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Human resource management practices in hospitality industry in uzbekistan: what are the HR issues, functions and roles?

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Abstract: *A well-developed HRM system is a key to success in any organisation. Especially, in the hospitality industry, it is the key component in achieving sustained competitive advantage. This article is intended to identify the HRM practices' related issues along with the HR roles & functions practiced in local hotels of Uzbekistan. Focus group discussion has been applied as a research methodology. Theoretical framework of human resource management (HRM) practices shall be discussed as a basis for establishment of the effective HR system in the hotel, followed by conclusion and recommendations.*

Keywords: *Human Resource Management (HRM), HR, Human Capital, Hospitality Industry, Tourism, Hotels, Uzbekistan.*

Introduction

Hospitality industry is seen as being one of the competitive industries all over the world with the high employee turnover, which highlights the importance of implementing good HRM practices and creation of solid system for maintaining organisations' human capital. Human resource management Is one of the most important aspects in any organisation.

In hospitality industry, if we talk about hotels within the same categories of stars, nowadays, they would be adhering to more or less similar standards i.e. room and bed size, interior design, bathroom, lighting and breakfast and have almost similar facilities which they offer. Cline ((1997) cited in Uysal & Williams, 2003)), predicted accurately that most successful organisations shall be distinguished through the effective people management, information and customer relations. The one and only difference which makes one hotel stand out from the other is the level of service, which is only determined by how hotel employees are well trained, treated and happy. An unhappy and untrained employee can inadvertently treat customers poorly. There are, unfortunately, various examples of bad guest treatment such as staff rude manners, unprofessionalism, and overall ability to handle complaints in some of the hotels of Uzbekistan (Inoyatova & Khamidov, 2018).

That is why this article shall provide an overview and analysis of the theoretical framework within the area of human resource management and basic worldwide practices that must be implemented within every hotel in Uzbekistan.

Literature Review

What is human resource management (HRM)? HRM is defined to be as "a strategic and coherent approach to the management of an ogranisation's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives" (Armstrong, 2008, pg.3). It is the management of staff and work to achieve the desired results (Boxall et al., 2007).

HRM also, is defined as 'the policies, practices and systems that influence employees' behavior, attitudes, and performance' (Koustrup and Simmons cited in Noe et al., 2016). Variety of organisations refer to human resource management as "involving people practices" (Noe et al., 2016). HRM deals with the HRM planning, recruitment, selection, training and development, performance appraisal and promotion (Stoner et al., 1995).

Why do we want hotels to focus on implementation of the HRM practices? They say, that HRM practices help to achieve sustained competitive advantage. There is a research evidence, that well implemented HRM practices can lead to the sustained competitive advantage by the organisations (Lado & Wilson, 1994; Wright et al., 2001). The dilemma for the hotels can be that in the privately-owned hotels, there may not be a separate HRM department, which means that HR function is combined with other job title, for example, Director or Owner (who is not trained in the HR) who can partially perform the HR function. Kok et. al., (2003) argues that organisations which implement HRM practices, tend to create an HRM department or open a position of HR Manager. HRM practices have a positive effect on the performance of the company which includes increase of quality, reduction in costs, and commitment (Ahmad & Schroeder, 2003). Among the well-known human resource management practices which impact overall organisation performance are: Analysis and design of work; HR planning; Recruitment & Selection; Training & Development; Performance management; Compensation; and Employee relations (Noe et. al., 2016).

Analysis and Design of Work (Job Design)

In local hotels, it is very important to understand the nature of each job and its requirements in order to match suitable employees to respective job position. The process where HR Manager understands the nature of specific job position is known as job analysis. Eventually, the result of job analysis are a) Job Description (which lists tasks, duties and responsibilities (TDRs)); and b) Job Specification (which lists knowledge, skills, abilities, and other characteristics (KSAOs). Job analysis is very important for HR Manager because this information is then used in work redesign, planning, employee selection, training, appraisal, job evaluation and career planning; it is also important from legal perspective to ensure that fair employment practices are adhered to and comply with Labour Code regulations.

Job Design is another important concept which is important for an HR Manager, especially when hotel is looking into opening of new branches, when trying to improve the overall quality of the services. Once there are well developed Job Descriptions and Job specifications available, it is time to design the job using several approaches which include i) Design for Efficiency (also referred to as industrial engineering); ii) Design for Motivation (comprised of job enlargement, job enrichment, flexibility); iii) Design for Safety & Health (also referred to as Ergonomics) and iv) Design for Mental Capacity (which includes information processing, clear instructions, monitors, displays, and memory aids) (Dessler, 2014).

How can this be implemented in local hotel in Uzbekistan? To start with, for all the job positions available at the respective hotel there should be an up to date, accurate and not 'copied' from internet Job Description and Job Specification. Afterwards, job enlargement, job enrichment and flexibility elements should be implemented in the local hotels in order

to design jobs using motivational approach which is used to increase overall employee motivation.

HR Planning

When referring to the HR planning, HR manager should start with forecasting in order to be able to predict potential future shortages or surpluses in labour (a) through trend analysis which will allow the application of the statistical models with the aim of predicting future labour demand; and b) through transitional matrix which will allow to identify the internal labour supply within an organisation); then set the goals and strategic planning, and then implement the programme and evaluate the results (Dessler, 2014).

How does this work in practice? If we take any hotel in Uzbekistan, and look at their HR data, we can hypothetically (it is interesting to note the frequent job ads online for Cleaner positions locally) identify that there will be a *shortage* in a specific job category e.g. Cleaner, hotel would need to consider applying an intervention strategy in order to avoid labour shortage through the following:

a) hiring temporary/contract Cleaners;
b) outsource cleaning services to a local company;
c) retrain other non-cleaning staff with the possibility of transferring them to Cleaner position;
d) reduce the turnover rate among Cleaners;
e) hire new Cleaners; and/or
f) let existing Cleaners to work overtime and be paid extra (Dessler, 2014).

It can also be identified, that there will be a labour *surplus* for certain positions, e.g. Waiter which may be common in Uzbekistan as of today. In this case, retraining and transfers to other departments could be a good option, also hiring freeze would be considered among the appropriate strategies for reducing surplus in waiters (Dessler, 2014).

In Uzbekistan, HR managers in hotels, should focus on strategies avoiding labour shortage so as to maintain high level of hotel service.

Recruitment & Selection

After HR Manager has developed Job Descriptions and Job Specifications; has designed the jobs through implementation of the job enlargement, job enrichment and flexibility; and has developed strategy based on HR planning aspects, it is right time to start the recruitment and selection process.

Through recruitment, HR Manager's goal is to attract and identify potential candidates to fill in job vacancies. It is common practice that HR Manager can recruit internally from the hotel, and/or externally; for local hotels in Uzbekistan, it is suggested to focus on external hires and more importantly on analysis of the recruitment sources, because once HR Manager is able to understand the various sources of recruitment and identify the most effective ones, then it would be possible to be able to become better at recruiting candidates that are suitable for specific jobs who are less likely to leave in a short run.

Among various sources of external recruitment are employee referrals, corporate website (hotel website), universities & colleges, social media, print ads, third-party recruiters & headhunters, and online job ad platforms (e,g, hh.uz, rabota.uz, olx.uz, uzzobs.uz, hh.uz etc.). The most important element in analysis of recruitment sources is to compare them through calculation of the cumulative yield ratio, ad cost, and cost per

hired employee. The Table 1 below, shows hypothetical example of analysis of the two recruitment sources such as university and online job ad. Comparison of the sources allows for evaluation of the best sources of the recruitment for the future planning as well as the costs of recruitment, because for an HR Manager recruitment costs also must be considered.

In the hypothetical example showed in Table 1, if a hotel needs fresh graduates in short amount of time, then attending a university & college fairs would be appropriate at a cost of UZS 10 000 per each hired employee. However, with careful planning there may always be time available for a 'healthy' recruitment process without rush, which would allow HR Manager to post a job ad, reach greater pool of various candidates, and less in terms of costs. All in all, challenge for an HR Manager would be to select the recruitment source which yields best results in terms of efficiency.

	LOCAL UNIVERSITY	ONLINE JOB AD
Resumes (CVs) received	100	500
Successful Candidates	**10**	**50**
Cumulative yield ratio	**10.0%**	**10.0%**
Ad Cost	UZS100,000 For 2 days	UZS450,000 For 3 months
Cost per hired employee	**UZS10 000**	**UZS9 000**

Table 1. Source: Hypothetical example of analysis of the two recruitment sources. Self-prepared by author.

Selection process is the continuation of the recruitment process, that is once the candidates have been identified through recruitment, HR Manager's task is then to reduce the number to the individuals best qualified to perform the available jobs. The selection process consists of the following steps: screening & shortlisting applications and CVs, testing, interview, background and reference check, and selecting suitable candidate. For local hotels, it is suggested to implement online applications for managerial positions and have an interview panel conducting the interview comprised of at least three staff members.

Training and Development

HR mangers, who have ever conducted employee surveys, talked to them, and/or obtained their feedback through other means, will hear quite often that employees highlight about lack of skills required to perform the job. For the hotel management and operations; training and development is one of the vital elements and key success factors (Jones, 2008). Customers shall be returning and referring to a hotel where they experienced best service, that is, usually, where staff is responsive, caring, and attentive. Glad to note the observations, that in several hotels of Uzbekistan, there is a

comprehensive induction programme which is offered at the first three months for the newly hired employee, which is definitely a plus. However, only few, focus on the training and development of their existing staff. Thus, training programme must start from training needs analysis, where each staff's training needs have been identified, then training programme is to be developed along with the appropriate method for delivering the training, objectives and trainers who would be responsible for conducting the training. HR Manager may not have sufficient skills to conduct the training to staff across various areas, thus it is common to ensure the selection of appropriate trainer responsible for conducting of the training and afterwards, HR manager shall be able to evaluate results of the training after three and six months upon completion of the training.

In terms of employee development, formal education, i.e. in the way of sponsoring Master's degree tuition fees could be used as a safety cushion for keeping best employees in the hotel.

Performance management

Evaluation of employee performance and identifying and rewarding the top performers is very important in any organisation, especially in the hotel, because it is service based industry and success of the hotel evolves around how customers are treated by hotel employees. Therefore, there are key ingredients to creation of the effective performance management system which consists of several steps: step 1 is to have hotel goals which are to be set together and preferably by the senior management; step 2 is to develop department and individual employee goals that are linked to the hotel goals; step 3 is to provide support and ongoing performance discussions; step 4 is to evaluate the performance; step 5 is to identify improvements needed; step 6 is to provide action for achieving (or not achieving) performance outcomes (which include bonuses, pay increase, etc.) (Dessler, 2014).

Traditionally, there are several reasons for implementing and maintaining performance management (PM) system in hotels, namely, PM is used for pay, promotion and retention decisions; good PM system is linked to hotel goals, PM is used as a basis for reviewing the career plans; and through PM, training needs can be identified. There are various methods for evaluating the performance of employees such as graphic rating scale, alternation ranking, paired comparison, forced distribution, critical incident methods, narrative forms, behaviorally anchored rating scale, mixed standards scale, and management by objective (Dessler, 2014). This paper is not going to discuss these methods in-depth.

Compensation

Compensation is a powerful tool to retain best employees. One and most important factor, for all companies is to create a market competitive pay plan. The secret ingredient which is practiced in international organisations and should be implemented in local hotels is job evaluation which entails to pay more for the jobs that require greater qualifications, skills, more responsibilities and involve complex duties and decision making. There are several methods of job evaluation such as ranking, grading and point method; out of which, point method is highly suggested to be implemented in the local hotels (Milkovich & Newman (2007). Point method is very popular in the U.S.A. where generic compensable factors such as skill, effort, responsibility and working conditions are used (refer to Table 2).

In a hotel, Front Office Manager's Job Description and Job specification can be taken as an example, and evaluated against the compensable factors, with the points allocated from the degree definitions table (which must be defined separately by HR); after which, total points can be allocated for the position of Front Office Manager, and converted into the salary. Last step, is to compare the salary with what market pays for similar positions in the country by using salary survey (formal and informal); where the salary can be adjusted in accordance with what market pays (higher or lower pay).

Generic Factor: Skill	Generic Factor: Effort	Generic Factor: Responsibility	Generic Factor: Working Conditions
- Technical know-how - Specialized knowledge - Organisational awareness - Educational levels - Specialized training - Years of experience	- Diversity of tasks - Complexity of tasks - Creativity of thinking - Analytical problem-solving	- Decision-making authority - Scope of organisation under control - Degree of integration of work with others - Ability to perform tasks without supervision	- Degree of danger which can be exposed to others - Degree of discomfort, exposure, or dirtiness in doing job - Unpleasant (psychological) conditions

Table 2. Source: Milkovich & Newman (2007)

Employee Relations

Employee relations focus on development and maintaining the positive relations between an organisation and employees. Local hotels must develop positive employee relations which will result in increased productivity, discipline, motivation and create pleasant work environment. HR Manager is responsible for a) creating better communication channels with and between employees by using the open-door policy, have the handbook including the necessary information for employees, offering suggestion boxes, also exit interviews can be used to improve employee relations; b) implementing involvement strategies such as when employees are participating in the process of resolving problems which make them feel that they are important and needed which is a right approach as it will have a positive impact on their performance and increase their responsibility; and c) creating employee recognition programmes such as 'employee of the month/year'.

What are the roles and functions of HR?

One may ask, so what do HR managers do? What are their roles and functions? Field of HR have been evolving since 1930s where there were managers who would be responsible for administrative role and day-to-day operations of an organisation. Later on, it began to shift to a set of HR practices that focused on staffing, training, compensation and how these practices are done in an effective way; for the past fifteen years those practices have been linked to strategy which assists to create a good HR system.

So, what are the current expectations from HR managers? Firstly, when developing HR policies and practices, HR managers are expected to develop employee skills and competencies required by an organisation in order to be able to achieve overall organisational strategic goals. Secondly, part of the HR activities can be automated through the use of technology, for example, applicants can apply through corporate website, and undergo online testing: certain companies even offer option of self-administering their benefits plans which frees time for HR managers to spent on strategic matters. Thirdly, global competition forced HR managers to work with numbers and related metrics to measure employee performance. Fourthly, HR managers are expected to 'add value', by helping their organisations and employees to continuously improve and develop in a 'measurable way' (Ulrich & Brockbank, 2005). Fifthly, HR managers must be competent to manage employee engagement. At last, HR managers are expected to understand several disciplines such as strategic planning, marketing, production, and finance and be able to 'speak the Chief Financial Officer's (CFO) language' because hiring and training is not enough nowadays to survive the competitions (Dessler, 2014).

According to Dave Ulrich, HR manager can be referred to as being professional if he/she possesses knowledge, skills and competencies to have the following roles and become:

- **Employee advocate** who will ensure and maintain good relationship between employees and organisation;
- **Human capital developer** who will be able to build future talent within organisation;
- **Functional expert** – be able to anticipate, draft, and implement human resource practices to achieve overall organisational goals;
- **Strategic partner** who will be able to assist functional managers to achieve their department goals;
- **Leader** who is able to exhibit leadership skills and other competencies which will make him/her credible (respected, admired and followed by others) (Ulrich & Brockbank, 2005).

Thus, the discussion in the literature lead to the following <u>question</u>: What are the HR roles and functions of the HR in local hotels of Uzbekistan? and What are the HR issues in the local hotels of Uzbekistan?

Methodology

Sources of data are collected through the help of focus group discussions with three HR managers who have provided consulting services previously, in several of the hotels located in Tashkent. Names of the HR mangers who provided consulting services along with the hotels they provided consulting services for shall remain confidential due to ethics considerations and concluded agreement.

Analysis and Findings

Based on the focus group discussion, the following issues have been highlighted in the local hotels, namely; conformance to the service quality standards/ overall service level; employee compensation, working environment, employee overtime, and work safety. Also, it has been highlighted that management lacks professional skills and may behave as if they are 'royalty' where they command what their employee should do, with leaving minimum space for independent decision making.

In addition, it has been highlighted about the high turnover rates in few of the hotels which mainly was due to the change of the senior management; reduction in the employee compensation; and inefficient organisational restructuring. When asked about the existing HR roles and practices in the consulted hotels, it was highlighted that the main role of HR was fast recruitment after massive employee downsizing/resignation, as well as induction training for the new employees.

According to the finding from focus group discussion, there are serious problems with the existing HR system within many local hotels of the country which need to be addressed and resolved.

Conclusion and recommendations

The aim of this article was to identify the HR related issues as well as to identify the main HR roles and functions practiced in the local hotels of Uzbekistan. Factors such as level of service, employee compensation, overtime, working environment and work safety have been reported among the most common. These factors, are mostly related to HR function of a hotel which is not working properly, and as it has been revealed during the focus group discussion, this could be caused by the management's attitude towards employee and overall hotel management, therefore, it is important to have qualified HR Manager who can convince senior management in the importance of implementing the HRM practices.

Although, considering that there is a relatively high turnover rate not only in hotels of Uzbekistan but worldwide in the hospitality industry as a whole, HR Managers in local hotels have to consider focusing on strategies avoiding labour shortage through reduction of turnover rates by building solid HR system, and expanding HR function from 'recruitment quickly' to HR practices, discussed in this article such as planning, selection, job analysis and job evaluation, performance management, compensation, employee development, training and development, employee relations and retention.

It is also important to implement HR practices effectively, so that benefits of it are visible to hotel's senior management in a short run. Factors, such as, improved quality services, happy, independent and committed employees, positive customer feedback, increased hotel booking capacity can be seen right after the successful implementation of the HRM practices within the hotel, thus, possibly, affecting the change of the senior management towards employees and their wellbeing.

Once local hotels start to compensate their employees based on employee qualification, tasks, duties, responsibilities and degree of decision making, they would be able to increase overall hotel service quality which in long run will lead to higher profits and improved reputation in the market.

Recommendations for the improvement of the HRM system in the hotels of Uzbekistan or the initial / basic steps for starting to improve the HRM system include:

- To ensure Job Descriptions and Job Specifications are developed and not simply copied from the internet.
- To apply motivational approach to Job Design with the elements of job enlargement, job enrichment, and flexibility.
- To focus on strategies avoiding labour shortage discussed above so as to maintain high level of hotel quality services.

- To evaluate the different sources of recruitment through calculation of yield ratios.
- To implement online applications for managerial positions and have an interview panel conducting the interview comprised of at least three staff members, to start with.
- To implement policy on employee formal education such as sponsoring Master's degree tuition fee for talented employees.
- To implement system of the training needs analysis and provide consistent development training to employees with the aim of improvement of the service quality in hotels (do not stop at conducting induction only for new employees).
- To develop and implement performance management system for evaluation of employee performance and linking performance to hotel's strategy.
- To ensure the development of market competitive pay plan which is based on compensating employees based on their qualification, experience, degree of decision making, empowerment, complexity of tasks and duties and working conditions so that employee with better qualification and more duties, for example, received a higher compensation.
- To develop positive employee relations which will results in increased productivity, discipline, motivation and create pleasant working environment through creation of the better communication channels (e.g. open-door policy); creation of employee recognition programmes; involvement of employees in the key decision-making and problem-resolution processes and etc.

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