRM. Modern HR must be set within its environment, country, region, culture, religion, and of course each company will also seek to overlay this with its specific corporate culture.

The issue of where employees come from is further complicated by the notion of core staff (full time and part time) that is supplemented with casual or contract staff. Casual staffing has the advantage that a hotel needs to pay only for the actual hours worked, but without the other obligations. However, as noted, this form of employment is unlikely to generate any real organisational commitment. The rhetoric of most hospitality company websites extols the virtue of "their people", but they are mainly referring to the core employees. There is little doubt that much of the industry

worldwide, especially in developed countries, is moving more towards some form of outsourcing. Outsourcing takes many forms worldwide, with some hotels already using contract employment in areas such as housekeeping and cleaning. HR itself is now subject to considerable outsourcing of administrative functions, training, occupational health and safety, and industrial relations. Individual hotels previously employed three or more HR staff but that is now being reduced to one or two (personal communication, Regional HR Manager, international hotel company, 27 November 2009). One hotel chain in Australia has already taken the step of releasing all HR employees and making their function the responsibility of line managers (personal communication, Area General Manager, Australian hotel company, 10 November 2009).

Major international hotel chains are using a regional hub concept, where they employ specialist HR staff to deal with various functions such as training and they oversee all the hotels in the region. Recruitment and selection has a long history of outsourcing, and this is gradually being seen as the norm. From a cost/value perspective the advantage is seen as having to pay for the service only as required, but many hotels and hospitality businesses experience high labour turnover, so it can become a constant process and in many cases what is a emerging is a mix (personal communication, Managing Director, international hotel company, 3 July 2009).

Recently, the global financial crisis impacted on the industry worldwide and many jobs were lost, yet many companies made the strategic decision to reduce hours, ask employees to take leave, and in some cases take a temporary pay cut. For example, one international company adopted this strategy, and although it did not always meet with hotel owner approval because labour costs were not sufficiently reduced, it did enable retention of employees and that engendered enormous organisational commitment (personal communication, Regional HR Manager, international hotel company, 27 November 2009).

Training, as we have seen, is still a major issue for both developed and developing countries. Developed counties have an array of facilities and structures that are either privately, government-, or industry-funded. The range of courses covers small training sessions, certificate and diploma courses through to degrees and postgraduate programs. This array can be further classified into training that offers a formal award given for completion, and informal, which is mainly industry-based. Both formal and informal training play an ever-increasing industry role for a host of reasons, including the worldwide growth of the industry, employee turnover, the need for knowledge enhancement and career paths, increasing legal requirements, industrial relations, personal development and, most importantly, to enhance the quality of customer service.

Part of the industry's training agenda is the issue of de-skilling (sometimes called "McDonaldisation"; Ritzer, 1993) or re-skilling. The hospitality industry has seen the fast food restaurants adopt this very Taylorist approach to the provision of food. It is likely that in an attempt to contain labour costs the application of this management approach will continue (Nankervis, 2000). The likely exception will be in the luxury end of the market where there is a niche for ever more personalised service. However, it will be very interesting to see how the large, branded hotel chains deal with the issue. They are under pressure to produce a return for the owners and of course to maintain the brand promise. They already use outsourcing so there will be a temptation to simplify

Future trends

Staffing arrangements and a link with training remain an issue for the future. The industry currently has core staff, full time, and some part-time employees, but increasingly, is turning to casual and outsourcing to assist with labour cost containment (Lam and Han, 2005). What we are seeing is the emergence of a dual labour market where there is likely to be considerable competition for the best people, with HRM concentrating on talent management and recruitment. The core employees are likely to see improvements in pay, benefits, and working conditions. This process will be uneven and over the next decade one would expect to see this spread to the developing countries from Western countries, which in many respects are already operating in this mode. The recruitment of these core employees, not just senior managers, will become more sophisticated in the use of behavioural profiling and psychometric testing, which is likely to be done by specialist firms rather than by in-house HRM. What remains to be seen is how this impacts upon turnover and if it is likely that we will consider turnover in future in a dual mode. Due to the disparate nature of the major hospitality firms, and their operations, their focus will be to retain talent linked to providing good career development opportunities.

The future of how HRM is sustained in the hospitality industry can be viewed as a number of continuums that will shape the level and nature of involvement and customer contact (see Table V). They will characterise how individual hospitality firms are seen by both employees and customers.

It is likely that each hotel and hospitality company will select where they want to be on each continuum and may also choose to combine some elements. The decision will be driven by company philosophy, the cost, skills level and availability of labour, and the economic, cultural, religious and environmental circumstances of the geographic location. This will present some of the internationally branded hotel companies with a challenge as the standards of operations and service levels are likely to vary.

In the USA, Kimpton Hotels is an example of a company that is positioning itself at the high end of the customer contact continuum. It has created a corporate culture based on listening to its customers in order to create a guest-centric experience, which is seen in the level of customer satisfaction (Gale, 2009). This can be contrasted to a recent move by Hyatt Hotels in the Boston area to an outsourcing model for their housekeeping. This was, unfortunately, implemented unsuccessfully by local

Low customer contact	High customer contact
Casual/outsourced staff	Core staff
Low job security	High job security
Low employee involvement	High employee involvement HPWP
Low skills/little training	High skills/lots of training
Low-level staff development	High-level staff development
Line managers perform HR function	Full HR function
Low level of external HR functions	High level of external HR functions

Table V.
Sustainable HRM
continuums in hospitality

management and resulted in negative publicity, with the Mayor and several high-profile politicians criticising the hotel for taking jobs from local employees (Chase, 2009).

These are but two US examples of the range of issues that show that the industry needs to consider very carefully how it handles these matters as reputation and image can either be enhanced or damaged very quickly. Another issue impacting upon how hotels are viewed by future employees and by society in general is how they handle corporate social responsibility (CSR) and sustainability. Many hotels are striving to make a positive impact upon their local community. On his blog (18 September 2009), Bill Marriott Jr noted an example where the Ritz-Carlton in Cancun was faced with laying off staff due to the GFC and the low season. The general manager used some lateral thinking and contacted Carnival Cruise Ships to offer them some of his staff, with the result that 40 staff joined Carnival on a temporary assignment (Marriott, 2009).

Generational change will continue to have a major impact on hospitality as the labour force is comprised of a relatively youthful profile, 30 per cent being under 24 years of age and a further 35 per cent between 25 and 34 years of age (Timo and Davidson, 2005). It is Generation X and Generation Y who are also driving the social media phenomenon that passes on instant reactions to all things including the world of work via these social networking sites.

Training and skills development have been at the forefront of the challenges facing the hospitality industry for many years, and have been the way to inculcate standards and raise customer satisfaction. It remains a critical area as there are new generations of employees coming through, but also because the industry has a very high labour turnover, and in addition now has the need to deal with expansion in the developing countries, most notably China and India.

Technology has had an enormous impact upon the industry in the way it has conducted business with the online customer booking engines. In HRM it has assisted all of the administration systems and now is seen as a being able to take over some HRM functions entirely. However, it has also had some negative impacts in stress levels and in the lessening of personal contact. HPWP and SHRM are complex areas where a range of different strategies is used to improve performance. There is still considerable debate about the correct dimensions and strategies to be used. Casualisation and outsourcing have become very prevalent across the industry worldwide and seem to be an issue that will dominate the work of theorists and practitioners in the future.

Conclusions

Yield and ROI are prerequisites that must be satisfied to have a sustainable hospitality organisation; however, in the hotel industry, management companies often do not own the real estate, creating a situation whereby the profit from a property has to be split two ways, i.e. to the owners and to the management companies. This increases the need to raise profit levels. It may be inevitable that managers worry about rising labour costs whereas employees worry about low pay and poor conditions. How, then, can this be a competitive industry? Is it possible for the industry to give a greater security of employment, or will the future be a flying squad of staff attached to various specialist HR companies that will move around as and when needed? Changing customer values

and expectations will require the industry to maintain increasingly high standards as well as demonstrating overt CSR policies. This will be particularly notable at the high end of the market and will in turn affect HRM practices, and as Okumus (2008) notes, SHRM is beneficial to hospitality organisations but there are multiple impediments to it being fully adopted. Future research will further define the challenges at hand and should also explore the work of futurists to gain an insight into potential developing trends.

Woods's (1999) scenarios for HR in the hospitality industry are that it will either evolve and adapt and become more important in an organisation, or disappear and be replaced by outsourcing and technology, or a combination. Perhaps his view was too simplistic? It is more likely that a range of nuances in the approach will be the future for HRM in the industry. What is certain is that the industry will grow; especially in the developing economies which have vastly differing cultural backgrounds from the dominant international hospitality companies. This will give rise to many different ways of handling hospitality HRM and the likelihood of very location-specific models portend a challenging, innovative and somewhat volatile future for HRM.

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