# Hotel Management

Understanding the hospitality industry

Jason Allan Scott


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JASON ALLAN SCOTT

# HOTEL MANAGEMENT
## UNDERSTANDING THE HOSPITALITY INDUSTRY

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# CONTENTS

# ABOUT THE AUTHOR

Jason Allan Scott is a successful Serial Entrepreneur, Professional Keynote Speaker, Best Selling Author, award-winning event professional, Mentor, Podcaster and a part of Tim Ferris's NR set who travels the world educating and empowering people.

Scott can show you how ordinary people can build a solid living, with passion and purpose, on their own terms. He is also an early "influencer" with his omni-channel presence, the first person in events to make a million pounds in five months off of social media, write for the most read blog in events, his Youtube videos seen by over a million people, his twitter account has had over a 100 000 followers and Scott has worked with macro and micro influencers, as well as starting the first social media influencer "fam trips" with Elena Clowes, Kevin Jackson and The International Live Events Association that received 3,699,795 impressions.

Voted Top 100 Movers and Shakers in Events by Eventbrite 2016, Voted number 1 on Double Dutch 250 people in Events and top 10% of social media persona in events in the world and the only person in history to be nominated for most influential in events twice in one year. Jason has started and sold several companies on three continents in his entrepreneurial journey. His Online Radio Show, The Guestlist Podcast has won awards and been voted by iTunes as New and Noteworthy while amazing while gaining tens of thousands of subscribers.

Samantha White is a Warwick MBA, specialist in social Media strategy development and strategy implementation while also being a connector, futurist, infovore and influencer. White interprets social media analytics and empowering decision makers with the understanding of what it all means. www.socialmediasamantah.com

# ABOUT THE EDITOR

Edited by Katie Lowe, a seasoned event professional working for one of the top event agencies in the world, Zibrant Ltd. With a background in event management, she has used this experience to develop a new service line within Zibrant that provides a bespoke booking system for the events industry. With an interest in developing the latest technologies; Lowe has created a client base of the top exhibition organisers and venues in the UK and continues to see growth in key areas of the technology products.

She has hands on experience of understanding how the ever changing industry landscape is shaping and changing the way we plan and deliver events. Zibrant's dedicated service to the events industry has doubled year on year and Lowe has been at the forefront of driving this new service line forward and into the public domain.

Her passion for writing is underpinned by a degree in English Language and Literature, obtaining a Bachelorette of Arts from The University of Winchester.

# INTRODUCTION

The hospitality industry is booming, there has not being a better time to prepare yourself for a major role in this exciting industry. Hotels are developed every year and there are now an amazing variety of employment opportunities.

This book will introduce you to all the aspects of hotel management from food and beverage, front office and sales – while providing you with the knowledge and skills needed to find a top position, developing your self-confidence and management skills. If you enjoy working with people in a very busy environment then hotel work may offer the opportunities you have been looking for.

# 1 THE HOTEL INDUSTRY

Throughout this chapter "accommodation" is interpreted in a wide context to include any premises where any of the housekeeping, reception, maintenance and cleaning services have to be provided on a larger scale than in a domestic dwelling. The establishment need not necessarily include sleeping accommodation.

In its simplest sense, accommodation is taken to be the provision of shelter, that is, four walls and a roof. Thus accommodation management is taken to include:

a. The provision of accommodation to suit the purpose and the needs of the users.
b. The selling, marketing and promoting of accommodation.
c. The care, maintenance and security of the accommodation.
d. The care, well-being, satisfaction and comfort of the accommodation user.

It is the general approach, in the hotel and catering industry, to classify establishments into two groups according to whether the aim is to make a profit, or purely work within the constraints of a budget and maintain a break-even situation. That is:

a. Profit making establishments – such as hotels, restaurants, contract cleaning companies.
b. Non-profit making establishments – such as provincial hospitals, senior citizen's homes, student residences.

**The role of the accommodation manager**

The responsibilities of the accommodation manager will include some, or all of the following:

a. Assessing manpower requirements.
b. Recruitment and selection of manpower.
c. Induction and training of manpower.
d. Deployment and scheduling of manpower.
e. Supervision of manpower.
f. Quality control.
g. Inspection of premises.
h. Developing standard methods for performing tasks.
i. Increasing productivity.
j. Welfare of personnel.
k. Hygiene control.
l. Pest control.
m. Waste disposal.

n. Selection and purchasing of supplies (cleaning agents, equipment, etc).
o. Selection and purchasing of “linens” and soft furnishings.
p. Selection and purchasing of all surfaces (floor coverings, wall coverings, furniture, etc.).
q. Stores control.
r. Linen control and laundering.
s. Cleaning and maintenance of the premises and plant.
t. Redecoration and upgrading schemes.
u. Capital building projects.
v. Interior design.
w. Health, safety, fire and security arrangements.
x. Care and welfare of the building user, which is the client or personnel.

In certain types of establishments, such as hotels or conference centres, the accommodation manager may also be responsible for front office operations and conferences.

**The client**

It must be remembered that the client, whether identified as a customer, guest, student or visitor, is of the utmost importance because the premises and services are provided for his or her benefit.

The role of the hotel industry stems from a long history and development in the field of hospitality provision. This role is reflected in the structure of society, in that many hotels are still extensions of domestic hospitality. However, there is an increasing involvement of the multi-national organisation in hotel ownership and management. The industry provides a rather complex market package in a business environment which is subject to many external variables.

A hotel is an establishment of a permanent nature, which consists of four or more bedrooms, and offers bed and breakfast on a short term contract and provides certain minimum standards. This is the definition provided by The Hotels and Catering Economic Development Committee.

Hotels may be classified in many different ways, for different purposes, in different countries. The following reasons exist for classifying hotels. These are:

1. To analyse the market sector and so aid:
    a. Comparisons
    b. Analyses of performance
    c. Identifying market gaps
    d. Marketing strategies
    e. Customer requirements

2. To describe the type of hotel for advertising and promotional purposes. Hotels may be classified according to the following criteria:
   a. Locations – Urban / Suburban / Airport / Resort
   b. Form of ownership – Independent / Chain / Franchised / Syndicate
   c. Facilities – Ski / Golf / Conventions / Sailing
   d. Type of client – Business / Local / Tourist / Traveller / Holiday Maker / Family
   e. Standard – First Class / Good / Medium / Small (less than 50 beds)
   f. Star rating – 1 / 2 / 3 / 4 / 5 Star Properties
   g. Size – Number of beds or bedrooms

A hotel may fit into more than one category. This may be a deliberate policy in order to appeal to a wider market, to encourage greater occupancy or a more even pattern of occupancy.

The diversity and changing patterns of hotel use often make precise classification difficult, and new forms of accommodation are being introduced to cater for specific needs, for example, holiday villas, condominiums, time shares.

## 1.1 HOTEL ORGANISATION

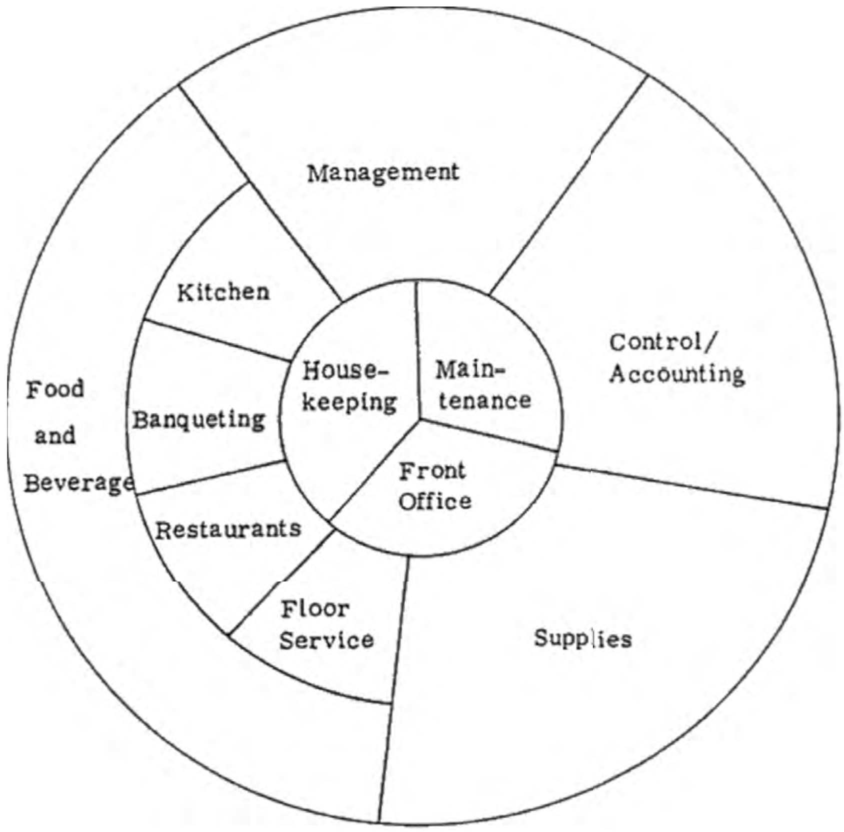
Accommodation management in a hotel covers the responsibilities which are traditionally undertaken by separate departments:

a. Front office (including uniformed personnel)
b. Maintenance
c. Housekeeping

In some hotels, usually medium to large hotels, all of these departments, or at least Front Office and Housekeeping are under the control of an Accommodation or Rooms Manager.

The organisation structure of a hotel varies according to many factors, for instance:

a. The size of the hotel and the facilities which are available.
b. The classification of the hotel.
c. The type of consumer, their needs and expectations.
d. The standard of the hotel and the prices which are charged.
e. The age and design of the building.

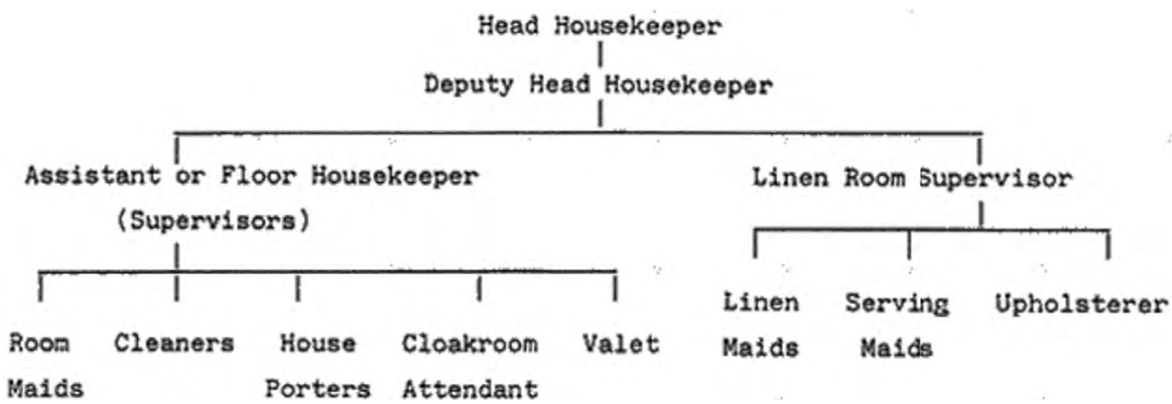



shows the liaison between the various departments of a hotel.

**Organisation of the Housekeeping Department**

Housekeeping is one of the most ancient and honoured occupations.

The Housekeeping Department is usually the largest department in terms of numbers of personnel in a hotel. The standard and tone of the housekeeping plays a large part in determining whether a guest returns to the establishment. Figure 2 shows an example of the housekeeping organisation in a larger hotel.




shows the housekeeping organisation in a small hotel.

Smaller hotels employ staff only to provide a maintenance service. Any repairs of a major nature are undertaken by specialist contractors.

Larger hotels may employ a Maintenance Engineer who is responsible for the following.

a. Planned preventive maintenance of plant – electrical, gas, plumbing, heating, refrigeration, air conditioning and ventilation.
b. Planned preventive maintenance of premises – external and internal.
c. Planned preventive maintenance of fittings and fixtures.
d. Day-to-day repairs and servicing.
e. Redecoration and upgrading.
f. Fire safety.
g. Energy usage and management.
h. Waste disposal.

In the case of a large hotel, it is possible that a maintenance crew will be directly employed by the hotel. The grades of staff in the maintenance crew may include:

a. Engineers.
b. Electricians.
c. Joiners together with locksmith and French polisher.
d. Window-cleaners.
e. Painters, plasterers and decorators.
f. Boilerman.
g. Upholsterers.

**Organisation of the Front Office**

The size, the type, and the scope of a hotel will have great influence on the organisational structure of the front office, and this will affect not only the number of personnel employed, but also their variety of grades.

In some types of operation (plus 300 beds, 4 or 5 star hotel), it is quite usual for many grades of personnel to be employed. Each grade covers a different function of the front office, for example:

a. Reservation Clerk for advance reservations.
b. Receptionists for check-in, room allocation, etc.
c. Information Clerk to cover enquiries and give information.
d. Telephonist/Switchboard Operator for communications.

It is also typical to find a subdivision within the Accounting/Billing Section, with Bookkeepers/Bill Clerks being responsible for billing, posting, etc., and Cashiers dealing with all financial transactions where receipt of payment is involved.

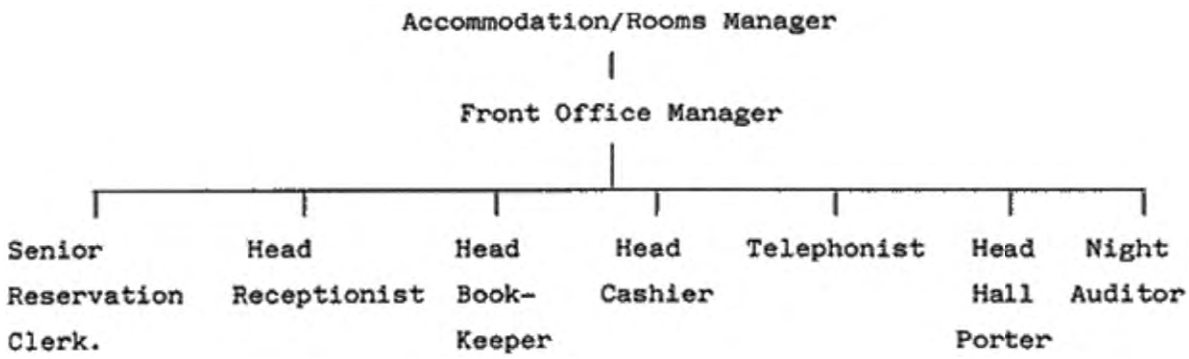
It is not necessary for all functions of the Front Office to be physically carried out at the same location. Sometimes the switchboard and the Advance Reservations Office are physically apart from the actual Reception and Front Hall area. However, it is more convenient if all functions operate within a small proximity.

In the largest sections, there is usually a Head of Section such as Head Receptionist, Head Bookkeeper, Head Cashier and Head Hall Porter.

If, however, it is a small operation, there may be a versatile receptionist who covers all of the functions while on duty, from operating the switchboard to giving information, checking out guests and posting charges.

As computerisation becomes more widely implemented and front office systems become more streamlined, traditional barriers between sections are breaking down, particularly between Reception and Front Office Accounting. Therefore, personnel, even in the larger hotels, are broadening their scope and covering a wider range of job functions.

The size and scope of the operation will also influence the hours during which the Front Office is manned. For instance, in a busy metropolitan hotel, or an airport hotel, a 24 hour hotel coverage will be necessary, which will necessitate the operation of three shifts, say 07.00 until 15.00, from 15.00 to 23.00 and from 23.00 and 07.00. During the night shift, there will be a night auditor and a small team of personnel to cover the shift. In a smaller operation the Night Porter may carry out any Front Office duties which are required. It is difficult to generalise, but a responsible person is required in each section, on each shift, particularly if the Head of the Section is off duty. Therefore, some members of the staff may be classed as Shift Leaders, with the responsibility of supervising and controlling the activities of their team. Figure 4 shows an example of a typical Front Office organisation chart in a large hotel.




## 1.2 THE PROVISION OF ACCOMMODATION

A building needs to be more than just a shelter. It is, functionally, what we expect it to be. The following list makes an attempt to include all the functional requirements which a building is expected to fulfil:

1. Provision for the most immediate needs of human metabolism:
   a. Clean air for breathing.
   b. Clean water for drinking, food preparation, washing, and flushing of wastes.
   c. In some buildings, facilities for preparation and food consumption
   d. Removal and recycling of waste

2. Creation of the necessary conditions for human thermal comfort:
   a. Control of the mean radiant temperature.
   b. Control of the air temperature.

  c. Control of the thermal characteristics of surfaces which are contacted directly by the human body.
  d. Control of humidity and air circulation.
  e. Exclusion of water from inhabited space.

3. Creation of the necessary conditions for sensory comfort, efficiency and privacy:
   a. Optimum visual conditions.
   b. Visual privacy.
   c. Optimum hearing levels.
   d. Acoustic privacy.

4. Control of the exit and entry of living creatures.
5. Distribution of concentrated energy to convenient points for use in powering various tools and appliances.
6. Provision of certain channels of connection and communication with the outside world – windows, telephones, mailboxes, etc.
7. Facilitation of bodily comfort, safety and productive activity through the provision of useful surfaces, floors, walls, stairs, shelves, countertops, benches, etc.
8. Provision of static support for the weights of all people, belongings, equipment, etc., and of sufficient structural resistance to adverse weather conditions.
9. Furnishing of reasonable protection to its occupants, its contents and itself against fire damage.
10. A building must be built without excessive expense or difficulty.
11. A building must be capable of being operated, maintained and changed in a useful economical manner.

## 1.3 PLANNING

A built up environment expresses, in physical form, the complex emotional and social factors which give structure and life to a community. The condition and the quality of the buildings reflect public pride or indifference, the level of prosperity in the area, social values, behaviour and all the many influences, both past and present, which combine to give a community its unique character. There is little doubt that run down and unhealthy buildings in a decaying environment depress the quality of life and contribute in some measure to an individual's social behaviour.

The design of a new building involves translating the requirements, which have emerged from an examination of the market and the investment, into a specific whole which is capable of being constructed and equipped. The onus is on the architect to accomplish this.

When new buildings are being planned, or old ones are being renovated, consideration must be given to:

1. The main activities and needs of the user.
2. The use density, that is, the number likely to be in any particular area at any one time.
3. The main traffic lanes in the building and the amount of circulation area which is required in order to give easy access to all rooms.
4. The space requirements within each room to allow for easy and comfortable use of the furniture and equipment.
5. The standard of accommodation and service which is offered and, in the case of a hotel, the category of customer which it wishes to attract.
6. The space which is needed to service and maintain the building. Provision must be made for stock rooms, cleaner's rooms, linen rooms and staff accommodation.

In addition to these considerations, there are statutory requirements which affect and govern the use of the building. These factors include:

1. Overcrowding
2. Heating and temperature
3. Ventilation
4. Sanitary accommodation
5. Floors, stairs and passages
6. Fire
7. Health and safety

Accommodation Managers will be involved at various times with architects, designers and engineers, and it is of the utmost importance that they are able to converse intelligently in order that they can identify and define problems. It is also an advantage if they have knowledge of plan reading. In many sectors of the industry, the Accommodation Manager is ignored at the planning stage, because the planning team does not appreciate the responsibilities which the post involves.

The contributions and decisions the manager should influence relate to the following areas of responsibility:

**Cleaning**

a. Responsible for cleaning the building internally and sometimes externally
b. Must have a sound technical knowledge on choice of surfaces in relation to:
    - Appearance retention
    - Apparent soiling (how dirty it looks)
    - Colour, pattern, texture

- Cost of maintenance
- Hygiene – control of infection
- Practical problems, for example, static

c. Must understand what provision must be made for cleaner's rooms regarding:
- Number
- Siting
- Design

**Services**

a. Provides a wide range of services which vary in different types of establishment
b. Will require store areas for:
- Linen and laundry services
- Room vending
- Service lifts

**Marketing**

a. May have responsibilities in certain sectors for marketing, selling and filling of the accommodation.
b. Necessity to create an initial impact.
c. Sets standards.
d. Knowledge of the target market as this will influence the charges which he sets.

**Requirements of the user**

a. Must be able to understand and appreciate the requirements of the building user.
- Customer
- Employee
- Patient, etc.

b. Must consider basic needs.
c. In many cases, must cater specifically for particular clients.
d. Must be aware of customer expectations.
e. Must be aware of employee needs:
- Welfare services
- Work method and space
- Psychological factors

**Layout**

a. How space is used and the wear and tear of areas.
b. Influencing the frequency of cleaning:
- Daily
- Weekly
- Periodically

c. Determining cleaning methods.
d. Affecting the choice of equipment and the selection of furniture.
e. Influencing room decoration and the frequency of washing down.

Having taken a basic look at the role of the Accommodation Manager in the planning process, it is now possible to consider the design of the interiors. This will have a large bearing on the comfort and satisfaction of the people who will be using the building.

## 1.4 ROOM SIZE

People are a true measure of all things in buildings. Buildings are built by people for inhabitation by people. At both ends of the architectural process, the building and the inhabiting, the dimensions and movements of the human body are the major determinants of the shapes and sizes of things.

The dimensions of a building grow ultimately from the dimensions of the human figure. At the most basic level a woman sitting in an easy chair establishes certain important dimensions. Rooms acquire their dimensions on the basis of such considerations as:

a. The dimensions and forms of human bodies, the necessary pieces of furniture, and the volumes which are occupied by the human bodies.
b. The desired distances between people.

The usefulness of a room depends greatly on shape, size and where the doors and windows are positioned – this allows for the appropriate arrangement of the furniture.

For a room to be workable and enjoyable, it must be ensured that:

1. The furniture fits in a sensible way.
2. There is sufficient space to make the room comfortable.

It is also very important to consider the requirements of guests and residents, and these requirements may be influenced by the length of their stay:

a. **1 or 2 nights**: Essentially business people or tourists in transit – limited space required.
b. **1 or 2 weeks:** Holiday makers, medium stay business people, and conference delegates. Extra storage facilities are required in most cases.
c. **Short-term residence, 3 to 30 weeks:** Long-stay business people. Larger rooms and more general areas for relaxation required.
d. **Long-term or permanent:** Resident staff, aged persons. Similar to (c) but a more flexible approach required.

**Bedrooms**

Bedrooms come in all shapes and sizes, particularly if existing buildings are considered. There is less variety in new buildings and there is a growing trend towards the bedroom with bathroom en suite. The extra space required is as low as 2 square yards.

The standards for space allowances for hotel accommodation vary considerably form one hotel to another, but the following are the minimum sizes:

a. For a single room – 4 × 3 yards. Giving an area of 12 square yards.
b. For a double room – 5 × 3 yards. Giving an area of 15 square yards.

**Bathroom**

It is difficult to generalise on the size of bathrooms, but as a basic guide a bathroom should be 2 × 2.5 yards, giving an area of 5 square yards. This is assuming that the bathroom is to be used in conjunction with one or two bedrooms. Communal bathrooms will be much larger.

Hygiene and cleanliness are vitally important considerations in any type of sanitary area, and it is important that the legal aspects are realised when designing the area.

**Corridors**

The local authorities and the relevant fire regulations must be consulted when the building is in the planning stage. However, a general guide to corridor and staircase widths is based on a square yard per person, but where people are walking at a good pace, as in a connecting corridor, this may be increased to 4 square yards per person.

## 1.5 DESIGN ELEMENTS

The atmosphere and mood which is produced by the interior design of a hotel will affect the physical comfort and psychological attitude of the building user. A successful design is an important factor in producing an appreciative response.

Good design is important for the following reasons:

a. It enables and encourages thorough cleaning.
b. It encourages careful use, and reduces risk of vandalism.
c. Visually the area must be pleasant but functional.

All design elements must:

a. Create the right mood and atmosphere.
b. Blend together, therefore careful selection is required.
c. Create the correct environment for activities.
d. Ensure a successful visual area.
e. Encourage people to use the area correctly.

## 1.6 FURNITURE

In any hotel, the furniture must withstand a tremendous amount of wear and tear. Unfortunately, people are not as careful with other people's property as they are with their own, and the handling of furniture by large numbers of people, result in much harder usage.

The variety and styles of furniture are vast, but they basically consist of:

1. Seating
2. Tables
3. Dressing tables and chest of drawers
4. Wardrobes
5. Beds and mattresses

The choice of furniture lies between two main types:

**a. Built in and Fitted Furniture**

This has certain advantages and disadvantages:

*Advantages*

i. Most effective utilisation of space; can be fitted into awkward areas.
ii. Can be designed to facilitate cleaning because it can extend from floor to ceiling, with no awkward ledges to dust.
iii. Can help noise insulation when placed along partition walls.
iv. It is relatively stable, and should not tip if correctly fitted.

*Disadvantages*

i. No flexibility of space, or variety.
ii. It is initially expensive.
iii. It can cause surfaces to wear, for example, fixed seating affects the carpet in that area.
iv. It is difficult to repair on site and it is expensive to replace.
v. In many cases, there is limited choice.

**b. Free Standing Furniture**

This, too, has its advantages and disadvantages:

*Advantages*

i. It is often fairly cheap and it is the most economical purchase in the short term.
ii. It does not require special fitting. It gives flexibility of space.
iii. Maintenance is easy, as the unit can be removed out of the area and if necessary replaced by a spare unit.
iv. There are a wide variety of styles available, therefore it is possible to individualise areas.

*Disadvantages*

i. It can be unstable if not chosen correctly.
ii. It will frequently be moved from one area to another, and can be stolen.
iii. An area can soon look untidy if the furniture is left as people move it, for example, in a staff canteen.
iv. Every piece of furniture will have to be moved at some time for cleaning, and this can be time consuming.

## 1.7 FITTINGS

The provision of suitable and sufficient sanitary fittings is of prime importance in any type of establishment. When planning sanitary areas, there are various pieces of legislation which relate to this task. These are:

a. The Machinery and Occupational Safety Act
b. The Basic Conditions of Service Act

The main requirements are as follows:

a. Toilets must be protected from the weather.
b. Water/chemical closets must be fitted with suitable doors and catches.
c. The areas must be clearly marked regarding sex.
d. Urinals must not be visible.
e. Work must not be carried out in the area of a toilet.
f. There must be provision of soap, towels, water, and sanitary towel disposal facilities.

# 2 FRONT OFFICE OPERATIONS

In this chapter, the Front Office operations in the hotel industry are emphasised. However, it must be remembered that some, if not all, Front Office functions which are identified can be applied to other sectors of the catering and accommodation industry.

In a hotel, rooms fall into two broad categories, those used for sleeping purposes and those used for other purposes.

### Sleeping Accommodation

This type of accommodation is usually classified according to the number and the type of beds, and whether or not the bathroom is en suite. Hotels tend to use standard abbreviations for coding purposes.

| Bedroom type | Code |
|---|---|
| Single room | S |
| Single room with private bathroom | Sb |
| Twin room (2 single beds) | T |
| Twin room with private bathroom | Tb |
| Double room (1 double bed) | D |
| Double room with private bathroom | Db |

Suites are bedrooms or combinations of bedrooms with a sitting room (Sr) and possibly a kitchenette or pantry. Some hotels include family rooms. These tend to be larger twin or double rooms with a sofa/pull out bed.

It is also useful to indicate whether a bedroom has a communicating door to the adjoining room, and whether there is a shower rather than a bath, or if there is both shower and bath in the bathroom.

### Non-Sleeping Accommodation

This category is concerned with rooms which are not used for the function of sleeping, but they are available to "sell" and so produce revenue. Examples include:

| | |
|---|---|
| Interview rooms | Meeting rooms |
| Syndicate rooms | Function rooms |
| Exhibition areas | Convention halls |
| Banqueting facilities | Dining rooms |
| Bars | |

The range of room types varies from one operation to another. Examples of factors which influence the range and variety of room types include the age and location of the premises and the type of client and market which is catered for. Generally, the more traditional hotels tend to have a larger variety of room types, particularly bedrooms, compared to the more recently constructed "Post House" type of hotel, which usually has three types of bedrooms, single, twin and family.

**Reasons for Classifying Accommodation**

It is necessary to identify and classify all types of information within an operation for many reasons. Information related to the Front Office includes:

a. Information necessary for collating hotel brochures and any promotional documents.
b. Information useful for the analysis of the product, that is, the hotel. This aids the Front Office personnel who are selling, reserving and allocating accommodation.
c. Useful for analytical purposes to identify usage and determine occupancy percentages for each room type. This subsequently aids:
   i. Marketing and selling
   ii. Redecoration
   iii. Building of extensions
   iv. Pricing

d. Provides aid in the designing of systems to be used in the operation of the Front Office.

**Tariffs**

The Front Office personnel should be fully aware of the type or types of tariff adopted by the particular hotel, and they should know the exact price to be quoted, what the price includes and what items will incur additional charges. These are:

a. *Room Only*
Where the bedroom is the unit of pricing and the rate for the bedroom only, is quoted. All other items incur additional cost. Luxury city-centre hotels and transient hotels often use this structure.

b. *Bed and Breakfast*
The price includes not only the rate for the bedroom, but also for breakfast. The breakfast may be English or continental, depending upon the policy of the hotel. A supplementary charge may be made if continental breakfast was quoted and an English breakfast is taken, or if the breakfast is served in the bedroom. The guest pays for the breakfast whether or not it is consumed.

c. *Half Board*
The price includes bedroom, breakfast and one other meal, usually dinner. This does vary, and some hotels allow the customer a choice between lunch or dinner. Resort hotels tend to use this tariff.

d. *Full Board*
Here the price includes bedroom, breakfast, lunch and dinner, and it may also include afternoon tea. This system ensures the use of the dining facilities and increases the average guest expenditure, although the price is probably less than if all the meals were charged separately. A supplementary charge is made if the guest uses the a la carte instead of the table d'hote menu. This structure is also used by resort hotels.

e. *Inclusive Terms*
This is really an extension of the full board structure, but it also allows the guest unlimited use of all the sporting and entertainment facilities. This tariff is also used by resort hotels to develop packages which can be used to attract customers. Also it facilitates the accounting.

The actual price which is quoted will be influenced by many factors, which include:

i. Supply and demand.
ii. What the customer can afford and is prepared to pay.
iii. What the hotel must charge in order to make a profit, or to break even.
iv. What competitors are charging.

Accommodation is capable of great price variation, which can be influenced by the following factors:

i. *Room Type*
Whether or not it is a single, twin room, etc., will affect the charge, and the greater the number of room types within an establishment, the greater the number of different room charges.

ii. *The "Convenience" of the Room*
This includes such factors as location, the view and the facilities within the room. All these factors affect the price which is charged.

iii. *The Number of People Within the Room*
The price may vary according to whether a twin room is sold as a single, whether an extra bed is put into the room, or whether children are sharing the room with their parents (this may be allowed at reduced rates). Many hotels accommodate children, under a certain age, free of charge.

iv. *The Market Segment (Type of Client)*
- A businessman, for instance, who does not pay his own account, may not be so sensitive to the price which is charged.
- High prices may attract a certain segment of the population, who prefer to use the most expensive hotel.

- A business executive may be willing to pay a little extra for first class services and “pampering”, for example, a bowl of fruit, towelling bath robe, disposable slippers.
- For regular customers and resident guests.
- For celebrities.
- For guests “buying” other accommodation and facilities, for example, dinner dance, wedding guests.
- There may be discounts for bulk reservations, for instance, conferences and tours.
- Complimentary accommodation may be allocated for many reasons, for example, for promotional purposes to encourage future business, as prizes for a competition, to visiting personnel from other hotels in the chain or from head office.

v. *Fluctuation in Pricing May Occur for the Following Reasons:*

- At certain times of the year supply and demand change. Lower prices are charged in the off season to encourage occupancy and higher prices are charged in the high season because the demand is high.
- Pricing may change at certain times of the week or year to promote sales and to encourage occupancy. This often relates to special package deals such as “mini-weekends” and “bargain breaks”.
- For special events and functions, such as special Christmas and New Year events, speciality weekends.
- When trying to undercut competitors.
- For selling accommodation, particularly bedrooms, after a certain time in the evening. This may apply in transient and commercial hotels, particularly with chance custom.

Pricing is an extremely complex subject, and whether the policy is to have separate charges for each room type depending upon the class of business or the time of year, or to have a set standard rate without any fluctuations, it is important that the Front Office Personnel know exactly what the prices are.

The guest too must understand the tariff and the price charged. Difficulties may be encountered with the guest who tries to compare prices, particularly in a hotel where there are many variations.

## 2.1 FACILITIES AND SERVICES

The facilities and services which are offered by a hotel will vary from one operation to another. The factors which could influence the provision of these services and facilities include:

a. The type of hotel.
b. The type of client.
c. The basic needs of the particular client.
d. The expectations of the client.

e. The satisfaction of the client.
f. How much the client is willing to pay.
g. The standard of the hotel.
h. The location of the premises.
i. The size and physical layout of the premises.
j. The cost-effectiveness of the service or facility.

The majority of the facilities and services which are provided will tend to be revenue producing, and as such they could be classed as sales outlets. Many of these sales outlets may only be patronised by the client because he is already a paying guest at the hotel. It must also be remembered that if these services and facilities were not advertised, promoted or sold to the client they may, in fact, go unused and the client may use similar services and facilities elsewhere.

It is necessary to identify which services and facilities are revenue producing and to what extent. This is in order that:

a. The type and volume of sales may be monitored.
b. The performance of the sales outlets may be analysed.
c. Customer usage of the sales outlets and his satisfaction may be assessed.
d. The sales outlet may be effectively controlled.
e. The accounting system may be effectively devised and the customer correctly billed.
f. A selling campaign may be launched if necessary.

## 2.2 THE FUNCTIONS OF THE FRONT OFFICE

The Front Office can be described as the nerve centre of the hotel, because it is through this office that potential guests make their enquiries, are offered accommodation, are registered, are allocated a room, are monitored with regard to expenditure, are billed, etc.

The Front Office has a very large public relations role to play and that contact with the potential and actual guest is very important, particularly as impressions are made very quickly and impressions are long lasting. Because most of the contact the guest has with the hotel in the early stages is through the Front Office, the guest identifies this office as representative of the hotel.

The individual functions of the Front Office, which vary slightly from one operation to another, are listed below and will be discussed later in the lesson, in detail:

i. Sales and selling
ii. Advance reservations
iii. Reception

iv. Accounting and check out
v. Information services
vi. Communications
vii. Security

It is important to remember that the activities of the Front Office, indeed of the whole hotel operation, revolve around the activities of the guest.

It is possible to plot the sequence of the guest's activities by using a flow chart, commencing from the time when the potential customer first makes contact with the establishment, until the account has been settled. This concept is often referred to as the "guest cycle", and it is being increasingly utilised in the hotel industry to enable management to monitor, chart and control the guest's transactions in a more efficient manner.

From the information which is provided by the guest cycle, the activities which must be carried out by the operation, particularly the Front Office, can be determined. These activities fall into three sections:

a. Pre-arrival
b. Arrival and check in
c. Check out

## 2.3 SALES AND SELLING

This section is really concerned with in-house sales, that is, selling within the hotel and encouraging the guest to spend more, rather than with "operational" sales, which involves attracting the potential guest to the hotel. In a larger hotel the latter may be carried out by the Sales Department, although there is a strong case for arguing that the Advance Reservations Clerk is also concerned with this aspect of selling. It is important to identify the link with marketing.

All members of staff in a hotel from Doorman to Manager, whether Front Office Personnel or not, are sales personnel. They should be concerned with caring for the guest, and the relationship which is developed with the guest.

When selling hotel accommodation it is important to consider certain factors:

a. Hotel accommodation is a saleable commodity which provides a greater contribution to fixed costs and subsequent profits than any other sales outlet in the hotel. This is because the marginal costs, that is, the cost of the items which are used by the guest whilst staying, are comparatively low.
b. Accommodation in this context not only includes bedrooms but also conference, meeting, and function rooms, etc.
c. Accommodation, unlike, for instance, food and liquor, is limited by two factors:
    i. Time
    ii. Quantity

If a room is not sold on a particular night, then the revenue is lost forever. The quantity of rooms is static and cannot fluctuate to meet demand.

Incentives may be introduced to encourage personnel to increase sales, and these may include:

a. An occupancy bonus if the occupancy percentage has increased over the same period compared to the previous year.
b. A commission, that is, a flat rate for each sale, for example, a monetary incentive for booking in the restaurant.
c. A "Receptionist of the Month" competition.

In order to be able to sell the hotel effectively, everyone concerned must know the hotel and what it has to offer. In other words, the hotel personnel, like any other sales person, must have full knowledge of the product, which in this case is the hotel.

This will involve having full knowledge of the following:

a. **The Premises**

The personnel must be familiar with the location of the premises, and be able to advise guests on how to get to the hotel by various means of transport. They must also be able to advise the guest on car parking arrangements, be familiar with the type of hotel, the total number of rooms, and the variety of room types, etc.

b. **Organisational Structure**

All personnel should be familiar not only with the functions of all the other departments in the hotel, but also with the heads of the departments. It is also important that Front Office Personnel know the management team and that they are kept informed with regard to which members of the management are on duty at any given time.

c. **Accommodation**

i. *Bedroom*

It is particularly important that all front office personnel know the number and types of rooms which are available, their location, colour schemes, conveniences, etc. Many hotels have developed a card index of room inventories, sometimes incorporating a photograph of the particular room as an aid for personnel. It is also beneficial if all Front Office personnel can spend a few days with the Housekeeping Department, not only to become familiar with the rooms, but also to understand the importance of good communications between the two departments.

ii. *Non-Residential Accommodation*

Public areas:

Here again, the personnel must know what these areas are like and where they are, in order to be able to direct guests. For example, conference rooms, meeting rooms etc. The number, varieties, seating capacities and any special names given to these rooms must be fully known.

d. **Facilities and Services**

Full details of all facilities and services must be known, particularly all food and beverage outlets.

e. **House Rules and Regulations**

Rules and regulations, such as check-out times, procedure for credit sales, key collection, etc., must be thoroughly known by all personnel.

f. **Prices/Tariffs**

It is imperative that if personnel, are "selling" to a guest, then they must be fully conversant with all prices and tariffs for all services. They must know exactly what the guest will receive for the price which is paid and whether extra charges will be incurred for any items.

g. **Competition**

Personnel should be familiar with other hotels and similar facilities in the area in order to emphasise the benefits and advantages of their own operation. If, effective selling is to take place and the sales be increased, then all sales opportunities within the guest cycle should be identified. The following are examples of sales opportunities:

## 2.4 RESERVATIONS

When a potential guest is making an enquiry with regard to accommodation, there is the opportunity to convert this into an actual reservation. It offers an opportunity for creative selling.

a. **Check-In**

At this time, after the guest has registered, there is a good opportunity to sell the other facilities and services which the hotel has to offer. For instance:

i. If a guest arrives before a mealtime, the dining facilities can be mentioned, and by asking a guest if a meal can be booked for him, there is a possibility of increasing meal sales.
ii. If the guest arrives late, then the room service or the 24-hour shop can be mentioned.

b. **En Route to the Bedroom**

Here is an opportunity for the porter to mention some of the other facilities and services which are available to the guest, such as saunas, hairdressing, entertainment.

c. **In the Room**

With the use of printed information and "give aways", the facilities and services can be promoted. If in-room video is provided, then the activities, services and special events can be effectively publicised by this means.

d. **Check-Out**

When the guest is settling his account on departure there is still another opportunity to "sell" the hotel. For instance, the guest can be encouraged to return by issuing pre-paid reservation postcards, a hotline telephone number or even an incentive such as a discount voucher. If the hotel is part of a chain or a syndicate, then other hotels may be promoted.

These are just a few examples of the sales opportunities which may occur. They should not be overlooked, particularly if sales are down and need to be increased. These opportunities must be pointed out to the appropriate personnel and incorporated into the standard procedure for that section of the guest cycle.

# 3 WHAT IT MEANS TO BE IN THE HOTEL INDUSTRY

A fundamental point must be made clear before commencing this chapter. That is the distinction between establishments, firms and the industry.

An **establishment** is a single unit, such as a single restaurant, a single fast-food outlet, or a single hotel, either operating as a business entity in its own right, or as part of a group.

A **firm** is an establishment or a group of establishments under common ownership, which may operate in more than one sector of the industry, or in more than one industry.

The **industry**, in this case the hotel and catering industry, is the collection of establishments and firms which offer for sale food, drink and accommodation, away from home. Two apparently conflicting characteristics can be identified in the hotel and catering industry:

1. The predominance of the small unit
2. The growth of firms

**1. The Predominance of the Small Unit**

Most units, especially in the restaurant and hotel sections of industry are small. The average size hotel has less than twenty rooms. The average restaurant has 1 less than twenty covers. The main reason for this lies in the extent of the market, the nature of the product and the difficulties of exploiting technical economics of scale.

The physical size of the market for hotels and restaurants is severely limited. Customers are not prepared to travel long-distances to have a meal. At lunch time this limit may be as low as one hundred metres, thus it is true to say that restaurants serve a local market, and it is the size of that market and the extent of the competition which will determine the size of a given restaurant.

The same can be said for hotels. There are only so many people who demand accommodation in a given area, and it is the number of people and the extent of the accommodation which determine the optimum number of bed spaces. There is clearly no point in building a two hundred bed space hotel, if the maximum demand for most of the year is only one hundred bed spaces.

The nature of the product in the hotel and catering industry also determines that most units will be small. The industry does not simply sell food, drink and accommodation. Service is a vital, element in that product and service can be given more readily in small establishments as opposed to large establishments. Larger units have to work much harder to attain the same efficiency and effectiveness of service.

Establishments in the industry find it difficult to exploit the technical economies of scale. At this stage it is necessary to give an explanation of "technical, economies of scale". Economies of scale suggest that as an establishment grows, or increases its output, its average output cannot fall. In other words, the establishment becomes more efficient. Technical, economies are those resulting from the use of machinery. Examples from the catering industry would be washing-up machines, cleaning equipment, electronic billing machines and computers. All these are found in the hotel and catering industry, but only in the larger establishments. A hotel or restaurant of typically small size would not find it economically viable to use some of these expensive items of equipment, and they would need considerable capital, to undergo expansion in order to make this equipment a viable proposition. For these reasons, units which start small tend to remain small.

Other reasons for the predominance of the small unit are the extent of competition, the difficulty of raising finance in order to buy businesses, the desire of owners to run and control their own businesses, and the way in which many small hotels develop from private households.

**2. The Growth of Firms**

While we have discussed the reasons for a predominance of small units, it must be realised that at the same time it is possible to discern the growth of firms in the catering industry, and it must be explained how this occurs.

The first thing to note is that most growth occurs through the multiplication of outlets rather than through the growth of the outlets themselves. It has already been noted that the size of units is limited by the size of the market. The land upon which they stand may be fairly developed, and adjoining property may not be available. Thus, if the owner of a single successful unit wishes to expand, he must do so not by increasing the size of existing units, but by opening up new units in different areas. In this way chains of hotels and restaurants are developed. This also may occur because of takeovers and mergers. Such expansion is called horizontal integration – the growth of firms by the multiplication of similar units at the same level of production. In the hotel and catering industry most of this occurs at the retail level.

Firms can also grow by expansion along the line of production. This can be, either backwards towards the source of supply or forwards towards the market place. Such expansion is known as vertical integration. The former is backward vertical integration and the latter is forward vertical integration.

Firms also expand by moving into different markets and selling different products. In other words, they diversify their product. This is called lateral integration. The simplest examples would be a hotel which provides a pub-lunch or a bakery which opens a snack bar and a take-away service.

It must now be explained why firms wish to expand. The reasons for growth are many and include the simple desire to make a profit, to become more efficient by exploiting the economies of scale, the need to guarantee outlets for products and supplies of raw materials, and the wish to increase market share.

The assumption that all firms attempt to maximise profits lies behind a great deal of economic analysis and, while not universally true, the profit motive lies behind many decisions to expand output.

Mention has already been made of the economies of scale. By increasing their size, firms can decrease their average costs because the fixed costs are spread over more units of output. The use of machinery can help firms to achieve greater efficiency through greater output and these are known as technical economies. Large firms achieve marketing economies, because their marketing costs are spread over many establishments. For instance, a television advertisement campaign can be undertaken by an organisation as large as Kentucky Fried Chicken, but it could not be contemplated by the owner of a single hotel or restaurant.

Buying economies are achieved by bulk buying. The larger the firm, then the more it can buy in bulk, and also it can claim larger trace discounts.

Large firms employ specialist managers and thus exploit managerial economies. Food and beverage managers, reception managers, and personnel managers are examples which may be found in large hotels. The small hotel owner has to carry such functions and many others by himself.

## 3.1 FRANCHISING

Franchising combines the advantages of small establishments with the advantages of large-scale production, and it also shows how the vertical and horizontal integration can take place within the same organisation.

A franchise operation is a financial and business arrangement between two parties – a franchiser and a franchisee. The franchiser is the central part of the organisation. He will develop a product, find retail sites for that product, manufacture and distribute the product, and advertise it on a large scale. He will then find people who are willing to put some capital into the organisation and run the outlets on strictly standardised lines. These people are known as the franchisees and they will run a relatively small organisation, building up close contacts with their customers and giving a personal service.

Thus the franchiser does those things which are best carried out on a large scale, while the franchisees carry out those operations which are best suited to small units.

The manufacture and supply of the products to the retail outlets is an example of forward vertical integration. The chain of retail outlets is an example of horizontal integration.

The promotion of brand image is an essential feature of such organisations. The product must be presented as a standardised package. Items sold must be of a uniform standard. Menus must contain the same items which might be identically priced. The units themselves have an identical appearance from the outside, therefore, they are easily recognised by potential customers, and they have identical, decor and layout inside so that customers feel that they are in familiar surroundings. Even the staff uniforms are identical from unit to unit.

The main reasons for the growth in this particular form of organisation within this sector are threefold.

a. It partly overcomes the problem of lack of capital because contributions are shared between franchiser and the franchisees.
b. There have been many technical developments and new products which are nationally acceptable.
c. During the past decade many good sites became available because of a recession in other parts of the economy.

There is one thing which is not standardised about franchises, that is the franchise financial agreement itself. The first feature to note is that the franchisee has to pay a "joining fee" which is, in essence, his contribution to the capital of the organisation. In return he gets the right to sell the franchiser's well known and well marketed product in, a given locality, provided that he buys all of his supplies from the franchiser and sells them in the standardised style. Rent may also be payable by the franchisee, and he may pay slightly more for his supplies than he would in a free market situation. The franchiser may also take a percentage of the sales or a percentage of the profits made by each outlet. However, each agreement is individually drawn up and there is no such thing as a standardised franchise agreement.

## 3.2 TYPES OF COMPETITION

The types of competition which exist in an industry or a sector of an industry can determine the way in which establishments and firms operate. Thus it is useful to analyse the various types of competition described by economists and to see which type of competition exists in the various sectors of the hotel and catering industry.

The best starting point is to describe the type of competition which is known economically as "perfect competition".

Several conditions must be satisfied for perfect competition to exist.

These are:

1. There must be many buyers of the product, none of whose actions affect the price.
2. There must be many sellers of the product, none of whose actions affect the price.
3. There must be a homogeneous product. That is, consumers must not be able to distinguish between products of different suppliers.
4. All producers sell at the same price.
5. There must be no barriers of entry into the industry.
6. There must be perfect knowledge of products and prices.
7. The units of labour must be homogeneous.

Only one sector of the industry comes anywhere close to perfect competition, and that is the bed and breakfast market in a very large seaside resort. Thousands of visitors arrive individually and very few tour operators buy in this particular sector. Many small guesthouses and private households offer a small number of bed spaces for sale. Little or no difference can be discerned by buyers before they enter the premises, except the distance from the sea.

Within each market there is a fairly uniform price. Licences are not required to offer room space for sale. Prices may be published in town guides, and although sole traders do not have to publish their accounts they know roughly how their competitors are doing, because of the new car, foreign holidays and redecoration of premises, etc. The level of skill which is required by the staff is such as to make it all roughly the same.

The absence of one or more of these conditions suggests that there is in imperfection in the market (imperfect competition). It could also mean that an element of monopoly is creeping into the market that is monopolistic competition. The two terms mean the same thing and either one can be used.

There are various degrees of imperfect competition varying from imperfect competition itself to monopoly. The type depends upon the number of suppliers:

a. Many suppliers – Imperfect competition
b. Few suppliers – Oligopoly
c. Two suppliers – Duopoly
d. One supplier – Monopoly

The restaurant sector gives a good example of imperfect competition. There are many suppliers, but the prices and products vary, the skill level of the staff varies enormously and there are capital barriers to entry.

## 3.3 INDUSTRY OUTPUT AND RESOURCES

This section of the book will cover the following topics:

1. The demand for hotel and catering services
2. The problems of investment in the hotel industry
3. Manpower characteristics of the hotel and catering industry

**1. The Demand for Hotel and Catering Services**

This depends upon four main factors. The technique of the economist is to look at the relationship of demand to each factor in turn, assuming that the other factors remain constant. While this is an unrealistic assumption, it does enable the economist to build a better composite picture of some complicated relationships, in the long run. The first factor to consider is the price of the product. Generally speaking, the demand for a product is inversely related to its price. In other words, if the price is reduced the demand expands, and if the price is raised demand contracts. There are exceptions to this rule, for example, a very expensive hotel room, which is bought because it is the most expensive.

A question to ask is – "How much will demand change, for a given price change?" Will there be a relatively large response to a relatively low change in price or will the response be negligible? Economists use the term "elasticity" to describe the size of this response of demand to changes in factors which determine the level of demand.

In this particular case, it is the responsiveness of demand to changes in price. If demand for a product changes more than proportionately to a given change in price then the price elasticity of demand is said to be relatively elastic. If the change is less than proportionate then it is said to be relatively inelastic.

Some products respond a great deal to changes in price, others hardly show any response. Holidays, especially those out of season, are relatively price variable. Alcoholic beverages are relatively price invariable, as the government is quite aware. Note how frequently the excise duty rises in small amounts.

The second factor which determines the demand for a given product is the price of other products. Clearly these other products must be related in some way with the product under consideration. For example, changes in the price of office equipment will have no effect on the demand for eating out.

The concern here is about substitutes and complements. For example, holidays in your own country are substitutes for holidays overseas, beef is a substitute for lamb. Many other examples can be listed. The demand for holidays at home is clearly affected by the price of holidays overseas in a direct way. If the price of holidays overseas rises, then the demand for holidays at home will also increase, and vice versa.

Continuing the holiday example, the demand for accommodation and travel are complementary to one another. An increase in the price of one will result in a contraction of demand for the other.

The third factor which determines the demand for a given product is the level of real incomes. Real incomes are the goods and services which consumers can buy with their money incomes. This concept is used to avoid complicated arguments about the value of money incomes as a result of inflation. Always use the term “real income” in this situation.

There is a direct relationship between the demand for a product and the level of real incomes. In other words, as real incomes rise, so do the demand for goods and service. If real incomes fall, then the demand for goods and services will fall. The responsiveness of demand to changes in income is known as income elasticity of demand. Essentials will change little to changes in income, but luxury items are likely to be relatively elastic to changes in income.

Finally, changes in tastes and fashion will affect the demand for goods and services. This is no more complicated than saying that certain products become popular and later demand for them increases. Fashion in clothes is probably the best example, but changes in the popularity of holiday destinations, styles of eating out, and food and drink products also provide good illustrations of the fact that the market is susceptible to many changes in tastes and fashion. The successful operator is the one who can anticipate these changes and respond in the minimum of time.

These four factors in aggregate, determine the demand for any given product. However, there are many other factors which, in turn, determine prices, incomes and fashion. A list will suffice to give some idea of the complications which are involved.

a. The size of the population
b. The age distribution of the population
c. The sex distribution of the population
d. The distribution of income.
e. The degree of urbanisation
f. The level of terminal education
g. The availability of raw materials
h. The level of international tourism

i. The state of technology
j. The socio-political structure
k. Tax structures

There are four main products in the accommodation sector:

a. Domestic holidays
b. Domestic business
c. Overseas holidays
d. Overseas business

All four face uncertain futures. Real incomes have risen very slowly, if at all, since 1979, industry has faced recession, and public services have faced cutbacks. However, recent decreases in the value of currencies in the poorer countries have made those locations a relatively cheap tourist destination.

The demand for eating-out is subject to many regional variations. Areas of high unemployment do not respond to eating-out as well as the more prosperous areas of the country. The fast-food sector is becoming more popular than the traditional restaurant.

**2. The Problems of Investment in the Hotel and Catering Industry**

It is vital at the outset of this topic to get the definition of "investment" absolutely clear. It is one of those words which the economist uses in a different manner to the generally held meanings.

The normal understanding of the term, is putting money somewhere safe in order to earn interest. This act of non-spending the economist refers to as "saving". Investment is the purchase of fixed assets. It is a very simple definition, but it must be clearly understood and remembered.

The assets which are bought by operators in the hotel and catering industry are land, buildings and interior assets and these take up to ninety per cent of the employed capital. This has important implications for the type of funds which are required, which will be mostly long-term (for land and buildings) and medium term (for interior assets). Only ten per cent of the capital employed is used to finance working capital, (the day-to-day expenditure).

There are two main sources of funds which are used for investment purposes.

a. Internal, which arises from the various forms of business ownership.
b. External, borrowing money from sources which are outside of the particular business entity.

The main types of business ownership are:

a. Sole traders
b. Partnerships
c. Private companies
d. Closed corporations
e. Public companies
f. Public authority business undertakings
g. Co-operatives

To describe the types of business, it is necessary to identify the following characteristics:

a. Ownership
b. Control
c. The source of capital
d. The share of profits
e. The extent of liability

The sole trader owns and controls his own business. He raises capital from private savings and profits which are ploughed back into the business. He retains all of his profits and he has unlimited liability.

Partnerships can have anything from two to twenty members. They share ownership, control and profits. As each partner makes a contribution to capital, it is possible to raise capital easier than can a sole trader. In most cases, liability is unlimited. The conduct of a partnership is usually governed by a partnership agreement which states how much capital each partner has contributed, the interest to which he is entitled on capital employed, the salary to be paid to each partner, and the share of the profit which each partner is to receive.

Companies are owned by their shareholders. Control is in the hands of a board of directors who are elected by the shareholders on the basis of, one share, one vote. Capital is raised by the issue of shares (evidence of ownership) and by the issue of debentures (loans secured against fixed assets). The total face value of the latter can be subsequently bought and sold on the Stock Exchange. The liability of the shareholders is limited to the extent of their shareholding.

Public authority business undertakings are owned by central or local government who also has ultimate control over them, although day-to-day control is in the hands of appointees. Examples are catering in Provincial Hospitals, the armed services and the prison service. Capital is provided by the government.

External sources of funds are used when businesses cannot raise sufficient capital by themselves. The following list is not exhaustive, but it is intended to give an idea of where operators can look for investment funds.

a. Local banks
b. Building societies
c. Insurance and pension companies
d. Trade creditors
e. Tourist boards
f. The Small Business Development Corporation
g. The government
h. The Industrial Development Corporation

The nature of the fixed assets which need to be purchased determines the nature of the funds needed to finance the assets. Land and buildings require long-term finance, 20 to 30 years. Because lenders are reluctant to give up their liquidity for that length of time, borrowing is both difficult to obtain and expensive to finance. In other words, it attracts the highest rates of interest, thereby adding to the catering firm's already high proportion of fixed costs.

Medium-term finance (5 to 7 years) which is required for the purchase of equipment, furniture and furnishings, does not attract the same rates of interest. Nevertheless, the very large amounts of these two types of funds which are required by the hotel and catering companies leave the industry with huge problems of finding sufficient investment capital. The shortage is worsened by the characteristics of the hotels operations, and by the relatively low rates of return on capital employed, which have been experienced by hotel and catering organisations in recent years.

Several courses of action are open to operators in order to overcome the problems of capital shortage. These include franchise agreements, sale and leaseback arrangements, and obtaining the use of funds without ownership.

It has already been shown how franchise operations spread the capital costs between franchiser and franchisee. While this method of operation does not fully overcome the problem, it does enable would be operators to partly overcome the capital barriers of entry into the industry.

Sale and lease back arrangements are only available to operators who already own their own property. By selling the land and buildings to those who specialise in property speculation and, at the same time arranging to lease back the property for a long period of time, such operators release cash which has been tied up in these fixed assets. Provided that the money is put to good use in redecorating and modernising the property, sufficient profit should be generated to pay the annual rent and to make a reasonable return on the deal. Although the operator retains the use of the assets, he does lose their ownership and such a move is usually a last resort which is used by those experiencing acute cash flow problems.

It is the use rather than the ownership of assets which is important for profitability and many ways can be found to achieve this, such as renting, leasing, hiring and hire purchase. Such means should always be considered by firms who are finding it difficult to raise funds for investment purposes.

### 3. Manpower Characteristics of the Hotel and Catering Industry

At this stage the treatment of labour input will be brief, because it will be dealt with in much more detail in the next lesson. At this stage the main characteristics of the labour force, the problem of labour turn over and the question of trade unionism in the catering industry will be considered.

Much of the work is of a part-time nature. The daily and weekly peaks of activity so typical of the industry can be met by employing people at busy times only. Even the seasonal pattern of demand is coped with by taking on more employees in the "high season", many of whom are students who just happen to be available at that time of the year.

Many foreign workers are employed in the hotel and catering industry. They may have learned their catering skills in their countries of origin.

Another strong feature of the work force is the high number of self-employed persons. It is an industry which attracts people who wish to work for themselves, giving them an opportunity to create and take risks.

Labour turnover is defined as the number of people leaving an establishment in a year, expressed as a percentage of those who are normally employed. The annual rate in the catering industry is high at about 80% and this involves the industry in particularly high costs. It is therefore, necessary to identify these costs, to identify the causes and to suggest solutions to the problem of labour turnover.

The largest single cost and the one most often missed in analysis is the loss of turnover which is caused by staff shortages. Rooms cannot be sold to potential guests if there is insufficient staff to clean them. Diners cannot be served in restaurants without sufficient waiters and kitchen staff. Many a thirst goes unquenched when there is a shortage of bar staff. The loss of sales is not only felt immediately, but it is also a long-term problem. Guests who are dissatisfied with the poor service, caused by staff shortages, do not return and they do not recommend the establishment.

The process of replacing staff who leave is not immediate, and in addition, it itself incurs the cost of advertising, recruitment, selection, induction and training, which together can become a considerable amount. Some have calculated that the total cost of replacing a worker who leaves can easily roll into thousands. If that is the case, it is clearly important to reduce the rate of labour turnover as quickly and as much as possible. The causes of labour turnover lie in the nature of the workforce and in the conditions of employment. It is very difficult to alter the former. Female workers still need to be employed, but they may leave because of their family commitments. Part-timers and casual workers inevitably move on. Foreign workers will return to their own countries. The un-skilled will always see greener grass in the next job. However, it is possible to reduce the level of labour turnover by more careful selection processes.

Something can be done about the conditions of employment. Split shifts have always been unpopular with the majority of the workforce, and they are not absolutely vital to the running of any operation in modern conditions. The number of shifts per week can be reduced to advantage in this respect. A watchful eye on the hourly rates of pay and an avoidance of "Scrooge-like" attitudes can result in a more contented workforce without unduly raising costs. Rest room and cloakroom facilities are a requirement of many laws in many countries; therefore why not use their introduction to the firm's advantage, by giving slightly more than the minimum legal requirements? In these ways the conditions of employment can be significantly improved, with the resulting fall in the rate of labour turnover.

Membership of the trade union movement is relatively low in the hotel and catering industry, with the notable exceptions of industrial, welfare and transport catering. In these sectors closed-shop agreements may even exist. Nevertheless, the vast majority of catering workers do not belong to trade unions.

The main reasons are the size structure of the industry, the nature of the labour force and the attitudes of the employers. Units within the catering industry are small and widely scattered, which gives the workers little opportunity to meet informally, let alone formally to organise. They rarely perceive any common interests either because they adopt the owner's rivalries between competing outlets or because they operate in different sectors of the industry.

The nature or characteristics of the labour force also goes against trade union membership. Women are not traditionally strong supporters of unions. Part-time and casual workers never see much point in it and foreign workers are not strong participants, either through ignorance of their activities or because of language difficulties.

# 4 RUNNING A HOTEL BUSINESS

From the dawn of recorded history there have always been problems of organisation. We have come a long way since our earliest ancestors, but have we progressed? Mankind would appear to have been working at the same basic problems for centuries, and in the process often ignoring many basic solutions. Were the problems that much different from one another, or were the situations so much more demanding and difficult? Or maybe man is so vain that he thinks his problem is always unique? Unfortunately the answer to this question is not in this lesson.

For the past seven decades, from the time of F W Taylor, who wrote "The Principles of Scientific Management," and with increasing intensity through the years up to the present time, a great deal of attention has been given to organisation in some shape or form. Often organisation has been referred to without the meaning or frame of reference being adequately defined. Therefore, at this point, it is appropriate to look at semantics and the varying definitions of management.

**Semantics**

As is often so true when intelligent people differ in their interpretations of problems, some of the trouble lies in the key words. In the fields of management, there are even differences in the application of the word "management". Most people would agree that management means getting things done, through and with people. In this course, management is defined as "establishing an effective environment for people to operate in formal organisational groups". In other studies, the reference may be expanded to apply to any type of group.

A major point in the confusion may lie in the word "organisation". Most members of the operational approach apply "organisation" to the intentional structure of roles. In the case of this course, organisation represents the formal framework of the environment in which people perform within an enterprise.

Other semantic differences may be mentioned. Decision-making is defined by some theorists, and as it is in this course, as the act of choosing a course of action from among alternatives. Others include in their definition of decision-making the total managerial task and its environment. In this course, leadership is differentiated from management. Textbooks sometimes make them appear synonymous. Communications may mean anything from written or oral reports to a vast network of formal and informal relationships.

Before proceeding in greater depth it is useful to give some definitions:

**a. Planning**

Planning involves the selection of organisational and departmental objectives as well as the determination of the means of achieving them. It is thus a rational approach to pre-selected objectives.

A plan may be described as a statement of objectives which are to be attained in the future, and an outline of the steps which are necessary to reach them. Planning is the design of a desired future and of effective ways of bringing it about.

**b. Policy**

A policy is a standing plan, which is used over and over again to guide specific actions. In addition, policy serves as a key role in spelling out and clarifying strategy. To put it simply, a policy may guide our thinking in decision-making. It is also a major management tool for securing consistent behaviour.

**c. Strategy**

Strategy takes a broad company view and singles out major targets for company action. The emphasis on strategy puts more stress on anticipating change, and thus, a continuing agile adjustment of policy becomes critical. Strategy is a decision about how to use available resources in order to secure a major objective in the face of opposition. Opposition usually refers to competitors.

## 4.1 PLANNING

Planning is the design of a desired future and the effective way of bringing it about.

The first step in planning is to set objectives. These objectives or goals are the ends towards which activity is aimed. There are many objectives which range from overall organisational objectives to departmental objectives. One is related to the other, but they may not necessarily be the same. For example, two overall objectives of the hotel company may be:

a. To make a company gross profit of 60%.
b. To cater for conference and business delegates in the main.

An individual hotel's objectives may be:

a. To reduce costs by standardising menus and reducing the variety of items on the menu.
b. To concentrate on the four largest companies in the local area from which the conference business will come.

Objectives are required to aid achievement. They are targets to aim at, but they must be realistic or achievable targets. In a simple form, objectives are set, either verbally or in written form, by almost everyone during the course of one day. For example:

a. A housewife having to prepare a meal for 7 p.m.
b. An interior decorator having to decorate a lounge in two days and within a certain budget.
c. The restaurant manager aiming to sell twenty portions of sole during a meal service.

These are only a few examples, but they are useful to illustrate that there is nothing mystical regarding objectives, and that many people in business probably set them mentally. However, the importance lies in the fact that there is a hierarchy of objectives which all lead to the achievement of company objectives.

There are reasons for having objectives. For every business organisation to be successful it is imperative to know:

a. What business we are in?
b. Where we are at the present time?

These two points may sound ridiculously simple, but if one looks at the cinema industry before the advent of television, the answers to question (a) would have been "epic film making", and the answer to (b) would have been "at the top of the ladder".

However, once television gained strength, the answers looked like this:

a. We are in entertainment.
b. We are fighting for survival.

Therefore, objectives are necessary in every area where performance and results directly and vitally affect the survival and progress of a business. The objectives should be lasting, definite, written down and communicated to all employees.

**Objectives:**

a. Decide what it means to manage a business.
b. Spell out the results at which a businessperson must aim.
c. Decide what is needed and how to work effectively towards these targets.

P. Drukker identifies eight areas in which objectives of performance and results have to be set:

a. Market standing
b. Innovation
c. Productivity
d. Physical and financial resources
e. Profitability
f. Manager performance and development
g. Worker performance and attitude
h. Public responsibility

Having set the objectives, planning can now be carried out.

a. Planning is something which is done in advance of action taking. That is, it is anticipatory decision-making.
b. Planning is required when the future state which is desired involves a set of interdependent decisions.
c. Planning is a process which is directed towards producing one or more future states which are desired, and which are not expected to occur unless action is taken.

Thus, planning is concerned with both avoiding incorrect actions and reducing the frequency of failure so as to exploit opportunities.

When considering planning, there are certain questions which must be asked. These include:

a. What is really meant by the term "planning", and how does it relate to other aspects of the managerial task?
b. Different plans may be used; what are the advantages of each?
c. What are the parameters which govern planning, both as regards detail and extent?
d. What basic steps must be taken in order to develop plans?
e. Can the process of planning be simplified?

Long-term planning within the organisation concerns itself with such factors as:

a. New products
b. New markets for existing products
c. Internal reorganisation in order to give better productivity
d. Mergers with other companies
e. Development programmes for executives
f. Environmental changes

While much of the work of long-range planning may not be accurate, nevertheless, it will help management to become aware of future trends and how to take advantage of them when they are favourable, and how to minimise their effects when they are unfavourable.

It is important to remember that an organisation should plan ahead only so far as it is useful and where a reasonable degree of accuracy can be relied on. The longer the planning period, the less consideration will be given to the effects of its predictions on the organisation. Generally speaking, most organisations think of three to five years ahead as their normal long-range planning period.

## 4.2 POLICY

**1. Types of Policies**

It has been shown that policy is a major tool of central management for securing consistent behaviour. Policy permeates the numerous daily activities of a firm and helps to establish a normal, predictable pattern of behaviour. Policies have a hierarchy in that they range from general, or major policies to derived policies which apply to the smallest section of the organisation. For example, a general or organisation policy may be to promote from within to achieve a high standard of ethics. Derived policy, at unit level, may be to hire only professionally qualified trainees. The latter policy is linked to the former in that they have the same aim in mind.

In many instances, policy may arise through the setting of precedents. Subordinates could interpret a decision which has been made by management as one which will set future policy. In other words, they try to anticipate the action which management will take by viewing previous decisions. This can be a problem if it is not the intention of management to set such a policy. Policies delimit the areas within which decisions are made, which should be complementary and contribute to objectives.

Policies should:

a. Be a guide, and not a rule. Thereby allowing for discretion.
b. Aid operational efficiency.
c. Aid coordination.
d. Install confidence in decision making.

Organisations are unlimited as to the number of policies which they make, but the main general policy areas are:

a. Marketing
b. Pricing
c. Product
d. Purchasing
e. Personnel
f. Financial
g. Innovation
h. Social

**2. Determination and Sources**

Item (h) Social, in the above table, is an example of external policy which many organisations subscribe to. They see their policies falling into the two areas of internal and external. Furthermore, there are also external policies which are enforced by the government, trade unions, trade associations and social groups. Legislation or pressure from these local or national groups temper, impose, or influence policy.

## 4.3 ORGANISATION

In economic theory terms, plants or establishments are production units which are devoted to the creation of particular goods or services. Such units will have distinct geographical sites and distinct outputs, or a range of outputs of their types of goods and services.

Most of these goods are produced by means of the three broad factors of production:

a. Land
b. Labour
c. Capital

The three factors work in combination.

Firms are business units which own one or more plants. They may be anything from sole traders to public corporations. The production units which they own may be in a particular industry, or they may have diversified to become engaged in a number of different industries. Many firms have only one establishment, while others, such as hotels and restaurants, which must be near their customers, own a number of establishments, hence, the big catering firms which own a chain of hotels and restaurants as well as food production plants.

It is stated above that the utilities will be produced by the factors of production working in combination. This means that some person or persons must:

a. Perform the task of combining different factors together.
b. Decide in what proportions they shall be combined, what they will produce and by what methods.

Economists usually refer to such people as "entrepreneurs". However, other definitions can be organisers, enterprisers, undertakers or managers.

In the widest possible sense, organisations are social units which are deliberately constructed and reconstructed to seek specific goals. In most countries the society is an organisational society. People are born, educated, live, work and die in or by organisations. Present day societies place a high value on rationality, effectiveness and efficiency. As a result of this, modern civilisation depends upon organisation, because it is believed to be the most rational and efficient form of social grouping.

These social units include armies, churches, schools, prisons, etc., and business corporations. This book is concerned only with the latter, but at times there may be some social encroachment.

## 4.4 THE NATURE AND PURPOSE OF ORGANISATION

Organisation can have three meanings:

a. An enterprise or business.
b. A process, that is the sum total of human relationships working towards overall objectives.
c. A structure, that is, a formal framework of roles.

When two or more people are working towards the same objective, each one must know which part of the job he or she is supposed to do, otherwise there will be confusion and duplication of effort. It does not matter how much precision is given to the process of dividing the work, the efforts will not dovetail exactly unless some means of coordination is provided. (Fayol stated five functions of management – planning, organising, coordinating, commanding and controlling).

If organisation is considered as a process, it includes:

a. Breaking down the work which is necessary to achieve the objectives into individual jobs.
b. Providing means of coordinating the efforts of the individual job holders.

In a small group, both phases can be handled informally and orally, and changes in assignments can be made easily if it appears that one part of the work is proceeding too slowly to mesh with the other parts. When, however, the achievement of the objectives requires the work of a large number of people and the performance of many tasks, then some kind of permanent or semi-permanent division of work is usual, together with a formal system of coordination.

## 4.5 ORGANISATION STRUCTURE

Eight factors may be identified which affect the organisation structure. These are as follows:

a. **The Policies and Objectives of the Organisation**
b. **The Size of the Organisation**
c. **The Functions or Activities of the Organisation**

Three main categories occur in most enterprises, that is, production, selling and finance. As types of enterprise vary, so departmental names vary, for example, a wholesaler does not produce, he buys, therefore his departments may be buying, selling and finance.

**d The Geographical Location, or Company Units**

As companies grow and are widely spread around the country, it may be necessary to divide some activities among the branches which are away from the main centre of operations. A manager is put in charge of the area and he is given responsibility for all aspects of the unit's activities. Because of this, local factors are no longer neglected in decision making.

**e. The Product or Service**

This is mainly adopted by large organisations which are diverse, for example, an organisation may have a hotel, industrial catering, leisure and other divisions. Top management can delegate wide authority to a division or plant which produces a product or sells a service.

**f. Customers**

This type of organisation may be found in sales departments which have varied types of customer, for example, large and small customers, or wholesalers and industrial buyers. In a special case, it is possible to envisage banks which have departments which specialise in commercial loans to different industries, dividing each customer group so that each is represented by one department.

**g. Processes or Equipment**

The purpose here is to achieve economies by grouping activities around a process or type of equipment which cannot be made in small units and must therefore be costly and specialised. For example, food production kitchens could be divided into production, apportioning, and packing.

**g. Human Resources**

The attitudes, skills, expertise and qualifications of the work force from the top level to the bottom level play a fundamental part in the organisation. These factors could destroy a structure, no matter how rigid it is.

## 4.6 COMMUNICATION AND COORDINATION

Communication and coordination go hand in hand because to coordinate successfully one needs good clear communication.

**The Process of Coordination Involves:**

a. Meetings, interviews, report writing and other forms of communication.
b. Clear lines of responsibility and authority.
c. An adequate span of control.
d. Accountability for actions and decisions.

Coordination has already been mentioned in the section dealing with organisation, but it is worth re-stating that coordination is the ability to arrange matters in such a way that the overlapping of functions is avoided and, equally important, that no management task is carried out in isolation.

This may be achieved in different ways. In some businesses, management by committee has been successful, while in others coordinating machinery, which is less cumbersome and time-consuming than the committee method, works far better. The coordinating machinery may consist of clear statements of policy and action issued by the Chief Executive and the top management team, distributed throughout the organisation. The aim must always be to avoid purposeless effort because individual A is unaware of what individual B is doing.

Above all, coordination of effort needs to be thought through. Any management operation can only be speedy and effective if, in advance of the operation, everyone's part in it is phased in, clearly stated, and understood.

There are three ways by which coordination can be achieved. They are:

**a. Coordination by Committee**

A working definition of a committee is a group of people that makes decisions or presents viewpoints and whose conduct is governed by a set of rules.

In some cases a committee may have a purely advisory function. Thus a committee composed of the heads of the chief functions may meet regularly or irregularly to counsel the Managing Director on his decisions. In this way he is assured of taking all points of view into account. He can decide whether a course of action which may be advantageous for some phases of the business will be disadvantageous for other phases, and he can determine whether or not the advantages will offset the disadvantages. Also, he may seek the committee' s advice on some problem for which he has not yet been able to find a solution.

As opposed to the above, a committee may be a decision-making body that can itself choose a course of action, or approve or disapprove of a proposed course. In such a case, it may decide by a majority vote, or it may determine to act favourably on an idea only when it has reached unanimous agreement. In the latter instance, the proposal may have to have considerable modification before consensus can be obtained.

**b. Coordination by General Staff (Area Executives, District Managers, or Unit Managers)**

The general staff or group can act as a clearing house where it is necessary to coordinate the actions of many unit managers or line managers, who do not necessarily need to communicate with each other. Each of the managers must decide which of the others should be informed of any proposed action.

**c. Coordination by Special Coordinators**

This is a device by which individuals are appointed to serve as special coordinators of various phases of the business.

One coordinating position which has become increasingly common in recent years, is that of contract administrator. When the organisation receives a large contract the work might be expected to flow smoothly from sales to engineering to production. In practice, this is seldom the case. The customer changes his mind regarding certain details of design and wishes to know how much the changes will cost him, or wants additional work to be carried out, or requires a quicker delivery date. Up to the time of the signing of the contract, the customer's contact has been the salesman or sales engineer, but the latter cannot spare time from his marketing work to shepherd the changes through or to coordinate the engineering, estimating and production work required for the changes. The contract administrator fills the gap. He provides liaison and coordination between the customer and the production force.

**Communication**

It is important that management knows:

a. When to communicate
b. How to communicate
c. How much to communicate

Communication is a means whereby people in an organisation exchange information regarding the operations of the enterprise. It is the interchange of ideas, facts and emotions of two or more persons by the use of words, letters and symbols.

Every aspect of management requires good communication. The following list covers most of the elements which can be present in a faulty system of communications:

a. The lack of good sound objectives, words which are vague, imprecise and omit necessary information.
b. Faulty organisation – such as lack of definition of responsibilities, the chains of command being too long, or the span of control too wide.
c. Too many assumptions made by the receiver, who may be too quick in evaluating the meaning because of his inability to listen carefully.
d. The use of technical jargon, particularly in new specialist fields, for example, computers. In addition, the different educational and social backgrounds of recipients does not aid effective understanding.
e. The atmosphere of the environment may not be normal, and innocent remarks may be given wrong interpretations.
f. Failure by subordinates to judge accurately what should be in the reports to superiors, or failure to communicate at all.
g. If every instruction is not written down, people may use its absence as an excuse and do nothing.
h. Lack of informal or formal opportunities is a barrier to upward communication, and feelings are not made known. Management has more methods of communication than the workers, who often have only their union, which generally confines its activities to wages and grievances.

The following points regarding the principles of communication should be carefully considered:

a. *Clarity*
The language which is used should be clear and concise.

b. *Attention*
Attention should be paid by the recipient. Lack of careful attention is a human failing.

c. *Integrity and Sincerity*
The more the workers are told about the organisation and its future, then the more they will respect the integrity of management. Communications should, wherever possible, be sent down the accepted line of authority.

d. *Choice of Media*
It is important to choose the most appropriate media. The choices are:

i. Face to face – interviews, meetings and conferences.
ii. Oral – telephone, radio, inter-communicating systems.
iii. Written – letters, books, periodicals, circulars, manuals, newspapers, advertisements, suggestion schemes, pay packets, notice boards.

It is considered that the effectiveness of communication does not only depend upon the executive's skill with language, but also upon:

i. A known and comprehensive communications structure.
ii. A code which governs relationships among people occupying various roles.
iii. The quality of relationships among people who are immediately connected with each other.

## 4.7 WORKER REPRESENTATION

When a person takes up employment with an organisation he enters into a relationship with the management of that organisation. This is a human relationship, and is one of mutual dependence. The worker is dependent upon his employer for his salary and other benefits while the employer is dependent upon the worker for his knowledge and physical ability to produce goods and deliver services which contribute to the profitability of the organisation. Unfortunately this relationship between employer and employee is very critical and each party strives to further his own interest. The primary concerns of the employee are remuneration and working conditions, while the employer is concerned with profits. In such a relationship effective communication is sacrificed because the interests of each party, while overlapping to some extent, are vastly different.

If labour relations are to be sound, it is essential that the two parties realise that they have an overlapping of interests. At the same time they should know that the other party is aware of the overlapping of interests. To achieve this situation it is necessary for the employer to communicate his circumstances and his goals to the employees. On the other hand it is necessary for the employees to make their employers aware of their circumstances and goals. From this it can be seen that the most essential part of labour relations is the ability to communicate.

**The employer can facilitate communication by practising the following:**

1. By presenting orientation lectures to new entrants into the organisation. By means of these lectures the entrant can be introduced to:
   a. The enterprise.
   b. The financial structure of the enterprise.
   c. The product and production methods.
   d. The organisation and management.
   e. The mission of the organisation.
   f. The style of supervision.

2. By issuing a policy handbook stating staff policy and procedure.
3. By organising regular briefing sessions by members of the management team. The subjects of these sessions would be not only related to the job, but would also cover such topics as safety and security, community development, financial budgeting and thrift, job advancement, etc.
4. By annual social gatherings at which the financial position of the organisation, goal achievement, future marketing and production goals are explained by a top management member.
5. By placing notices of managerial decisions on notice boards at strategic points throughout the factory.
6. By using a works council system.
7. By organising production directed meetings between supervisors and their immediate subordinates.
8. By means of visits to the plant and discussion between the employees and industrial relations officers.
9. By visits to the workers home by industrial relations officers. This method could be very delicate – it is possible that such a visit could be interpreted as interference.
10. By means of disciplinary action.

The employee would facilitate communication in the following ways:

1. By means of feedback interviews with a member of the Personnel Department staff at periods of one month, six months and one year after commencement of employment.
2. By the means of works councils.
3. By means of discussions with the industrial relations officers with regard to specific problems.
4. By taking their queries to the supervisors.
5. By using the grievance procedure.
6. By using "exit" interviews when an employee leaves the organisation.
7. By trade union mediation.

There are two economic factors which make communication between employers and employees absolutely essential. These are:

1. It is essential to keep labour turnover as low as possible because it is costly to replace and train new workers, especially if the industry is high technology geared.
2. The increasing power of the employee, due to his training and improved efficiency gives him power to select his place of employment.

From the above, it can be said that the crucial objectives of the industrial relations section of any organisation are to regulate the labour turnover and to prevent a decline in productivity due to a dissatisfied work force which among other things can lead to labour unrest and strike action. These objectives can only be achieved by use of effective communication in a receptive environment.

## 4.8 COMMUNICATION STRUCTURES

We shall now discuss the communication structures within an organisation. An organisation can be looked upon, in one sense, as an apparatus for the processing of information, ideas and feelings, which when viewed collectively amounts to the activity which we call communication.

In the process of management certain activities, such as the implementation of plans, the exercise of leadership and control, inter alia, depend entirely on the ability of the management to impart its understanding to subordinates, and also to understand the information which the subordinates are attempting to pass upward to management. It is, therefore, essential that the communication skills and lines of communication between levels in an organisation be as clear and practical as possible.

In an organisation there are two types of communication – formal and informal:

**1. Formal communication**

This can be described as communication following definitely known, or laid down channels. If we generalise, it can be said that the lines of communication follow the lines of authority which are established by use of an organisational chart. In this type of communication it is essential that each person knows to whom he is subordinate. He then has a definite formal line of communication based on authority.

The purpose of a structured communications chart is to ensure that information is conveyed when and where it is required. This enables planning and control to be structured on a sound basis and allows organisation to continue, even when there is an excessive turnover in staff.

However, the nature of the communication process necessitates certain essential design principles being incorporated into such a formal organisational structure in order to maintain reasonable efficiency and effectiveness. These principles are classified as follows:

a. *The lines of communication should be as direct and short as possible.*
This means that messages which are being transmitted through a formal communication system should pass through as few levels as possible. The accuracy and the speed of transmission of the message are inversely proportional to the number of levels through which the message must pass.

b. *The complete line of communication should be used.*
By this is meant that a report or instruction from the top of the organisation which is intended for every level in the organisation should pass through every level in the line of authority in order to avoid the possibility of issuing conflicting communications either upward or downward, and to maintain responsibility in its proper place.

c. *Every communication should be authenticated.*
The staff of an organisation attributes authority to a message, whether verbal or oral, from a super ordinate, provided that such a message is reasonably consistent with the authority which the super ordinate is deemed to exercise. It follows that the person communicating must actually be known to occupy the authoritative position concerned.

There are disadvantages to the use of a formal communications system in an organisation. This type of system limits oral communication to that between individual subordinates and their immediate superiors. In most cases, however, formal communications are written, for example; reports, letters, memorandums are usually subject to formal control. Formal policies and practices are usually embodied in operating manuals, or standing orders, etc. Without such documents policy matters would be known only to those members of the staff who regularly use such data.

**2. Informal communication**

Formal communications flow from only a small part of the communications network within the organisation. In contrast, informal communication, which arises out of the social relationships of organisational members, often results in relationships of authority which are not recognised on a formal organisation chart.

By the use of these relationships informal channels of information are set up, and it is quite possible that natural leaders may arise.

Informal communication is a fact, but it can be used to the benefit of the organisation. If the management can maintain attitudes of co-operation in the informal personal relationships, then the system can be used to good effect and can contribute to the efficient operation of the organisation.

# 5 WORKING IN THE HOTEL INDUSTRY

McCormick in 1979 mentioned two factors, which illustrate the importance of work-study. These factors are "the functional effectiveness of work" and "human welfare in work". They are discussed below: In order to survive a person must work. This has always been the case and there is little chance that any future generation will be able to subsist without employing their skills in return for the means to ensure a livelihood. In the past two centuries technology has advanced at such a rate that a myriad of organisations dominate our lives and have resulted in a complex working environment. In fact we are born, educated, live, work and die within a series of complex organisations. The concern of this particular chapter is what happens in those organisations, which employ people.

**The functional effectiveness of work**

This is of twofold importance:

1. Organisations employ people such as industrial engineers and work study experts who are concerned with improvement in work methods. It is, therefore, essential that these people have a thorough understanding of the nature of the various jobs throughout the organisation, because in their job capacities, they are involved with the design of workstations and the necessary equipment for people to carry out their jobs. These designs are all aimed at the improvement of job efficiency and stress alleviation.
2. Functional effectiveness is important to the personnel department. This department has to select, train and remunerate workers. To perform these tasks, it is necessary to know the nature of the job in the organisation so that people can be "matched to these jobs". It is also necessary to know the nature of the jobs in order that the worker can adapt himself, thereby enhancing efficient job performance.

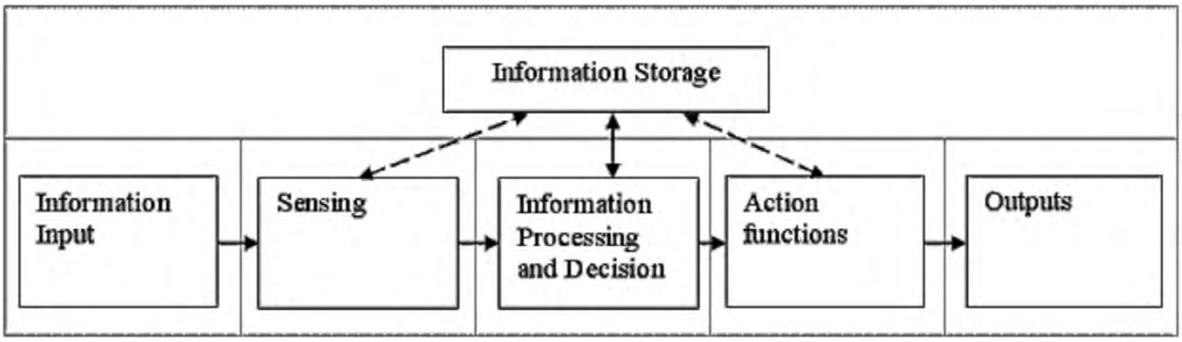
The functional effectiveness of work can only be achieved if people are supplied with accurate job descriptions.

## Human welfare in work

The values of workers are continually changing. They are becoming more conscious of their own well-being and are more concerned with the general quality of their lives including their "working lives". As the average worker spends at least one third of his waking time in some organisation, it is important that consideration be given to how he spends those hours. In later years, organisations have begun to value their "human assets", and the accent has shifted from the functional effectiveness of work toward a more realistic concern for the welfare of the workers. This covers such items as safety, health, avoidance of undue stress, job comfort, job satisfaction and working environment. The two items which have received the most attention are the quality of working life and job satisfaction.

If research into the nature of jobs is carried out it becomes possible to provide people with satisfying jobs, which besides giving job satisfaction also improves the quality of their working lives. The type of research necessary requires information regarding job characteristics in order to view which types of job individuals prefer. This is particularly so when it is necessary to incorporate desirable characteristics when jobs are being re-designed.

The first step to be taken is to collect and interpret data regarding what the jobs entail. Work varies widely from hard physical effort to highly skilled and clerical work, but certain basic operational functions are common to all types of work. These functions are – receiving information, information storage, information processing, decision-making and action. These functions are depicted below.




Basic operational work functions

In terms of the model shown above, most job activities can be explained. In any job environment a worker will receive incoming stimuli, for example, verbal or written communication, to which he has to respond. Through the individual's sensory organs this stimuli is led to his information processing and storage centre (the brain). The stimulus interacts with the stored information (memory), which in turn, initiates information processing procedures, which lead to a decision of whether or not to take action or to respond in some manner.

The four functions are present in every type of job, but the degree and nature of the involvement of each function shows considerable variation.

There is very little action in information processing and decision making because the action or response has been pre-determined. On the other extreme, we can consider the job of an air traffic controller. This job contains an extremely heavy sensing load, particularly so at busy airports. These workers have to keep a constant watch on the radar screen, and exhaustion sets in rapidly due to sensory overload.

It can be seen that although the four basic operational functions can be combined in many ways, they all tax the abilities and skills of each worker in different degrees.

**Definitions**

Before commencing our description of Job Analysis it is first necessary to give a few definitions, which are relevant.

- **Job element**
This is defined as the smallest steps into which it is practicable to sub-divide any work activity without analysing the separate motions, movements and mental processes involved.

- **Task**
This comprises one or more elements and is one of the distinct activities, which constitute those logical and necessary steps to be taken in job performance. A task is regarded as a discrete unit of work, which is carried out by an individual.

- **Duty**
This is a loose term, which is sometimes used to refer to a large segment of work, which is performed by an individual. It usually consists of several related tasks.

- **Job analysis**
This is the process of collecting, by means of observation, questionnaires interviews and other methods, pertinent information regarding the nature of a specific job.

- **Job description**
This refers to a written analysis of the fundamental tasks, duties and responsibilities of an employee.

- **Job specification**
This is a summary of the skills, abilities, qualifications and background, which are required for the satisfactory performance of a job.

## 5.1 JOB ANALYSIS

Job analysis is the process of collecting facts, describing the job or situation and identifying the conditions for successful performance. Job analysis is a term used in an umbrella fashion for a procedure, which eventually proceeds to job description and job specification.

Steps in job analysis:

With routine or manual repetitive jobs, the analysis may be carried out simply by observing workers' performances, but where the job consists of a large number of tasks not all of which are repeated regularly, or where there is a large element of mental work, observation must be followed up by questioning and discussion to find out how many unobserved tasks form part of the job. The only satisfactory source of information in this respect is the person actually doing the job. The facts obtained in this manner must be checked with the worker's superior. Unfortunately it is surprising how often (even in the most efficient establishments) supervisors do not know all that their subordinates are doing.

The steps of job analysis are:

- **Collect background information**
It is useful to review existing job descriptions and organisation charts in order to identify the job to be analysed.

- **Select representative positions to be analysed**
In a section of the organisation where there are many workers doing a similar job, it is too costly to analyse each individual job. Therefore several similar representative jobs are selected for analysing.

- **Collect data**
This data is collected by a variety of ways. The most important methods are as follows:

1. *Observation*
The job analyst observes the job incumbent in the course of his daily activities. He may use recorders, cameras or video equipment in order to obtain a true record. The technique of observation is more suitable for analysing short-cycle jobs rather than long-cycle jobs or jobs that vary from time to time. The observer is assumed to be more objective than the job incumbent; therefore, this method overcomes the problem of "faking". However, it is not an ideal situation, because if a worker is aware that he is being observed he may, either consciously or unconsciously, act unnaturally. Observation is not suited to intellectual jobs because it is difficult if not impossible to observe mental processes.

2. *Individual interview*

If this method is used, the job incumbent is taken away from his job for an interview with the job analyst. The interview should be structured and if a number of representative incumbents are interviewed, then their responses can be combined into one single job description. It is sometimes necessary to also interview the workers' superiors. This method has the advantage of reinforcing the self-esteem of the worker by asking him what he does. Also the person who knows the job best is the one who is doing it and can thus provide the best information. There is, however, a danger that the worker's answers may be distorted if he stresses the importance of some aspects of his job while playing down others. The incumbent has to rely on his memory and it is possible that he may forget significant activities. This method of obtaining information is expensive and time-consuming, if one considers the amount of information collected in relation to the financial cost of acquiring it.

3. *Technical conferences*

Rather than question the job incumbents, the job analyst interviews supervisors and instructors. These people provide the information required for the job description. This method has the disadvantage that the supervisor may not be sufficiently familiar with the job in question because he is not called upon to perform the job himself.

4. *Diary method*

When this method is used, the job incumbents are required to keep a log or diary of their work activities over a period of time. This method produces a large amount of information and therefore it is very useful. It has the disadvantage of being time-consuming.

5. *Critical incidents*

Anything out of the ordinary, which enhances or impairs job performance, is reported by the job incumbent. This method does not give an exact job description; it is rather a report on job performance. The descriptions of the critical incidents may be obtained from the job incumbent, the supervisor, or both. This method is well-suited for jobs containing protracted tasks, or jobs, which consist of numerous different tasks. A policeman's job could fall into this category.

6. *Questionnaires*

This method is designed to capture quantitative data regarding various aspects of the job. The questionnaire may be completed by the supervisor, the job incumbent or by experts.

When applying a job analysis, it must always be remembered that the job analyst is an intruder dealing with a sensitive matter close to people's pride. He must therefore win and maintain confidence by explaining to the workers what is being done, the methods which he proposes to use, and the purpose of the analysis. Full consultation with trade unions, which are affected, must take place and it may be necessary to train a union official in the methods used in order that he can check evaluations in case of a dispute. Confidence can be consolidated only when the analyst is seen to be carrying out his task carefully and thoroughly. The company must apply the results fairly and properly.

A standard must be adhered to when describing jobs. If comparisons are to be made between jobs then it is essential that the jobs be described in the same way. A framework of the essential job characteristics is necessary for this purpose, as shown below:

a. Initial requirements
    - Previous education, training and experience, which is necessary for anyone to be capable of performing the job.
    - Training to be given on the job.

b. Duties and responsibilities
    - Physical aspects: mobility, amount of effort required, physical disqualifications (example; poor eyesight).
    - Mental effort; level of intelligence needed.
    - Is the job routine in nature or does it demand the use of initiative?
    - The difficulties of the job: are there pleasant or unpleasant aspects?
    - The responsibilities of the job; the responsibility for staff control, for materials, equipment or cash.

c. Environment and conditions of employment
    - Surroundings; is the job indoors or outdoors? What is the degree of comfort, noise and cleanliness?
    - The hazards and dangers of the job.
    - The remuneration and the frequency of increases.
    - Any other conditions: working hours, holidays, etc.
    - Prospects for promotion.
    - What employee services are there? (Canteen, social club, protective clothing).

d. Social background
   - What is the size of the department or section?
   - Is the incumbent working in isolation, or with other people?
   - What contact does the incumbent have with other people? (Colleagues, superiors, representatives, the public).
   - The amount of supervision, which is given or received.
   - The status of the job.

It is most important that an analyst considering a job should not be unduly influenced by the character and qualifications of the particular individual who is performing the job at the present time. Instead he should think of the demands the job will make on any person performing it. For instance a distinction may have to be made, for placement purposes, between those requirements, which are desirable to obtain optimum performance for the job and those, which are the essential minimum for satisfactory performance.

A job analysis programme should be devised only to meet problems in a particular firm, such as the failure to make the best use of manpower, or poor work resulting from inequitable rates of pay. Once the programme has been carried out, it is vital to make sure that the problems have been dealt with; that is, that the manpower is now being used more efficiently, or that the rates of pay are now more equitable. If the problems remain, then the job analysis programme must be improved or replaced.

## 5.2 THE USE OF JOB ANALYSIS

A personnel manager who tries to work without making use of job analysis will be hampered in the performance of some of his most important functions by an ignorance of the real nature of the jobs in his organisation. The fact is that job analysis is the primary step in planning any personnel activity and it is not possible to effectively carry out any personnel activity without the information supplied by such an analysis. Some of the uses for job analysis are given below:

- **Recruitment and selection**
  Job information is necessary for the selection process. When a person applies for a job he needs to know certain details about the position for which he is applying. These details are derived from a job analysis and presented to the applicant either in the original advertisement for the job, or they may be presented to him at a subsequent interview. This information then helps the potential applicant to decide whether or not he or she possesses the necessary attributes for the job.

- **Training and development**

Information regarding the job specifies the required level of proficiency. Training programmes are designed on the basis of this information in order to provide the workers with a satisfactory training. Job analysis also facilitates the identification of training needs for worker development.

- **Performance appraisal**

Any information, which is provided by job analysis, can be adapted to establish standards of performance. It therefore provides a framework for appraisal of an individual's performance.

- **Job evaluation**

Information relating to a job provides a basis for determining the comparative value of jobs. The specific tasks, which comprise the jobs, can be compared and their value to the organisation can be calculated. From this it is possible to establish an equitable pay structure and it provides a method of comparing the organisation's salary structure with the going rates in the labour market.

## 5.3 JOB DESCRIPTION

Job analysis and job description go together hand in hand. Job analysis is the process by means of which all relevant information regarding a specific post is collected.

When the information has been collected it is put into a written form, which is called the job description. This enables other people who were not concerned with the analysis to obtain a clear insight of the job.

A job description does not merely list a number of facts. The description is usually done in a pre-determined format in order to make it easily readable. It starts with a summary of the job as a whole, after which every main task is described, with more detail and practical examples as sub-divisions. It is essential for the job description to contain details of the number and type of decisions, which the employee must make.

## 5.4 DO YOU WANT TO BE A LEADER?

It used to be normal in management textbooks to list the qualities of a leader. However, this approach has now fallen into disfavour. It has become very clear that such a list of virtues does not describe the characteristics of any one person. Yet, we all think of many leaders whom we admire, from national leaders to those which have been associated with in our work.

A more useful approach to the study of leadership is to ask the question, "What does a leader do?" In other words, to study leadership in the terms of performance as opposed to personal attributes and qualities.

A good leader does two main things:

a. He keeps the needs of his staff constantly in mind, and develops a good working relationship with them.
b. He organises and defines his relationship with staff in such a way that a pattern of organisation and communication is developed which gets the job done efficiently and effectively.

To carry this further, a good manager and leader must be able to initiate ideas, carry his staff with him by inspiring enthusiasm and, above all, remain considerate.

Unfortunately, such a requirement contains within itself the seeds of conflict. The leader's subordinates may wish him to be strong in the considerate role, whilst his superiors may wish him to show his strength in the matter of getting things done. In practice, this conflict can be resolved by sharing the roles between two leaders. For example, in a large hotel where the General Manager strives to achieve his business objectives first and foremost, while his deputy concerns himself with the establishment of sound working relationships with the staff.

There is, however, one thing which is certain. Leadership is of the most importance in any business. Unfortunately this is not a subject which can be learned from any textbook.

Many books have been written on the subject, which, by themselves, do not help men or women to become leaders. What management should do is to create conditions under which potential leadership qualities can develop and flourish. There is no one pre-determined correct way for a person to act as a leader. The best leaders are those who can adapt their style to suit the situation in which they find themselves.

## 5.5 STAFF MOTIVATION

Motivation is an important function in any manager's job. His functions of organising, directing and staffing have a direct bearing on this subject. For many years, the monastic theory of motivation was uppermost. This is that people work for a single goal, which is money.

An American study of a pluralistic theory of motivation tried to determine the principles of organisation structure and the principles and practice of leadership, which together are responsible for high productivity and an improved sense of job satisfaction. Out of such a study, there emerged a general description of the motivational characteristics which are usually found in the most successful managers.

Renis Likert describes the attitudes and behaviour of such managers as being supportive, friendly and helpful. The successful manager shows confidence in the integrity, ability and motivations of his subordinates, even holding high expectations of the level of attainment of his staff. He sees that all are well trained and prepared for the next level of appointment. He coaches and assists any whose work is below par.

## 5.6 THE ORGANISATIONAL STRUCTURE

The personnel function has a responsibility for providing the organisation's line and other staff functions with a personnel service. Organisationally the personnel function in the enterprise is performed by a personnel department, which, in turn, constitutes an integral part of the organisation as a whole. Figure 2 illustrates the various functions of a typical personnel department.

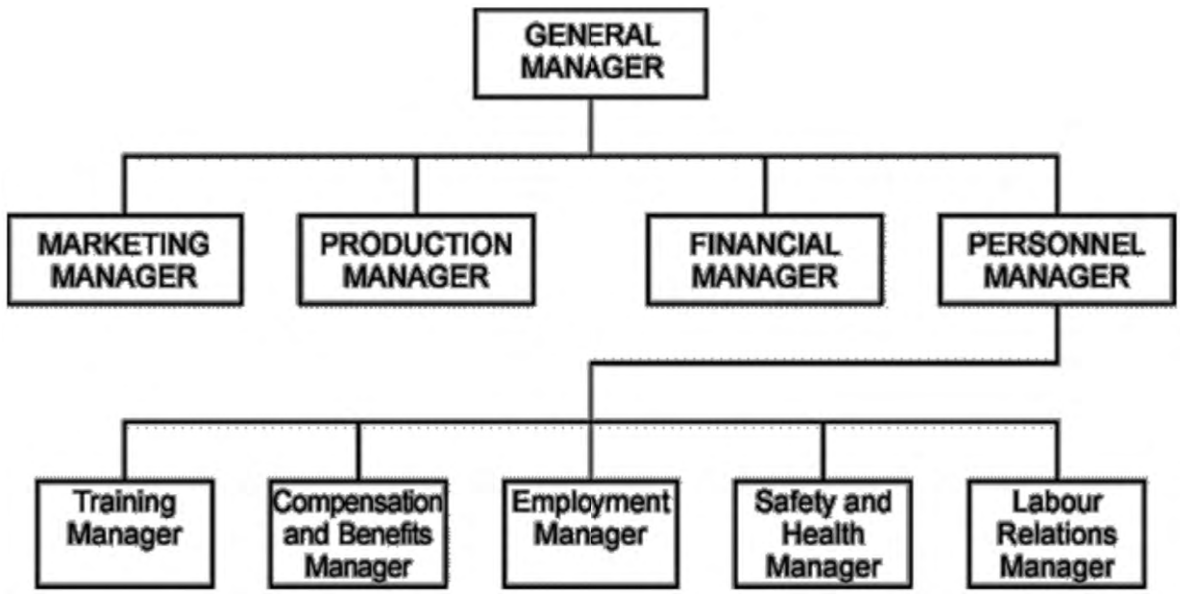



**Figure 2:** Organisational representation of the personnel function

## 5.7 JOB DESIGN

Job design is the specific planning of the structure of the work, in other words – the tasks to be performed, the methods of performing them, work flow among the workers, layout of the workplace, standards of performance and the interface between man and machine.

The way that jobs are designed or structured can have major implications for effective management because of the effects on worker motivation, the performance and job satisfaction of individuals and the overall functioning of the organisation.

Traditionally the criterion for job design was efficiency. The assumption was that effective job design would lower labour costs, which in turn would have an effect on the efficiency of the organisation. However, this approach wrongly assumed that an individual's reaction to his work could also be controlled. It has been found by research that people are unhappy in a job if they have no control over its activities. It was also found that work that does not offer variety or challenge does not possess intrinsic meaning. Therefore such work has an undermining effect on motivation and also gives rise to such problems as frustration, absenteeism and increased labour turnover. These symptoms all affect production. A better job design is one with a combination of efficiency and individual satisfaction; the optimal design is one, which ensures that while the individual experiences satisfaction, he is at the same time performing effectively towards achieving the organisation's goals.

To achieve such a state of affairs it is necessary to know how to deal with individual differences between workers and how different types of worker are affected by different classes of work.

When designing a job it is necessary to take into consideration the fact that all individuals differ in their abilities, needs and goals and also in their reactions. Because of these varying needs and goals, it is in the best interests of an organisation to adopt a strategy, which takes account of these individual differences. It has also been found that detailed job descriptions, direct supervision and financial incentives deprive workers of scope to use their personal discretion and initiative.

Job design can influence individuals in three ways:

a. Their activity level may be affected, which influences the motor and cognitive abilities needed to perform well.
b. It may offer workers incentives to pursue satisfaction of important needs by encouraging a particular type of job behaviour. This permits the development of methods which will allow both individual job satisfaction and the achievement of the goals of the organisation.
c. It may have a direct impact on the needs and goals and thus offer additional indirect opportunities for need satisfaction and goal achievement, which are important to the individual worker.

## 5.8 INTRODUCTION TO TRAINING

Manpower development is one of the primary functions of the personnel department. The personnel manager must not only ensure that the organisation employs sufficient personnel or the right type, he must also ensure that they remain with the organisation. One of the ways in which he can do this is by creating opportunities for the employees to make them more valuable to the organisation. The different methods of achieving this can be divided first of all into “training and development” and “technical and management training”.

The methods used for training and development are essentially the same; however, the purpose differs, as defined above. Thus one person can attend a course on personnel management because he fills a post in the personnel department at the present time, whereas another person may be sent to the same course because management intends that he should fill a post in the personnel department in the future. The former person is training, but the latter is on a development course.

The personnel manager does not have to train other employees himself; he is primarily responsible for the provision of development facilities and courses. He must ensure that the employees get the opportunity for training and development and that they are encouraged to develop to higher levels of competence.

## 5.9 DEVELOPMENT

The process of development can be carried out in four basic ways:

**a. Informally within the work situation**

Under this type of development there is no official programme. The person is put to work immediately and he or she is expected to learn in due course of time. It may also happen that a newcomer is put to work with an experienced employee (mentor) for a while to familiarize him with the organisation's methods and practices.

Job rotation is another common form of informal internal development. According to this method a staff member is moved to a new job as soon as he shows that he is in command of his present job. The rotation could be short-term, for example two weeks in every job, or long-term, one year in every job. The second case usually applies to the development of individuals for senior management positions. What is important is that job rotation must not take place at random; there must be a well-planned programme for this activity.

**b. Formal development within the work situation**

Formal development refers to a training process in which the employee receives a formal qualification. The most common form of this type of development is apprenticeship. The apprentice is allocated to a qualified artisan, and so provided with the necessary practical training.

Other examples of this type of development are the qualifying examinations in the Military, which must be passed before promotion can be attained, and the examinations for banking officials. There are many more examples which you may have encountered.

**c. Informal development outside the work situation**

In this type of development, the employee does not receive a certificate as such, although a certificate is sometimes issued to state that the employee has attended a certain programme.

The most common type of this kind of development is a training course offered outside the organisation. Many of the larger organisations have training centres where staff members receive training in a variety of subjects.

Another form of informal development outside the work situation is the public seminar which is presented by an outside institution, for example a consultant or a professional institution. Such courses are normally attended by a variety of employees from different organisations. This type of course is of great value, especially to smaller organisations which want to expose only a few staff members to this type of training, when it would seem unfair to conduct such courses within the organisation.

Another type of informal development is the fixed reading programme. By this method an employee will undertake to study certain books before a certain date, or to become a regular subscriber to a professional journal. If such a programme is agreed upon, then the personnel manager must keep a check, otherwise the programme may peter out in the course of time.

**d. Formal development outside of the work situation**

By this is meant formal study programmes presented by educational institutions, for example, colleges and universities. This type of development is very wide and contributes to the employee's general development as opposed to equipping him or her for a specific job.

## 5.10 TRAINING OF DIFFERENT CLASSES OF WORKER

In a large organisation the idea is for each employee to increase efficiency and capacity. However, specialisation carried to extremes makes for excessive rigidity, and so provision must be made for some measure of versatility. Some employees are capable of performing a number of jobs equally well, and these should receive training in the several jobs so that in case of need they may be switched from one job to another.

The training problems for special classes of workers will now be discussed.

**a. New employees**

Selection and training are the two main pillars on which a personnel programme is built. Selection ensures that the right type of person is employed, and training ensures that he or she attains ultimate efficiency on the job.

The success of a personnel programme may be marred if insufficient attention is given to the two factors of selection and training. The aim of every personnel manager should be to minimise labour turnover in the organisation. Staff must be employed in the personnel department to deal with enquiries, interviews, induction and training, apart from the additional work in the records section.

The personnel manager can play a vital part in keeping the organisation's costs to a minimum by the skilful direction of his department. He should choose his employment officer, his interviewers and his trainees wisely. He should use his influence to create ideal working conditions and he should maintain cordial industrial relations. If he can do this then the labour turnover will be at a minimum and his departmental costs will be correspondingly low.

Statistics have shown that the greatest turnover in labour occurs among unskilled workers, therefore if the problem is to be dealt with adequately it is necessary to also attend to those who require little or no skill in their jobs. This is not an easy problem, since the element of boredom may in the end, defeat all the efforts of the personnel manager. When a person becomes bored he tends to adopt the attitude of "anything for a change", and this may lead to job changing. The only solution to this problem is to introduce a certain amount of variation into the tasks. A switch from one department to another will give the opportunity for new surroundings and the possibility of meeting new people.

**b. Supervisors and foremen**

The ideal for any organisation is to promote from within rather than use external recruiting. This has been discussed earlier. If the rank and file personnel know that the opportunity is there for each of them to rise to better paid and more responsible positions, then there will be a better response to undertake further training courses.

Unfortunately most organisations endeavour to promote their most highly skilled operatives to supervisory positions. This may be regarded as the best thing to do. These people have the skill, and they should be able to show others how the job should be done, and to supervise the day-to-day operation of the work. However, as stated previously, it does not follow that because a worker is excellent at his job, he will make a first class teacher, or for that matter, a first class supervisor. The personnel manager should be very reluctant to agree to a proposal from the works manager that a certain "Mr Y" be promoted before he has received sufficient training and has given evidence of his ability to hold down the job.

A works manager should always see that his supervisors have under-studies and that these potential supervisors receive a certain amount of training and testing on the job. They should be allowed to deputise for the supervisor in cases of leave or sickness.

Supervisory trainees should receive training under the direction of the training officer in such subjects as "personnel welfare", "health and safety", "training methods" and "the place of supervisors within the organisation". Supervisors and supervisory trainees do not lend themselves to the same type of training as, say, apprentices.

If the personnel manager feels that the organisation cannot offer an adequate course for the supervisors, it should be possible for arrangements to be made with a local technical institution, for attendance on a rota basis.

Great care should be taken in the training of supervisors, as they are the first link in the connection between management and the workers. The supervisor can do much to further the success of the organisation by the way that he handles personnel problems and excites the loyalty and enthusiasm of the workers under his control.

**c. Executives**

Executives require knowledge and training in new methods. Junior executives usually do not present any difficulty as they are full of determination to make the top grade. They will come along willingly to learn everything that is offered to them. They are even keen to do assignments so as to consolidate the results of their labour. For these people, formal lectures by experts, as well as discussion groups, should be arranged. This will allow the junior executives to become conversant with day-to-day problems in the organisation and they will also learn how such problems are tackled in other organisations.

There is always a problem in arranging a training programme for senior executives. It would appear that the only real solution is for the Managing Director to hold informal conferences which they should attend. At these conferences changes in policy can be discussed and new ideas considered. If necessary an industrial consultant may be invited to give his views on the matter under consideration. If the discussion is on personnel policy, then the personnel manager should be invited to attend the conference so that he may give others the benefit of his research and experience.

**d. Salesmen**

Up to this point much has been said regarding training in terms of factory or office. Yet, however good the training system in these sections, it will not avail unless the produce can be sold.

Markets are becoming more competitive and only highly trained salesmen can hope to succeed. It is essential, therefore, that an effective system of selection and training be devised. The sales manager and personnel manager should work together on this project. Firstly, in the matter of selection, only the most likely candidates should be accepted for training.

Those who negotiate the first obstacle should then be sent for interview to:

a. The employment officer
b. The area sales manager
c. The sales manager

This procedure will ensure that only the most suitable applicants are accepted. Even so, one particular organisation which has adopted this method of selection has found that only one third of the selected candidates eventually make the grade.

The training programme which follows takes the form of twelve weeks training during which the trainee is taught all about sales office procedure and the organisation's products. Where the organisation is concerned with such products as tractors, then maintenance work forms an indispensable part of the training. The trainees should also receive training in the best methods of teaching others to use the machines which they have purchased. They must also be taught the techniques of selling and a sales manual which incorporates the latest selling ideas should be made available to each trainee.

When this initial training period is complete, the training programme will then fall mainly outside of the province of the personnel department and the responsibility will be taken over by the sales department which will then arrange for on the job training.

**e. Office staff**

The training as regards office staff is largely a matter of learning standard methods. Shorthand typists, computer operators, etc. receive their training at special colleges. The professional staff usually receive their training at part-time evening classes, at technical colleges or by means of correspondence courses, such as this one.

All members of the staff should be encouraged to acquire professional qualifications, and inducements should be offered, either by merit payments or by a promise of a refund of all or part of the fees paid if success is achieved in the examination.

To sum up the training procedure, it would seem that in any successful system of training, there must be standard methods of performance which are enforced throughout the organisation. Trainers should specialise in a limited number of jobs, their work being co-ordinated by the training officer. The standard of performance of each employer should be kept constantly under review, and where refresher courses are deemed advisable, the opportunity should be taken to introduce new techniques.

## 5.11 CAREER DEVELOPMENT

Manpower planning should not be seen in isolation. It affects several areas, particularly career development, since both are concerned with the mobility and utilisation of people in organisations.

The reason why career planning is important both from the point of view of the organisation and the individual, is that it permits optimal integration of the individual's career development and the organisation's requirements and goals.

An organisation is in a position to help an individual plan his or her career simply because it can provide the opportunity to achieve personal goals through career growth. Although there are many jobs in an organisation the individual has only one career. Progress in this career is very important to the individual. In planning for future manpower requirements, organisations should make provision for career development. Organisations, through their planning, can predict how many and what types of job will be required in the future and what these jobs offer in terms of career opportunities.

The needs of the individual and the organisation frequently conflict. Four main factors which can produce conflict between the individual and the organisation are as follows:

a. There are often fewer positions available in an organisation than people aspiring to those positions. Some people may never achieve their career ideals, which to them spells failure. The application of a sound career policy may help these people to achieve their goals and thus avoid frustration and despair.
b. Organisations tend to see their development programmes as a one-sided effort – what they can do for the individual. They are concerned that after the training and development which they give to the individuals, they may leave the organisation and take their new found knowledge elsewhere.
c. Sometimes the individuals do not take advantage of the opportunities available to them. This is often because the individual is unaware of the opportunities and the organisation is unfamiliar with his/her aspirations. This represents bad communication and it is the duty of the personnel department to prevent this obstacle.
d. Inadequate performance appraisal by the organisation may create a situation where promising individuals are overlooked for promotion, while individuals with low potential are appointed to positions which they cannot handle. Both situations result in a high turnover of labour and staff dissatisfaction.

**The advantages of career development**

The chief objective of a career development programme is to synchronise individual and organisational goals, as far as possible, in order to achieve maximum utilisation of the individual and to promote worker satisfaction. In other words, an individual should be able to satisfy his own goals while achieving the goals of the organisation. When this happens, the worker is more satisfied and he becomes more productive. Part of a person's self-esteem is tied to his job, thus when he develops his career this self-esteem is reinforced. This in turn encourages employees to improve their performance.

Organisations which emphasise career development are more likely to attract and be able to retain employees with valuable knowledge and skills. Career development promotes self-development; this, in turn, promotes a lower labour turnover. Employees prefer to have some kind of guiding hand in their own fate and will pursue their ideals, even though, in some cases, these ideals are unrealistic.

Without some form of career planning overstaffing of the organisation may occur. This can reduce productivity, and it can hold the employee back when he could be promoted to a job offering new challenges. This can only lead to frustration and ultimately to an increase in labour turnover.

## 5.12 THE FOLLOW-UP PROCEDURE

The responsibility of the personnel department does not end when a new employee is safely settled in his job. There can be no relaxing in the interests of the employee's welfare. It is very important that the new employee be assured by his first impressions, that every care and attention is being given to him to ensure that he is happy in his job.

In a large organisation the responsibility for induction would be undertaken by a special induction officer. This officer will keep a "watching brief" on all new employees. If they do not show any interest in employee activities he should tactfully try to find out the reason. It is imperative; however, that the induction officer does not give the impression that compulsion is being applied. There may be perfectly good reasons why workers do not take part in employee activities. It may be that they have outside interests which may take up most of their spare time. On the other hand, it may be that the employee in question is not too happy in his present setting, and it may be necessary for some adjustments to be made.

The personnel department is, moreover, continuously interested in seeing that the new employee is doing his work satisfactorily without hindrances, real or imaginary, to effective performance. An occasional chat with the new employee by either the induction or employment officer may help to remove misunderstandings and/or give further encouragement for greater participation in all employee activities, and in any schemes for the further success of the organisation.

Before leaving this discussion of the personnel department there is one important matter which should be discussed. At some stage in a worker's career he will decide to leave the organisation. It may be because they have reached the age of retirement, it may be for sickness reasons, or it may be that the worker is dissatisfied with the job. Whatever the reason for leaving, it is essential that the leaving worker be interviewed by a member of the personnel department. If the reason for leaving is retirement or sickness the officer should thank the members for their contribution to the organisation and have a discussion regarding the job. It may be that they can make suggestions which they were not keen to make while they were still in the job, or they can give their overall impressions of working for the firm, which will always help future planning. In the case of a worker who is leaving to go to another job, he should be interviewed to find out his reasons. It may be a genuine reason of a better offer and greater opportunities, but it may be that there is dissatisfaction with the job or the working situation. If possible the reasons should be discovered in order to prevent further staff dissatisfaction.

## 5.13 RECRUITMENT

In this section we shall discuss the different aspects of staffing an organisation, in other words, the necessary steps for acquiring suitable employees. These steps include:

- Selecting,
- Testing and
- Placing individuals.

The personnel of an organisation does not remain static. People, for various reasons, are constantly joining and leaving organisations. The personnel who leave must be replaced by other suitable persons who will fit into the organisation and perform their duties in a satisfactory manner. Also in a situation where an organisation is expanding, further workers will be required.

Whatever the need for additional personnel, attracting new workers to an organisation is a costly business. An organisation is always desirous of accomplishing the corporate goals and to do this it is necessary to recruit the correct people for the jobs.

Selecting the right person for the job is not the only reason why recruiting is important. It has been proved by statistics, that the highest turnover of staff occurs among newly hired employees. To replace staff requires a tremendous expenditure. It is not just a situation where one person goes and another takes his place. Costs are involved in advertising, interviewing, training and relocation expenses. From this, it is evident that recruiting plays a very important role in the functioning of an enterprise.

## 5.14 FACTORS AFFECTING RECRUITMENT

When a particular vacancy occurs, organisations work according to definite specifications regarding the ideal employee to fit into a particular vacancy. Since the environment in which the organisation operates is far from perfect, it becomes necessary to eliminate certain of the requirements in favour of others. The factors which influence this process are listed below:

### a. Employment conditions

Before recruiting for any position commences, the personnel department must review current conditions in the labour market. This is because, generally speaking, there are only a limited number of applicants for each type of job. If the demand for labour of a particular type exceeds the supply, then the employer may have to pay more than he had anticipated.

### b. Boundaries of the labour market

The geographic location of the organisation affects the boundaries of its labour market. The price of labour will be affected by its availability within the area. As an example, consider an organisation which is located outside of an established industrial area. In this case the organisation will have to compensate potential employees, for the inconvenience of leaving the natural labour market, by offering cheap housing, good schools, shopping facilities, etc.

Married women prefer to obtain work near to their homes so that they can lead a normal family life. This is an artificial rather than a geographic boundary, but it is nonetheless important.

Every labour market has its unique characteristics. Obtaining unskilled labour is not a big problem, but the demand for skilled and professional manpower is very high.

The personnel manager must know the composition of the organisation's labour market if he is going to be in a position to recruit effectively.

**c. Legal requirements**

There are cases where employers are prohibited by law from employing certain classes of personnel, or are only allowed to employ certain categories in certain jobs. In the United States of America, several Acts contain employment restrictions; two of the best known are the

- Civil Rights Act of 1964
- Age Discrimination in Employment Act of 1967.

**d. The company image**

Because of their activities and policies, organisations, throughout the years, develop a public image. Companies come to be known for their characteristics. They may be known for their progressive, dynamic nature, or their pleasant homely atmosphere.

The image generated by an organisation plays a very important role in recruiting because of the tendency for workers to identify with the organisation which employs them. For instance, a company with an unfavourable image will not readily attract personnel, especially in a time of high employment.

The first impression which an applicant gains of the company is the most important, even if his application is made by post. It is essential that all written applications be promptly acknowledged, it is also preferable that the applications be acknowledged individually rather than by a stereo-typed letter. Whether there is a vacancy suitable for the applicant or not, personal applications should also receive courteous treatment, and reception staff should be trained to deal with callers seeking employment.

## 5.15 RECRUITING FROM WITHIN THE ORGANISATION

The purpose of recruiting is to ensure that a sufficient number of applicants apply for the various jobs in the organisation and that this situation will continue. It is the responsibility of the Personnel Manager to determine where staff are available and which sources of labour can be best utilised. His first decision has to be between recruiting from inside the organisation or recruiting from an external source. This section will consider the effects, advantages and disadvantages of recruiting from within the organisation.

Recruiting from within means trying to fill vacant positions from existing staff members, with the exception of jobs in the very lowest positions, which must of course, be filled by outsiders. In practice this means that the higher jobs in the hierarchy are filled by promotion or by sideways transfer of existing staff. It is evident that if a job at a very high level should become vacant it would lead to a series of promotions.

The advantages which are related to this recruiting policy are:

a. It is possible to develop career planning. Therefore the individual employee can see a future within the organisation. This has a positive effect on morale
b. Assessment of applicants is easier because the organisation, through the personnel department, already has considerable information relating to the abilities and work performance of potential applicants
c. The recruiting costs are kept to a minimum because advertising, travel and lodging expenses are virtually eliminated.

However, not everything about this policy is advantageous and there are certain disadvantages:

a. Staff members usually follow the footsteps of their predecessors. They use the same procedures and the organisation tends to stagnate; few new ideas are developed.
b. It is not always the case that staff, although they are performing well at lower levels, have the potential to fill senior posts. There is also the situation where people with high potential who are admitted to the lower levels, will not be prepared to wait until a position at a higher level becomes vacant.
c. Internal promotion leads to competition among colleagues which may be to the detriment of co-operation between these employees.

## 5.16 EXTERNALRECRUITING

This means looking for suitable applicants outside of the organisation when a position becomes vacant. In practical terms, this means that personnel will be reasonably permanent in the jobs to which they were originally appointed. This method too, has advantages and disadvantages which are listed below:

*Advantages*

a. It is possible to make an active effort to obtain the right person for the job; that is someone who possesses the correct qualifications and experience.
b. New ideas, schools of thought and approaches are brought into the organisation. This will considerably increase the possibility of innovation.

*Disadvantages*

a. Recruiting costs are higher.
b. The appointment can be more risky because the assessment of applicants is very seldom perfect. Therefore the possibility exists that the successful applicant will not be successful in his performance of the job.
c. If outsiders are brought into the organisation it can have a demoralising effect on the existing staff. Employees with a high potential will not be prepared to stay indefinitely at the same level, and they may consider resigning.

The last disadvantage (c) is the reason why most organisations do not follow a policy of outside recruiting alone. It is common for organisations – to apply both methods in one of two ways;

a. Some organisations first look internally and only if they cannot find a suitable candidate will they look outside.
b. Some organisations advertise all jobs above a certain level, but they encourage the existing personnel to apply. In this manner management attempts to find the most suitable candidate, whether internal or external to the organisation.

## 5.17 THE PROCEDURE OF RECRUITMENT

If the organisation recruits internally, it is the responsibility of the personnel manager to see that an efficient personnel recording system is in existence. Such a system should contain information regarding each employee's qualifications, training and experience, and an assessment of each person's achievements and interests. It is also important that an assessment of the employee's potential is given. Thus when a job becomes vacant it is an easy matter to identify the most suitable candidates.

When recruiting is carried out externally, it becomes much more complex. In this case it is important that the personnel manager knows exactly who has to be recruited, where from and how it should be done. There are several recruiting techniques which can be used for external recruiting. These are described below:

**a. Recruiting through advertisements**

This is probably the most common method of recruiting in use, but it is very expensive, particularly as regards executive staff. It is therefore important that the best results are obtained for the money spent. The compiling and placing of an advertisement is a specialised task, and because the costs of advertising amount to thousands of pounds, some organisations use professional advertisement compilers.

The wording of the advertisement must be – carefully devised so as to attract the desired type of applicant. Vague phrases such as those asking for "men with initiative" or "strong personalities" should be avoided as almost everyone likes to believe that they possess those qualities.

The advertisement should contain all the information relating to the job which is likely to interest potential candidates. The items to be included should be –

- The job title,
- To whom the incumbent is responsible,
- An outline of the duties,
- The qualifications and experience required,
- The conditions of employment,
- Salary offered,
- Any fringe benefits,
- Any particular attractive features about the job
- The name and address of the firm.

Because of the expense involved, it is essential to keep records of the responses received through advertisements. If this is done newspapers and journals which produce unsatisfactory results can be eliminated in future recruiting.

**b. Recruiting through consultants and labour agencies**

This approach is becoming more prevalent in the United Kingdom. The use of consultants is especially suitable for the smaller enterprises where the services of a full-time personnel manager could not be justified. Such firms advise a consulting firm of their needs and the latter undertakes all the recruiting, including the preliminary selection and recruiting administration. In most cases the consultant will recommend two or three applicants to the organisation, who must then make the final choice.

There has been criticism against these agencies. Many employers complain that the staffing situation gets worse year by year. The private employment agencies are widely criticised on the grounds of contributing to increased staffing costs, giving poor service and providing staff of a low standard. This is, of course, only part of the general feeling that young clerical and secretarial staff have become more unreliable – although high turnover rates cannot really cause surprise when the salary levels of temporary agency staff themselves are so high and continue rising.

The criticism that placement fees are high is refuted by some agencies, who consider their services economical when compared with other methods of recruitment which involve costly advertising. For their part, agency directors comment adversely on the use which most employers make of temporary staff, as when permanent staff are sick or on holiday, or when a vacancy cannot be filled immediately. In contrast some seem much more accustomed to the idea of using temporary staff to cope with their peak planned work load. Thus some agencies have come to be specialised in providing temporary workers for the particular task to be done, rather than the provision of replacement staff whose services may not be fully utilised. In many cases, for example, the use of temporary staff to cover for employees on holiday is unjustified.

It would appear, then, that much criticism of employment agencies could be avoided if the employers understood their own staff requirements better.

**c. Recruiting through existing personnel**

This is a method by which existing personnel are asked to recruit friends and acquaintances to the organisation. The rationale behind this approach is the idea that, if the existing staff feel positively about their work, they will more easily persuade others to apply for jobs. This method excludes the necessity for advertisements.

**d. Recruiting through personal approach**

This method is known by the term "head-hunting". An individual, personally known to the organisation's management, is approached and offered a job. This saves a lot of recruiting costs, but it has the disadvantage that the person cannot be weighed objectively against other applicants. This means that the selection process occurs before the recruiting process, in the sense that the organisation first decides to appoint a certain individual for a specific job and then asks him to consider the appointment.

**e. Recruiting through schools, colleges and universities**

When this method is used, contact is made and maintained with the staffs of schools, technical colleges and universities.

Members of the teaching staff who have been in contact with potential candidates for employment over a considerable period can often supply personal recommendations.

**f. Trade unions and professional bodies**

Almost all of these bodies maintain registers of unemployed members and, where industrial relations are good, they can be expected to produce reliable candidates for employment in almost all occupations although in times of full employment these registers must inevitably be low.

Some professional bodies also include in their register details of members who are seeking a change of employment which will widen their range of experience or improve their status. This may help to fill gaps where there is no suitable candidate for inside promotion.

**g. Television**

A fairly recent development in advertising for staff is the use of the medium of television. The high cost usually limits this to substantial concerns who have a large numerical requirement in a particular field. For example, an aerospace firm requiring draughtsmen.

**h. Circular letter**

In areas where press advertising seems to have little impact, other efforts must be made to reach the public. The "circular letter" approach has been effective in some areas particularly in recruiting employees in the public services such as hospitals. Similarly, one large London dairy company has tried to recruit new staff through a circular letter delivered to each customer's house by their milkman.

These letters notify local inhabitants of the types of staff required, give details of conditions of employment, and point out any attractive features of the jobs or workplace. These letters are generally delivered by the usual circular distribution agencies.

**CONCLUSION** In conclusion: Now that you know everything you need to know to decide if working in a hotel is right for you, here are 5 bonus reasons:

**1. Great pay**

Hotel managers have great pay. According to the Bureau of Labor Statistics, hotel managers can make a median of $46,880 per year or roughly $22.54 per hour. The BLS Occupational Employment and Wages' statistics list the National estimated wage for a lodging manager to be $26.49 per hour or $55,100 per year.

The entry level requirement for a hotel manager is to have a high school diploma or equivalent and one to five years of relevant work experience.

**2. Room for growth**

Not only can hotel front desk managers become general managers, but they can also work in different hotels within the hotel chain. This could lead to travel opportunities as well as room for advancement into an executive position. Career Overview lists management opportunities as general manager, resident manager, executive housekeeper, front office manager, assistant manager, and convention services manager.

**3. Plenty of job openings**

The latest job outlook shows that there are plenty of jobs open for hotel general managers. This opportunity for more jobs is expected to grow 12% in the next 10 years. At the time of this report, there were 121,000 job openings open for hotel managers.

**4. Good Quality of Life**

Hotel managers have a good quality of life. Most of this is due in part to having good working hours and conditions, as well as the option to live on site for free or at a reduced rate; saving the hotel manager money and allowing them to have less commute or travel to work. A recent survey was published in CNN Money showing that most hotel managers rated their job a "B" for personal satisfaction, job security, and for the benefit to society.

**5. Travel opportunity**

Hotel managers that work for chain hotels often have opportunities to travel to seminars related to work or to work in different chains overseas. Hotel managers wishing to move overseas may be given the opportunity to do so and retain their job position at a new location.

To get the most from these opportunities, take business, or management related courses. According to Total Innovation Group Inc., business management courses can teach you how to become a leader in your field, how to sell your ideas, and how to develop successful marketing strategies. These skills are invaluable when it comes to solidifying your position in management or excelling into an executive position.