



A Study of Employee Retention with Special Reference to Indian Tourism Industry

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Abstract:

Human Resource is an area that is growing in importance. As the industry continues to recover, it needs to focus on its employees and their roles as service providers. Increasing demand requires increased staffing levels at a time when the labor pool is shrinking. By the very nature tourism is a service industry its efficient management and successful operation depends upon the quality of manpower. In India the shortage of skilled manpower poses a major threat to overall development of tourism and hospitality industry. Like the all other industries Tourism and Hospitality industry also facing the problem of talent crunch and high attrition rate.

This paper discuss the reasons behind the high attrition rate in tourism industry on the basis of survey among the employees of travel agencies and tour operators and offers some suggestions for employee retention to overcome by the problem.

Key words: Tourism, Attrition Rate, Employee Retention, Talent Crunch, Social Status, Congeniality

Introduction

According to the latest Tourism Satellite Accounting (TSA) research, released by the World Travel and Tourism Council (WTTC) and its strategic partner Accenture, India's travel and tourism industry was estimated to generate approximately US\$ 100 billion in 2008. This figure is expected

to go up to almost US\$ 275.5 billion by 2018, growing at an average of 9.4 per cent over the next ten years. Moreover, according to the TSA research, travel and tourism is expected to contribute 6.1 per cent to India's national gross domestic product (GDP) and provides almost 40 million jobs by 2018. Significantly, a country brand index (CBI) 2008 survey, conducted by Future Brand—a leading global brand consultancy—in collaboration with public relations firm Weber Shandwick's Global Travel & Lifestyle Practice, has ranked India second in the value-for-money index.

Indian Tourism Industry: Future

"Indian Tourism Industry Forecast (2007-2011)" report provides an objective analysis of the present scenario and future prospects of the Indian tourism industry. This report focuses on different parameters of tourism industry including: inbound tourism, outbound tourism, expenditure by inbound tourists, and medical tourism in India. It also helps clients to analyze the opportunities and factors critical to the success of tourism industry in India.

- 1- In India, inbound tourist expenditure per head is third highest in the world and even more than global average tourist spending.
- 2- India has been promoting its healthcare tourism by providing the visitors with private healthcare facilities. It is expected that the number of tourists visiting India for the purpose of medical treatment will reach One Million by 2012, representing a CAGR of 28.09% from 2007.
- 3- Indian outbound tourist flow is expected to increase at a CAGR of 12.79% over the five-year period spanning 2007-2011.
- 4- Tourist influx to India is expected to increase at a CAGR of 22.65% between 2007 and 2011.

- 5- India's share in global tourism is expected to reach 1.5% by 2010.

An annual growth rate of 8.8% over the next decades has been predicted for the Indian tourism industry by *World Travel and Tourism Council* in its projection where it covered 174 countries; the projection shown by the council for India is highest in world with a target to reach a figure of 10 million tourist arrival in India by 2010. The contribution in Gross Domestic product has been estimated to be up to Rs 8, 50,000 crore and the industry employing 8.78% of total employment which clearly indicates that there will be huge demand of skilled and trained manpower in the industry..

Though in recent Indian tourism industry got recognition in International tourism industry (Ministry of tourism, Government of India) yet there are certain serious issues before the industry like poor infrastructure in terms of roads, railways, airports, availability of good star category hotels, heavy tax structure and lack of qualified and competent staff both at operational and managerial levels and a huge gap between supply side inputs and demand side requirements which are raising some serious questions over the sustainability of the industry.

Though the competitiveness of the tourism sector depends on its ability to fill the specific occupational niches and skill sets that tourism businesses require to meet the anticipated growth in demand for leisure travel. Tourism needs skilled Indian and foreign workers in sufficient numbers to work in the new and specialized travel and experiences sector.

Human Resource and Tourism

The 1995 International labor market conference clearly stated that Tourism industry is facing an acute shortage of skilled manpower and there are many obstacle as far as Human Resource in Tourism Industry are highly uneducated,

unmotivated unskilled and unproductive; and these are due to unattractive salaries and working hours. In India the salaries paid by the tourism industries is comparatively low as compared to IT, Finance, Banking, Retail, Insurance, Telecom, Real estates, FMCG, BPO etc. Tourism sector comprises the small and medium sized enterprise and *HR practices are not standardized, lack professional approach, vision, clear career path, secured and long term employment, growth opportunities, learning, development and quality of work life is resulting in high employee dissatisfaction and high attrition in Tourism Industry.*

The Industry structure and Manpower Requirement

According to the *Market Pulse report published by Ministry of Tourism Department of Tourism Government of India* on “Manpower requirement in Hotel Industry, Tour Operator, and Travel Sector” manpower trained by different institutes and placement scenario in travel trade business, there are around 6000 authorized travel trade companies and the number is going to increase by 7.5-10% every year employing around 83,750 with most of them performing the function ticketing, tour operation, accounts, administration, marketing and sales and it is forecasted that this sector is employing around 242,000 people by the year 2020 and it is also forecasted that the annual demand for the trained manpower for the hotel industry is likely to touch 29000 by the year 2010 and will be 39,000 by the year 2020, similarly the annual demand for the trained manpower in travel and trade sector is likely to be 12735 and 20760 in 2010 and 2020 respectively.

The report indicates that there will be a severe shortage of trained manpower by the year 2010 and a huge difference of demand and supply of trained professionals.

But the major challenge ahead before the Tourism Industry in India is to bridge the gap of demand and supply of

skilled workforce through the *attracting and retaining* the talented skill to serve the industry.

Attrition Rate in tourism industry

The *Attrition Rate* of the tourism and hospitality industry in India is currently estimated at around 30 per cent, as opposed to 40-45 per cent in other established markets like Singapore (Business Standard, Feb 2009). Today, industry after industry faces an acute shortage of trained manpower as talent flows freely across the business spectrum. A study conducted by the Associated Chambers of Commerce & Industry of India (Assocham) reveals that the attrition rate in the tourism and hospitality industry in India is set to double to nearly 50% by 2010, up from the earlier 25% growing at an alarming rate of 10% per annum.

According to Rabinder Singh Bedi, president, Hotel & Restaurant Association (FHRAI, Western India), the attrition rate of the hotel industry is as high as 35-40 per cent. "The industry needs to tackle the high attrition rate. We are losing most of our staff to the Finance, Banking, Retail, BPO, FMCG, and Insurance, IT & ITeS sector, airlines, cruise liners and even hotels in Dubai and Europe at times. Surprisingly, it is happening at all the levels and not just at the top level,"

This paper is based on the study conducted in order to draw the attention of industry stakeholder towards the reasons of high attrition rate in Tourism Industry in India and offers some suggestions for employee retention to overcome by the problem.

Research Methodology

Objectives of the study

- 1- To identify the reason as to why the tourism industry lacks the competent professional and talented lot is not attracted towards opting tourism as a career.

- 2- To find the reasons of high attrition rate in tourism industry.
- 3- To identify the factors contributing the commitment of employees towards the tourism industry.
- 4- To offer some suggestions and solution to lower down the attrition rate in tourism industry using the employee retention as a tool.

Scope of the study

The study confines its analysis to the problem and prospects of human resource in Indian tourism industry especially with the focus on supply of human resources, problem regarding the attraction and retention of the talented people within tourism industry. The study restricts itself to travel and trade sector and not include the hotel or aviation industry. Moreover the study analyzes the commitment of the people working in tourism industry towards the industry.

Sample and Methodology

The relevant data for the study is collected from both primary and secondary source. The primary data is collected through online, telephonic and field survey conducted on various stakeholders of the industry *ie.* Educational institutes (CSJMU Kanpur, Lucknow University, Lucknow), students communities, travel agents/tour operators and employees of authorized travel agencies/tour operators in India (Cox & Kings, Orbitz, Global Tour & Travel, Equator Tour & Travel, Pearl International, Paras Holidays, Bird Wings, Journeys & Destination, Riya Travels, and Akbar Tour and Travels etc) through the structured questionnaire, personal interviews, discussion and mails.

The questionnaire is designed to assess the commitment of tourism professional towards the tourism Industry and commitment is directly related to Employee Retention

The questionnaire is divided in seven parts to get the desired result. Each part has sub sections and having importance in deciding the commitment towards the tourism industry. The major sections of questionnaire are:

1-Nature of work in tourism industry

As most of the jobs in tourism industry is low skilled and tourism industry is facing the problem of seasonality 65% respondents are agree that nature of work in tourism industry is not satisfactory. So the job should be redesigned and change them challenging and interesting.

Table 1: Nature of work in tourism industry

| | Nature of the work |
|----------------|---------------------------|
| Satisfactory | 65% |
| Unsatisfactory | 30% |
| No comments | 5% |
| Total | 100% |

2-Social status while working in tourism industry

In the society tourism profession is regarded only as job of travel agents and tour-guide, tourism profession is not valued in the society and people working in tourism industry were not getting respect 55% tourism professional are agree with this fact. So awareness should be drawn in the society about the contribution of tourism in national economy and its importance as a source of revenue generation. And tourism professional should feel pride to be a part of second largest industry of the country.

Table 2: Social status

| | Social Status |
|----------------|----------------------|
| Satisfactory | 55% |
| Unsatisfactory | 38% |
| No comments | 7% |
| Total | 100% |

3-Industry-person congeniality

As tourism industry is service industry so the employee should be hospitable and presentable to work successfully in this industry. In the survey 63% respondent accept that their nature fits for working in tourism industry and they enjoy while working there and 27% people replied that they don't like to serve the tourist due to various reasons.

Table 3: Industry-person congeniality

| | Industry-person congeniality |
|----------------|-------------------------------------|
| Satisfactory | 63% |
| Unsatisfactory | 27% |
| No comments | 10% |
| Total | 100% |

4-Physical work conditions in tourism industry

A professional climate reflecting a positive work ambience significantly influences the level of satisfaction. The results are not good news for the management, as it revealed that only 5% of the employees feel their work environment to be enthusiastic & motivating whereas majority of the employees rated the environment as worth working. The management may need to do more to develop better work environment, which will help to achieve the desired outcomes and a satisfied employee.

Table 4: Physical Working Environment

| | Physical Work Environment |
|----------------|----------------------------------|
| Satisfactory | 72% |
| Unsatisfactory | 20% |
| No comments | 8% |
| Total | 100% |

5-Growth and promotion opportunities

Respondents were agreeing with the facts that the HR practices are not satisfactory in tourism industry. Most of the travel agencies and tour operator don't have specific performance appraisal procedure, this will restrict a fair promotion in tourism industry.78% respondents were agree

that growth and promotion opportunities are not satisfactory in tourism industry. So the to retain the employees growth and promotion opportunities should be in sufficient which will helpful in achieving organizational as well as individual goals.

Table 5: Growth and promotion opportunities

| | Growth and promotion opportunities |
|----------------|---|
| Satisfactory | 78% |
| Unsatisfactory | 18% |
| No comments | 4% |
| Total | 100% |

6-Coworkers:

Friendly and supportive co-workers at work are conducive to job satisfaction and commitment towards organization. It is also linked to a healthier workforce and has been found to be a good indicator of longevity. It can lead to creation of new programs, policies and procedures that will improve morale of the people working together. The employees in tourism industry displayed team spirit and synergy in the results as 60% members expressed that the team is efficient and good to work with, 30% of them considered their co-workers as OK and 10% of the employees cannot bear the presence of their co-workers.

Table 6: Coworkers

| | Coworkers |
|----------------|------------------|
| Satisfactory | 58% |
| Unsatisfactory | 24% |
| No comments | 18% |
| Total | 100% |

7-Manager

A positive relationship between the employees and their immediate supervisor acts as a motivating factor for the employees. The result showed that 76% of the respondents unanimously felt that their boss is knowledgeable, cooperative

and recognizes their contribution. They highlighted that his leadership traits and valuable suggestions play an important role in their job satisfaction and commitment with organization. 15% of the respondents stated that their bosses lack in supervisory skills and are vague with expectations while 5% believe that their bosses inadvertently set workers to failure in their job.

Table 7: Manager

| | Manager |
|----------------|----------------|
| Satisfactory | 76% |
| Unsatisfactory | 15% |
| No comments | 9% |
| Total | 100% |

Results and discussions

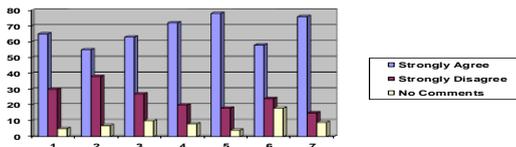


Figure1: Commitment towards tourism industry

The major findings of the study are as follow:

1. Respondents are strongly agree with the fact that nature of the work effect the commitment towards the tourism industry and job should be redesigned to change them challenging and interesting.
2. Respondents are agree that while working in tourism industry they don't get respect in society and considered as ticketing agent, travel agent.
3. Respondents are agree with the fact that physical working condition are not satisfactory in tourism industry due to long working hour and seasonal nature of the industry.

4. The industry does not have any specific recruitment policy regarding the recruitment of the specialized people in the industry
5. The management is unable to proper utilization of the talent of existing employees; it creates dissatisfaction among the employee.
6. Respondents are agreeing with the fact that once if they entered in the tourism industry their growth chances are limited within the tourism industry.
7. Due to long working hour personal life of employees affected, as in tourism industry number of female employees are more than male, so this reduce commitment towards tourism industry.
8. Due to advancement in technology the working procedure of travel and trade organization changes rapidly and organization are not providing the proper training it leads to dissatisfaction in employees.
9. Most of the travel and trade organization are operated within two or three rooms and the physical work environment is not good.
10. Employees of travel and trade organization have to be in regular contact with clients, hotels, airlines, transport and embassy for various reason, it require lot of traveling and expenses and the pay is not able to recover these expenses.

Table 8: Factors Affecting Turnover in Tourism

| Category | Reasons for turnover |
|---------------------------|---|
| Working hour related | Unsocial hour of working Long work hours |
| Pay related | Method of payment Low pay Varying pay packet |
| Interpersonal Environment | Unappreciated Lack of team spirit Lack of communication |

| | |
|------------------------|--|
| | Lack of effective supervision |
| Job nature | Service-based nature of task involved Lack of job variety Don't enjoy job |
| Nature of the industry | Size of the individual unit Structure of workforce (casual, overseas & female staff) Seasonal nature of job No union presence |
| Career related | Career advancement Lack of growth opportunity |
| Under qualified | Unskilled Unsuited to team work Under trained |
| Others | Poor working condition Unpleasant work place Lack of job security |
| Other personnel | Going abroad Maternity Travel difficulties Accommodation |

(Source: Questionnaire)

Results and Discussions:

1. The respondents agree with the facts the tourism industry lacks people one of the reason for the same is most of who join the industry are simply graduates, undergraduates without having any basic knowledge of tourism.
2. Most of the respondent agree with the fact that the salary offered by the industry are quite less than salary offered by other service industry.
3. Persons having tourism degree are not getting any advantage of their degree during the promotion in travel and trade industry
4. Respondents were agreed with the facts that HRD practices are not standardized in most of the travel trade organization leaving some big organization.
5. Salary is most important factor in tourism industry which affects the turnover in the industry.

6. One major finding which come out during the survey which creates a pressure to sales personnel and a important reason for attrition is that as the tour packages (Main product of travel agencies and tour operator) are very costly and its not easy to attain the sales target in present scenario (Due to recession) this decrease the sales volume and affect the business of organization.

Suggestions

On the basis of the analysis of surveyed data and finding of the study, there are some suggestions which require immediate attention from the policy maker, top managements to improve the HR practices in tourism industry and to reduce the attrition rate in Indian Tourism Industry. Here in this study Employee Retention is used as a tool to lower down the attrition rate.

Offer a competitive compensation package - Any team member wants to feel that he or she is being paid appropriately and fairly for the work he or she does. Be sure to research what other companies and organizations are offering in terms of salary and benefits. It is also important to research what the regional and national compensation averages are for that particular position. You can be sure that if your compensation package is not competitive, team members will find this out and look for employers who are willing to offer more competitive compensation packages.

Career Development Program- Provide opportunities within the company for cross-training and career progression. People like to know that they have room for career movement. Every individual is worried about his/her career. Organization can provide them conditional assistance for certain courses which

are beneficial for the employee career and organizational business point of view.

The quality of supervision and mentorship - It has been said so often that it is almost cliché, but *people leave people, not their jobs*. Supervisors play the largest role in a team member's development and ultimate success within an organization. All employees want to have supervisors who are respectful, courteous, and friendly - that is a given. But more importantly team members want supervisors who set clear performance expectations, deliver timely feedback on performance, live up to their word and promises, and provide an environment where the employee can grow and succeed. Failure by supervisors and management to provide this can cause an employee to start looking for greener pastures.

Employee Recognition

Recognizing and rewarding an employee's performance reinforces positive behavior and encourages additional positive behavior. If a team member feels that he or she is appreciated they will be much more likely to repeat their behaviors in the future and even put out more effort than before. When a business leader understands the power of recognizing his or her employees the culture of an organization reacts to this recognition and moves in a positive direction helping to retain more employees.

Recognize the team member's contribution in front of members of management. This can reduce the tendency for employees to feel that their supervisors take all the credit for their hard work.

Employee Reward Program- Organization can make a provision of Monthly or Quarterly Award (depending upon the budget) for the best employee, and these rewards are based on performance of the employee. The award can be in terms of gifts

or money. If it is money then it should be divided into two parts, first part to be given with the next month salary and the remaining after 6 months. In this way he/she can be retained for 6 more months. These rewards shall be considered at the time of appraisal.

Loyalty Bonus- Organization can introduce a Loyalty Bonus Program in which they can reward their employee after a successful completion of a specified period of time. This can be in the form of Money or Position. This will encourage the fellow employees as well whether they are interested in money or position, they will feel fascinated.

Employee Recreation- Organization should also let their employees enjoy in a light mood. They can take their employees to a trip or for an outing every year or bi-yearly. You can make use of this trip as well. You can start this trip with an opening note about the management views and plans, strategies etc. At the same time organization can involve their top management into some of the fun activities as this will make feel the employees that they are very close to the management and everybody is same.

Gifts at some Occasions-Movie tickets, gift certificates, or an engraved gift are excellent rewards for an employee who has excelled or put in the extra effort to make a project happen. And organization can also give some gifts at the time of birthday, marriage anniversary of the employees making them feel good and understand that the management is concerned about them.

Lifestyle choices – As the tourism industry have large numbers of young employee and younger workers expect, perhaps even demand, far more freedom than companies have been accustomed to providing. So, if companies are to accommodate them for lengthy spells of time they will need to

be flexible.

For a company, the workforce is like an intellectual property, both in terms of skills and money. A trained and content workforce can lead a company to new heights while an opposite one can hamper it badly.

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