Senior Secondary Course

Tourism (337)

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Course Overview

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TOURISM MANAGEMENT

Whether you aspire to be a manager, owner, an employee in a tourism organisation or tourism professional, an understanding of management, its functioning, roles and responsibilities of managers is always useful. Promotion and development of responsible tourism requires professional approach for managing various operations and it is essential for every one aspiring to join any area of tourism to be aware of the basic principles and practices of management in order to be effective and successful. In this lesson an attempt is made to familiarise you with different issues in management in order to equip you with required management skills and knowledge. It attempts to make you aware of management concepts and principles as applicable in diverse operations of the tourism industry, familiarise you with the skills needed in this area, expose you to the motivation concept and the major theories of motivation and enrich your understanding of various styles of leadership by making you familiar with some important theories of leadership. A brief study of the individual and group behaviour is also the subject matter of this lesson.

OBJECTIVES

After studying this lesson, you will be able to:
● explain the concepts and functions of tourism management;
● develop roles, skills and tasks of a manager;
● explain the concepts and theories for motivation of tourism;
● describe leadership theories and styles and
● identify individual and group behaviour.

15.1 CONCEPT AND FUNCTIONS OF MANAGEMENT

Management has become an important component of our daily lives. Its relevance is increasing day by day in the modern industrial world. All the

organisations whether business or non business, government administration or civil administration, defence organisations, hospitals, educational institutions and even domestic set ups need proper management. In order to make proper utilisation of all material, physical and human resources, we should have an effective and efficient management system so that it is easy for us to accomplish the set targets. Management consists of all the activities that lead a manager towards the accomplishment of organisational objectives.

Though different authors have defined management in different ways but the theme of management is same. It is the process of designing and maintaining an environment for the purpose of efficiently accomplishing selected aims. Managers carry out the functions of planning, organizing, staffing, leading and controlling. It highlights the proper handling of people at work and to give them a right direction so that they will be motivated to work towards the achievement of organisational objectives. It implies the optimum use of human and physical resources to minimise the cost and to increase the profits. Henry Fayol defines management as "to manage is to forecast and plan, to organise, to command, to co-ordinate and control". S George argues that, "management consists of getting things done through others. A manager is one who accomplishes the objectives by directing the efforts of others". According to George R Terry "management is a distinct process consisting of planning, organising, activating and controlling performed to determine and accomplish the objectives by the use of people and resources".

Management is a three tier activity. The top tier centres round the determination of objectives and policies, middle tier is concerned with implementation of policies through the assistance of lower tier of the organisation. Top level of management consists of Board of Directors, its chairman, managing director or general manager and other key officers. This is the ultimate source of authority entrusted with the responsibility of conducting the affairs of an enterprise smoothly, successfully and satisfactorily through judicious planning, careful regulation, arranging for effective execution and vigilant control. It acts as the main mobilizer of all physical, material and human resources essential for the inception, maintenance, operations and expansion of the undertaking. Middle level of management is concerned with the task of implementing of plans and policies chalked out by the top management. It generally consists of heads of departments and other executive officers attached to different departments. Middle level management supervises the lower level workers and gets work done through them. This level of management refers to those executives whose work is to oversee and direct operative employees. It includes supervisors, foremen, finance and accounts officers, sales officers, etc.

15.1.1 Objectives of Management

The objectives of management can be classified as follows:

Organisational: The main objective of management is to make a proper utilisation of human and material resources so that it gives maximum advantage to the organisation. Every management group strives to achieve these objectives. These objectives can be profit, survival and growth.

- *Survival*: The basic objective of every organisation is survival and perpetuality. Management must ensure survival through sufficient profits

- *Profit*: Profit is the whole and sole objective of every business. Therefore, management must enable the organisation to earn maximum profits.

- *Growth:* Organisations always expect earning of adequate profits and a long survival for their business which in turn can lead to their growth and expansion. Management must help in covering the uncovered aspects, all risks, meet future challenges and ensure growth and prosperity.

Social: Management has to see through social lens and take care of social problems through welfare activities. Social objectives of an organisation aim at using environment friendly methods of production, providing quality products to customers at reasonable prices, providing employment opportunities to people and basic amenities like schools, hospitals and crèches for employees etc.

Personal: People join organisations to fulfil their personal objectives and satisfy their basic needs of life. They try to achieve their financial needs like salary and other incentives like bonus etc, social needs like respect, regard and recognition, higher order needs like growth and development, promotions and future prospects. In order to bring harmony in organisations, management has to integrate personal goals with organisational goals.

15.1.2 Importance of Management

The importance of management can be highlighted in the following ways:

Management gives a proper direction for the accomplishment of common individual and organisational goals. Without management all the resources like financial, material and human resources will be useless. Management puts all other resources into action and maximises the objectives of the organisation.

Management makes an organisation adaptable to the changing environment. The change in technology, tastes of the people, change in fashions and change in demand of the products all exert a great influence on business. Management has to be responsive to these future challenges.

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Management generates human values in the organisation. It is men not machines, materials and money that lead towards the accomplishment of organisational objectives.

Management helps in increasing efficiency for the success of an organisation. It makes proper use of available time and resources in an efficient way, eliminates all types of wastages to reduce the costs and leads to profit maximisation.

An organisation has many obligations towards different groups of society that constitute it. The process of fulfilling their objectives aim at the growth and development of organisation as well as society, providing better quality goods at reasonable prices, generating employment opportunities, increasing wealth of nation and wages to workers.

15.1.3 Functions of Management

Management is generally treated as a process and the process refers to various functions which are performed in a sequence by a manager. It is a process of exercising authority and undertaking responsibility in planning, directing, controlling and executing the business operations and realising the results there of. All functions can't be performed by a single individual. As Allen has rightly said, 'it is humanly impossible for one individual to do justice to the multitudinous and complex demands of both managing and operating the business. They have to be entrusted to different individuals all along the enterprise.

The main functions of management are as follows:

Planning

Planning is the first and foremost function of Management. It is termed as the nucleus of Management and all other functions of management revolve around planning. The planning function involves the process of defining goals, establishing strategy for achieving those goals, and developing plans to integrate and coordinate activities. Planning leads to ensuring proper utilization of human and material resources to earn profits. It means deciding in advance what to do, when to do, how to do, where to do, when to do and by whom it is to be done. The nature and scope of planning varies as per the level of manager. For example, an escort may plan for the day tour or the group's total tour but the tour operator will plan for packaging the tour, marketing it, and catering to the group etc.

In a service organisation like tourism, it is essential that not only the top or middle managers but the employees also plan their activities keeping in view the organisational goals. Every tourism related activity, service or development

at a particular location, region or level requires a lot of planning. Today tourism planning has emerged as a specialised area and you have planners, estate planners, corporate planners, tour planners etc. Department of Tourism, Government of India has formulated National Action Plan on Tourism. Tourism Plan of Maharashtra is also well known.

Organizing

Organizing includes the process of determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom and at what level decisions are made. It refers to the way in which work is arranged and allocated among members of the organization so that the goals of the organization can be efficiently achieved. Organising is the formal grouping of activities and resources for facilitating attainment of specific organizational objectives. It is possible to achieve objectives without formally organizing, but then there is a likelihood of a great wastage of resources and time. Organising ensures that objectives are achieved in the shortest possible time, in an orderly manner, with maximum utilization of the given resources. It involves assembling of raw materials, tools, mobilization of capital, selection of personnel and determination of duties and responsibilities of human resources in different sections at all levels of the hierarchy of the organization. The elements of organizing include grouping of activities, allocation of duties, fixation of responsibilities, delegation of authority and establishing relationship between different components of authority

In the context of a firm, its people, machines, building, factories, money, and credit available for use are the resources at its disposal. All these resources are limited. The role of a manager is to organize all these resources, so that there is no confusion, conflict, duplication or wastage in achieving the organisation's objectives. The manager will be required to allocate to each person his role, designation and position in the organization, his responsibility for achieving specific objectives and authority for utilizing the resources assigned to him, and the higher authority to which he periodically reports his progress.

Staffing

Human resources are the most precious resource and biggest asset of an organization. Staffing of an organization is as important as the structure itself. Staffing involves the recruitment, selection, training, placement and promotion of the employees. It needs manpower planning, job analysis and other staff functions. It is a continuous process because of the employee turnover, retirements and new requisitions on account of expansion etc. Right man for the right job at the right time and doing right things should be the slogan of

an organization in order to excel and achieve the designed goals. The staffing function includes the activities of defining the requirements of the people with regard to the job to be done. The proper procedure of selection has to be followed. Selection should be made sensitively. After appointment of the relevant and required personnel, they should be properly trained and made adjustable to the changing environment of the organization. Therefore, precautions have to be taken while making the choice of best human resource. This function is performed by all managers in the organization or by a separate Department known as Personnel Department depending upon the size of organization and important activities.

Directing

Directing means telling people what to do and seeing that they do it to the best of the ability. It aims at guiding directing and inspiring people to perform the job in the best possible way. Direction is concerned with the execution of planning. It initiates organized action and breathes life into the organization. As a process of management, direction is concerned with getting work done through and with people. They require continuous encouragement and boosting to work effectively. Once the employees get the best orientation and training, it becomes the responsibility of superiors to guide, motivate and lead them for better performance. A good planning and the best organizing may fail to deliver if directions are faulty and not up to the mark.

Coordinating

Coordination is the art of achieving harmony of individuals and group efforts for the achievement of common goals. It is termed as the binding force of all the other functions of management. It is a process of integrating the group activities of people in an organization. Coordination is regarded as the culmination of all the managerial process. It is the harmonious adjustment of all the factors of production. As the players in a Hockey Team, Cricket Team can't defeat the opposing team without proper coordination, in the same manner employees of an organization cannot succeed in achieving the objectives of their interest if they have no team spirit. According to Henry Fayol, "to coordinate is to harmonize all the activities of a concern so as to facilitate its working and success". Planning and execution howsoever accurate and skilful can't be fruitful unless management establishes harmonious blending of activities through organisational arrangement and administrative action. The administrative arrangement must be such that activities at each stage are enjoined in a proper sequence and the final procedure comes forth as desired. Similarly, activities concerning production, purchases, sales, finance etc are unified to ensure continuity.

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Motivation

Motivation is an activity by which the Management motivates the workers of an enterprise to do more and better work. It is a stimulating force which inspires all the employees of an organisation to work for the organisation whole heartedly so that the pre-determined objectives of an organisation can be achieved. It is a psychological technique of executing the plans and policies through the efforts of others. Hiring a worker and assigning him the duties will not complete the Management process. It is a famous proverb that you can lead a horse to river but can't make him drink. Motivation is a constructive force in management for objectives and directions. In the same manner a manager must not forget that he can buy a man's time, his physical presence at the work place but he can't buy his enthusiasm, loyalty or initiative. Management needs to create the willingness and the urge to use their talent for better performance.

Controlling

Controlling is termed as a yardstick for measuring the performance of the organisation. It is a process of examining and evaluating the work turned out by subordinates in different departments of the Organisation. It is the measuring and correcting of activities of subordinates to ensure that events conform to plans. It measures performance against goals and plans, shows negative deviations exit and by putting in motion actions to correct deviation, helps ensure accomplishment of plans. Controlling helps us in ensuring that all the activities of an organisation are being carried out as originally planned. In the process of control, data of actual results are collected and compared with the expected results – If the actual results are good and according to the prescribed standards. Controlling imposes the responsibility on the management to verify whether performance of the results conform to the plans, policies and standards which were adopted. Its main aim is to detect imperfections in working or deviations from the planned course and by undertaking remedial measures to channelize the efforts of the subordinates back to the chosen path. Controlling is a backward looking process and the best kind of managerial control corrects deviations from plans before they occur.

ACTIVITY 15.1

Meet the manager of any tourism firm. Try to find out what kind of managerial tasks he performs and whether he applies the management concepts and functions in his business operations.

INTEXT QUESTIONS 15.1

1. What do you understand by Management?
2. Enlist the core management functions performed by a tourism manager.
3. What are the steps involved in the planning process.
4. What does control process mean?

15.2 ROLE, SKILLS AND TASKS OF A MANAGER

15.2.1 Role of a Manager

A role consists of the behaviour patterns expected of an individual within a social unit. Roles are inherent in functions. All managers have authority over their subordinates, act as decision makers and are involved in interpersonal relationships with subordinates, peers and superiors. A manager is the role model for all the employees of the organization. His role has to be effective and constructive in re-shaping the entire structure of an organisation. Sometimes he has to behave like a king giving directions and guidelines, orders and instructions to his subordinates and sometimes he has to work as a lower level worker. Sometimes he behaves like a friend, sometimes parent, and sometimes like a tough officer. All these fluctuating roles help him to make people work in the organisation and achieve the goals of organization. A manager can be compared to a captain of a ship who has first to set the course to reach the destination and then steer the ship along the course. In the same way, a manager has to first set the objectives which the firm must achieve.

Roles a typical manager has to perform in discharging his day-to-day activities can be grouped as follows:

Interpersonal Roles

This refers to those types' of managerial roles that involve people and other duties that are ceremonial and symbolic in nature. There are three types of interpersonal roles:

1. **Figure head Role:** Manager performs a role as symbolic head and accordingly he is obliged to perform a number of routine duties of legal or social nature. The typical activities include greeting visitors, signing legal documents etc.

2. **Leader Role:** As a leader of the department, the manager gives direction to his subordinates to fulfil the assigned goals and objectives. He is

responsible for their motivation and activation, staffing and training, goal setting, guidance, reviewing the progress of work etc.

3. **Liaison Role:** The manager is required to maintain contact with sources that provide valuable information which include individuals or groups outside the manager's unit and may be inside or outside the organization. For this he has to maintain self-developed network of outside contacts and informers.

Informational Roles

This includes the following types of managerial roles that involve receiving, collecting and disseminating information:

Monitor: A manager is spanning the boundaries of the organization and trying to get information from outside through various sources. He seeks and receives variety of special information through understanding of the organization and environment. He emerges as the nerve centre of internal and external information about the organization.

Disseminator: A manager is expected to transmit information received from outside or from subordinates to the members of the organization by holding informational meetings, making phone calls etc. Some information is factual and some may involve interpretation and integrating of diverse value positions of organizational influencers.

Spokesman: Manager represents the organization to outsiders by performing the role of a spokesman. He transmits information to outsiders about the organization's plans, policies, results, achievements and serves as an expert on the chosen field by giving value suggestion to the community.

Decisional Roles

Four types of decisional roles which include those managerial roles that revolve around decision making are:

Entrepreneur: As entrepreneur, a manager initiates and oversees new projects that will improve organization's performance. He thoroughly analyses the strengths of the organization and the opportunities available in the environment and takes initiative to implement improvement projects to bring about worthwhile changes within the organization and continuously supervise designing new developmental projects.

Disturbance Handler: As disturbance handler, a manager takes corrective action in response to unforeseen problems within as well as outside the organization. Whenever any conflicts occur among the subordinates regarding the sharing of resources, allocation of funds etc; the managers intervenes appropriately and resolves those issues.

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Resources Allocator: Manager is responsible for the allocation of organizational resources – physical, human, monetary resources of all kind and in effect, the making or approval of all significant organizational decisions. For this he is scheduling meetings, requesting authorization, budgeting and programming subordinates' work.

Negotiator: Managers discuss, negotiate and bargain with other groups to gain advantage for their own organisations. They negotiate with business partners in case the organization is seeking alliances to venture projects or extend their operation in new marketing area.

15.2.2 Skills of a Manager

Managers need certain skills in order to perform the duties and activities associated with various functions. These skills are generally grouped as technical sills, human relations skills and conceptual skills. The relative importance of these three skills varies with the level of managerial responsibility. As managers progress from lower level to senior level, they are expected to acquire more of human relations and conceptual skills. Technical skills are not so important for the chief executives in large organisations where such executives have extensive staff assistance and highly competent, experienced and technical operators are available. Thus technical skill deals with jobs, human skill with the person and conceptual skill with ideas. These three types of skills are inter-related. Let us understand the types of skills first and then see how these skills are useful for the manager who has to use these at various levels of managerial hierarchy.

Technical Skill

Technical skills include knowledge of and proficiency in certain specialized fields such as engineering, computers, finance, manufacturing etc. Vocational and on-the-job training programmes largely do a good job in developing this skill. For example, mechanics work with tools, and their supervisors should have the ability to teach them how to use these tools. Similarly accountants apply specific techniques in doing their job. First line managers and middle level managers are required to acquire mastery over the technical aspects of the organizational work operations. An accountant must know how to prepare accounts; a computer operator must have ability in programming and operating a computer.

In today's age of specialization, technical skill is perhaps the most familiar one, required by the greatest number of people. In a desire to become an efficient

administrator, particularly at the first level, this skill becomes indispensible for an efficient operation. As a supervisor of a set of workers, you would like to ensure if your workers have sound grounding in the principle, structure and process of their individual specialty along with actual practice and experience during which your workers are watched and helped by you as a superior. This appears to be the best way to develop the technical skill.

Human Relations Skills

Human or interpersonal skills refer to the ability to work with, understand and motivate other people; the way the individual perceives his superiors, equals, and subordinates, and the way he behaves with them. Some of these human relations skills include communicating, motivating, delegating and negotiating skills. As managers deal directly with people within as well as outside the organization, such types of human relations skills are crucial in maintaining effective interpersonal relations. These skills are required to motivate the workers as groups or individuals to win their support and cooperation and to build effective teams. Managers need to be aware of their own attitudes, assumption and beliefs as well as being sensitive to their subordinate's perceptions, needs and motivations. If a manager possesses a highly developed human skill and is aware of his own attitude, assumptions and beliefs about other individuals and groups, he will be able to see their usefulness and limitations and they will be likely to accept others view points, perceptions and beliefs. He can judge the possible reactions to and outcomes of the various courses of action he choose to undertake.

The human skill of a manager becomes a continuous and natural activity with him so that whatever he says or does has an impact upon his associates. An awareness of the importance of human skills should be part of a managers orientation and such skills should be developed throughout the career. The human skills can be developed without any formal training for some employees, others may be individually aided by their immediate superiors who themselves should possess the human skill in order to be able to impart that.

Conceptual Skill

This skill involves the ability of seeing the organization as whole with a holistic approach , recognising how the various functions of the organisation depend on one another, visualising the relationship of the individual business to the industry, the community, and the political, social and economic forces of the nation as a whole. Such skills help the managers to conceptualize the environment, to analyze the forces working in a situation and to take a broad and foresighted view of the organisation. In developing the conceptual skill, some of the best results have been achieved through coaching of subordinates by superiors and by moving promising young employees through different

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functions of the business but at the same level of responsibility. Though conceptual skills are needed by all managers at all levels, these skills become more important in top management positions because the top management managers often deal with abstract ideas, where as lower-level managers normally spend more time dealing with observable technical day-to-day operational activities. As a manager you should have the ability to coordinate and integrate a variety of factors. You need to view situations and determine the inter-relatedness of various factors. The success of any decision depends on the conceptual skill of the people who make the decision and those who put it into action.

15.2.3 Tasks of a Manager

As a professional manager you are responsible for your own and your subordinates' performance. Performance implies action and action necessitates doing certain specific tasks. Whether as a practising tourism manager or an aspiring one, your first concern is to know the tasks which you are required to fulfil in the organisation. The specific tasks of a manager flow from his job description and may vary depending upon the managerial level, function and industry to which the manager belongs. Given the wide range of diverse tasks a manager is required to perform, it is essential that the manager is a thinker, a doer and a people oriented person all rolled into one.

The main tasks which a tourism professional is expected to do to produce results are as follows:

1. Provide purposeful direction to the organisation for attainment of its objectives.

2. Maintain a firm's efficiency for profit generation which is essential for its growth and survival.

3. Anticipate and prepare for meeting the challenges of increasing competition

4. Build human organisation by creating a team spirit and teamwork.

5. Plan and manage for innovation by tapping all the sources of innovation.

6. Protect the interests and welfare of employees in order to gain their confidence and inculcate a sense of loyalty among them.

7. Retain talent and postpone obsolescence in the organisation

8. Upgrade skills and undertake constant training of employees for meeting the challenges of change.

9. Keep oneself updated on internal and external information pertaining to the organisation

10. Maintain cordial relations with various segments of society for fulfilling the needs of the society.

ACTIVITY 15.2

Visit any nearest tourism related firm and ascertain whether their employees are trained and educated enough for future. What skills should they have and from where they can obtain them?

INTEXT QUESTIONS 15.2

1. Enlist various managerial roles.

2. Name the three types of managerial skills.

3. Which tasks are mainly performed by a professional Manager?

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15.3 CONCEPTS AND THEORIES FOR MOTIVATION OF TOURISM

15.3.1 Concept of Motivation

The word motivation is derived from the Latin verb *movere*, which means "to move". That which *moves* a person to act or behave is what motivates a person. The inner drive, the urge or the desire of the person to do something is called motivation. Motivation is defined as an individual's intention or willingness to put maximum effort in their work to reach organizational goals and enhance one's ability to satisfy some individual needs. As the motive is within the individual, it is necessary to study needs and emotions in order to motivate him to work. If we can identify what motivates a person to behave, we can understand the person.

Motivation may be regarded as something which compels and energises an individual to act or behave in a particular manner at a particular time for attaining some specific goals. Motivation is the driving force that inspires people to put their efforts willingly for the achievement of organizations objectives. It is a psychological phenomenon which energizes, activates and stimulates the internal feeling of the employees to accomplish desired goals. Arousal of such a feeling in the mind of an individual drives him automatically to attain the expected goals of an organisation. It can't be forced; you can buy a man's time, his physical efforts but not his enthusiasm, initiatives or loyalty. There is a saying "you can lead a horse to water but you can't make him drink". Motivation is a personal and natural feeling of the mind of a person. It inspires and boosts a person to make his efforts to satisfy the needs of his life. It develops the mental power of an individual and motivates him to do more and better and to use his ability and efficiency to the best possible extent which increases his efficiency.

Monetary incentives and non-monetary incentives are two types of incentives that have a positive impact upon the employees. Monetary incentives which include, wage or salary, bonus, overtime, monetary rewards, interest on investments have a direct bearing on the employees as these help them to satisfy their basic needs. Non-monetary incentives including an urge for respect, ego, gratification, promotion, rewards, honour, leave, delegation of authority, etc. work equally well for boosting their morale towards their work.

In short, motivation is referred to as a process of inducing people to act towards the achievement of the desired goals. It is mostly concerned with inspiring the people to act to satisfy their needs because it is human needs that give rise to motivation. An 'unsatisfied need' motivates a person to work hard and fulfil the task. Motivation changes the negative attitude of an employee to a positive one. It reduces labour turn -over, absenteeism and other methods of remaining away from the work.

15.3.2 Theories for Motivation

The root of all motivation seems to be needs of an individual which orient and energise the person to engage in behaviour that will satisfy his needs. Attempts to explain this view of behaviour have given rise to various theories of motivation. Here we shall take a cursory look at the bare outlines of some of the important theories of motivation.

Maslow's Hierarchy of Needs

This theory was developed by a well known psychologist A.H. Maslow and got popularized during the early 1960s. He classified all human needs into five categories and arranged them in a hierarchy: i) Basic or physiological needs, ii) Safety and security needs, iii) Love or belongingness needs, iv) Esteem needs, and v) Self-actualisation needs. Maslow classified these five needs into two broad categories as higher order needs and lower order needs. The basic needs such as physiological needs, safety needs and love and belonging needs were classified as lower order needs, where as self esteem, self actualization needs were described as higher order needs. If a person gives much importance to the external factors such as salary, security, company policy, fringe benefits etc. the lower order needs are very dominant in him. On the other hand, if a person assigns challenging assignments, self-esteem, recognition, the higher order needs are very dominant in him. Maslow says that only unsatisfied needs motivate, but they follow a sequential hierarchy. Only when the physiological needs of a person are reasonably satisfied will the person be motivated by the next set of (safety) needs. When the physiological and safety needs are reasonably satisfied, the person will feel the urge of love, esteem, and self- actualisation needs in that order—after each preceding need has been, and continues to be,

reasonably satisfied. This is true that human beings satisfy their needs in the order as described by Maslow, but the importance of needs varies from person to person and time to time according to the circumstances.

Figure 15.1: Maslow's Hierarchy of Needs

Maslow's theory of motivation has probably received more attention from managers than any other theory of motivation, since it classifies human needs in a logical and convenient way—one that has important implications for managers. As a manager if you want to motivate an employee, first try to understand what level that person is on in the hierarchy and focus on satisfying those needs at or just above the level. Maslow's Hierarchy of Needs theory can be applied to motivate people at all levels in the organization. Managers who understand the need patterns of their staff can help the employees to engage in all kinds of work activities and provide the types of work environment that will satisfy their needs at work. Thus, despite its drawbacks, Maslow's theory offers managers a good technique of understanding the motives or needs of individuals and how to motivate organizational members.

Herzberg Two-Factor Theory of Motivation

Herzberg's two-factor theory of motivation suggests that there are two sets of factors which either lead to job satisfaction or dissatisfaction. They are motivating factors and hygiene factors. The presence of motivating factors always ensures job satisfaction and happiness among the employees which can result in good job performance. These motivating factors include achievement, recognition, responsibility, advancement, personal growth and development and the work itself. These are related to the content of the job and are called satisfiers. The other set, which leads to dissatisfaction, is the hygiene factors such as salary, job security, company policy, supervision, status, security, interpersonal supervision, fringe benefits and working conditions. These factors are related to the context of the job and are called dissatisfiers. An improvement in the hygiene factors would only minimize dissatisfaction but not increase satisfaction and motivation.

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Ideal Situation where employees are highly motivated and
have few complaints:

Figure 15.2: Two-Factor Theory

According to Herzberg, the factors that led to job satisfaction were separate and distinct from those that led to job dissatisfaction. The intrinsic factors are related to job satisfaction and motivation, whereas extrinsic factors are associated with job dissatisfaction. In order to motivate employees, the managers must ensure to provide the hygiene factors and then follow the motivating factors. As managers you need to remember that if you want to motivate people on their jobs, you should give much importance to the job content factors. You should utilize the skills, abilities, and talents of the people at work through effective job designing. In other words, the work given to employees should be challenging and exciting and offer them a sense of achievement, recognition, and growth. Unless these characteristics are present in the job, employees will not be motivated.

McGregor's Theory X and Theory Y

In general, people tend to have either positive or negative assumptions about human nature. Based on these assumptions, McGregor proposed two sets of theories as Theory X (negative assumptions) and Theory Y (positive assumptions). Theory X represents the traditional approach to managing and is characterized by the following basic assumption about human beings:

- The average human being has an inherent dislike of work and will avoid it if they can.

- Most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort towards the achievement of organizational objectives.

- The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all.

- Such control can be achieved by the appropriate use of rewards and punishment.

Theory X usually operates in traditional and highly centralized organizations. The implication for a manager working in an organization with Theory X assumption is that the group will be strictly controlled and supervised; decisions

will be made largely by the manager and communicated in a formal situation and the members of the group will rarely be involved in determining their own tasks.

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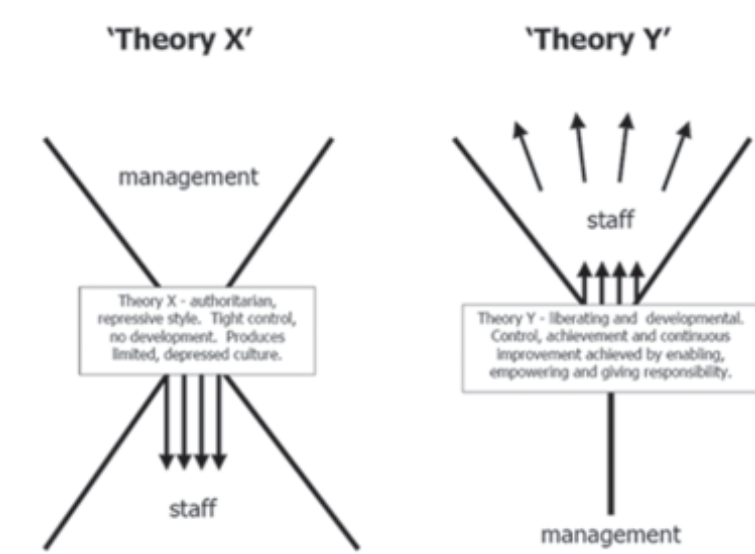
Figure 15.3: McGregor's Theory X and Theory Y

Theory Y, on the other hand, is more people oriented. It is based on the following assumptions:

● The expenditure of physical and mental effort is as natural as play or rest.

● People exercise self-direction and self-control in the services of objectives to which they are committed.

● Commitment to objectives is a function of rewards associated with their achievement.

● The average human beings learn, under proper condition, not only to accept but to seek responsibility.

● The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely distributed in the population.

● Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

Managers operating under Theory Y assumptions more likely consult the group, encourage members to contribute to decision making and work without strict supervision. Theory Y helps managers in delegating authority for decision making, enlarging and enriching jobs of workers by making them less repetitive, increasing the variety of activities and responsibilities and improving the free flow of communication within the organization.

Alderfer's ERG Theory

Clayton Alderfer proposed a modified version of Maslow's need hierarchy and re-classified human needs into existence or survival needs, relatedness or social needs, and personal growth needs. A brief description of these needs is as under:

Existence needs are various forms of physiological and material desires, such as hunger, thirst and shelter. In organizational settings, the need for pay, benefits, and physical working conditions are also included in this category which is comparable to Maslow's physiological and certain safety needs.

Relatedness needs include interpersonal relationships with others in the workplace and depend on the process of sharing and mutuality of feelings between others to attain satisfaction. These are similar to Maslow's safety, social and certain ego-esteem needs.

Growth needs involve a person's efforts toward creative or personal growth on the job. Satisfaction of growth needs results from an individual engaging in tasks that require the person's full use of his or her capabilities, and the development of new capabilities. Growth needs are comparable to Maslow's self-actualization and some ego esteem needs.
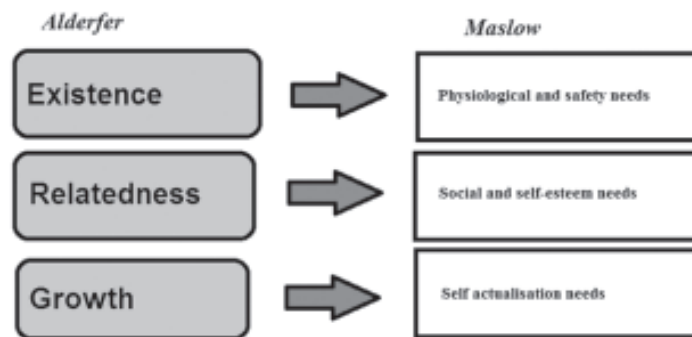
Figure 15.4: Alderfer's ERG Theory

ERG theory is based upon three major propositions:

1. The lesser each level of need has been satisfied, the more it will be desired (need satisfaction).

2. Greater the lower level needs have been satisfied, the greater the desire for higher level needs (i.e., desire strength).

3. Lesser the higher level need have been satisfied, the more the lower level needs will be desired (i.e., need frustration).

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According to Alderfe, the rank of these categories is neither universal nor predictable; it differs from person to person as a function of culture, education, family background, age, etc. Neither the sequence nor the salience of these needs can, therefore, be generalised to all individuals.

McClelland's Theory

David McClelland contends that the motive profile of a person can change, both as a function of one's life course as well as formal training. He proposed three types of needs common in work life: Need for Achievement, Need for Power and Need for Affiliation. Udai Pareek, an Indian psychologist, who worked with McClelland, added the need for extension to the list.

Figure 15.5: McClelland's Theory

Need for Achievement refers to the drive to excel, to achieve in relation to a set of standards and to strive to succeed. People with a high need for achievement have a desire to do something better or more efficiently than it has been done before. They prefer jobs that offer personal responsibility for finding solutions to problems, in which they can, received rapid and unambiguous feedback on their performance in order to tell whether they are improving or not and in which they can set moderately challenging goals.

Need for Power refers to the need to make others behave in a way that they would not have behaved otherwise. Individuals high in Need for Power enjoy being 'in-charge', strive for influence over others, and prefer to be in competitive and status oriented situations. Individuals high in personal power like to inspire subordinates and expect the latter to respect and obey them. Managers, who are high in institutional power, tend to exert authority and influence so as to achieve the goals of the organization rather than to gain any personal ego

satisfaction. Persons with high need for power would naturally be turned on by holding positions of authority and influence in the organization.

Need for Affiliation refers to the desire for friendly and close interpersonal relationships. Individuals high in Need for Affiliation like to interact with colleagues in the organization. They have a strong desire for approval and reassurance from others. They are willing to conform to the norms of groups to which they belong. They are usually gregarious by nature and like to work with others in a friendly atmosphere. People high in need for affiliation are said to perform better in their jobs when they are given supportive feedback. Thus, friendly managers and supervisors can influence individuals high in Need for Affiliation and motivate them to work harder.

Equity Theory

Adam's equity theory of motivation is based on the assumption that every one tends to compare the ratio of their input and out come with that of the other person. The comparison process is highly inevitable and the compared person is always in the same group, class, age, category etc. Employees might compare themselves with other friends, neighbours, co-workers, colleagues in other organizations. There are many factors which moderate the selection of reference person such as age, sex, education, tenure, nature of job etc. For example, a hotel manager will always compare himself with other fellow hotel managers. If a person feels that his ratio of input-outcome is more or less equal to that of his comparison person's ratio, a state of equity exists and he perceives the situation as just and fair. Otherwise, he will experience inequity which will lead to tension and stress. The person feels a negative inequity, when he has been rewarded less for his efforts than the other. The person, on the other hand, experiences a positive inequity, when he finds himself rewarded more than the other for a similar degree of effort.

Equity theory sensitizes managers to the fact that individuals often make equity comparisons and that sometimes the rewards given by managers may have consequences which might be reflected in the subordinates' behaviours. This is especially true when visible rewards such as promotions, pay increases and bonuses are given to employees. Managers must anticipate when the employees experience inequities and try to adjust the behavior by communicating and explaining the performance appraisal process to their employees. As managers you should consider openly sharing information on how allocation decisions are made, following consistent and unbiased procedures and engaging in similar practices to increase the perception of procedural justice. By increasing the perception of procedural fairness, the employees are likely to view their bosses and the organization as positive even if they are dissatisfied with pay, promotions and other outcomes.

Vroom's Expectancy Theory

Victor H Vroom presents a theory, which appears more comprehensive than other theories and is applicable to employees at work as well as humans in general. The theory states that motivation to behave or perform depends on three variables: Expectancy, Instrumentality, and Valence. *Expectancy* refers to the linkage between effort and performance; it represents the strength of one's belief that such-and-such effort will result in such-and-such performance outcome. *Instrumentality* refers to the linkage between performance and reward; that is, the strength of one's belief that certain kind and level of performance will lead to a particular reward. *Valence* refers to the attractiveness or utility of the reward to the individual.

The Expectancy theory states that individuals will evaluate various strategies of behavior and then choose a particular strategy that they believe will lead to those work related rewards that they value. It argues that a person will be motivated to perform, if he believes that his effort will result in the desired performance, which will get him a reward that is important to him. If the individual workers believe that working hard each day will lead to a pay increase, expectancy theory would predict that this will be the behavior he will choose. If the employees feel that the rewards are not so attractive to fulfil their goals, they may not put much effort in their work. For example, an employee works hard in the hope of getting a promotion but gets a pay rise instead which he is not interested in will make him de-motivated. It is desirable to assess what attracts employees in their work. The key to expectancy theory is thus the understanding of an individual's goals and the linkage between effort and performance, between performance and rewards and finally, between rewards and individual goal satisfaction.

Porter and Lawler Model

Porter and Lawler proposed a comprehensive model of motivation encompassing the moderating effects of abilities and traits and role perception and accelerating roles of perceived equitable rewards and perceived effort-reward probability. This model highlights two important factors which facilitate or influence to put more effort in work. They are the valence and perceived Effort-Reward probability. Porter and Lawler's model is of great significance to managers since it sensitizes them to focus attention on the following to keep their employees motivated.

- Assigning right type of jobs to right types of person, ensuring perfect match between person and job.

- Providing clear job descriptions and highlighting what a person is expected of a person in his work.

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● Assigning the proper performance levels such as quantity, waste control, number of customer attended etc.

● Ensuring that the rewards given to their employees are very attractive.

If high levels of motivation are to be induced, managers should ensure that the employees perceive a direct link between performance and desired rewards. If significant changes in performance levels are desired, the rewards given must also be significant and valued enough by the employees to change their effort levels. The Porter and Lawler model is useful in understanding the dynamics of motivation at the work place.

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INTEXT QUESTIONS 15.3

1. What motivates a worker to work?

2. List the main theories of Motivation

3. Outline the major assumptions of Theory Y?

4. How does McClelland classify needs?

5. What is the modification proposed by Clayton Alderfer to Maslow's need hierarchy.

15.4 LEADERSHIP THEORIES AND STYLES

15.4.1 Concept of Leadership

In giving the input on leadership styles and theories to you, we presume your main aim is to understand and improve your style of functioning as a leader in tourism operations. To start with, you must have a clear idea as to what is meant by leadership. Leadership is defined as the process of influencing others to get the job done more effectively over a sustained period of time. Leadership involves influence and it is concerned with the way the leader affects his or her followers. Understanding of leadership is always in the context of the level of the followers and their relationship with the leaders. It is a function of the leader, the followers and the situation. Both leaders and followers are involved together in the leadership process. The leaders take initiatives and link themselves with stakeholders. Hence, leadership is a process as well as a trait. Scholars who deal with leadership from the perspective of traits argue that certain individuals have certain special, unique, innate, inborn qualities that make them true leaders. These qualities differentiate them from other ordinary persons or individuals. Leadership defined by process suggests that leadership is a phenomenon that exists in context and makes leadership available to everyone and it is to be

learned. It is a process of influencing the behaviour of the people to voluntarily act for attainment of organisational objectives. It deals with maintaining of personal relations with followers and motivates them to contribute towards the achievement of the organisational objectives.

Leaders are highly motivated persons who strive for higher objectives of their followers and set high standards of performance for themselves. They are very eager, energetic and challenged by the unsolved problems surrounding them and they eagerly assemble their resources to overcome all the barriers that block the achievement of their goals. Most successful leaders perform tasks and act in such a way that provides their followers with satisfaction and fulfilment, performing the work required and reaching the goal. For leadership, power is a key element and central concept which has got its capability to influence others. Some handle powers because they are being positioned whereas others influence their group members because of the personal traits and characteristics.

There are many tourism organisations in our mind, when we talk of leadership. In every situation where you are trying to influence the behaviour of another individual or group, leadership is operating. For example, marketing managers in tourism sector influence their sales personnel to influence to meet the targeted sales volume. Thus each one of us tries leadership at one point of time or the other, whether our activities are centered around a business, educational institution, political organisation, tourism organisation or a family. As part of this process, one who attempts to influence the behaviour of others becomes a potential leader and the persons he is, attempting to influence are the potential followers. This may happen irrespective of the fact that the leader may be their boss or a colleague or a subordinate or a friend or a relative. In other words through a style of functioning the leader influences attitudes and expectations, which in turn encourage or discourage the follower's activity or achievement, enhance or diminish the follower's commitment to Work, etc.

In our day-to-day life, we come across instances of how people are influenced by the activities or words of a person who is trying to lead them. In our mind, we make a difference between a good leader and a bad one, by judging his style or way of functioning and his influence on others. Hence, in understanding the phenomenon of leadership, we must first understand the various styles of the leaders and theories through which leadership has been studied.

Theories of Leadership

There are three categories of leadership theories which highlight the key determinants of leadership effectiveness: Trait Theories, Behavioural Theories and Situational Theories.

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Trait Theories

Trait theories highlight that there exists a finite set of individual traits or characteristics that distinguish successful from unsuccessful leaders. One of the main Trait Theories developed by Kelly (1974) relies on the research that relates to various traits that lead to the success of a leader. Some of the significant characteristics of leaders are categorized as follows:

● Physical Characteristics – age, appearance, height, weight

● Background Characteristics – education, social status, mobility, experience

● Intelligence – ability, judgment, knowledge, decisiveness, fluency of speech

● Personality – aggressiveness, alertness, dominance, enthusiasm, independence, creativity, integrity, self-confidence

● Task-related Characteristics – achievement drive, drive for responsibility, initiative, persistence, enterprise, task orientation

● Social Characteristics – administrative ability, attractiveness, cooperativeness, popularity, prestige, sociability, interpersonal skill, tack and diplomacy.

The list of important leadership traits is endless and grows with each passing year. It has not yet been shown that a finite set of traits can distinguish successful from unsuccessful leaders. For example, successful hoteliers are usually inquisitive, independent, perspective, and experts within their field. Successful sales managers are usually high-need achievers, enthusiastic and project a professional stature. What may be important traits for one occupation may not be important for other roles in the same organization. Uniformity of traits across all levels is thus questioned. Therefore, you need to be cautious in stating; personality or any other characteristic as a cause of successful leadership. You must ask the questions: Who is a successful leader? Is he far superior physically? Is he far brighter? Is he more mature as a person? Is he more motivated to achieve his goal? Does he have more consideration for his followers? Some of the traits may describe a successful leader but predicting successful leaders on the basis of traits alone is not a correct approach. You may observe one or all the above traits as important in a successful leader whereas your friend may feel that an enthusiastic, aggressive and authoritarian person is a, good leader. Further trait identifies who the leader is, not the behavioural patterns they will exhibit in attempting to influence subordinate actions. To be more objective, traits of the person as well as demand of the situation together determine the effectiveness of the leader.

Behavioural Theories

These theories identified behaviours that differentiated effective leaders' from ineffective leaders. Based on these people could be trained to be leaders.

Behavioural theories highlight that the most important aspect of leadership is not the traits of the leader, but what the leader does in various situations. Unlike trait theories, the behavioural approach focused on leader effectiveness, not the emergence of an individual as a leader.

Two major research studies directed toward investigating the behavioural approaches to leadership are i) *Ohio State University Studies*, and ii) *University of Michigan Studies*. These studies have been elaborated below. Their findings indicated that a mixture of initiating-structure and consideration leader behavior, which have achieved the highest effectiveness, depends largely on situational factors.

According to *Managerial Grid theory*, the five basic approaches to leadership identified by Black and Mouton are based on the two dimensions of concern of people and concern for production that are associated with leaders. A managerial grid is formed based on these two dimensions which are rated on a 9 point scale. According to this theory leaders are most effective when they achieve a high and balanced concern for people and for tasks. Each leader can be rated somewhere along each of the axes from 1 to 9 depending on his orientation. If manager is securing the lowest score on these two dimensions I,I is identified as impoverished style of managers who are low on both their concern of people and production, 1,9 or country club style is designated to those managers who are having high concern for people but low concern for production. The 5, 5 or the middle-of-the road style concerns the moderate levels of concern for both people and production. The 9,1 or task management style is one where there is a high concern for production but very little concern for people and finally, 9,9 or team management style is one where the manager has high concern for both people and production. According to Black and Mouton the one best style for all mangers is the 9, 9 or team management style.

Situational Theories

Situational approaches to leadership take the position that there is no one best way to lead in all the situations. Effective leadership style will vary from situations to situation, depending on several situational factors such as the characteristics of the leaders and the followers, the nature of task being done, the structure of the group and other situational factors.

Among various theories of leadership which outline the importance of situational factors, *Fiedler's contingency model* (1967) is the most prominent one. Fiedler developed a model to predict group work effectiveness by taking into consideration the best fit between the leadership style and the degree of favourableness of the situation. He states that a leader may become effective if the situation is favourable in three ways: good leader-member relations showing acceptance of

the leader by the group; details of the task spelled out to the leader's position; and a great deal of authority and power is formally attributed to the leader's position. With these three favourable situations and his style of functioning, a leader will be effective. The major findings of Fielder are that the task-oriented leaders perform better than relationship oriented leaders in both extreme situations that are very favourable and those that are unfavourable. Relationship oriented leaders tend to perform better than task oriented leaders in situations that are intermediate in favourableness. These findings suggest that each of the leadership style can be effective in certain situation and that the organization can change the effectiveness of the group's performance by changing the favourableness of the situations or by changing the leader's preferred style through education and training.

Path-Goal Theory propounded by House and Evan states that the leader smoothes out the path towards goals and provides rewards for achieving them. The principle function of the leader here is facilitating to increase valence perception of their subordinates and clarify and increase expectancy probabilities of them. This will in turn make them to put greater amount of effort and derive higher level of satisfaction and performance in their work. As a leader, you should understand the needs of the people and their desire to work or behave in a way that accomplishes goals that satisfy those needs. If you know the need of the person and his desire to work and he is able to accomplish the work, you can reward him to make him feel satisfied. In essence, you are clarifying the path to personal rewards that result from attaining the work goals, making the member clear about what the job requires and offering the reward to the member of the group who actually accomplishes the task. Your reward may be praise or increase in the pay or promotion of the member to a higher position.

Social Learning Theory developed by Bandura (1977) states that there is a continuous reciprocal interaction between person, environment and behaviour. Person and environment function in conjunction with the behavior itself and reciprocally interact to determine behavior. A person, through his actions, produces the environmental conditions that affect his behavior in a reciprocal fashion. The experience generated by behavior also partly determines what a person becomes and can do and in turn affects his subsequent behavior. The leader and the subordinates jointly attempt to discover ways in which they can manage their individual behaviour to produce mutually satisfying and organizationally productive outcomes. In this approach, the leader and the subordinates have a negotiable and interactive relationship. They are continuously aware of how they can modify or influence each other's behaviour by giving the rewards or holding back the performance respectively.

Tannenbaum and Schmidt reported that the use of authority by the manager (boss centered leadership) or the area of freedom given to subordinates

(subordinate centered leadership) is a function of forces in the managers(value system, confidence in subordinates, leadership predispositions and feelings of security and insecurity),forces in the subordinates (their needs for independence or dependence, readiness to assume responsibility, tolerance for ambiguity, abilities, knowledge and experience and inclination to participate in decision making) and forces in the situation (type of organization, group effectiveness, time pressures and the nature of the problem itself)

Hersey and Blanchard model reported that if the employees are highly matured psychologically and possess job competency, the enforcing delegating style will be more effective. Similarly if the employees are not adequately possessing job competency and are very low in psychological maturity, the enforcing directing style will be more effective.

15.4.2 Leadership Styles

The word style is the typical way in which the leader influences followers. Successful leaders are distinguished from unsuccessful leaders by their particular style of leadership. Leadership style is too complex to be viewed as uni-dimensional. Further, a universally accepted best style was inappropriate to the complexities of modern organizations. Managers often use more than one style depending on the issues involved and the circumstances surrounding it. Various studies reflecting different styles of functioning of a leader highlight how the leader simultaneously pays attention to the task to be accomplished by the group and needs and expectations of the group and its individual members. Exactly how the leader goes about attending to these two functions is a matter of his leadership style. Many theories have been suggested by the researchers regarding which leadership style is most effective. Let us have a look at the various studies that will help us to understand the leadership styles.

Hawthorne Studies

Hawthorne Studies, conducted at GE at Illinois, USA, revealed that less light, shorter and fewer rest periods and shorter lunch breaks resulted in increased productivity. Once all these changes were eliminated and the normal working conditions were resumed, it was seen that the workers' productivity and the feeling of being together went up. The increase in productivity was attributed to the attitude of workers towards each other and their feeling of togetherness. Further the attention paid to the workers by the leaders made them feel important which resulted in improvement in their work performance. These findings conclude that a leader has to consider the human element and workers' social needs of being together and being recognized for the work, interaction of the group members with each other and their well-being. A good leader needs to

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keep the above aspects in his style of working with people and supervising their work.

Iowa Studies

The studies, under the direction of Lewin, on several groups tried to see how different styles of leadership could change the satisfaction, frustration-aggression levels of the individuals. They threw light on how different styles of leadership can produce different complex reactions from the same or similar groups. The following three styles of leadership were identified by these studies:

1. **Autocratic Style:** A leader who tended to centralize authority, dictate work methods, make unilateral decision and limit employee participation

2. **Democratic Style:** A leader who tended to involve employees in decision making, to delegate authority, to encourage participation in deciding work methods and goals, and to use feedback as an opportunity for coaching employees

3. **Laissez-faire style:** A leader who generally gave the group complete freedom to make decision and complete the work in whatever way it saw fit.

Michigan Studies

At University of Michigan Rensis Likert found that leaders generally follow four different styles:

1. **Exploitative Authoritative:** The manager believes in very authoritarian manner and practically exploits the subordinates

2. **Benevolent Authoritative:** Behaving as benevolent autocratic, the leader maintains strict control over the subordinates though in a paternalistic manner.

3. **Consultative:** The leader consults the subordinates but still maintains the right to make the final decision.

4. **Participative:** The manager uses a democratic style and makes decision by consensus and majority vote. Likert feels that the best way for all organizations to manage employees is to move towards participative system.

Michigan Studies developed two distinct styles of leadership:

1. **Job-centered leadership style**, which focused on the use of close supervision, legitimate and coercive power, meeting schedules and evaluating work performance.

2. **Employee-centered style**, which is people oriented and emphasis delegation of responsibility and a concern for employee welfare, needs, advancement and personal growth.

Job orientation is the emphasis the leader place on getting the job done by such actions as assigning and organizing the work, making decision, and evaluating performance. He looks at subordinates or employees as tools to accomplish the goals of the organisation. Work, working condition and work methods are tried to be understood better in his style of the leadership orientation. Employee orientation is the openness and friendless exhibited by the leader and his concern for the needs of subordinates. Research results revealed that employee-oriented leaders were associated with high group productivity and higher job satisfaction. Leaders who exhibited high level of consideration and high level of task orientation achieved high subordinate performance and satisfaction.

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Ohio State Studies

Stogdill along with his colleagues at Ohio State University studied leader behaviour in numerous types of groups and situations. Their findings indicated that a mixture of initiating-structure and consideration leader behavior, which have achieved the highest effectiveness, depends largely on situational factors. Ohio State Studies identified two independent leadership dimensions:

1. **Initiating Structure** concerns the degree to which the leader organized and defined the task, assigned the work to be done, established communication networks and evaluated work-group performance. It reflects the extent to which individuals are likely to define and structure their roles and those of their subordinates towards goal attainment. It is the behaviour of the leader which deals with the relationship between him and the work-group and tries to establish well-defined patterns of organization, channels of communication and method of procedure.

2. **Consideration** involves friendship, mutual trust, respect, concern for the welfare of the employee and warmth in the relationship between the leader and his group members. It refers to an emphasis on an employee orientation leadership style. It reflects the extent to which individuals are likely to have job relationship characterized by mutual respect for subordinates, ideas and consideration of subordinates, feelings.

ACTIVITY 15.3

Read the following statements /examples and mark for yourself, the ones that are applicable to you as a leader of the group.

	Mostly	Sometimes	Never
1 Asking the members to set the pace of their work	( )	( )	( )

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2	Settling conflicts of the group	(	)	(	)	( )
3	Tolerating delay and uncertainty at work	(	)	(	)	( )
4	Talking to the group in the presence of Outsiders	(	)	(	)	( )
5	Working hard for promotion	(	)	(	)	( )
6	Assigning members with specific tasks	(	)	(	)	( )
7	Deciding how a thing should be done	(	)	(	)	( )
8	Allowing members to work the way they think is best	(	)	(	)	( )
9	Urging work group to compete with others	(	)	(	)	( )
10	Refusing to explain the action taken by you	(	)	(	)	( )

ACTIVITY 15.4

Interview people in tourism field asking them to describe situations where someone's attempt to influence them was successful or unsuccessful.

INTEXT QUESTIONS 15.4

1. What are the common characteristics of leadership?

2. Enlist the main qualities of a successful leader in an organization.

3. Name main leadership theories.

4. Why should a tourism professional study leadership styles?

15.5 INDIVIDUAL AND GROUP BEHAVIOUR

Introduction

Organization is practically an association of group of individuals, who work together to achieve a common goal. The organisation maximises efforts and contributions of individuals who join it to earn their living and satisfy the basic needs of their life. Since human behaviour decides these efforts and contributions, therefore, it is essential for the organizations to understand the behaviour of these individuals. Behaviour reflects the actions of a person in various work situations. Behaviour is what a person does. It is the observable and measurable

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activity of human beings. The human behaviour can be understood easily if causes behind the behaviour are analyzed and can be controlled by manipulating these causes. A person's behaviour is caused by several internal and external factors. He gets affected by others' behaviour and in turn his behaviour also affects others. All this suggests that human beings are not self contained entities but are affected by large systems – groups, individuals, family and society as a whole.

15.5.1 Individual Behavior

As human behavior is complex and every individual is different from another, the challenge of an effective organization is in successfully matching the task, the manager and the subordinate. Under ideal situation, a manager would first analyze the task, then determine the required skills and assemble a team that complement each other's skills; thereby creating an enriching and conflict free team. In reality, a manager has to use the existing resources for a given task, and must have the ability to understand the differences in individual behaviours and use them appropriately to increase the synergy.

Most of the research emphasizes the importance of individual behavior and how managers should use this knowledge for better task- to-employee matching, what they ignore is the importance of organization as a system. In the organizational social system, the relationship between manager and the employees is not unidirectional but bidirectional. While the manager tries to assess the behavior of the subordinate, the subordinate also makes a continuous effort to evaluate the manager's perspective and adapt to it. If this bi-directional process is successful, it would create a behavioural congruence between manager and subordinate and would be a positive outcome. Otherwise it would lead to dissatisfaction and frustration for both of them and would eventually lead to end of their relationship. The subordinate will have a perception of his own job and non-work responsibilities and an expectation of how his manager would perceive the same. He will also have a selective and biased perception of his manager's job and that would in turn influence his expectations and behavior.

Factors Influencing Individual Behavior

1. **Abilities:** An individual's self awareness of his own mental and physical abilities determines how he feels about the task, while the manager's perception of his abilities determines the kind of task he assigns to the individual.

2. **Gender:** Although, research concludes that men and women are equal in their mental abilities and job performance, society does emphasize differences. There is also a difference in self perception of one's abilities, personal values and social behavior.

3. **Race:** Stereotyping and attributing behavior based on race and culture are common mistakes that influence individual behavior. It is important for both management and the staff of diverse workforce to learn about different cultures, their values, common artefacts and communication protocols. This would subdue behaviours that might be perceived as insensitive and offensive.

4. **Perception:** Most real life problems are multidimensional and the rational approach is often entwined with the gut feeling, resulting in individual perception. Both managers and subordinates must recognize that perceptual differences exist and often are the reason for mutual dissatisfaction.

5. **Stereotyping:** Age, race and sex are the three most common basis of stereotyping; not only they are unethical but can cost missing resources. In general, stereotyping leads to decisions that are based on inaccurate data that can result in unfair performance evaluations, job design or promotion.

6. **Selective Perception:** It is the process of selecting only the information that supports our pre-existing belief system, thereby eliminating the discomforting information. Selective perception acts like a catalyst to stereotyping because people tend to notice things that fit their existing notion and not notice things that don't.

7. **Attribution:** Attribution is the process of observing behavior and then determining its cause based on individual's personality or situation. Attribution based on personality traits like shyness, arrogance, intelligence, etc is due to internal causes and is termed as dispositional attribution. Attribution based on external influences and situations that are outside the control of individual are termed as situational attribution.

8. **Attitude:** An attitude is the abstract learnt response of an individual's entire cognitive process over a period of time. It is experienced as a quick response to a familiar situation without any deep reasoning; it forms the basis of biases and attribution errors.

9. **Personality:** Personality is the relatively stable set of psychological attributes that distinguishes one individual from another. The 'integrated individual behavior model is a framework to understand the process by which the personality develops over a period of time.

15.5.2 Group Behavior

Group is a collection of two or more individuals who are interdependent and interact with one another for the purpose of performing to attain common goals or objective. The principal characteristics presented in this definition – goals, interaction and performance are crucial to the study of behavior in organizations. In order to satisfy certain needs relating to social interactions, employees may

informally (or formally) join together to form various social, civic, or recreational groups within organizations. For a manager in an organization, the behavior and performance of group provide the primary mechanism for the attainment of organization goals. Whether it is a travel agency, a hotel or a museum, an understanding of the nature of groups, group behaviour and interaction within the group is essential to improve organisational performance. For this the manager must be familiar with:

- The process of influencing group behavior

- The climate for maximum interaction and minimal conflict between group members.

- The means for the satisfaction of individual needs, which may be different from individual to individual within each group.

Groups can be either formal or informal. *Formal groups* are those defined by the organization's structure, with designated work assignments establishing tasks. Their primary purpose is facilitating, through member interactions, the attainment of the goals of the organization. An airline flight crew is an example of a formal group. *Informal groups* are alliances that are neither formally structured nor organizationally determined. These groups emerge or randomly get formed due to the formal group members' interaction with each other. Three employees from different departments who regularly eat lunch together is an informal group. *Informal groups* satisfy their members' social needs. The types of interactions among individuals, even though informal, deeply affect their behavior and performance.

It is also possible to sub-classify groups as command, task, interest, or friendship groups. *Command groups* are dictated by the formal organization. When a number of employees are formally brought together for the purpose of accomplishing a specific task – for a short-term or long term period – such a collection of individuals is called a *task or project group*. These activities create a situation that encourages the members of the task force to communicate, interact and to coordinate activities, if the purpose of the group is to be accomplished. In an *interest group* people affiliate to attain a specific objective with which each is concerned. *Friendship groups* often develop because the individual members have one or more common characteristics such as age, political belief, or interests.

The most popular reasons for joining a group are related to our needs for security, identity, affiliation, power and engaging in common tasks. Inclusion in a group that is viewed as important by others provides recognition and status to its members.

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1. **Self-esteem:** Groups can provide people with feelings of self-worth. In addition to conveying status to those outside the group, membership can also give increased feelings of worth to the group members themselves. The self-esteem is bolstered when members are accepted by a highly valued group.

2. **Affiliation:** People enjoy the regular interaction that comes with group membership. For many people, these on-the-job interactions at work are the primary source for fulfilling their needs for affiliation.

3. **Power:** For individuals who desire to influence others, groups can offer power without a formal position of authority in the organization. As a group leader may be able to obtain compliance without any responsibilities.

4. **Goal Achievement:** There are times when it takes more than one person to accomplish a particular task- there is a need to pool talents, knowledge in order to complete a job. In such instances, management will rely on the use of a formal group.

15.5.3 Stages of Group Development

1. **Forming:** Characterized by a great deal of uncertainty about the group's purpose, structure, and leadership members are trying to determine what types of behavior are acceptable. Stage is complete when members have begun to think of themselves as part of a group.

2. **Storming:** Here members accept the existence of the group, but there is resistance to constraints on individuality. There is conflict over who will control the group. When the storming is complete, there will be a relatively clear hierarchy of leadership within the group.

3. **Norming:** At this stage close relationships develop and the group demonstrates cohesiveness. There is a strong sense of group identity. This stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

4. **Performing:** The group at this point is fully functional and accepted. Group energy moves from getting to know to performing. For permanent work groups, performing is the last stage in their development.

5. **Adjourning:** For temporary committees, teams, task forces, and similar groups that have a limited task to perform, there is an adjourning stage. At this stage, the group prepares for its adjournment. Attention is directed toward wrapping up activities.

INTEXT QUESTIONS 15.5

1. John is a senior manager in his company. He has been approached by his company to resolve a conflict situation among two line managers. What form of John's behaviour is more likely to resolve the conflict?

   A. Assertive

   B. Aggressive

   C. Passive

2. What are different types of groups?

3. Which factors affect the Individual Behaviour?

4. List main reasons for joining groups.

5. Name five stages of group development.

WHAT YOU HAVE LEARNT

- Management is the process of getting things done through others. Main functions performed by a tourism manager include planning, organising, directing, coordinating, motivating and controlling of human and other resources.

- While the planning function involves the process of defining goals, establishing strategy and integrating and coordinating activities, controlling process involves examining and evaluating the work of subordinates and ensuring that all the activities of an organisation are being carried out as originally planned.

- A manager performs interpersonal roles(figure head role ,personnel leader Role , liaison role); informational roles(monitor, disseminator, spokesman) and decisional roles(entrepreneur, disturbance handler, resources allocator, negotiator) and to be effective exercise various conceptual, technical and interpersonal skills. These skills are inter-related and vary with the level of managerial responsibility.

- A manager provides meaningful direction to the organisation, maintains a firm's efficiency, meets the challenges of competition, creates a team spirit, manages innovations, protects the interests of employees, helps in retaining talent and upgrading skills and maintains proper relations with various segments of society.

- Various monetary and non-monetary incentives motivate the workers. Monetary incentives have a direct bearing on the employees and help them

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to satisfy their basic needs. Non-monetary incentives work for boosting their morale towards their work. Maslow's Hierarchy of Needs, Herzberg Two-Factor Theory, McGregor's Theory X and Theory Y, Alderfer's ERG Theory, McClelland's Theory, Equity Theory, Vroom's Expectancy Theory and Porter and Lawler Model have identified various motives of workers and suggested ways to motivate workers by fulfilling these motives.

● Leadership involves influence. It occurs in a group context and involves goal attainment. A leader to be successful in an organisation needs to possess qualities such as integrity, honesty, humility, courage, commitment, sincerity, passion, confidence, positivity, wisdom, determination and compassion.

● Various theories of leadership have identified various styles of and approaches to leadership. Prominent among them are Trait theory, Group and Exchange theory, Social Learning theory, Managerial Grid theory, Contingency Theory, Path-Goal Theory, Theory X and Y and Scientific Management Theory.

● To maximise efforts and contributions of individuals it is essential for the organizations to understand the behaviour of these individuals. The human behaviour can be understood easily if causes behind the behaviour are analyzed and can be controlled by manipulating these causes. Factors which affect individual behavior include abilities, gender, race, perception, stereo-typing, selective perception, attribution, attitude and personality.

● In the organizational social system the manager tries to assess the behavior of the subordinate and the subordinate also makes a continuous effort to evaluate the manager's perspective and adapt to it. Otherwise the situation would lead to dissatisfaction and frustration for both of them.

● In the organisations the groups that are formed are either formal or informal. Groups are also sub-classified as command, task, interest, or friendship groups. The individual workers join groups for their need for security, identity, affiliation, power and engaging in common tasks. Group are developed in the organisation following forming, storming, norming, performing and adjourning stages.

TERMINAL EXERCISE

1. Describe major managerial functions with suitable examples.

2. Explain various managerial roles and their relevance in tourism organisations

3. Discuss the types of managerial skills and their importance for enhancing individual and organizational effectiveness.

4. Compare and contrast Maslow's Need Hierarchy with Herzberg's two factor theory of motivation

5. Explain the major contributions of McGregor in motivating employees? Outline the major assumptions of Theory Y and its implications for managers.

6. To what extent are various theories of leadership likely to influence your leadership styles?

7. Explain five stage life cycle model and its implication in developing groups.

8. Describe the trait theories and behavioural theories of leadership with suitable examples from tourism operations

9. Outline Fiedler's contingency model of leadership and its relevance in today business environment.

10. Trace the different types of leadership styles and their significance to tourism operations.

11. Critically review the types of groups and their application in organization.

12. What are reasons for joining groups?

ANSWER TO INTEXT QUESTIONS

15.1

1. Management is getting things done by others. To manage is to forecast and plan, to organise, to command, to co-ordinate and control.

2. Core management functions performed by a tourism manager consisting of planning, organising, directing, staffing, coordinating, motivating and controlling human and physical resources.

3. The planning function involves the process of defining goals, establishing strategy for achieving those goals and integrating and coordinating activities.

4. Controlling is a process of examining and evaluating the work of subordinates and ensuring that all the activities of an organisation are being carried out as originally planned. It involves correcting activities of subordinates to ensure that events conform to plans. It measures performance against goals and plans, identifies whether deviations exit and by putting in motion actions to correct deviation helps ensure accomplishment of plans.

15.2

1. Roles a typical manager performs are grouped into : Interpersonal Roles(figure head role ,personnel leader Role , liaison role); Informational Roles(monitor, disseminator, spokesman); Decisional Roles(entrepreneur, disturbance handler, resources allocator, negotiator)

2. Skills required by managers to perform their duties are grouped as technical skills, human relations skills and conceptual skills. These types of skills are inter-related and their relative importance varies with the level of managerial responsibility.

3. Main tasks   performed by a professional manager include providing purposeful direction to the organisation , maintaining firm's efficiency for profit generation , meeting the challenges of increasing competition , creating a team spirit and teamwork, managing for innovation ,protecting the interests and welfare of employees ,retaining talent, upgrading skills , keeping oneself informed and maintaining cordial relations with various segments of society.

15.3

1. Employees are motivated to work by various monetary and non-monetary incentives. Monetary incentive include wage or salary, bonus, overtime, monetary rewards etc have a direct bearing on the employees as these help them to satisfy their basic needs. Non-monetary incentives include an urge for respect, ego, gratification, promotion, rewards, honour, leave, delegation of authority, etc. work equally well for boosting their morale towards their work.

2. Main theories of motivation include Maslow's Hierarchy of Needs, Herzberg Two-Factor Theory, McGregor's Theory X and Theory Y, Alderfer's ERG Theory, McClelland's Theory, Equity Theory, Vroom's Expectancy Theory and Porter and Lawler Model

3. Theory Y is based on the assumption that the expenditure of physical and mental effort is natural, people exercise self-direction and self-control, commitment to objectives is a function of rewards associated with their achievement, average human beings learn, under proper condition, capacity to exercise imagination, ingenuity, and creativity is widely distributed in the population and the intellectual potentialities of the average human being are only partially utilized.

4. McClelland's Theory of motivation proposed three types of needs common in work life: Need for Achievement, Need for Power and Need for Affiliation. Udai Pareek, added the need for extension to the list

5. Clayton Alderfer proposed a modified version of Maslow's need hierarchy and re-classified human needs into existence or survival needs, relatedness or social needs, and personal growth needs

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15.4

1. Leadership is a process; involves influence; occurs in a group context; involves goal attainment; is different from management.

2. Qualities such as integrity, honesty, humility, courage, commitment, sincerity, passion, confidence, positivity, wisdom, determination and compassion make a leader successful in an organisation.

3. Various theories of leadership such as Trait theory, Group and Exchange theory, Social Learning theory, Managerial Grid theory, Contingency Theory and Path-Goal Theory, Human Relations Approach, Theory X and Y, Scientific Management Theory etc provide for various leadership styles and approaches.

4. Whatever be your professional level, in tourism services you have to provide leadership. As such you must be aware of various leadership styles so as to use them as per the situational requirements.

15.5

1. A - Assertive behaviour is more likely to resolve a conflict situation than aggressive or passive

2. Groups are either formal or informal. Groups are sub-classified as command, task, interest, or friendship groups.

3. Main factors influencing individual behavior include abilities, gender, race, perception, stereo-typing, selective perception, attribution, attitude and personality.

4. The main reasons for joining a group are related to individuals needs for security, identity, affiliation, power and engaging in common tasks.

5. Five stages of group development as per Product Life Cycle Model are forming, storming, norming, performing and adjourning.

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16

HUMAN RESOURCE MANAGEMENT – I

Tourism is a service industry where mostly service is produced and consumed simultaneously. In the delivery of this service human resource pays an important role. In tourism operation a highly motivated, committed, trained and professional work force and its proper management is required. In this lesson, we have stressed upon the importance of human resources management (HRM) in the tourism sector. Along with certain theoretical issues it attempts to familiarise you with vital operational issues in tourism. As managers or owners of small tourism business, you can apply these issues to your own job requirements. We believe that every tourism manager must be aware of these issues. It starts with introducing you to the significance and functions of HRM, and goes on giving you an idea of planning and acquisition of human resources, and their training and compensation.

As a result, human resource management in tourism emerges as a vital area of concern.

OBJECTIVES

After studying this lesson, you will be able to:

● discuss the concepts and functions of HRM;

● identify the role of HRM in tourism industry;

● explain the process of HR planning and

● describe the methods of recruitment and selection.

16.1 CONCEPT AND FUNCTIONS OF HRM

All the organisations are formed for the attainment of some objectives like earning profit, exploiting certain natural resources, supplying goods and services

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to the public, developing a certain geographical area etc. For the accomplishment of these objectives, organisations use money, machines, materials, resources and above all the human resources. Since every organisation is made up of people, acquiring their services, developing their skills, motivating them to high levels of their performance and effective handling and maintaining them is the essence of the management of an organisation and essential for achieving its organisational objectives. This is true regardless of the type and size of the organisation. Getting and retaining deserving people, at right time, in the right place and at right price is basic to the success of all the organisations, whether profit or non profit, public or private. An examination of the most successful corporations and government agencies reveals that a quality workforce has made the difference between the success and the failure. Effectively managing human resources has a positive impact on a firm's overall survival, growth, profitability, competitiveness and flexibility to changing conditions. Even in an age of high technology, people are still the most important assets to an organisation, whether it is a multinational company (MNC), a federal government agency like CBI or a small auto parts store. This is equally true in case of a tourism organisation as most of the tourism firms are small sized family firms with family members holding top executive positions.

Human Resources Management (HRM) is concerned with the 'people' dimension in management. It involves all the matters in an organisation regarding decision about people. Frequently, the terms like HRM, Personnel Management, Personnel Administration, Labour Management and Manpower Management are used interchangeably. All these terms refer to the class of activities devoted to identifying the organisation's need for people, attracting them, designing their work, training them, motivating them, evaluating their performance, administering their reward and maintaining cordial labour- management relations. These functions exist in every organisation irrespective of the size and type of the organisation and tourism organisations are no exception. Management of human resources is the essence of being a manager who has to get the work done through others as the responsibility of managing the human resources lies with every manager. According to Edwin B. Flippo, "The personnel function is concerned with the procurement, development, compensation, integration, and maintenance of the personnel of an organisation for the purpose of contributing towards the accomplishment of that organisation's major goals or objectives". Therefore, the basic elements in HRM are human resource planning, recruitment and selection, training and development and compensation administration. These components of HRM are discussed in this lesson in detail.

HRM is a unique management function, the main features of which are as under:

● HRM is concerned with employees both in groups as well as individuals, the aim being to get better results with their collaboration and active involvement in the organisational activities.

- It covers all types and levels of employees including professional and technical workers, managers, tourist guides, tour operators, skill and unskilled workers etc.

- HRM is concerned with developing the potential and capacities of employees for deriving greater satisfaction from their jobs.

- It is inherent in all organisations and covers all functional areas of management because acquiring, developing, maintaining and compensating people is an integral part of every organisational effort.

- HRM is of continuous nature as it requires continuous awareness of human relations in every type of operation.

- It attempts to acquire the willing cooperation of the people for the attainment of the desired goals.

16.1.1 Objectives of HRM

HRM in an organisation aims at:

- Obtaining and utilising human resources effectively for the accomplishment of organisational goals.

- Establishing and maintaining an effective organisational structure, a cooperative climate and a healthy working relationship among the members of an organisation.

- Securing the integration of individual and group goals with those of an organisation.

- Developing the human resources as individuals and groups within an organisation by providing training and retraining facilities, education and career development advancement opportunities.

- Recognising and rewarding individual needs by offering adequate remuneration, social security and welfare facilities.

- Maintaining high morale and better human relations for retaining the talent in an organisation.

- Meeting the social and legal responsibilities of the organisation towards its employees.

16.1.2 Functions of HRM

Since HRM activities are carried out by both the staff Personnel Department and operational department in the course of directing the activities of the workforce, the most commonly agreed upon classification of HRM functions is into two categories: Managerial and Operative. Every manager, whether performing the operative function or not, performs certain basic managerial functions. Each managerial function is given practical shape at the operational level.

16.1.2.1 Managerial Functions of HRM

Planning: Planning involves an estimate of human resource requirements and provision for meeting those contingencies. It involves establishing objectives, setting up programmes, determining policies and procedures and anticipating manpower requirements.

Organising: It involves providing for the division of work among the most capable groups and individuals. It amounts to bringing together the physical and human resources and establishing the responsibility and authority/accountability relationships. Essentially this function sets up the requirements of each job and position in the organisation.

Staffing: Staffing is concerned with obtaining capable people whose personal characteristics match the job requirements of available positions in the organisation. It is specifically concerned with recruiting, selecting, training and developing these individual**s.**

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Figure 16.1 Managerial Functions of HRM

Directing: Directing involves motivating people, maintaining homogenous work groups, stimulating a commitment to work, and providing fair compensation, job security, social satisfaction and recognition for employees and allowance for employee's participation in decisions affecting his job and welfare.

Controlling: Personnel plans and objectives are useless until they are carried out. Their implementation requires a feedback of the results of these plans and objectives to management; correction of anything that goes wrong; and appraisal of and reward for good performance.

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16.1.2.2 Operative Functions of HRM

Procurement: This function is mainly concerned with determining the manpower requirements of an organisation, identification of the sources of manpower supply and making them available to it for final selection. After selection, the HRM Department arranges for placement of the selected employees in the specific posts.

Development: Development pertains to the training, retraining and education of the selected employees to enable them to perform their duties effectively, their morale building, effective communication skill, promotion, career development suggestion systems, vocational counselling, and appraising employee performance and potential for further development. This function would continue to grow important because of the change in technology, and complexities of management task.

Compensation: Performance of the compensation function involves developing a philosophy of what wages should be, developing theories as to the source of pay roll, determining the company's basic wage policy, relating compensation to an individual jobs, selecting and finalising pay scales for different category of staff, arriving at individual differentials in pay, establishing methods of wage payment and determining the type and extent of fringe benefits.

Integration: With the employees procured, developed and reasonably compensated, HR Manager brings about an integration of human resources with the organisation to develop a healthy work place culture. In the organisations where labour relations are not entrusted to a separate department, all the issues pertaining to the trade unions, negotiations with labour unions, wage negotiation, developing effective work regulations and healthy working relationships, the matters dealing with individuals and collective labour problems that come under the purview of the HR Department.

Maintenance: This function is concerned with the specific issues of high standard of physical condition, grooming standard service adequete, positive attitude, job satisfaction and total service delivery to achieve guest satisfaction. Developing and administering accountability and responsibility, maintaining a favourable attitude towards the employees and their requirements is the basic requirement of HRM in every organisation particularly in a service industry like tourism as a dissatisfied employee will not be able to serve the tourists/guest.

ACTIVITY 16.1

1. Meet the Personnel Manager of any tourism firm and discuss the nature of his work.

2. Suppose you are working in a hotel, evaluate the functioning of your organisation's HR Department.

INTEXT QUESTIONS 16.1

1. What do you understand by Human Resource Management?

2. Describe the main characteristics of HRM.

3. Enlist the main objectives of HRM.

4. Enumerate the functions of HRM.

16.2 HRM IN TOURISM INDUSTRY

World over tourism has emerged as a strong economic factor and practically in every country tourism is being promoted to generate jobs, earn foreign exchange and to carry on the development works. Towards this end considerable importance is being attached to the management of human resources in tourism. Human resources are an inseparable constituent of tourism services with a lot of diversity. The tourism industry is a combination of different sectors and each sector has its own specialised requirements in terms of human resources. Even within one sector, there are specialisations and sub-specialisations. For example, in a hotel, different jobs need different types of trained manpower. Each and every segment in tourism needs special attention for training which requires proper planning and development of human resources. Tourism is intermingled with human resource. Tourism is a service industry and no tourist activity is possible without the involvement of human. Tourism is not about visiting a destination only but the services provided by the people such as escorts, guides, travel agents, hoteliers, entertainers etc to a tourist at any destination. Here, the customer is not only buying a service or a product but also experiencing and availing the quality of service which is reflected in the performance of the people involved in the production and delivery of the service. In such service operations, the emphasis is on courtesy and efficiency and timely delivery of service and it is assumed that the service in tourism is all smiles and effective communication coupled with knowledge and information.

A tourist perceives a destination by connecting the services he receives, the local behaviour and the destination attractions. The perception very much depends on the people interacting with the tourists and the services rendered by the human resources right from selecting the destination till finally visiting and departing from the chosen destination. The services would be that of a travel or tour operator, airlines or railways staff, staff of a hotel or a lodging place etc. No tourist can be satisfied without human element in his trip, as for most of the tourist travelling is more about interacting with new people and cultures

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and not just a tourist site for fun. Some tourists might like a destination due to the human element attached to it while others may not like it due to the absence of it. Tourism requires human resources like no other industry as it provides services which cannot be pre-checked before their delivery like goods produced on mass scale. These can only be felt once they have been utilised. In the tourism sector the unpredictability of the human nature always affects both the service provider and the service receiver. The need for HRM in tourism is not to be confined to the skills of the service providers alone but the planners and officials who carry out the plans should be themselves highly trained.

As the growth in tourism industry has surpassed the growth in all economies-developed or developing, every country has taken up HRM in tourism in a big way. Human Resource Management in tourism is taken at both macro and micro levels. At the macro level available educational and training infrastructure and the efforts of Government and private sector are taken into account. On the other hand at the micro level one takes into account how best the individual organisations manage their human resources. In fact, human resource management and customer's care management are inter-related areas in tourism. Some organisations and destinations are known for their hospitability and human service and called service leaders. Research reported in the area has shown that they have achieved this status through effective management of their human resources. The nature, determinants and problem areas of service quality within tourism points clearly to the central role of human resources in attaining levels of excellence at all levels in this respect. Developing service culture in tourism is crucial for the success of tourism. In the tourism industry human resource management is required mainly for the following reasons:

● Practically every country has adopted a national strategy for employment generation in all the sectors including tourism and job opportunities in tourism have been integrated with economic development.

● Tourism has emerged as a tool for economic development and foreign exchange earnings. All the countries and destinations have been using human resource planning and management for influencing the destination choice of the tourists as it is very closely related to the facilities and the level of services available at any destination.

● Human resource planning and development is vital for ensuring the required amount of quality and standards in hospitability which has now become an important product in tourism.

● Emergence of special forms of tourism like adventure tourism, convention tourism, medical tourism, spiritual tourism etc has led to the demand for specialised skills which can be acquired and developed through proper human resource management only.

- Tourists have become too demanding and for the tourism industry to survive in this demanding and competitive environment, a higher degree of improvement in skills, training and performance improvement of its manpower is necessary. This again is possible only through proper human resource planning and development.

- The human resource involved in providing the tourism service, in fact, is a part of the service. The tourists not only observe but also feels the attitude and behaviour of the human resource. Hence, the role and skills of the staff poses a major management challenge.

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ACTIVITY 16.2

Interview the following in relation to the HRM tasks they perform and find out whether they apply the HRM concepts and functions in their business operations:

- Manager of a travel agency
- Tourism Development Officer
- Personnel Manager of a hotel

INTEXT QUESTIONS 16.2

1. What is the significance of HRM in tourism?
2. Examine the role of HRM in tourism.

16.3 HUMAN RESOURCE PLANNING

The first step in the process of procurement of personnel to man the organisation is to ensure that the organisation has enough of right kind of people at the right time and place and also to adjust the requirements to the available supply. This forms part of Manpower Planning also referred to as Human Resource Planning. It is the complex task of identifying human resource needs and the actions that need to be taken over time to satisfy these needs. Human resource planning consists of forecasting future human resource needs, forecasting the availability of those human resources, and matching the supply of human resources with their demand. It may be defined a strategy for the acquisition, utilisation, improvement and preservation of the human resources of an enterprise.

The major underlying objective of human resource planning is to ensure that the organisation will always have the right number and type of people, at the right time and at the right places to work required by the organisation. Specifically the main objectives of human resource planning are to:

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- ensure the optimum utilisation of the available human resources;

- determine the human resource requirements;

- provide necessary control measures to ensure that necessary human resources are available at right time;

- forecast future skill requirements to serve as a basis of for training and development programmes.

These objectives are relevant to any type of tourism firm though as per its specific requirements the firm may add more to it, like meeting the increasing demand of tourists, providing right service at the right moment or meeting the demand of changing trends and fashions in tourism. The unpredictability of human nature and its need in every spectra of tourism industry makes it necessary to plan well in advance for any expected or unexpected human resource requirement in future. While planning for human resources in tourism sector one has to take into account whether the approach is to be demand or supply driven.

16.3.1 Human Resource Planning Process

The steps involved in the process of human resource planning are illustrated in Figure 16.2 and briefly described below.
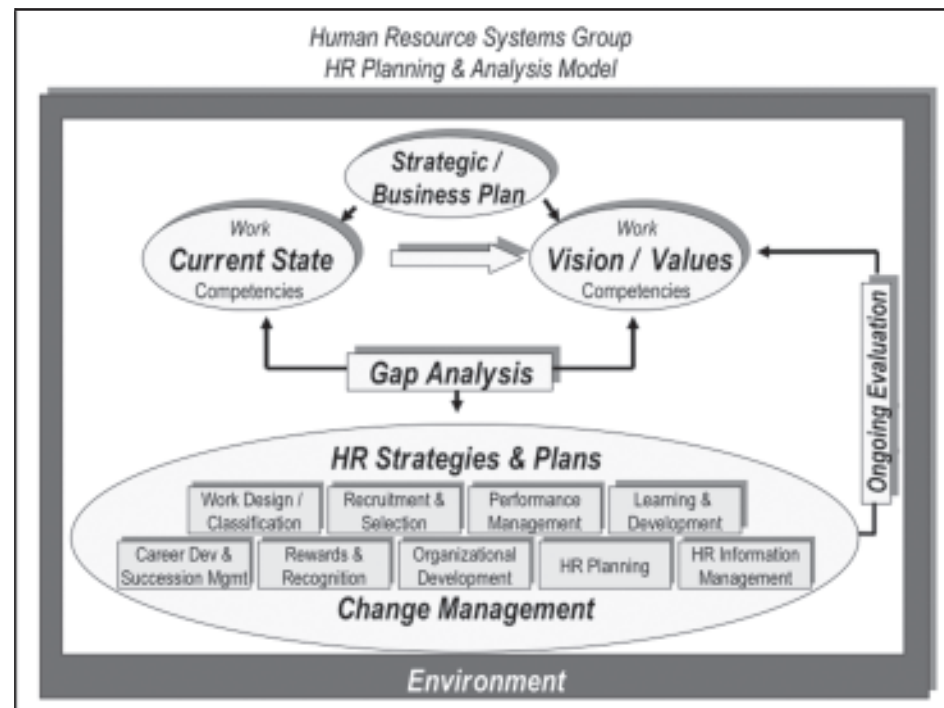

Figure 16.2 Human Resource Planning Model

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Assessing current human resources and future business requirements

The process of human resource planning begins with the preparation of a profile of the current status of human resources. This internal analysis includes an inventory of the workers and skills already available within the organisation and a comprehensive job analysis. A human resource inventory report includes a list of names, education, training, prior employment, current position, performance ratings, salary level, languages spoken, capabilities and specialised skills for every employee in the organisation. This inventory acts as a guide for considering new pursuits for the organisation and helps in taking serious personnel decisions such as selecting employees for training and development, promotion and transfers, career progression etc. An executive inventory covering individuals in middle and top management positions also adds a new dimension to the human resource planning activity by highlighting those positions that may become vacant in future due to retirements, promotions, transfers or resignations. This inventory can help in determining whether there is sufficient managerial talent to cover both the expected and unexpected vacancies.

In essence, the assessment of the organisation's current human resource situation based on human resource inventory and a thorough job analysis identifies where people are by taking a close look at the jobs currently being done and the people doing those jobs. The assessment is also supported by collecting information about the organisation's products or services in the light of potential changes in the external labour market and also the likely manpower requirements keeping in view the projected sales and business plans of the organisation.

Forecasting demand for manpower

The most crucial step of manpower planning is the forecasting of the demand for manpower for the period for which the plan is outlined. Demand for human resources is a result of demand for the organisation's products or services. Based on its projections, an organisation can attempt to establish a number and type of human resources needed to reach these projections. As a result, before we can estimate future human resource needs, some formal assessment of what course (in terms of sales or revenue) the organisation plans to take in future is required.

Once an assessment of the organisation's current human resource situation has been made and the future direction of the organisation's targets has been considered, a projection of future demand for human resource can be developed. Human resource demand for an organisation is affected by its environment, including the state of the economy, existing political, educational and social systems etc. The changing organisational requirements also influence the demand for human resources. Internal work force changes, such as retirements, resignations, terminations or deaths also result in the increased demand for

human resources. Various techniques are used to forecast human resource demand. While judgmental forecasting is based mainly on the views of knowledgeable individuals, quantitative forecasting relies on numerical data and mathematical models, and technological forecasting, aimed mainly at predicting long-term trends in technology, can also help predict future human resource demand.

Forecasting manpower supply

In addition to the demand, managers must consider the supply of sufficient human resources to operate effectively. The supply of manpower may be obtained from both internal and external sources. One of the main sources of manpower supply is the pool of current employees who can be transferred, promoted or demoted to help meet immediate demands for human resources. The demand forecast and internal supply forecast match only in the exceptional circumstances. While in an expanding situation the supply will be less than the demand, in a contracting situation the supply will exceed the demand. In an expanding situation besides internal sources, various external sources of manpower supply are used. These sources expand the supply of available human resources. External supply forecast should be made in the light of several local and national factors operating in the labour market. The main external sources of manpower supply would be discussed later in this lesson.

Reconciling demand and supply

The objective of human resource planning is to bring together forecast of future manpower demand and supply. Once the demand and supply of human resources is estimated, the next step is to reconcile the two. The demand forecast and the supply forecast match only in the most exceptional circumstances. The reconciliation would provide details either of manpower surplus (projected overstaffing) or manpower deficit (staffing shortage). The result of this effort is to identify shortages in number and type of human resources and to highlight areas where overstaffing may exist. It provides the basis for planning action for dealing with manpower surplus and deficit.

Action planning

If reconciled estimates show that the internal supply of human resources is too large (over staffing), then plans need to be made to reduce the number of employees through measures such as attrition, resignations, retirements and termination schemes etc. If, however, there is a predicted short fall of employees for the future, then plans must be made for first promoting deserving employees, transferring existing employees from over staffed areas, discouraging retrenchments, and installing labour saving equipment and processes and then for hiring new workers. You need to make action plans on the basis of manpower requirements, productivity and manpower costs. It would be necessary for you

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to estimate the costs involved so that they can be assessed against the potential benefits. You would also have to indicate who is responsible for implementing the plan, for reporting the progress and for monitoring the results achieved.

Tapping external manpower sources

When an organisation grows rapidly and diversifies into newer areas of operation or when it is not able to find people internally to fill the vacancies, it has to resort to external sources of manpower supply. The need for tapping external human resource supply arises primarily through recruitment which is necessarily meant to augment internal supply. These sources include college graduates, the new entrants, the unemployed with a wide range of skills and abilities, the retired experienced persons and others who are looking for jobs. This source also includes those whom you hire from outside for specific jobs like guides, tour escorts etc. To the extent a firm is able to anticipate its outside recruitment needs and scans the possible sources of supply with a feel for the labour market conditions, its problems in recruiting the right number with right skills in the right time would become easier. Given the recruitment policy, it is easy to predict the external supply. In a later section of this lesson you will learn in detail about these sources of manpower supply.

Collect Information on external labour markets, current employees, business plans

Forecast demand for manpower

Forecast supply for manpower

Reconcile manpower demand and supply

Plans action to deal with shortfalls or surpluses

Tap external supply of labour
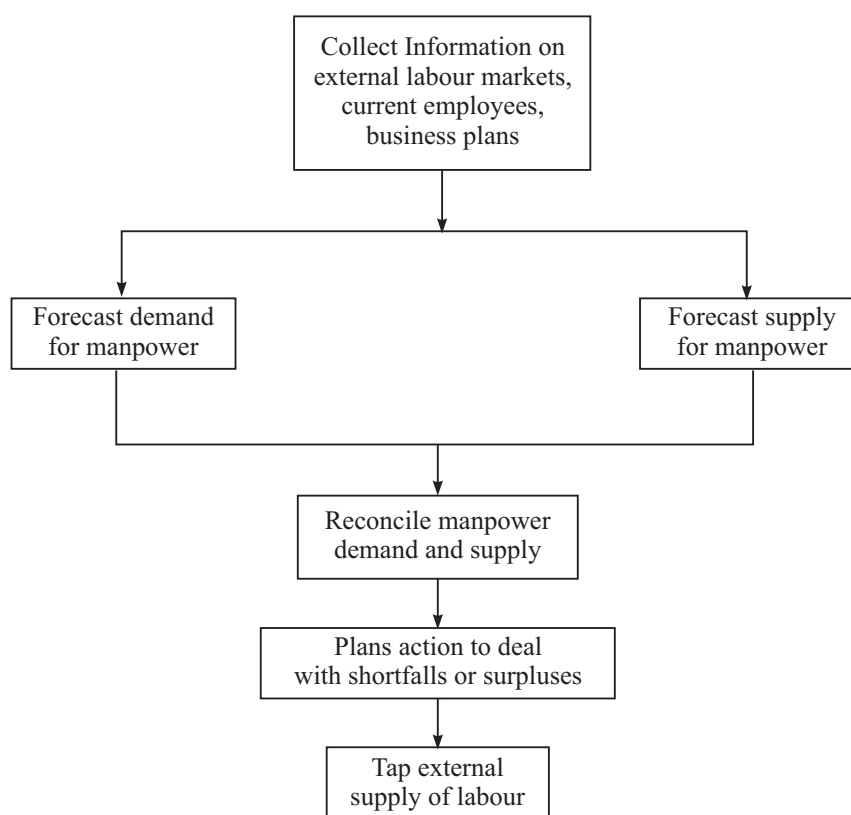
Figure 16.3: Human Resource Planning Process

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ACTIVITY 16.3

Visit a hotel you have access to and do the following:

(i)   Identify the major manpower problems and their causes and interrelationship

(ii)   Identify the extent of manpower shortages/surpluses and the reasons there of.

(iii) Identify and fix forward targets for manpower development.

INTEXT QUESTIONS 16.3

1.   Explain the need for human resource planning in tourism.

2.   Name the steps in human resource planning.

16.4 RECRUITMENT AND SELECTION

16.4.1 Recruitment

Once the human resource planning has been done and we know our human resource needs, the next step is to acquire personnel. This activity makes it possible for us to recruit the types of people necessary to ensure the continued operation of the organisation. Recruiting is defined as the "discovering of potential candidates for actual or anticipated organisational vacancies." Recruitment is the process of identifying the prospective employees, stimulating and encouraging them to apply for a particular job or jobs in an organisation. It is a positive action as it involves inviting people to apply. The purpose is to have an inventory of eligible persons from amongst whom proper selection of the most suitable person can be made. It is essentially a linking activity - bringing together those seeking jobs with those having jobs to fill. An ideal recruitment effort will attract a large number of qualified applicants who will take the job if it is offered. Information about the job should also be provided so that unqualified applicants can self-select themselves out of job candidacy; that is, a good recruiting programme should attract the qualified and not the unqualified. Recruitment is more likely to achieve its objective if recruiting sources reflect the type of position to be filled. For example, an advertisement in a film magazine about an executive position in a hotel is obviously a case of "looking for the right person in the wrong place".

Before you think of inviting people to apply for a job you have to decide the type of persons to be invited and their requisite characteristics. The particular physical abilities, skills requirements, mental, emotional, social and behavioural specifications necessary for a given job have to be specified. Tourism organisations,

whether big or small, ought to spell out a clear recruitment policy within their organisations incorporating all these specifications. It states the objectives and provides a framework for implementation of recruitment programmes in the form of procedures. A recruitment policy may include several issues such as promotion or transfer from within the organisation. But it should be in line with the employee requirements to attain the organisation's objectives.

16.4.1.1 Sources of Manpower

There are two sources of supply of manpower: internal and external.

Internal Sources: Internal recruitment is finding potential candidates from within the organisation and encouraging them to apply for organisational jobs that are open. Most large organisations attempt to develop their own employees for positions beyond the lowest level. These sources include transfers, promotions and laid off employees. In some cases demotions may also take place. The advantages of the policy of recruiting from within the organisation are that it:

- boosts the morale of the employees
- encourages individuals who are ambitious
- fosters loyalty among the employees towards the organisation.
- improves the probability of good selection as information on the individual's performance is available
- acts as a training device for developing middle and top-level managers
- is less expensive than external recruitment

In addition the employees see it as a recognition by the organisation.

Recruiting from internal sources also has distinct disadvantages. It can be dysfunctional to the organisation to utilise inferior internal sources only because they happen to be there, when excellent candidates are available outside. Relying exclusively on this source may lead to inbreeding, discouraging new blood from entering the organisation. Moreover, it may be necessary to bring in some outsiders to broaden the present ideas, knowledge and enthusiasm and to question existing methods.

External Sources: All the firms cannot meet all their manpower requirements from internal sources. Employee resignations, retirement, deaths, dismissals etc may result in vacancies which need to be filled up using external sources. In external recruitment potential external candidates are found and encouraged to apply for organisational jobs that are open. A variety of sources exist for obtaining external job candidates. Advertising is generally the most popularly used recruiting source. Other external sources include campus recruiting programmes, employment agencies, referrals, jobbers and contractors, consultants. Another minor source of external supply is through seconding (or deputing)

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personnel from other organisations which takes place largely among government departments.

The external sources of manpower can be tapped using three methods of recruitment: direct, indirect and third party, depending on the job level and skills required for doing the job. Direct methods include sending recruiters to educational institutions, employee contact with public, manned exhibitions, and waitlists. Indirect methods cover advertisements in news papers, on electronic media, in trade and professional journals and broachers. Under third party methods various agencies are used for recruitment which include commercial and private employment agencies, state agencies, recruitment firms, and management consultancy firms. In tourism industry these are used particularly for those jobs which are seasonal in nature. For example, a tour operator may require a tour escort with the knowledge of a specific language to look after a particular group. In such a situation the help of professional bodies like the guides association is taken.

Organisations that follow the policy of external recruitment argue that the candidates selected from external sources:

● are a potential source of new ideas

● have wider experience and knowledge

● are familiar with competitors

Recruitment from external sources may however be more expensive than recruiting from internal sources. Moreover, the probability of a mistake in assessing a potential employee is high, as the information about him is not always reliable. You have to take chances regarding their loyalty and desire to continue with the organisation. You have also to make larger investment in their training and induction.

16.4.2 Selection

Once a pool of qualified applicants is recruited, the next step is the process of thinning this pool of applicants through the process of selection. Selection is the process of determining the extent to which the candidates have the skills, abilities and knowledge required to perform effectively in the positions for which they are being considered. It is the process of examining the applicants with regard to their suitability for the given job or jobs, and choosing the best from the available candidates and rejecting the others. For each candidate, the organisation evaluates the skills, education, experience etc. to find out the people who would "fit" the particular job specification. In other words, the ideal selection identifies the best-fit between the person and the job. All selection activities exist for the purpose of making effective selection decisions. Each activity is a step in the process by which managerial decision makers seek to predict which job applicants will be successful if hired. Another objective of the selection process is informing and

selling the job to the candidate, which means making the job appealing to the candidate. If you fail in selling the job to the candidate, there is little likelihood that the applicant will accept the job even if it is offered. Hence, a manager's dilemma in selection is to balance the desire to attract people to take up the job if offered with the desire to gather relevant selection data.

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16.4.2.1 Steps in the Selection Process

The selection process involves choosing the best suitable candidate and rejection of unsuitable or less suitable ones. This may be done at any of the successive hurdles which an applicant must cross. That is the reason Dale Yoder considers selection process as negative in nature because rejections take place at each successive stage. He considers recruitment as positive because its purpose is to enlarge the pool of job applicants. Selection activities typically follow a standard pattern, beginning with an application form or preliminary interview and concluding with the final employment decision as given in Figure 16.4. The complexity of the process usually increases with the level and responsibility of the position to be filled. However, all organisations need not follow all the steps in their selection processes and these steps also need not necessarily be placed in the same order. Though arrangement may differ from organisation to organisation, these steps can be generalised to most organisations.
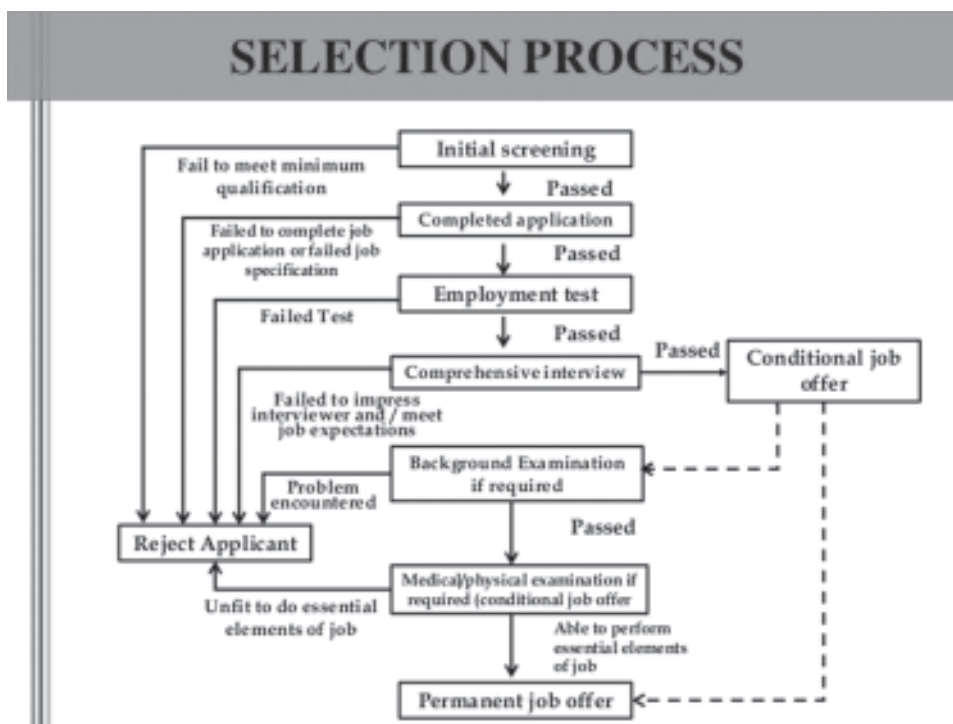

Figure 16.4: Steps in the Selection Process

Application Form

If your recruiting effort has been successful, you will be confronted with a number of potential applicants. Once the initial screening has been completed, applicants are asked to complete the organisation's application form. The application form is used to obtain useful information about the candidate. Most application forms provide information with respect to applicant's comprehensive personal and history profile, education, experience, references etc. Different types of forms may be used for different types employees. In general terms, the application form gives a synopsis of what applicants have been doing, their skills and their accomplishments. There is now a provision of submitting forms online. Applications so received are screened against the eligibility criteria so that only the eligible candidates are further processed. You may reject the candidates on the basis of scrutiny of the applications that are found lacking in relevant eligibility conditions. The sharing of job description information with the individual at the initial screening level encourages the unqualified or marginally qualified to voluntarily withdraw from candidacy.

Testing

A test is a sample of an aspect of an individual's behaviour, performance or attitude. Employment testing is frequently used to help identify the candidates with the greatest potential for success on the job through paper-and-pencil responses or tests. Tests seek to eliminate the possibility of prejudice on the part of the interviewer and uncover qualifications and talents that would not be detected by the interviewer. Three major types of tests used in the selection process are ability, personality and performance tests. Ability tests measure mainly mental, mechanical and clerical abilities or sensory capacities (like vision and hearing), personality tests are means of measuring characteristics, such as patterns of thoughts, feelings and behaviors. Paper-and-pencil personality tests measure such characteristics sociability, independence and need for achievement. Performance tests are means of measuring practical ability on a specific job. The applicant completes some job activity under structured conditions. For example, a tourist guide may be asked to handle a situation involving a very difficult client. Although such tests can be costly if special facilities and equipment are needed, performance tests tend to be valid predictors of future performance.

Interviewing

Those individuals who are still viable applicants after the initial screening, application form, whose required tests have been completed, are then given a comprehensive interview. The interview is the most commonly used selection technique. The employment interview serves the purpose of obtaining information, giving information, and motivation. It provides an appraisal of personality, background, training, education and interests of the prospective employee. The

candidate should be given information about the organisation, job specification and personnel policies of the organisation. It should also motivate the applicant to want to work for the organisation. The applicant may be interviewed by the personnel department interviewers, executives within the organisation, potential supervisors, or colleagues. The interview is designed to probe into areas that cannot be addressed by the application form or tests. These areas consist of assessing one's motivation, ability to work under pressure and ability to 'fit in' with the organisation. To be successful in interviewing you should plan ahead and create a positive and supportive environment, conduct a goal oriented interview, avoid questions that may imply any form of discrimination and record your thoughts from the interview after the interview is over. Questions asked should reflect the specific characteristics of the job and the qualities the organisation is looking for.

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Checking References

The applicants are often asked to provide a few references who may be their previous employers, colleagues, teachers, professional associations etc. They are approached by mail, telephone or post and requested to furnish their frank opinion about the candidate either on specified points or in general. It includes contacting former employers to confirm the candidates work record and to obtain their appraisal of the performance in the previous job. It also includes verifying the educational accomplishments shown on the application, and contacting personal references. This type of investigation has major implications and every personnel administrator has the responsibility to investigate each potential applicant. Though there is often some reluctance on the part of references to give information, there are ways in which the personnel administrators can obtain it. A seasoned personnel administrator expects this and delves deep into the candidate's background and gets his information.

Physical Examination

All the candidates who successfully cross the above hurdles of various stages of selection are required to undergo a medical examination. Organisations require candidates to take medical examination either prior to or immediately after the hiring decision in order to screen out those who are unable to comply physically with the requirements of the job and the organisation. The candidates are sent for physical examination to organisation's physician or to a medical officer approved for the purpose. The vast majority of physical examinations are required to meet the minimum standards for the organisation's group life and medical insurance programmes and to provide base data in case of future compensation claims. These help in preventing employment of those suffering from some type of contagious diseases.

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Final Selection

Candidates who perform successfully in all the above steps are now considered to be eligible to receive an offer of employment. Ideally, the actual hiring decision should be made by the manager in the department that had the position open. This is because the applicant will eventually work for this manager and therefore a good relation between the boss and the employee is necessary. If the selection process has been effective, the thrust of the selection decision will now be in the hands of the applicant. Individuals appear to move towards matching their work with their personality. For example, social individuals lean towards psychology, social work and the like, while enterprising individuals look for careers in management. Most job choice studies indicate that an individual's perception of the attractiveness of a job is important. People desire to work where their expectations are positive and where they believe their goals can be achieved. This should encourage management to ensure that those to whom offers are made can see that the job is compatible with their personality and goals.

At this stage, care should also be taken to see that those candidates, who were rejected, are communicated in such a manner that the image of the organisation is not damaged. In order to make adequate assessments of candidates, selection methods must have validity. As applied to selection, validity addresses how well a selection device such as a test, actually predicts a candidate's future job performance. When an individual joins the organisation, there is much to be learnt with respect to what should be done, how it is to be done and so on. This is done through socialisation by which the attitudes, expectations and behaviours of a new entrant is systematically changed by the organisation. After a final selection, a letter of intent is offered to the candidate. It has a time limit to join the organisation, it has got the other impact that it can be used by the employee in his previous organisation for better bargaining.

Induction

This programme is an orientation porgamme, where a fresher/trainee spends a few days in each department of the organisation before he actually joins his own deparment. He/she gets first hand information and procedure of all other departments, where she/he shall interact in future course of action, it is very helpful for a fresher to understand the needs of other departments.

ACTIVITY 16.4

Visit two hotels (from public and private sector each) of your city, and interview their Human Resources Managers to find out the method of their recruitment and judge which among the hotels is the best in recruitment and why?

INTEXT QUESTIONS 16.4

1. List out various sources for recruiting human resources in tourism.

2. What steps will you follow for selecting the employees?

WHAT YOU HAVE LEARNT

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● No organisation can achieve its objectives in the absence of proper human resource management. This is more so in the case of tourism industry where the emphasis is on customer care and satisfaction which can be achieved through the quality performance of the human resources involved in the delivery of the service product.

● Human resources are an inseparable constituent of tourism services. Each and every segment in tourism needs special attention for training which requires proper planning and development of human resources. The perception about tourism very much depends on the people interacting with the tourists and the services rendered by the human resources. The need for HRM in tourism is not to be confined to the skills of the service providers alone but the planners and officials who carry out the plans should be themselves highly trained. The nature, determinants and problem areas of service quality within tourism points clearly to the central role of human resources in attaining levels of excellence. Developing service culture in tourism is crucial for the success of tourism.

● Getting and retaining the right people, at the right time, in the right place and at the right price is basic to the success of all the organisations. These is a Huge demand of skilled workers in Tourism sector. HR also develops semi-skill to fully skilled and skilled employee to trainer. Effectively managing human resources has a positive impact on an organisation's overall survival, growth, profitability, competitiveness and flexibility. HRM is the essence of being a manager as the responsibility of managing the human resources lies with every manager.

● Organisations should correctly plan for the requisite number of people required at each level of each category of skill, providing for expansion, attrition and internal development needs. The major underlying objective of human resource planning is to ensure that the organisation will always have the right number and type of people, at the right time and at the right places to work required by the organisation. An ideal recruitment effort will attract a large number of qualified applicants to the organisation. The ideal selection identifies the best-fit between the person and the job. It is the process of

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determining the extent to which the candidates have the skills, abilities and knowledge required to perform effectively in the positions for which they are being considered.

TERMINAL EXERCISE

1. What is HRM all about? Discuss the objectives of HRM function?

2. Enumerate and explain the principle HRM functions.

3. Explain the role performed by HRM in tourism organisations.

4. Why is human resource planning necessary in tourism? Describe the steps involved in the process of human resource planning.

5. How does recruitment differ from selection? Identify the main sources of recruitment available to different sectors of tourism industry.

6. What is selection? List out the steps in the selection process.

ANSWER TO INTEXT QUESTIONS

16.1

1. HRM is concerned with identifying the human resource requirements of an organisation, attracting them, training them, motivating them, evaluating their performance, administering their compensation and maintaining cordial labour- management relations. It is the essence of being a manager who has to get the work done through others. The responsibility of managing the human resources lies with every manager. The basic elements of HRM are human resource planning, recruitment and selection, training and development and compensation administration.

2. HRM is of continuous nature. It is concerned with employees both in groups and as individuals, covers all types and levels of employees, is inherent in all organisations , covers all functional areas of management, and attempts to acquire the willing cooperation of the people for the attainment of the desired goals.

3. HRM aims at obtaining and utilising human resources effectively ,establishing and maintaining a desirable working relationship, securing integration of individual and group goals with those of an organisation, developing human resources as individuals and groups, recognising and satisfying individual needs, maintaining better human relations for retaining talent and meeting the social and legal responsibilities of the organisation.

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4. Managerial Functions of HRM

- Planning
- Organising
- Staffing
- Directing
- Controlling

Operative Functions of HRM

- Human resource planning
- Recruitment and selection
- Training and development
- Compensation administration
- Integration and maintenance

16.2

1. In every country tourism is being promoted to generate jobs, earn foreign exchange and to carry out the development work. Every segment in tourism needs special attention for training which requires proper planning and development of human resources. Tourism is intermingled with human resource. No tourist activity is possible without the involvement of humans. Tourism is about services provided by the people such as escorts, guides, travel agents, hoteliers, entertainers etc. to a tourist at any destination. A Tourist is buying experiences and availing the quality of service which is reflected in the performance of the people involved in the production and delivery of the service. In such service operations, the emphasis is on courtesy and efficiency and it is assumed that the service in tourism is all smiles and effective communication coupled with knowledge and information. The tourist perception depends on the people interacting with the tourists and the services rendered by the human resources. The nature, determinants and problem areas of service quality within tourism points clearly to the central role of human resources in attaining levels of excellence at all levels in this respect.

2. In the tourism industry the role of HRM is to ensure employment generation and training, and helping growth in economic development and foreign exchange earning. IT helps all segment of tourism industry such as hospitality, conference and convention, adventure tourism, eco tourism by producing trained manpower to serve tourists in the most efficient way.

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16.3

1. The need for human resource planning arises because it provides for optimum utilisation of available human resources, determination of the human resource requirements, ensuring availability of necessary human resources and forecasting future skill requirements to serve as a basis for training and development programmes.

2. Process of human resource planning comprises following steps:

   ● Assess current human resources and future business requirements

   ● Forecast demand for manpower

   ● Forecast manpower supply

   ● Reconciling demand and supply

   ● Action planning

   ● Tapping external manpower sources

16.4

1. Sources of recruitment are broadly the following:

   Internal Sources: These sources include identifying potential candidates from within the organisation on the basis of transfers, promotions, layoffs, demotions etc.

   External Sources: Employee resignations, retirement, deaths, dismissals etc. may result in vacancies which need to be filled up using external sources comprising advertising , campus recruiting programmes, employment agencies, referrals, jobbers, contractors, consultants and seconding (or deputing) personnel from other organisations.

2. Steps in Selection Process

   I.   Formal application

   II. Testing

   III. Interview

   IV. Reference checks

   V.   Physical examination

   VI. Analysis and decision

17

HUMAN RESOURCE MANAGEMENT – II

In the tourism industry, air and ground transportation, hospitality segment training and development plays an important role. In the effectiveness of organisation, manpower training and development is a very important aspect of HRM. In tourism industry where people to people contact is the main focus of training and development assist a employee for enhancing his efficiency and effectiveness to a particular work area by getting more knowledge and practice. Also training is more important to establish specific skill abilities and knowledge to an employee.

Training and development plays a major role towards achieving goals and maximum profits, it also uplifts the image of an organisation in todays competitive world. Training and development make human resources department more fruitful in organisation.

OBJECTIVES

After studying this lesson, you will be able to:

- define the meaning of training and differentiate between training and development;
- explain the concept and methods of training and development; and
- identify principal and determinate the compensation/rewards.

17.1 TRAINING

Training is defined as a continuous learning process in which an employee will acquire knowlege and professional skill and improve his attitude and behaviour.

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The basic difference between training and delveopment is –

- Training helps to make the employee of a company to be more effective and efficient in his present role and responsibilities.

- Development helps to improve the overall personality dimension of an employee to take up any future assignment if any and better equipped to handle a critical situation.

17.2 TRAINING AND DEVELOPMENT

Training

"If you wish to plan for a year, sow seeds; if you wish to plan for a decade, plant trees; if you wish to plan for a life time, develop men". This is a Chinese saying which highlights the importance of training human resources. Every organisation needs to have well experienced and trained personnel to perform its activities. Even the most careful selection does not eliminate the need for training, since people are not molded to specifications and rarely meet the demands of their jobs adequately. Thus it is necessary to raise the skill levels and increase the versatility and adaptability of employees. As jobs have become more complex, the importance of employee training has increased. The rapid changes taking place in the volatile and complex business environment have created increased pressures for organisations to readapt their products, services, jobs and skills. In such a situation, training and development is not only an activity that is desirable but also an activity that an organisation must commit its resources to, if it is to maintain an efficient workforce.

Training and development result from a planned organisational effort to help employees improve their work performance. Training is most often identified with teaching and learning of the lower- level or technical workers how to do the jobs they currently hold. Development, on the other hand, usually relates to the process of teaching professional employees and managers those skills which are necessary for both current and future assignments. Training is a learning experience that seeks a relatively permanent change in an individual that will improve his ability to perform on the job. It involves changing of skills, knowledge, attitudes or social behavior by changing what employees know, how they work and their attitudes towards their work. Employee training is the process whereby people learn the skills, knowledge, attitudes and behaviours needed in order to perform their jobs effectively. It is a short-term process utilising a systematic and organised procedure to impart skills for a definite purpose. It refers to instructions in technical, mechanical or service operations.

17.2.1 Need for and Objectives of Training

Training is necessary for improving the work performance of employees in every type of organisation. The diversity of the tourism industry places additional

responsibility on the planners and developers of tourism products and services in the area of human resource planning and development. In India more attention is given to development of tourism infrastructure than on development of human resources. We need trained manpower at all levels in all the diverse sectors of tourism industry to handle the tourism infrastructure and serve the tourists. It should be broad based taking into account all the diverse sectors and services rather than hotels and ticketing only. Particular emphasis should be on training the grass-root and supervisory level personnel as they are the ones having direct contact with tourists. Further, skilling and re-skilling is the key to success in tourism sector and all the human resources should have updated knowledge. A ticketing agent, for example, must know the recent fare structures and operating routes of airlines, without which he cannot man the ticketing counter. Training should not only be provided to maintain and improve current job performance but also for equipping the employees with skills required for future job requirements.

A training programme in a tourism organisation aims at serving the following specific objectives:

- To prepare employees for their jobs while on their first appointment, transfer or promotion.

- To keep the employees informed about the latest concepts, technology challenges and competation in tourism sector. Also in additional changing job requirements.

- To prepare a line of competent officers to hold more responsible positions.

The need for a sound and scientific training scheme arises because the experiences clearly demonstrate that a well planned and well executed training programme results in the following benefits:

- Improvement in overall efficiency, work performance and productivity

- Improvement in quantity and quality of goods and services produced

- Economical use of resources and consequent reduction of in the cost of production

- Improve the morale, loyalty and job satisfaction of employees

- Reduction in accidents, wastage, spoilage and damage to machines and equipment

- Reduction in absenteeism and labour turn over

- Reduction in learning time, planning time and supervisory burden

- Adopting employees to new work methods and changing work relationships

- Improvement in personal growth and promotional prospects of employees

- Improvement in customer care

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17.2.2 Process of Training

Training efforts generally encompass the following three main phases, all involving human resource professionals and managers. In addition, outside consultants are sometimes brought in to help with various aspects of the process.

I.   The training process begins with the training need assessment phase. It involves identifying training needs, setting training objectives, and developing criteria to evaluate results of the training programme. An analysis of the organisation's training requirements and the degree to which individuals are able to perform those tasks effectively are undertaken.

II. The next part of the process is the implementation phase. This involves determining training methods, developing training material and actually conducting training.

III. The final phase of the training process entails evaluating the results of the training in terms of the criteria developed in the assessment phase. Training can be evaluated by measuring participants' reactions to the training, assessing actual training through tests, and measuring actual results on the job.

The above phases of training are discussed in greater detail hereunder.

17.2.3 Assessing Training Needs

An effective training process begins with a thorough needs assessment to clearly identify the learning to be achieved. It seeks answers to such questions as: (1) whether training is needed? (2) where is training needed? and (3) which training is needed? For identifying training needs, generally the following analyses are conducted:

1. **Organisational Analysis:** It involves a total analysis of the organisational structure, objectives, its human resources and future plans to identify and understand what type of training shall be required. You have to examine the short term and long term objectives of the organisation and asses the training inputs needed to achieve these objectives. For a proper organisational analysis you need to ascertain whether adequate human resources are available in the organisation, whether their performance is up to the required standards, and whether the existing organisational environment is conducive to fulfillment of tasks.

2. **Task Analysis:** An analysis of the task and its various conditions will indicate the skills and training required to perform the job according to the standard. The standard is set for each job so that it is performed at the desired level of output and quality. The methods and the components of the job have also to be properly designed. The main objective of task analysis is to obtain all

available information about the nature of the task, its components, and standards of performance to be set. This information is useful in designing the employee training programmes, determining what new knowledge or skill is called for and which aspects of the present knowledge and skills need to be modified.

3. **Manpower Analysis:** The total manpower environment of the organisation has to be carefully analysed. It involves a detailed analysis of the internal environment of the organisation, the environment of the sector to which the organisation belongs (government, public sector, private sector, etc), and the environment of the entire economy, which influences the employee training needs of that organisation. An organisation having a skill inventory of its manpower, comprising their education, experience and job performance can analyse the same and draw up a training plan, depending on its projections for future requirements.

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17.2.4 Methods of Training

A wide variety of training methods have been evolved and any one method or any two methods can be used by the organisations. There is no training method that is right for all situations. A number of trade-offs must be made when actually making the choice of techniques and putting the training programme together. Selection of the most appropriate method depends on the size of the organisation, the time and money available for training, the requirements of the job, the level of people to be trained, the skills to be learnt and so on. The most popular training methods used by the organisations can be classified as either on-the-job or off-the-job training.

17.2.5 On-the-job Training Methods

Under these methods the principle of learning by doing is used. These methods are briefly described below:

1. **Training on the Job:** The most widely used methods of training take place on the job. Such training places the employees in an actual work situation. It is a method of learning by doing during regular working hours. Usually, a more experienced worker, a supervisor or a special training instructor is assigned the job of training the new worker, the ins and outs of the job. The drawbacks of on-the-job training can be the low productivity and errors made while the employees develop their skills. To avoid drawbacks a scheme of train the trainer is developed in the organisation.

2. **Apprenticeship:** People seeking to enter skilled trades often require undergoing apprenticeship training before they are accepted. Such

apprenticeship programmes put the trainee under the guidance of a master worker. The method is appropriate for training in crafts, trades and technical areas, especially when proficiency in a job is the result of a relatively long training period like that of pattern designer, tourist coach driver. Also the method of practical training and theoritical training is very successful in apprentship scheme.

3. **Demonstration and Examples:** Here the trainer describes and demonstrates how to do certain work by performing the job himself, going through step by step explanation of the why, how and what of the work he is doing. Demonstrations are often used in combination with lecturers, pictures, text materials, discussions, etc. The emphasis is on know-how.

4. **Job Rotation:** This method involves the employees being sent through different jobs, thereby providing them a wider exposure to the working of the organisation. It teaches the worker the new skills by rotating from one job to the other. It also helps the organisation to train its employees for promotion which serves as a source of recruitment from within the organisation. This kind of training produces multi skill employees in the organisation.

17.2.6 Off-the-job training

The location of off-the- job training may be an organisation classroom, an outside place owned by the organisation, an educational institution or association, which is not part of the organisation. Some of the prominent off- the- job training methods include the following:

1. **Lectures:** A classical lecture is a situation where an expert gives a talk on a subject to a large audience and the information is communicated to others. Lectures can be used for a very large group to be trained in a short time. These are essential when technical or special information of a complex nature is to be imparted. The lectures are supplemented with discussions, film shows, case studies etc.

2. **Role Playing:** Role playing is used quite often in the lectures where trainees act out a specific role of a customer or that of a tourist and so on. Trainees have to deal with hypothetical situations dealing with human interaction in a given situation such as client grievance handling etc. It is an effective training method when the objective is an attitudinal change dealing with feelings and emotions. It helps in developing insight into the behaviour of self and others. It gives confidence to the staff to interact with guests and handle the challenge in better ways.

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3. **Vestibule Training:** This method is used primarily when large numbers of employees have to be trained quickly particularly during the period of rapid expansion. Under this method new workers are trained for specific jobs on special machines or equipment in a separate room located on the site itself. An experienced workman is entrusted with the job of imparting training. It is often used for training bank tellers, inspectors, airline ticketing staff, etc.

4. **Simulation:** It is an expansion of vestibule training. Simulations are used to provide trainees with physical equipment that resembles to some degree the equipment that is to be used on the job. These devices are usually used when for any reason it is not possible to use the actual equipment or when the cost of actual equipment is large. Such techniques are more economical since they can be used over and over again.

5. **Conferences and seminars:** In this method mutual problems are discussed and participants pool their ideas and experiences in attempting to arrive at better methods of dealing with these problems. It is ideally suited for analysing problems and issues and examining them from different viewpoints. It helps in developing conceptual knowledge, reducing dogmatism and modifying attitudes and sharing valuable information among themselves.

6. **Case Discussion:** Here a real or a hypothetical business problem or a situation demanding solution is presented to a group and members are trained to identify the present problem. They suggest various alternatives for tackling these problems, analyse each one of them, find out their comparative suitability and decide the best alternative. The trainer only guides the discussion. This method promotes analytical thinking and problem solving ability. It encourages open- mindedness, patient listening and respecting others' views.

7. **Programmed Instructions:** This method involves a step -by- step series of bits of knowledge, each building upon what has gone before, and a mechanism for presenting the series and checking on the trainee's knowledge. Questions are asked in a proper sequence and indications given promptly whether the answers are correct. This programme may be carried out with a book, a manual or a teaching aid. It is primarily used for importing factual knowledge such as mathematic, physics, etc.

ACTIVITY 17.1

A foreign guest arrived at the airport. He had made pre arrangement with the travel agency for ground handling that includes airport pick up, hotel stay and sight seeing in the city. Due to goof up at the tour agency no one went to the airport to receive him. He landed in the hands of unwanted elements who drove

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him to various places in the city. The tourist was deprived of all his valuables including currency. The tourist company owner has to compensate for lapse on their part. He came to know that the subordinate in the company did not follow the procedure.

Explain the lapse at each stage. And how those lapses can be rectify through proper training?

17.2.7 Evaluation of Training

A training programme is only as good as the results it achieves and the benefits derived from it by the individual and their organisations. To be sure that training and development efforts are yielding desired results, and the valuable time and money of the organisation on these programmes is not wasted, each training programme should have a provision for evaluation. Any evaluation begins with the criteria which depend on the objectives. Most training evaluation methods seem to fall into one of the following two categories:

1. **Reaction Evaluation:** Opinion surveys of participants or of people who have seen the participants in action, are reaction evaluations. There are several variations of this method. Opinions of trainees, trainers and management are asked about their impressions of training effectiveness. It is intended to know whether they liked the training, whether it paid off, whether the concepts and principles of training were intellectually assimilated by the participants and whether training changed the behaviour of trainees and whether the modified behaviour resulted in improvement in output, quality and lower cost.

2. **Outcome Evaluation:** The main objective of evaluation is in fact served by outcome evaluation. This objective criterion relate to effects of training by measuring specific outcomes. For example, review is made of performance appraisals of trainees following the training programme. After the evaluation is done, the situation should be analysed to find out the probable causes for a difference between the expected outcome and the actual outcome. Consequently necessary precautions should be taken for designing and implementing future programmes to avoid these. The organisation's investment in terms of money, time, energy made in these programmes must be justified by the related outcome in terms of the increased efficiency and effectiveness of the participant.

The main dimensions of training evaluation are the following:

1. **Evaluation of contextual factors:** Training effectiveness depends not only on what happens during training, but also on what happens before the actual training and what happens after the training has formally ended. Evaluation should, therefore, be done of both the pre-training and post-training work.

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Pre-training work includes proper identification of training needs, developing criteria of who should be sent for training, how many at a time and in what sequence, helping people to volunteer for training, building expectations of prospective participants from training, etc. Post-training work includes helping the concerned managers to plan to utilise the participants' training, and provide the needed support to them, building linkages between the training section and the line departments and so on.

2. **Evaluation of training inputs:** This involves the evaluation of training curriculum and its sequencing. This assessment covers whether the trainee is able to do what it was stated, if he or she would be able to do in the objectives of the learning unit, course or training programme as a whole. Here the training inputs covering training aids, course contents, the environmental conditions, instructional design etc are the subject matter of evaluation.

3. **Evaluation of training process:** The climate of the training organisation, the relationship between participants and trainers, the general attitudes and approaches of the trainers, training methods, etc., are some of the important elements of the training process which also need to be evaluated. In brief this covers evaluation of how training is conducted.

4. **Evaluation of training outcomes:** This involves measuring the value of a training programme in terms of what has been achieved. This, however, is a complex technical and professional task. Benefits of a training programme are not always obvious and they are not readily measurable. Asking whether the training was worth doing can result in different answers depending upon who is being asked and the criteria and the data being used.

INTEXT QUESTIONS 17.1

1. What is training? What are the objectives of the training department?

2. What are the different methods you could use in training an employee?

3. What are the key issues that should be addressed in design, conduct and evaluation of training a programme?

17.2.8 Development

Management development programmes are long term efforts to train and develop the manager to his or her fullest potential. Such development is considered a life time process, designed to maximize managerial performance throughout the manager's career. The term development is a broad one. It includes both training and education. It aim at improving the overall personality of an individual. The term is mostly used in the context of executives only. In

short brief development is a long term educational process utilising a systematic and organised process by which managerial personnel frequently receive assistance in developing the skills, particularly conceptual and human relation skills.

Following are some important distinctions between training and development

Basis	Training	Development
Coverage	Operative workers	Executives/managers
Purpose	Develop individual's specific skills	Develop individual's total personality
Process	One-shot process	Continuous process
Nature	Reactive process	Proactive process
Initiative	From management	From individual himself
Motivation	Result of outside motivation	Result of internal motivation
Focus	Individual's present needs	Individual's future needs

Objectives

Management development must relate to all managers in the organisation. It must lead to growth and development of the organisation. Its focus should be on future requirements rather than the present requirement. It must be dynamic, qualitative, rather than static replacement based on mechanical rotation. The main objectives of any management development programme are to:

● assure the organisation of availability of required number of managers with requisite skills to meet the present and anticipated future requirements of tourism business.

● encourage managers to grow as persons and in their capacity to handle greater responsibility.

● improve the performance of managers at all levels in their present day jobs.

● sustain improved performance of managers throughout their career.

17.2.9 Methods of Development

In addition to the above general methods of training, several specific methods of management development are used in tourism and related organisations which also use many aids and audio-visual devices. The emphasis here is not on skills but on handling of situations, people and managerial problems. The main development techniques are described below:

1. **Case Study:** A case is a written account seeking to describe an actual situation. A good case is the vehicle by which a chunk of reality is brought into the classroom to be discussed over by the class and the instructor. Discussion on a case requires a capable instructor who can evoke and guide intelligent discussion and analysis so that meaningful learning experiences occur. There is no "right" answer or simple explanation in the comprehensive case. The advantages of this method are, more depth of thinking, more perception of situation, greater respect for and consideration for the opinion of others.

2. **Incident Process:** This method is an improvement over the case method. In the usual case method the entire problem is presented to the student, whereas in the incident method only a brief description of an incident is given to provoke discussion in the class. Participants determine what other relevant information has to be sought from the instructor regarding the salient facts and additional information needed to arrive at a reasonable solution or resolution of the case. The method draws the participants into discussion with greater emotional involvement. A unique advantage of this method over the case method is the procedure of obtaining information by questions, one that often must take place in actual business situations.

3. **In-basket Exercises:** This is a simulation training technique designed around the "incoming mail" of an executive consisting of letters, notes, documents, and reports designed to simulate on-the-job reality of the manager's in-basket. The trainee deals with the in-basket materials as he would in his own job. Usually feedback is provided so that he can appraise his results. The advantages of this method are similar to those of the case methods realism, high involvement and built-in motivation.

4. **Management Games:** These are classroom simulation exercises in which teams of individuals compete with each other in order to achieve a given objective utilising a model of a business situation. In these games, participants are divided into various teams which are placed in competition with each other in resolving some problem, information about which is supplied to all teams. The game illustrates the value of analytic techniques such as the use of mathematical models to arrive at optimum solutions. Participants learn by analysing problems and by making decisions by trial and error process.

5. **Sensitivity Training:** This involves bringing together members in a free and open environment in which they discuss themselves and their interactive processes. This group has no agenda nor externally imposed tasks or objectives. Members of the group are usually told that they can learn much about their own behaviour and that of others and about group behaviour from continuous observation and analysis of experiences in the group. The

trainer does not act as a discussion leader, but helps group-members to find ways of utilising their experiences for learning. Specifically, it aims at increasing ability to empathise with others, improved listening skills, greater openness, increased tolerance for differences and improved conflict-resolution.

6. **Transactional Analysis:** Transactional Analysis helps an individual in analysis and understanding of human behaviour. In this practice it is assumed that people have three basic state of being-Parent, Child and Adult. These states are manifest in their transaction (dealings) with others through words, manners, and gestures. A transaction a social intercourse between two or more people who encounter each other. In other words, there is a stimulus provided by one individual and a response to that stimulus given by another individual. This stimulus-response relationship between two individuals is a transaction. Transactional Analysis can lead to modified behaviour by providing personal insights.

7. **Under Study:** An under-study is a person selected for one being trained to assume at a future time the full duties and responsibilities of the position presently held by his/ her superior. A fully trained person would through this system be available to replace a manger during the long absence or illness or on retirement, transfer or promotion. Under-study is generally assigned a project which is closely related to the work of the supervisor under whom training takes place.

ACTIVITY 17.2

Mr Mohan Parkash works as a front line manager in a five star hotel. His MD has found a large number of mistakes in a random check of the records he maintains. Visitors have registered many complaints for his misbehavior with them and his overall output of work is less than that of his colleagues.

1. How can the MD find out whether his poor work performance is due to inadequate training or other causes?

2. If this investigation reveals inadequate training, what type of remedial training should be arranged for him?

3. How can you ascertain whether this training has improved Mr Parkash's performance or not?

INTEXT QUESTIONS 17.2

1. Why is training needed in a tourism organisation?

2. Enumerate four on-the-job training methods.

3. What purposes does management development serve?

4. Enlist five main methods of Management development.

5. What is sensitivity training?

6. What is the difference between training and development?

7. What does an in-basket exercise measure?

Notes

17.3 COMPENSATION

Employee compensation is an extremely important issue for every manager, and over the years compensation has become a complicated issue. A properly planned and administered salary system is one of the most important aspects of modern management. It is the responsibility of every organisation to pay a fair remuneration to the workers at all levels proportionate to their role and performance in the assigned duties. A well developed salary system would enable your organisation to attract, retain and motivate people of the required caliber and qualifications and also control payroll costs. It is also important for maintenance of morale and discipline, preservation of contentment and initiative among the human resources. From the point of management, wages are significant element of total cost, promote workers' efficiency and morale and determinant of workers' loyalty to the firm. From the point of employee's, wages are the source of their income, a means of their livelihood, an instrument for maintaining and raising the standard of living of workers. A fair compensation mechanism therefore aims at stimulating quantity and quality of work, ensuring reasonable standard of living, maintaining discipline among the workers and preserving industrial peace. However, unrealistic wages paid to workers regardless of their work and worth would spell economic deadlock for the industry. Hence, wage policy should be designed in such a manner as to reconcile the objectives of economy in costs, efficiency in performance and adequacy of earnings essential for maintaining workers' living standard and social status consistent with criterion of equity.

The starting point of salary administration is the determination of salary levels. Pay packet of employees in tourism sector consists of several elements, including basic pay, dearness allowance, house rent allowance, city compensatory allowance, annual statutory bonus and incentive bonus. The basic wage, dearness allowance and annual bonus make up the bulk of average worker compensation. A wide range of statutory and non-statutory institutions influence the determination of basic wages, dearness allowance and annual bonus for workers. By virtue of being the member of an organisation, a worker receives a number of other

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incentives, which are generally referred to as perquisites or fringe benefits. These include house rent allowance; leave travel allowance, provident fund, gratuity, group insurance schemes, pension fund, ESIS, accident and death compensation, leave with pay, education allowance, housing and medical benefits, paid holidays etc. Over the years, some of these have become statutory. These incentives are provided to enhance the employee's motivation and loyalty to the organisation. In many cases these may be the result of a collective agreement at the initiative of trade unions.

Because of its vastness and in most cases, of unorganised nature, the tourism organisations in India offer wages lower to the job requirements, which not only restricts the entry of talent but also leads to constant job hopping and under hand measures like commissions etc. In many cases, due to the small scale nature, the tourism enterprise is a family managed show with low wages offered to the employees. Because of low wages in the industry, exploitation of tourists has also been reported at many places. The attitude is that since a lot of tips and commissions are involved why to pay higher wages? In such situations the ultimate sufferer is the destination, the organisation and the tourists. In today's world of intense competition a thorough professional, result oriented approach is required in this area.

The success of any tourism enterprise depends on the knowledge, skills and attitude of the staff keeping in view the customers' expectations and working for their satisfaction. For developing the right kind of attitudes among your employees you have to devise ways to motivate them for providing quality service. You should therefore, be able to plan, develop and administer an incentive on rewards, efficient system of compensation. Compensation planning has as its primary objective the creation of a system of remuneration which is equitable from the view point of both the employer and the employee. Any salary system should reconcile the interests of workers, management and the community at large. An ideal compensation plan should enable the workers to maintain the standard of living to which they are accustomed, enable the workers and their families to lead a decent living, be commensurate with the capacity of the industry to pay, envisage a scheme of incentives to meritorious workers for their extra-skill, better workmanship, prompt performance etc, be stable but "sufficiently flexible to permit adjustment" according to changing conditions, be simple to explain, understand, operate and control, fit into the general budget of the firm, ensure that the organisation can recruit the quantity of staff it requires, reward good performers, achieve equity in pay for similar jobs, be related to the educational, professional and general abilities of the personnel in different grades and positions. It is called performance award.

17.3.1 Factors Determining Compensation

The determination of a rational compensation policy is dependent upon not only the internal issues of equity and job worth, but also on the larger issues of economy and society. In tourism sector the objectives of profitability, efficient service to the tourists, healthy relations with workers, less human resource turnover, better quality of work, high worker motivation are the major considerations governing the compensation policy of a firm. Human inquiry, socio-economic equity and financial capacity are the prime factors determining the designing of a compensation plan. In the light of the objectives explained above, it can be said that the management should give weightage to internal and external factors in designing the employee compensation package. Internal factors mainly include proportion of labour cost to total cost, types of skills required, technological changes and their effect on job content, and individual productivity. External factors include earning capacity and financial position, stability of business and future prospects, conditions in the market, trade union policies and attitude, and prevailing wage levels in the adjoining area and similar industry. Some of these factors are described below in brief :

1. **Productivity:** Productivity represents the contribution of the workers towards increased output. Compensation to workers should be commensurate with their productivity. Wages are fixed and further raised in proportion as the output rate increases. Productivity is the yard-stick of labour efficiency; wages linked would provide incentive and stimulus for quicker, accurate and higher performance. This practice would also help the firm in keeping close grip over costs a careful assessment in this regards is required to avoid labour unrest.

2. **Comparative Wages:** The going rate for a job is its market rate and many will claim that a job is worth what the market says it is worth. Comparative wage levels are used both, by workers and management to prove their contentions in any bilateral negotiation for salary fixation. Salaries paid by competing firms for particular type, quantity and quality of work are compared and categorised and accordingly salary in a given firm is fixed around the comparative levels.

3. **Individual needs:** Salary is often fixed with a view to enable the worker to meet his needs. The salary should be sufficient as to sustain the worker and his family and give the worker adequate purchasing power to possess the goods and services essential to satisfy his needs. Minimum wages legislation has been enacted to ensure that the workers get at least the minimum income to fulfil their needs. Unorganised sector of tourist industry faces problem of minimum wages.

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4. **Cost of living:** Changes in the cost of living determine the availability of real earnings to the workers to meet their needs. Higher cost of living erodes the purchasing power of the workers. Therefore, it is desirable to adjust the wage rates as per the variations in the cost of living. Money wages are not important to satisfy the workers' needs. Real wages matter most. Hence, money wages should be adjusted to keep the real wages intact.

5. **Ability to pay:** Fair wages are linked to the ability of the organisation to pay. Subject to minimum subsistence and assured productivity, salary is to be increased as the organisation's net profitability increases. If its earnings increase beyond the reasonable level of return on capital employed, workers are entitled to share the increased surplus. The fair level of profit should, however, be precisely determined first.

6. **Consumer demand and prosperity:** The salary should be increased in order to step up demand for the goods and eventually to stimulate higher production and employment. But the impact of higher salary is ignored. Arbitrary salary increases may bring about cost-spiral, price-inflation and consequent erosion of purchasing power.

7. **Labour legislation:** The government has always played a significant role in the determination of wages in the organised sector. There are a number of laws to ensure payment of a minimum wage payment on time. The government often appoints wage boards to determine the wages in particular industries Often labour courts and industrial tribunals are set up by the government to settle wage disputes by adjudication.

8. **Other factors:** In addition to the above factors the salary of an employee is influenced by his or her job performance, the worth of the job in the organisation, wage settlements in the industry, supply and demand for labour, external equity, changing pressures in the market etc.

17.3.2 Methods of Payment

You may compensate your employees on the basis of time rate system or payment by results. Various incentive plans are also in use in many organisations. Let us look at these systems in brief.

Time Rate System

Under this system the employees are simply paid a predetermined rate per week, or hour for the actual time they have worked. The basic rate for the job can be fixed by negotiations, by reference to local rates, or by job evaluation. Time wages are generally taken to mean the sum total of an hourly rate times the

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number of hours worked. The actual earnings due to the worker obviously depend on the time he engages himself with the work given to him. Rates and units of time vary according to the grades of employees. The higher the grade of the employee, the longer is the unit of time. Rate also varies according to the grade of the workers. Higher salary scales are provided for skilled, supervisory and managerial grades. Time scales are laid down for various categories of personnel so that they are compensated in suitable terms for their skill, executive responsibility, administrative decisions which their position calls for.

The payment on time basis is the time-honoured method because of its simplicity and easy intelligibility to the personnel. Wage calculation and administration is easier. It provides a guaranteed minimum remuneration on the basis of time for which they have worked, irrespective of the output turned out by them. Since there is no hurry in increasing the output, workers can focus on quality of product or service.

But the greatest drawback of this method is lack of incentive for higher productivity. It does not make any distinction between meritorious and mediocre workers of a specified category and pays them uniform rates. Due to absence of direct linkage between the output and the rate of wages of worker, time rate wages may not allow exceptional employees to earn as much as they might under other systems. There will also be uncertainty as to the possibility of producing enough to cover the elements of cost including the labour costs. Employees will slow down the rate of production, in order to prolong the work process, which will have deterrent effect on output levels and overhead costs. Time wages will also not provide workers the needed incentive to them to maintain and improve the quality of the output. Close and constant supervision and timely executive action, will become inevitable to secure reasonable contribution from the workers in terms of quantity and quality of the product

Payment by Results System

Under this system the pay or part of the pay is related to the number of items a worker produces or the time he takes to do a certain amount of work. Wages are related directly to the skill, effort and results realised by respective employees. Standardised piece of work or job is assigned to the workers and wages are paid on completion of the job concerned with them. The piece rate wage in its simplest from represents a payment of so much per unit processed. In piece work system the payment is made for the amount of work performed and not for the time expended. Job capable of being measured in physical terms is standardised and a rate per piece is agreed upon.

Incentive for higher rate of output is the most marked feature of this method. Merit, skill and talents are directly rewarded according to results scored in performance of the jobs. Output targets call is reached with greater degree of

certainty by linking wage payments with the jobs completed by the workers. This method virtually eliminates the tendency of go-slow policy on the part of workers because slower the rate of production, lower will be the wages accruing to them. Due to the linkage of wages to output the need and responsibility of supervision would be reduced. As the piece-wage system sustains and stimulates higher production, the cost per unit of output tends to decline with every increase in production. Recording and cost-accounting would be easier. Piece rates simplify the measurement of labour costs and permit ready forecasting of such costs.

However under the straight piece-wage plan, no minimum remuneration is guaranteed. Beginners and average workers will not be able to earn reasonable wages because of their inability to complete the work as fast as their experienced counter-parts do. Since workers are prone to step up quantity as much as possible to earn more wages, quality of work is likely to be ignored. Piece rates cannot be adopted in new processes where production levels are not precisely assessed and determined. Since capacities of workers widely differ, their earnings as per piece-rates also vary widely causing dissatisfaction among them. Trade Unions very often oppose this system on ethical ground that it will lead to rivalry among workers and destroy brotherly feeling among them.

Piece wage method can be justifiably adopted, when units of output are readily measurable; an explicit relation exists between employers efforts and the quantity of output; the job is scientifically standardised, the flow of work is regular and consistent and when breakdowns are the least; quality considerations are comparatively less significant than quantity targets; and it becomes inevitable to forecast accurately the labour costs per unit.

Incentive Plans

Often wage incentives are used for effective utilisation of manpower, which is the cheapest, quickest and surest means of increasing productivity. The only practical and self sustaining means of improving manpower utilisation is to introduce incentive schemes and stimulate human effort in order to provide a positive motivation to greater output. Incentive, of course, means the rise of wages as per increase in out-put per worker. Incentive plans envisage a basic rate usually on time basis applicable to all workers and incentive rates payable to the more efficient among them as extra compensation for their meritorious performance in terms of time, costs and quality. The incentive rates may take the form of bonus or premium. A few important incentive plans intended to include higher output, better quality and careful working on the part of the employees are Halsey Plan, Rowan Plan, Taylors Differential Piece Wage Plan, Gantts Task and Bonus system, one hundred per cent premium plan, Merriclk Multiple Piece rate plan, Emerson's Efficiency Plan and Bedaux points Plan.

From the above point of view, piece rate is the most important incentive scheme. But in practice the word 'incentive' is used in the sense of providing extra remuneration to those who show better performance, who complete the work in less time or who has been responsible for reduced costs, etc. Incentive method usually implies the payment of a guaranteed minimum irrespective of the output plus additional remuneration for larger output, time saved, costs reduced and better workmanship. Many incentive plans constitute mostly the combination of Time and Piece rate systems of remuneration. The objectives of incentive plans are to assure a minimum sum of earnings to give sufficient scope for talented workers to increase their emoluments through quicker, economical and superior performance and to establish a reasonable link between labour costs and output.

Notes

INTEXT QUESTIONS 17.3

1. What constitutes workers' compensation?

2. What are the factors that determine the compensation package for employees?

3. How are workers paid?

WHAT YOU HAVE LEARNT

- Training is considered as better policy as, retention has a lower cost output to the company. Since people are not moulded to specifications and rarely meet the demands of their jobs adequately, even the most careful selection does not eliminate the need for training, particularly when jobs have become more complex. It is necessary to raise the skill levels and increase the versatility and adaptability of employees. Training and development is an activity that an organisation must commit its resources to, if it is to maintain an efficient workforce. It involves changing of skills, knowledge, attitudes or social behavior by changing what employees know, how they work and their attitudes towards their work.

- In all diverse sectors and services of tourism industry, trained manpower is needed at all levels to handle the tourism infrastructure and serve tourists. Particular emphasis should be on training the gross-root and supervisory level personnel as they are the ones having direct contact with tourists. Skilling and re-skilling would remain the key to success in tourism sector and all the human resources would need to have updated knowledge. To be sure that training and development efforts yield desired results and the valuable time and money of the organisation on these programmes is not wasted, each training programme should have a provision for evaluation.

● Every organisation has to ensure that it pays a fair remuneration to the workers at all levels proportionate to their role and performance in the assigned duties. For management wages are significant element of total cost, promoter workers' efficiency and morale and determinant of workers' loyalty to the firm. For the employees, these are the source of their income, a means of their livelihood, an instrument for maintaining and raising the standard of living of workers. A fair compensation mechanism aims at stimulating quantity and quality of work, ensuring reasonable standard of living, maintaining discipline among the workers and preserving industrial peace.

● Comparative lower wages in tourism organisations restrict the entry of talent, lead to constant job hopping, encourage under hand measures like tips and commissions and result in exploitation of tourists. In such situations the ultimate sufferer is the destination, the organisation and the tourists.

● While designing the employee compensation package, management should give weightage to proportion of labour cost to total cost, types of skills required, technological changes and their effect on job content, individual productivity, organisations' earning capacity and financial position, stability of business and future prospects, conditions in the market, trade union policies and attitude, and prevailing wage levels in the surrounding area and similar industry.

● As the success of any tourism enterprise depends on the knowledge, skills and attitude of its human resources, it should plan, develop and administer an efficient system of compensation which is equitable to the employer and the employee. An ideal compensation plan should reconcile the interests of workers, management and the community at large, enable the workers and their families to lead a decent living, be commensurate with the capacity of the industry to pay, reward good performers, be sufficiently flexible to permit adjustments, be simple to explain, understand, operate and control and ensure that the organisation can recruit the quantity and quality of staff it requires.

TERMINAL EXERCISE

1. How would you determine the training needs of a tourism organisation? Contrast the values of on-the-job training with off-the-job training for tourism managers.

2. Analyse the need for management development. Do you think the executive development programmes now followed in Indian tourism industry are adequate?

3. What constitutes compensation for workers? Which factors determine the pay packet of workers?

4. Describe the merits and demerits of various methods of wage payment?

ANSWER TO INTEXT QUESTIONS

Notes

17.1

1. Training is defined as a continuous learning process in which an employee acquires knowlege, professional skill and improves attitude and behaviour.

2. There are different training methods like on-the-job taining, off-the-job training and role playing seminar, luctures, audio visual techniques etc.

3. Following are the key issues which need to be addressed while evaluation of training programmes

    (i)   Place – Indoor/Outdoor

    (ii) Audio Visual Aids

    (iii) Relevent Training Material

    (iv) Facilities, Time schedule.

17.2

1. The need for training arises because it results in improvement in overall efficiency, productivity, quantity and quality of goods and services produced, economical use of resources, reduction in the cost of production, improved employee morale, loyalty and job satisfaction, reduction in accidents, wastage, spoilage and damage to machines and equipment, reduction in absenteeism and labour turn over, reduction in supervisory burden, adopting employees to new work methods, improvement in personal growth and promotional prospectus of employees and improvement in customer care.

2. Four on-the-job methods of training are:

    I.   Training on the Job

    II. Apprenticeship

    III. Demonstration and examples

    IV. Job rotation

3. The purpose of management development is to ensure availability of required number of managers with requisite skills to meet the present and anticipated future requirements of tourism business, encourage managers to grow as

persons and in their capacity to handle greater responsibility, improve the performance of managers at all levels and sustain improved performance of managers throughout their careers.

4. The main methods of management development are:

   I.   Case Study

   II.   In-basket Exercises

   III.   Management Games

   IV.   Sensitivity Training

   V.   Transactional Analysis

5. Sensititivity training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behaviour flexibilities. It is the ability to behave suitably in the light of understanding.

6. Basic difference between training and delveopment is –

   (i)   Training helps to make the employees of a company to be more effective and efficient in their present role and responsibilities.

   (ii)   Development helps to improve the overall personality dimension of an employee to take up any future assignment if any and better equipped to handle the critical situation.

7. The inbasket exercise measures admistrative skills that are critical for effective preformance in supervisory and managerial jobs. The trainee gets hands in all the job reality of a manager.

17.3

1. Compensation for the workers comprises basic pay, dearness allowance, house rent allowance, city compensatory allowance, annual statutory bonus and incentive bonus, leave travel allowance, provident fund, gratuity, group insurance schemes, pension fund, ESIS, accident and death compensation, leave with pay, education allowance, housing and medical benefits, paid holidays etc.

2. In the tourism sector the objectives of profitability, efficient service to the tourists, healthy relations with workers, less human resource turnover, better quality of work, high worker motivation are the major considerations governing the compensation policy of a firm. In the light of these objectives, management should give weightage to internal and external factors in designing the employee compensation package. Internal factors mainly include proportion of labour cost to total cost, types of skills required,

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technological changes and their effect on job content, and individual productivity. External factors include the earning capacity and financial position, stability of business and future prospects, conditions in the market, trade union policies and attitude, and prevailing wage levels in the adjoining area and similar industry.

3.   Employees are compensated on the basis of time rate system, payment by results or on the basis of various incentive plans. Under **time rate system** employees are simply paid a predetermined rate per week, or hour for the actual time worked. The basic rate for the job can be fixed by negotiations, by reference to local rates, or by job evaluation. The actual earnings of the worker obviously depends on the time he engages himself with the work given to him. Higher salary scales are provided for skilled, supervisory and managerial grades. Under the **piece rate system** the pay is related to the number of items a worker produces or the time he takes to do a certain amount of work. Wages are related directly to the skill, effort and results realised by respective employees. This method can be justifiably adopted when units of output are readily measurable; an explicit relation exists between employers' efforts and the quantity of output; the job is scientifically standardised, the flow of work is regular and consistent and when breakdowns are the least; quality considerations are comparatively less significant than quantity targets; and it becomes inevitable to forecast accurately the labour costs per unit. Often **wage incentives** are used for effective utilisation of manpower, which is the cheapest, quickest and surest means of increasing productivity. Incentive plans envisage a basic rate usually on time basis applicable to all workers and incentive rates payable to the more efficient among them as extra compensation for their meritorious performance in terms of time, costs and quality. The incentive rates may take the form of bonus or premium.

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18

COMMUNICATION AND PERSONALITY DEVELOPMENT

The present age is the 'Age of Communication and Information.' The importance of communication has been greatly emphasised by all management experts. Communication, like birth, death, growth and decay, is a part of individual life as well as organisational existence. Think for a minute or two and imagine, is human life possible without communication. The answer definitely would be no. Human beings have a forceful urge to communicate with each other. Communication gives meaning to human life otherwise life would be impossible without communication. As a tourism professional you need to explain your ideas and make people understand your ideas, you need to sell your services to your client or customer. As managers you need to spend most of the time in communicating with your superiors, subordinates, colleagues, customers or suppliers. Further, for being an effective professional, you need to develop a right mix of personality, developing customer contact, feedback and loyalty schemes to attract and retain customers and create an environment that encourages and values the contributions of team building. This lesson addresses these issues in greater detail.

OBJECTIVES

After studying this lesson, you will be able to:

- describe the meaning, types and barriers to communication;
- identify how to the participate in meetings and interviews;
- develop your public speaking and oral communication skills;
- develop written communication skills;
- discuss the importance of preparation of communication material;
- highlight the role of customer care management;

- discuss the traits and factors determining personality and

- understand the role of team building.

18.1 CONCEPT AND MEANING OF COMMUNICATION

Man is a communicating animal; he alone has the power to express in words, sight, sound, touch, smell and taste as modes of exchange of messages. Communication is the act of conveying information for the purpose of creating a mutual understanding: it is something that humans do every day. In simple terms, communication means sharing of information whether written or oral. Humans convey information through a variety of methods like speaking, writing, email, gestures, facial expressions and body language etc. However, all forms of communication require the same basic elements: a speaker or sender of information, a message, and an audience or recipient. The word "communication" is derived from the Latin word '*communis*' which means to share or to make common. It is a process of exchange of facts, ideas, and opinions and a way through which individuals or organisations share meaning and understanding with one another. In other words, it is a transmission and interaction of facts, ideas, opinion, feeling and attitudes.

Let us go through some of the definitions given by tourism management experts presented in the box.

18.1.1 Definitions of Communication

Communication is an exchange of facts, ideas, opinions, or emotions by two or more persons.   **(Newman and Summer)**

Communication in its simplest form is conveying of information from one person to another.   **(Hudson)**

Communication is the process of transmitting and receiving verbal and non-verbal messages.   **(Murphy)**

18.1.2 Features of Communication

- It is a process which involves at least two persons, one who wants to send a message and the other who receives the message.

- The process of communication is incomplete unless the receiver understands the message sent to him or her and gives feedback.

- The purpose of communication is to create understanding in the mind of receiver.

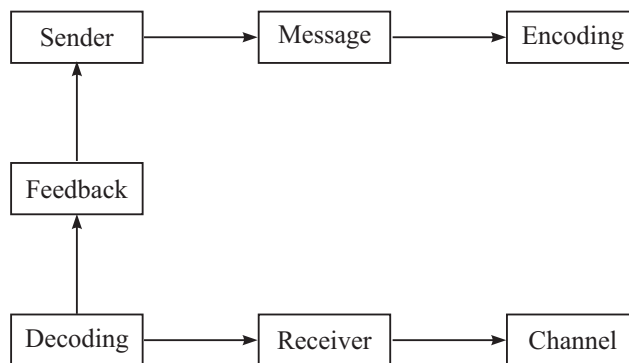- Communication is a continuous process.

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18.1.3 Process of Communication

The process of communication comprises following steps:

- **Sender:** The person who desires to convey the message is known as sender.

- **Message:** It is a subject matter of any communication. It may involve any fact, idea, opinion or information. It must exist in the mind of the sender if communication is to take place.

- **Encoding:** The communicator of the information organises his idea into series of symbols which he feels will communicate message to the intended receiver or receivers.

- **Communication Channel:** Communication channel is the medium through which the message passes. It is the link that connects the sender and the receiver.

- **Receiver:** The person who receives the message is called receiver or receiver is the person to whom message is sent by the sender. The communication process is incomplete without the existence of receiver of the message. It is the receiver who receives and tries to understand the message.

- **Decoding:** Decoding is the process of interpretation of an encoded message into the understandable meaning. Decoding helps the receiver to derive meaning from the message.

- **Feedback:** Communication is an exchange process. For the exchange to be complete the information must go back to the one from where it started (or sender), so that he can know the reaction of the receiver. The reaction or response of the receiver is known as feedback. *Decoding*

```
  ┌────────┐      ┌─────────┐      ┌──────────┐
  │ Sender │─────▶│ Message │─────▶│ Encoding │
  └────────┘      └─────────┘      └──────────┘
      ▲
      │
  ┌──────────┐
  │ Feedback │
  └──────────┘
      ▲
      │
  ┌──────────┐      ┌──────────┐      ┌─────────┐
  │ Decoding │─────▶│ Receiver │─────▶│ Channel │
  └──────────┘      └──────────┘      └─────────┘
```

Fig. 18.1 Communication Process

18.1.4 Barriers to Communication

Barriers are obstacles or roadblocks that interrupt or block communication and prevent transfer of message from sender to receiver. Various barriers to communication are discussed as under:

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Noise

Noise is quite often a barrier to communication. It refers to the 'unwanted' signals of messages which interfere and disturb the reception of the wanted signals. For example in a factory if a worker wants to send a message to another worker, the noise of machines will distort the oral message which the worker wants to communicate.

Distance

The distance between the sender and the receiver can also become a barrier. It can happen if the technical devices of communication such as telephone are not available. Humans can hear up to a particular level of distance and beyond that the capacity to hear any sound is not possible. For example if your friend is calling you from a far off distance you won't be able to hear him because of the distance.

Information Overload

Information overload refers to receiving huge number of messages (phone calls) at a particular point of time. For example, if a receptionist at a hotel receives more than 20 phone calls in five minutes time you can imagine how many among the twenty callers he/she can attend and communicate.

Language

Language facilitates understanding, but it can also prove to be a barrier to communication. Take the example of an English speaking tourist in a foreign country. If the tourist talks only in English in a non English speaking country, he/she will fail to communicate effectively.

Medium of Communication

The various medium for communication are oral, written, audio, visual and audio-visual. If the sender uses a medium with which the receiver is not familiar, the medium itself becomes a barrier. For example, if a travel agent gives maps, charts to the tourist guides who have not been taught to read maps, the agents will be in great trouble.

ACTIVITY 18.1

Think of a five star hotel you are familiar with and outline an ideal communication process.

Notes

INTEXT QUESTIONS 18.1

- Explain the importance of communication in tourism industry.
- Imagine you have to talk to a foreign tourist. What barriers can interrupt your communication.

18.2 ORAL COMMUNICATION

It would be impossible for an organisation to function without communication be it oral or written. In our daily life we communicate more orally than in written words. Sharing of ideas, exchange of words orally or verbally is referred to as oral communication. It involves exchange of messages through spoken words. It is a process in which a speaker interacts verbally with a listener. Oral communication may take place in face to face talk (like in meetings and conferences) or through devices like telephones. The other examples would be a lecture in a class room, a speech in a public gathering, a talk by a tourist guide at a famous tourist place etc.

Advantages

- It provides immediate feedback.
- It provides an opportunity for a dialogue.
- It is fast and saves time.
- It is economical as it involves less cost.
- It is flexible.

Disadvantages

- It is less reliable and can lead to misunderstanding if the message is not clear
- It does not provide record or reference.
- It is not suitable for lengthy messages.
- It can be influenced by the behaviour of both sender and receiver.
- The chances of distortion are very high.

18.2.1 Seven Cs of Oral Communication

For oral communication to be effective, you must remember the following seven Cs of oral communication:

Clear

An oral communication becomes effective when the message is clear for the audience or receiver. Oral messages are often misunderstood because the

speakers fail to talk clearly. So, for this purpose clear pronunciation is very much required. To minimise this kind of problem, a speaker should try to work out on different, lengthy and unusual words for clear pronunciation.

Concise

Many people enjoy while talking and sometimes oral communication suffers from the problem of over communication. But when a speaker keeps on talking for long, their message gets distracted. So it is advisable to try to keep the message as brief as possible without changing the real message.

Complete

Completeness is required in all forms of communication. While communicating with others, you should make sure that you pay attention to the five W's: Who, What, When, Where, Why.

Correct

In oral communication correctness means the source of information or from where you get information is right or trustworthy source. Authenticity of the source generates faith in the speaker and people listen to him carefully.

Concrete

For making oral communication effective, speakers should use specific facts and ideas and also avoid exaggeration of any information. Try to choose appropriate words which do not offend/impact a particular individual, society, culture or nation.

Courtesy

Courtesy refers to the use polite words for oral communication. Try to avoid irritating expression, sincerely apologise for any mistake, do not use any discriminatory expressions which are related to individual people, race, ethics, origin, physical appearance etc.

Candidness

Candidness means that the message should be straight, open, frank, outspoken. At the same time it should not hurt a particular person.

Oral Communication Skills

Oral communication means communication through mouth. It includes individuals speaking to each other, be it direct conversation or telephonic conversation. Oral communication occupies an important place especially in business organisations

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where you need to inform people about your business ideas, products and services, benefits etc. Presentations, Meetings and public speeches are forms of oral communication. Presentations being a kind of oral communication are mostly used in almost all business organisations to communicate with the business partners, customers etc. The present section shall discuss how to make effective presentations, convene meetings and how to deliver public speeches.

Making Presentations

The main purpose of presentation is to inform, to persuade the audience to act and to create reputation in the eyes of the audience. A good presentation should have good subject matter, should match with the objective, should best fit the audience and should be well organised.

Developing Presentations

To make a good presentation you need to develop a good presentation. Following are the steps to develop a good presentation.

Step   I   Decide the Topic

Step   II   Collect Material

Step   III   Prepare and revise the first draft

Step   IV   Insert Graphics and Pictures

Step   V   Make a final draft

Step   VI   Practice your presentation

Step   VII   Make final presentation

The following points help in delivering a good speech or a presentation.

- Know your audience first.
- Presentation should be concise and should focus on the topic.
- Convey the required information.
- Look calm and relaxed throughout.
- Maintain eye contact with the audience.
- Use graphics and pictures where ever required (in case of presentations).
- Use short and simple words.
- Smile if it comes naturally.
- Adjust your volume or tune as per the situation.
- Maintain interest of audience. You can also make use of humour and positive quotes.

18.3 MEETINGS

A meeting is a get-together of a group of persons who meet to discuss ways and means to deal with a specific time bound task assigned to the group. The members of the group share common experience, common concern and common interest. A meeting is a formally arranged gathering for the purpose of discussing an issue concerning a large number of persons.

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18.3.1 Objectives of meeting

A meeting may have any of the following objectives:

- To inform and explain the information to the members.

- To understand the situation.

- To get feedback from the members.

- To exchange ideas and experience among the members.

- To persuade members to accept changes.

- To resolve conflicts and confusions.

- To generate a positive attitude among the participants.

How to convene a meeting

The process of convening a meeting mainly involves following three steps.

Step I: Notice

A notice (information about a meeting) is served to the concerned persons. The notice informs the members about the date, time and place of the meeting, the issue to be discussed in the meeting.

Step II: Agenda

An agenda is a list of topics to be discussed in a meeting. A copy of the agenda of the meeting is sent to the members so that only the relevant points are discussed in the meeting.

Step III: Minutes of the Meeting

During the course of meeting, the items or topics listed in the agenda are discussed serially one by one. All the participants express their views/opinions and discuss amongst themselves the pros and cons of each item of agenda. Finally, they arrive at some conclusions or decisions, which are always kept on official records. We call them as minutes of a meeting.

18.3.2 Interviews

How to face an Interview

- Pre Plan: Successful delivery depends on preparation. Invest time and effort in rehearsals. Get your friend or partner to ask questions. Think about how you will respond to tough or hostile questions by developing and practising clear, honest and appropriate answers.

- Be in control of the interview. Be the first to speak by assertively introducing yourself and initiating a handshake.

- Minimise distractions. Turn off your cell phone.

- Make eye contact with the panellist. Holding eye contact is critical to projecting a positive and confident image. Looking down can make you seem un-cooperative.

- Do not repeat an interviewer's negative comment as you respond to a question. Always frame answers in a positive way.

- Avoid jargon, industry language and acronyms. It is important to speak in the terms everyone can understand.

- Never speculate. If you don't know the answer, say so and promise to do your best to find out the correct answer and get back to them.

ACTIVITY 18.2

1. Develop a presentation which could be presented to attract tourists towards a tourist destination.

2. Identify various communication networks found in your organisation. Which is the most effective one? And Why?

INTEXT QUESTIONS 18.2

1. Explain five Cs of oral Communication.

2. Suppose you are asked to convene a meeting. How will you proceed?

18.4 WRITTEN COMMUNICATION

Exchange of words, ideas or transmission of messages in written form is referred as written communication. Just as it is impossible to think of social life without communication, it is equally impossible to think of business or an organisation

without written communication. Written communication is an essential part of organisational life. Written communication in organisations includes letters, memos, agenda, manuals, handbooks, reports, etc.

Advantages

- It is taken more seriously.

- It is more suitable when the message is very long.

- It helps in maintaining proper records.

- It is accurate and clear.

- It can be sent to a large number of persons at the same time.

- It provides clear cut guidelines to one and all.

Disadvantages

- It is time consuming and a costly process.

- Immediate feedback is not possible in written communication.

- It is rigid and lacks the personal touch.

- Errors in drafting can create misunderstanding.

- It is difficult to maintain secrecy.

Notes

Distinction between Oral and Written Communication

Oral Communication	Written Communication
• Messages are exchanged verbally	• Messages are expressed in written words
• Messages are exchanged quickly	• Exchange of messages takes time
• Easy to maintain secrecy	• Difficult to maintain secrecy
• More useful for short messages	• More useful for long messages
• Provides no record	• Provides record and reference
• It may not be precise	• Can be expressed precisely

18.4.1 Seven Cs of Written Communication

To ensure effective written Communication experts suggest that a careful thought of the following seven Cs. The seven Cs are: *Concise, Clarity, Completeness, Consideration, Courtesy, Correctness and Concreteness.*

Let us discuss all the seven Cs one by one:

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- **Clarity**

We would be able to ensure effective written communication if the objective of the message is clear, the content to be transmitted is meaningful and the medium of communication is appropriate. Use of simple words is also advised for effective written communication.

Use	Do not use
Pay	Compensate
Help	Facilitate
Use	Utilise

- **Completeness**

While communicating you should ensure that as a sender you answer all the questions asked. You should check: what, who, when, why and where of the message which you intend to send.

- **Conciseness:** The message to be communicated should be as brief and concise as possible. Only simple and brief statements should be made.

- **Courtesy**

Courtesy means you should create friendliness while communicating. Irritating words and expressions should be omitted. For example, words like 'You neglected', 'You are irresponsible', 'You are unaware' should be avoided. Instead it would be courteous to apologise sincerely for a mistake or omission or thank someone enormously for a favour.

- **Correctness**

The message should consist of correct facts and should be sent at the correct time. It is also important for effective written communication that the sender uses correct format for the communication.

- **Concreteness**

In order to make written communication more effective exaggeration should be avoided. The message should be specific, crystal clear and to the point.

- **Consideration**

Consideration means that while communicating you should adopt you-attitude rather than we-attitude and also avoid gender bias. For example use words like:

  – *Thank you for your kind help* instead of *I want to express my thanks for the help.*

  – *Chairperson* instead of *Chairman.*

18.5 PRINCIPLES OF EFFECTIVE WRITING

Unity

Unity of writing implies a condition of being one. The principle of unity applies at three levels. First, the individual sentences must be unified. Second, the individual paragraph must be unified. Third, the totality of the message must be unified.

Coherence

To achieve clarity in a written communication the principle of coherence should be adopted. Relation and clarity are two important aspects of coherence. The principle of coherence applies to sentences, paragraphs and to the message as a whole.

Avoid Jargons

As far as possible, the writer should avoid jargon. Jargon is a language which is special to science, commerce, technology, trade or profession. In private communication with persons in the field, jargon may be incorporated. In other cases, jargon can be used, only if the words used are clear to others as well.

Accuracy

The subject matter must be correct and accurate. The manner in which the message is transmitted must be correct. Accuracy in writing can be achieved by careful checking and editing.

Briefness

Writing should be brief using few words for many. Briefness saves time and also gives grace to the writing. Business communication must be brief and direct.

Business Letters

Letter writing is an art. Even though letters have transformed into e-mails and SMS, it is still respected as an art; only the medium has changed. Letters can be broadly classified in two categories-formal letters and informal letters. Formal letters comprise official letters, business letters; letters of complaints, applications, letters to editors etc, informal letters include letters that are written to our friends and family.

The following basic rules need to be followed while writing formal letters:

● Full name, address and date.

● Correct name and the designation of the person you are writing to.

- Start the letter with 'Sir/Madam' or 'Dear sir/Madam' and then mention the name and the address.

- State the purpose of the letter in one line titled 'Subject' before beginning to write the letter.

- The letter should be very precise, giving only the information, which is required.

- The letter should clearly state action/information required/supplied or action to be taken.

- End your letter politely by using phrases like 'Thanking you, 'Yours faithfully/Sincerely (Name).

18.5.1 Structure of a Business Letter

The elements of structure or parts of a letter are the following:

1.	Heading	The name and address of your company
2.	Date	The date on which the letter is being written
3.	Reference	If you are writing a letter in response to a letter
4.	Inside address	The full address of the person/organisation you are addressing the letter
5.	Attention lines	To ensure prompt action e.g Attention In charge Hospitality
6.	Salutation	Dear Shri Ram Kumar, Dear Smiti Kalpana Madam
7.	Subject	It is the purpose of the letter
8.	Body	The message
9.	Complimentary close	Yours faithfully or Yours obediently Yours respectfully, Yours truly
10.	Signature	Yours faithfully (Ram Kumar)
11.	Enclosure	If there is any attachment to the letter

The seven C's of written communication discussed in the earlier section shall also be taken in consideration while writing a business letter.

ACTIVITY 18.3

Write a business letter requesting a five star hotel to book a room for your CEO.

INTEXT QUESTIONS 18.3

1. Name the principles of effective written communication.

2. What are the components of a business letter?

18.6 CUSTOMER CARE MANAGEMENT

Customer Care refers to systems in the business that maximise customer satisfaction with business. Customer care is a crucial element for the success of every business. Every contact your customers have with your business is an opportunity for you to improve your reputation with them and increase the likelihood of further business. Customer care is more important in some roles than others. It is of more direct importance in tourism. For receptionists, salesmen, front line executives in hotels and other employees who interact with customers directly on a daily basis, customer care is a core element of their job description and training, and a core criterion for their recruitment. For tour operators to be successful, to attract and retain clients, they must provide good customer care. Customer care is also important in other areas of business. For instance, warehousing and shipping departments may have minimal contact with customers but their performance when fulfilling orders has a major impact on customers' satisfaction with their business. In the supply chain industry the warehouse, dispatch, transport and call centre divisions are all part of the customer care function. These functions are responsible for delivering the right product, at the right place, at the right time and in the right quantities, resulting in either a satisfied or unsatisfied customer.

Customer care management involves putting systems in place to maximise customer satisfaction with the business. It should be a prime consideration for every business. Your sales and profitability depends on keeping your customers happy. It explains how you use customer contact, feedback and loyalty schemes to retain existing customers, increase your sales to them and even win new customers. It also implies how to prepare for receiving a customer complaint.

Several factors are considered essential to customer care management. Some important factors are the following:

- Understanding of a customer's needs.

- Matching of product or service to the customer's needs.

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- Providing value for money in product or service.

- Ability to keep customers well informed.

- Reliability and efficiency in fulfilling orders.

- Level and quality of after-sales service provided.

- Efficiency of dealing with customer complaints.

- Level of customer feedback.

- Implementation of customer loyalty schemes.

- Professionalism, efficiency and friendliness of employees.

In tourism business, management of a high level of customer care often requires one to find out what customers want. Information about your customers and their requirements is available from many sources, including the following:

- Customers' order history

- Records of their contacts with your business - phone calls, meetings and so on.

- Direct feedback from customers about your existing range and about what they think/want.

- Changes in individual customers' order patterns.

- Changes in the overall success of specific products or services.

- Enquiries about possible new products or services.

- Changes in the goods and services of your competitors.

- Feedback and referrals from non-competitive suppliers.

Once you have identified your best potential customers, you can target your highest levels of customer care towards them. It's important that you draw up a plan about how customer information is to be gathered and used in your business. Establish a customer-care policy. Assign a senior manager as the policy's champion but make sure that all your staff is involved, often the lower down the scale you go, the more direct contact with customers there is.

Where possible, put systems in place to assess your performance in business areas which significantly affect your customers' satisfaction levels. Identify Key Performance Indicators (KPIs) which reflect how well you respond to your customer expectations. For instance, you might track sales renewal rates, the number of queries about your products or services, the number of complaints about your employees ,the number of damaged or faulty goods returned, average order-fulfilment times ,the number of contacts with a customer each month ,the

volume of marketing material sent out and responses generated ,time taken from order to delivery etc. Your customers and employees will be useful sources of information about the KPIs which best reflect key customer service areas in your business. Make sure the things you measure are driven by how your customers would like to see them run.

There are important areas of customer service which are more difficult to measure. Many of these are human factors such as a receptionist's telephone manner or a salesperson's conduct while visiting clients. In these areas it's crucial that you get feedback from your customers about their perceptions of your customer service. Customer surveys, feedback programmes and occasional phone calls to key customers can be useful ways of increasing communication with customers. They can represent great opportunities to listen to customers and to let them know more about what can be offered to them. From your telephone etiquettes, to the efficiency of your order-fulfilment systems, almost every aspect of your business affects the way your customers view your business. Even though we live in a business world that is driven by online technologies such as e-mail, a phone call can be just as powerful tool. There are however, some specific programmes you can put in place to increase your levels of management of customer care. There are several training programmes available for effective customer care management. Business training, motivational talks and corporate seminars can improve the level of customer care.

Customer feedback can provide with detailed information about how the business is perceived. It's a chance for customers to voice objections, suggest changes or endorse the existing processes, and for you to listen to what they say and act upon it. Feedback is most often gathered using questionnaires, in person, over the telephone or by mail. The purpose of customer contact programs is to help you deliver tailored information to your customers. Contact programs are particularly useful for reactivating relationships with lapsed customers.

While good service is the mantra for generating customer loyalty, sometimes new relationships can be strengthened or old ones refreshed, using customer loyalty schemes. These schemes use fixed or percentage discounts, extra goods or prizes to reward customers for behaviour that benefits your business. These can also be used to persuade customers to give you another try if you feel you have successfully tackled past problems with your customer service. Rewards can be offered on the basis of repeat customer, cumulative spending, orders for large quantities or with a high value, prompt payment, length of relationship etc. For example, a travel agency might offer free local transport service if a tourist opts for the deluxe hotel accommodation. Hotels can provide key customers with loyalty cards that entitle them to a discount on their repeat visits.

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You need to remember that customers' view of the overall service one provides will influence their loyalty much more than short-term rewards will. The aim should be to build a solid long-term relationship with the customers rather than to earn quick money. Satisfied tourists will contribute to your business for years, through their purchases and through recommendations and referrals of your tourism business.

The existing customers are among the most important assets of business. Caring for customers and ensuring they enjoy a high quality service is all about putting people first. It is worth taking steps to make sure that they are satisfied with the service they receive. There are a number of techniques you can employ. They may include the following:

- providing a free customer helpline;

- answering frequently asked questions on your website;

- following up sales with a courtesy call;

- providing free products that will help customers make the most of their purchases;

- sending reminders when services are due; and

- offering preferential discounts to existing customers on further purchases.

There may be times when things do not quite go right. You need to be ready to deal with them. Every business has to deal with situations in which things go wrong from a customer's point of view. You should not be dismissive of your customer's problems, as a tourist with a complaint represents a genuine opportunity for your business. It may be a request for additional help. If you handle the complaint successfully your customer is likely to prove more loyal to you .Your complaining customer may be alerting you to a problem experienced by many others who silently took their custom elsewhere. Complaints should be handled courteously, sympathetically and swiftly. You need to deal with feelings and emotions first and then with the problem. Do take the complaints seriously even when you think these are unreasonable or exaggerated. Your method of dealing with customer problems is one more way to stay ahead of your competitors. Make sure that your business has an established procedure for dealing with customer complaints and that it is known to all your employees. To deal with customer complaints effectively take the following specific steps:

- Listen sympathetically to establish the details of the complaint,

- Be calm and stay in control and act businesslike which would can be cooling down tactic.

- Do not take the complaint personally so as not to get emotionally involved,

- Record details together with relevant material. Also ask the client to provide a report.

- Deal with written complaints immediately.

- Offer rectification by repair, replacement or refund as the case may be.

- Follow-up an action appropriately through an apology letter, phone call etc. But be careful about saying sorry.

- Report back to the client with a solution and secure an agreement from the client that the matter is closed.

Notes

INTEXT QUESTIONS 18.4

1. List various factors considered essential to customer care in tourism businesses.

2. From which sources can you collect information about your customers?

3. As a professional suggest ways of dealing with tourist complaints.

18.7 PERSONALITY

People generally believe that personality refers to personal appearance with a charming smile or outlook. But psychologists are of the view that personality is dynamic in nature and it is concerned with growth and development of a person's whole psychological system. Personality is defined as the combination of stable physical and mental characteristics that give the individual his or her identity. These characteristics include how one looks, thinks, acts, and feels. It can also be referred as the sum total of ways in which an individual reacts and interacts with others.
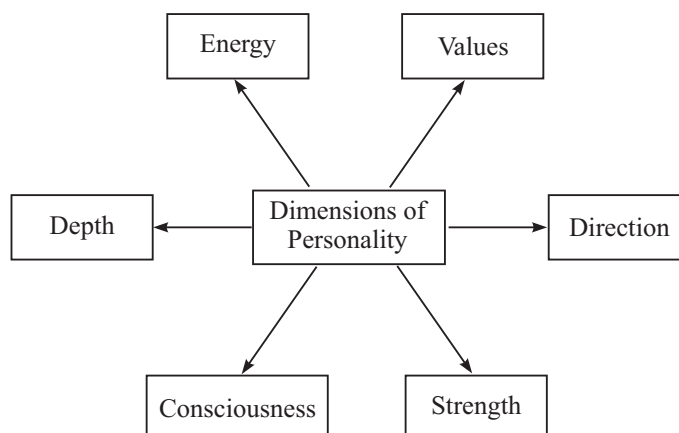

Fig. 18.2: Dimensions of personality

The word personality has its origin in a Latin word "*PERSONA*" that refers to a mask worn in a theatre. The mask worn would provide a hint to the audience about what to expect in the behaviour and attitudes of the character being displayed by the actor. If we want answer to questions like: why are some people quiet, while others are aggressive; why some people talk less and others are more talkative? The answer to these questions is PERSONALITY. Personality is the set of traits that distinguish one person from another. A man is born with certain physical and mental qualities and the environment further shapes his or her personality.

18.7.1 Personality Determinants

There are several factors that determine the formation or shaping of our personality. Among them the three major factors are:

Heredity

The genetic components inherited from our parents at the time of conception determine strongly the personality traits of an individual. The colour, height, physical stature, facial attractiveness, temperament, muscle composition, inheritable diseases etc are considered to be inherited from parents. Research studies conducted on identical twins that were raised in different places over a long period of time and across different situations reveal that heredity plays a substantial role in determining the behaviour of individuals. If all personality characteristics were completely dictated by heredity, they would be fixed at birth and no amount of experience could alter them but research indicates that personality characteristics are not completely dictated by heredity.

Environment

The culture in which people are brought up and the type of socialisation process such as a family's child rearing practices, socio economic status of the family, number of children in a family, birth order, education of the parents, friends, religious practices, the type of schooling and recreational activities, etc play a critical role in shaping our personalities. For example, our parents mould the character of all children, almost from birth by expressing and expecting their children to conform to their own values through role modelling and through various reinforcement strategies such as rewards and punishments. Both the heredity and environment are equally important in determining personality characteristics of an individual. Heredity sets the parameters or outer limits, but a person's full potential will be determined by how well he or she adjusts to the demands and requirements of the environment.

Situation

The type of specific situation which a person encounters also equally shapes personality characteristics. For example, an individual's exposure to a job interview and the type of experiences encountered during that time will shape certain personality characteristics. Similarly, going for a picnic with friends and encountering the type of experiences whether pleasant or unpleasant will shape the personality characteristics of individuals accordingly.

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18.7.2 Personality Traits

Research on identifying personality traits resulted in a long list of traits. However, the two approaches that are dominant in classifying the personality traits are Myers and Briggs Type Indicator (MBTI) and The Big Five Model.

The personality traits classified under MBTI model are:

- **Extroversion vs Introversion**: People who are *extroverts* are sociable, assertive and enjoy more frequent social interaction and feel energized after spending time with other people. *Introverts* are quiet, shy and enjoy deep and meaningful social interactions and feel recharged after spending time alone.

- **Sensing vs Intuition:** People who prefer sensing tend to pay a great deal of attention to reality, particularly to what they can learn from their own senses. Those who prefer intuition pay more attention to things like patterns and impressions. They enjoy thinking about possibilities, imagining the future and abstract theories.

- **Thinking vs Feeling:** Thinking people use reason and logic to handle problems. They tend to be consistent, logical and impersonal. Feeling types prefer personal values and emotions.

- **Judging vs Perceiving:** Judging people want control and prefer to be structured. Perceiving type are flexible and spontaneous.

 The personality traits classified under the Big Five Model are:

- **Openness to Experience:** Extremely open people are creative, curious, and sensitive. Others are conventional.

- **Conscientiousness:** Such people have a tendency to show self-discipline, act dutifully, and aim for achievement; are planned rather than spontaneous behaviour; organised, and dependable.

- **Extroversion:** Extroversion means being sociable, assertive and introversion types are reserved and quiet.

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- **Agreeableness:** It is tendency to be compassionate and cooperative rather than being suspicious and antagonistic towards others. It is also a measure of one's trusting and helpful nature, and whether a person is generally well tempered or not.

- **Emotional Stability:** It is the tendency to experience unpleasant emotions easily, such as anger, anxiety, depression, or vulnerability. It refers to the degree of emotional stability and control.

ACTIVITY 18.4

1. Make a note of personality traits of your teacher or a friend.

2. Meet a successful tour operator of your area. From your interaction and experience with them, list all the personality traits they possess and the factors contributing to those traits.

INTEXT QUESTIONS 18.5

1. Name personality traits mentioned in MBTI.

2. Distinguish between introverts and extroverts.

18.8 TEAM BUILDING

What is a Team?

A team is group of people who have complementary skills and are committed to a common purpose for which they hold themselves mutually accountable. It is a group whose individual efforts result in a performance that is greater than the sum of the individual inputs.

18.8.1 Types of teams

The four most common found teams in organisations are problem solving teams, self managed work teams, cross-functional teams and virtual teams.

Problem-Solving Teams: A group of 5 to 12 employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency and the work environment.

Self-Managed Work Teams: A group of 10 to 15 people who take on the responsibilities of their former supervisors.

Cross-Functional Teams: Employees from the same hierarchical level but from different work areas come together to accomplish a task. Task forces and committees are cross functional teams.

Virtual Teams: Teams that use computer technology to tie together physically dispersed members in order to achieve a common goal.

18.8.2 Team Building

Any formal activity intended to improve the development and functioning of a work team is referred to as team building. Team building is an effort in which a team studies its own process of working together and acts to create an environment that encourages and values the contributions of team members. Team building helps to reshape norms and strengthen cohesiveness. Team building becomes necessary when the team start leaving the team or lose focus on their effective roles and team objectives.

Fig. 18.3: Team

18.8.3 Steps for Building an Effective Team

- Consider each employee's ideas as valuable.
- Be aware of employees' unspoken feelings.
- Be clear when communicating.
- Encourage trust and cooperation among employees on your team.
- Encourage team members to share information.
- Delegate problem-solving tasks to the team.
- Facilitate communication.
- Make sure that you have a clear idea of what you need to accomplish.
- Set ground rules for the team.
- Establish a method for arriving at a consensus.
- Encourage listening and brainstorming.

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18.8.4 Team Development

The most famous model of team development has been given by Tuckman (1965). The four stages of team development are as follows:

Stage 1: Forming

When teams first get together, members are generally cautious and uncertain about many things. People explore, experiment, try something. During the forming period everyone tries his best to look ahead and think about all the things that need to be done.

Stage 2: Storming

At this stage, interpersonal conflict, patient and impatient people clash with each other. Trust is tested, and confusions around goals and roles begin to surface. If there are heavy deadlines, this stage can be quite tense.

Stage 3: Norming

As people get to know each other, they reconcile and agree on things like decision-making processes, resources, timing and quality standards.

Stage 4: Performing

The final stages of team development involve using all the experience and understanding with each other to get results for each other and the organisation.

ACTIVITY 18.5

Recall your memories and note down how you have been making your cricket teams.

INTEXT QUESTIONS 18.6

1. What are the cross-functional teams?

2. What is team building?

WHAT YOU HAVE LEARNT

●   Communication is the act of conveying information for the purpose of creating a mutual understanding. In simple terms communication means sharing of information whether written or oral.

- To carry out any business activity, communication is a must. Without communication the existence of a business organisation would be impossible. Managers need to explain ideas and make the people understand those ideas, and to sell your services to your consumers.

- The process of communication involves a sender, a message, a medium and a receiver.

- Sharing of ideas, exchange of words orally or verbally is referred to as oral communication. It involves exchange of messages through spoken words. It is a process in which a speaker interacts verbally with a listener.

- A meeting is get-together of a group of persons to discuss ways and means to deal with a specific time bound task assigned to the group.

- The process of convening a meeting involves three steps viz notice, agenda and minutes of the meeting.

- Exchange of words, ideas or transmission of messages in written words is referred as written communication.

- Written communication in organisations includes letters, memos, agenda, manuals, handbooks, reports, etc.

- The seven Cs of written communication are: *Concise, Clarity, Completeness, Consideration, Courtesy, Correctness and Concreteness.*

- Customer Care refers to systems in the business that maximise customer satisfaction with business. It is a crucial element for the success of every business.

- Customer care management involves putting systems in place to maximise customer satisfaction with the business. It should be a prime consideration for every business.

- Every business has to deal with customer complaints. A tourist with a complaint represents a genuine opportunity for your business. If you handle the complaint successfully your customer is likely to prove more loyal to you. Complaints should be handled courteously, sympathetically and swiftly.

- Personality is defined as the combination of stable physical and mental characteristics that give the individual his or her identity.

- Personality can be referred to as the sum total of ways in which an individual reacts and interacts with others.

- The three major factors that determine personality are: Heredity, Environment and Situation.

- The personality traits classified under MBTI model are: Extroversion vs Introversion, Sensing vs Intuition, Thinking vs Feeling and Judging vs Perceiving.

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● The personality traits classified under the big five model are: Openness to Experience, Conscientiousness, Extroversion, Agreeableness and Emotional Stability.

TERMINAL EXERCISE

1. What is communication?

2. Why is effective communication important for tourism industry.

3. Discuss the components of a communication process.

4. Distinguish between oral and written communication.

5. Explain 7Cs of written communication.

6. Discuss the strategies for customer care management

7. Outline the important components of a business letter.

8. What personality traits would you like to see in tourism as professional?

9. What is team building? Suggest ways to make team work effective.

10. What type of teams can be built in tourism organisations?

11. Think of a situation at home or at work, and identify communication problems you observed or experienced.

ANSWER TO INTEXT QUESTIONS

18.1

1. No organisation can survive without communication because managers cannot perform the basic functions of management, i.e., Planning, Organising, Leading, Controlling without communication. Tourism being a service oriented industry, managers need to spend most of the time in communicating with customers motivating them to use the services they offer.

2. Language, medium of communication, distance and information overload can interrupt communication.

18.2

1. An oral communication should be **Clear**, **Concise** and **Brief**. It should be **Complete**, it should answer the questions like Who, What, When, Where,

and Why; it should be **Concrete** that means speakers should use specific facts; it should have **Courtesy** which refers to the use of polite words.

2. The process involves three main steps: circulating a notice to the concerned members; preparing the agenda which contains the topics to be discussed in a meeting, and recording the conclusions or decisions of the meeting which are called minutes of a meeting.

Notes

18.3

1. Unity, Coherence, Avoiding Jargons, Accuracy and Briefness are the principles of effective written communication.

2. Heading, Date, Reference, Inside address, Attention lines, Salutation, Subject, Body, Complimentary close, Signature and Enclosure if any are the components of a business letter.

18.4

1. Important factors for management of customer care include understanding customer needs, matching of a product or service to the customer needs, providing value for money, keeping customers well informed, reliability and efficiency in fulfilling orders, after-sales service, efficiency in dealing with customer complaints, customer feedback, customer loyalty schemes and efficiency and friendliness of employees.

2. Information about customers and their requirements is available from many sources including customers' order history, records of their contacts with business, direct feedback from customers, changes in individual customers' order patterns, changes in the overall success of specific products or services, enquiries about possible new products or services, changes in the goods and services of competitors, feedback and referrals from non-competitive suppliers.

3. For dealing with customer complaints effectively listen sympathetically to establish the details of the complaint, be calm to stay in control and be businesslike, do not take the complaint personally , record complaint details, deal with written complaints immediately, offer rectification, follow-up action appropriately and report back to the client with a solution.

18.5

1. The personality traits classified under MBTI model are: Extroversion vs Introversion, Sensing vs Intuition, Thinking vs Feeling and Judging vs Perceiving.

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2. People who are *extroverts* are sociable, assertive and enjoy more frequent social interaction and feel energised after spending time with other people. *Introverts* are quiet, shy and enjoy deep and meaningful social interactions and feel recharged after spending time alone.

18.6

1. Employees from the same hierarchical level, but from different work areas, who come together to accomplish a task. Task forces and committees are cross functional teams.

2. Any formal activity intended to improve the development and functioning of a work team is referred to team building.

19

TOURISM MARKETING

Marketing is one of the most important functions of management. Marketing teaches you the techniques and strategies to promote products and services. Marketing management is concerned with the skills to analyse, plan, coordinate and implement various strategies towards the accomplishment a customer's requirements and the firm's objectives. In a highly competitive market like tourism, you would be interested to improve your market share and expand your business. You must remember that in tourism you are required not only to sell tourism services but also dreams. You must be fully equipped to do the job keeping in view the objectives of your organisation and its customers. This, you can do better through a proper understanding of marketing management. This is precisely what will be discussed in this lesson. It will introduce you to the concept of marketing, its application in tourism, the nuances of marketing functions, marketing environment, pricing strategies, advertising, channels of distribution, management of customer relationship.

OBJECTIVES

After studying this lesson, you will be able to:

- discuss the concept and Functions of Marketing for Tourism
- describe the role of Marketing Environment for Tourism
- discuss Pricing Strategies
- recognise Advertising and Sales Promotion
- identify Distribution Channels for Marketing and
- describe the role of Customer Relationship Management.

19.1 CONCEPT AND FUNCTIONS OF MARKETING

Human activities can be broadly divided into two categories— economic and non-economic activities. Economic activities are performed to earn livelihood,

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such as business, employment or a profession. Business, being an economic activity, is carried out primarily with an aim to earn profits. A business organisation is involved in providing goods and services to consumers. Any business would be useless if the goods produced are not sold in the market. The success of a business organisation largely depends on how efficiently the products and services are delivered to the customers. In order to make the products available to consumers, number of activities such as product designing, packaging, warehousing, transportation, branding, advertising, pricing and selling are required. So the sum total of all those activities that direct the flow of goods and services from producers to consumers is referred to as marketing.

19.1.1 What is marketing?

People are generally confused about marketing and use selling as synonym of marketing. Some compare marketing with advertising, pricing and selling. It must be noted that marketing is much more than advertising, selling or promotion of a product. In fact advertising, packaging, pricing and selling are functions of marketing. Marketing is a comprehensive term and includes a set of ongoing activities necessary to create and stimulate consumer demands and to direct the flow of goods and services from producer (one who makes) to consumer (one who uses) in the process of distribution.

American Marketing Association defines marketing as, "The performance of business activities that direct the flow of goods and services from producer to consumer or user". However the British Institute of Marketing defines marketing as: "The management process responsible for identifying, anticipating and satisfying customer requirements profitably".

"Marketing is a societal process by which individuals and groups obtain what they need and want by creating, offering and freely exchanging products and services of value with others. Marketing is an ongoing process of discovering and translating consumer needs and desires into products and services, creating demands for these products and services, meeting the consumer and his demand through a network of marketing channels and expanding the market base in the face of competition"(***Phillip Kotler).*** Marketing in its most simple form can be described as a process of achieving voluntary exchanges between customers and producers.

Some scholars have defined marketing in relation to tourism as follows:

According to ***Gilbert*** "Marketing within tourism becomes the application of marketing process to the specific characteristics which apply to the tourism

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industry and its products." In the words of ***Krippendorf***, "Marketing in tourism is to be understood as a systematic and co-ordinated execution of business policy by tourist undertakings whether private or state owned at the local, regional, national or international level to achieve optimal satisfaction of the needs of identifiable consumer groups, and in doing so to achieve an appropriate return".

It can be said that tourism marketing is the process of achieving voluntary exchanges between tourists and organisations — Tourists who want to buy products and services and organisations which offer the products and services. For example tourism marketing involves activities like designing a tour package, promoting a tour package and selling the package. Tourism marketing can also be understood as a process which begins with understanding the needs of tourists (consumers) that can be satisfied by offering a suitable product or service (for example, a tour package).

An analysis of the above definitions of marketing makes it clear that tourism marketing is not a separate discipline, but it adopts the basic principles of marketing which have been developed and practiced in relation to the marketing of other consumer products and services.

19.1.2 Marketing and Selling

As mentioned earlier people often confuse marketing with selling whereas the two are entirely different. Differences between marketing and selling can be summarised as follows:

Marketing	Selling
● is "market oriented approach"	● is "product oriented approach"
● starts with the buyer and focuseson the needs of the buyer.	● starts with the seller and focuses on the needs of the seller.
● is satisfying the needs of the customer.	● is preoccupation with seller's need to convert product into cash.
● is a broader term and includes selling.	● is a part of marketing.
● consumer determines price, price determines cost.	● cost determines price.

19.1.3 Features of Tourism Marketing

The success of any segment of travel and tourism industry depends on how well the products and services are marketed. Tourism being a service industry, marketing of services is different from most of the products because what is being sold is an experience rather than a tangible product. Tourism marketing is concerned about understanding the needs of its potential customers (tourists) and satisfying those needs by offering a suitable product. In this section we will briefly discuss some features of tourism products.

1. **Inseparability**: Services are consumed and experienced by a customer simultaneously and as such makes it impossible to demonstrate the product being offered before it is actually consumed. For example, a tourist who is travelling from Delhi to Mumbai will consume the services offered by the airline and at the same time feel the experience.

2. **Perishability:** This is another important aspect of tourism products. Tourism products are intangible in nature and cannot be stored like the other tangible products. For example, if a bus having a capacity of 50 seats leaves with 30 filled seats only, the vacant seats cannot be stored and therefore become useless or so to say they perish.

3. **Ownership:** In tourism products, a customer buys only the experience. The transfer of ownership does not take place. For example in case of tourism products like hotels, houseboats and aeroplanes, the customer experiences only the stay in a hotel or a house boat but does not own the product.

4. **Heterogeneity:** The other aspect of tourism products is their heterogeneity. Tourism products are a combination of several services provided by people. The high involvement of humans' results in variation in behaviour from one consumer to another. For example, an employee at a bank counter, may not behave in the same manner with every customer.

19.1.4 Functions of Marketing

An organisation before achieving its desired goals has to go through a series of marketing functions. The understanding of marketing functions or marketing tasks becomes very essential to understand the subject of marketing. In this section we will discuss marketing functions which can be considered as a system where interaction occurs between an organisation and a customer.

The main marketing functions or tasks of marketing are discussed with special reference to tourism marketing. The functions are as follows:

(a) Market Research.

(b) Product Planning and Development.

(c) Segmentation.

(d) Promotion.

(e) Selling.

Market Research

Market research is the systematic investigation of the facts relevant to various aspects of marketing. It helps in identifying the needs of the customers. It involves study of different markets and customers such as their tastes and preferences and what they are willing to buy and when they are likely to buy. It is a systematic collection of information relating to supply and demand for a product or a proposal. Identifying customer needs is very important especially in tourism business. Therefore, organisations involved in tourism business need to know who their potential tourists are, where they come from, their likes and dislikes, etc. so that a product can be designed according to their needs. This information will help an organisation to offer a product which can be effectively sold in the market.

Product Planning and Development

Product planning and development is concerned with identifying customers' needs, developing new products and improving the existing products in order to meet the needs of customers. Tourism product is a composite product; it is the sum-total of a country's tourist attractions, its natural beauty, climate, history, culture, transport, accommodation and entertainment. Information collected through market research can help organisations to redesign existing products. For example a new tour package can be offered to a particular group of tourists.

Segmentation

Segmentation is a process of identifying groups of buyers of a total market with different buying needs or requirements. It identifies and analyses the socio-economic, life styles and motivational characteristics of potential buyers into useful categories and launches advertising and promotional campaigns for these selected groups. Segmentation helps tourist organisations to design and offer products to a particular segment as per the needs of that segment. For example, if a tourist organisation designs tour packages for religious tourists it means the organisation is providing a product for a particular segment.

Promotion

Promotion refers to a mechanism of communicating, to informing, persuading and influencing the customers to buy a product. The objective of promotion is

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to make the customers aware of the product so as to create demand for the product. Promotion is the mix of various communication activities which tourist organisations carry out with a view to motivating or influencing the target customers. Various techniques that are used in promotion include advertising, publicity, personal selling, and sales promotion.

Selling

Selling is the process of helping customers to buy the products and services that an organisation offers at a price to earn profit for the business. The basic purpose of all marketing activities is to sell the goods and services. Selling helps the business to satisfy the needs of customers. A business can sell its products and services through the following selling methods.

Some common selling techniques are:

- Direct Selling - Salesperson sells directly to customers.
- Retail Selling - Products are offered through a shop that customers can visit.
- Agency Selling - An agent sells products and services on behalf of a supplier.
- Tele-sales - Products and services are sold directly on the telephone without face to face contact.
- Door to door selling - Salespeople visit potential customers at their homes and sell to them directly.
- Business to business selling - Businesses sell directly to other businesses.
- Mail order selling - Customers buy directly from a catalogue without seeing the product firsthand.
- Online Selling - Products and services are sold directly on the internet.

Marketing Mix

Once a firm has decided its overall competitive marketing strategy, it is ready to begin planning the details of the marketing mix. Marketing mix is defined as a set of controllable marketing tools that a firm blends to produce the response it wants in the target market. It consists of everything the firm can do to influence the demand for its product. It constitutes the core of the organisations marketing system which includes four basic decision areas known as the "four P's" of marketing .These are:

- Product,
- Price,

- Promotion, and

- Place (distribution)

These are four controls which have to be used very carefully by a marketing manager to achieve organisational goals. An organisation's success depends on good formulation of its marketing mix. Each of the four P's include many important sub-elements. **Product** is the heart of marketing mix and speaks about its unique features. It also includes pre-sale and post-sale services and the satisfaction it provides to the customer. **Price** signifies the value of a product. A desired quality with a reasonable price would attract the customers. **Place** refers to the place and time. It stands for activities undertaken by the firm to make the product accessible and available to target consumers. Finally **Promotion** speaks about how to improve sales with the help of various activities such as advertising, personal selling, sales promotion etc.

A best mix of above variables like right product at a right price, at a right place with a right promotional activity would yield the best results for a product. Since tourism and its related activities constitute service, the marketing mix for tourism, like any other service, would have three more elements in addition to these four P's; which create a new dimension in their marketing strategy. These include (1) People,(2) Physical Evidence and (3) Process.

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People

As the people are involved in offering services to customers, their performance plays a vital role in tourism sector. The behaviour and attitude of the service personnel in a hotel, transport or a travel agency plays a key role while performing the services which are visible to the tourists. They play an important role in attaining customer satisfaction.

Physical Evidence

The common element in all services including tourism services is that they are tangible, physical, and controllable aspects of any service sector. Physical evidences can be used to build a strong association in the mind of tourists and also to differentiate the service from that of competitors. This element relates to the external and internal appearance of any tourism related organisation. For example, the customer in a restaurant would look for hygienic food in addition to the external and internal appearance of it.

Process

The tourist would look at the quality aspect in a service apart from the process time. A quick service with a quality is always preferred by a customer. If a

tourism firm fails to satisfy this, a customer would switch over to the competitor who serves the tourist better. Thus, an efficient process, which would reduce the customer time without deteriorating the quality, should be adopted by a tourism organisation to retain the tourists.

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ACTIVITY 19.1

Talk to an administrator in a tourism service business and determine the significance of marketing in that firm. Summarised the finding in the form of a report.

INTEXT QUESTIONS 19.1

1. What is marketing?
2. Give two differences between marketing and selling.
3. What is tourism marketing?
4. What do you mean by Segmentation?
5. Name various selling techniques.
6. What constitutes Marketing Mix?

19.2 MARKETING ENVIRONMENT

Marketing of tourism services does not take place in an isolated vacuum. A tourism organisation exists in a context. Therefore to carry out any tourism business, it is important to understand all the factors related to the business and properly understand their impact on it. There are many environmental factors and forces which have significant impact on any business. Organisations are more dependent on their environment where:

● Required resources are not widely available,

● Those resources are not evenly distributed, and

● Increasing connectedness disturbs elements of the environment and the linkage among them.

All the factors internal as well as external form the business environment. Hence, understanding the business means understanding its environment. The environment is more uncertain and more difficult to understand when:

● It is more differentiated,

- It is fast changing, and

- There are numerous interconnections among its various elements.

According to *Philip Kotller*, "Marketing environment consists of the internal factors and forces, which affect the company's ability to develop and maintain successful transactions and relationships with the company's target customers".

In the words of *Skinner*, "Marketing environment consists of all the forces outside an organisation that directly or indirectly influences its marketing activities, includes competition, regulation, politics, society, economic conditions and technology". Marketing environment refers to all the constituent forces which exist in an environment and influence the functioning of a business unit. The overall marketing environment is divided into two categories i.e Macro-environment and micro-environment.

Macro Environment

Macro environment refers to all those external factors or forces which affect the business and are beyond the control of a business organisation. These factors are political environment, economic environment, demographic environment, technological environment and socio-cultural environment. All these factors have a significant impact on the functioning of a business organisation.

Political Environment

Business decisions are strongly affected by political and legal environment of a particular state or country. Political environment consists of laws, regulations and policies that directly as well as indirectly influence business organisations. Sometimes the laws and regulations of a country create opportunities for the business but may also create certain problems. For example, if Govt. of India allows foreign direct investment (FDI) in retail sector it would certainly affect some business houses and can also create opportunities for some entrepreneurs to start their own ventures.

Economic Environment

The economic environment refers to the consumer's purchasing power: whether the consumers have a high purchasing power or a low purchasing power. A company can successfully sell its products only when people have enough money to spend. For example during the time of inflation, the value of money goes down and it becomes difficult for consumers to purchase more products. Thus the economic environment has a power to affect the demand structure of any industry or product and tourism industry cannot be an exception in this regard.

Demographic Environment

Demographic environment refers to population, its size and growth, population across the different regions, age distribution, income levels, educational levels, household patterns, mixture of different racial groups and regional characteristics. Marketers are interested in people because it is people who create markets for them to serve. People differ in their life styles depending on the section of the society or income group they belong to. Life style and income group determines the product people will purchase. This in turn helps business houses to design and offer a product.

Technological Environment

Almost all human activities involve technological intervention which is more prominently visible in business. Every new invention builds a new market and a new group of customers. The introduction of internet helps a tourist to book a hotel in America while sitting in a far flung area of India. The availability of latest technology at a particular destination will determine the tourist inflow for that tourist destination.

Social & Cultural Environment

Values, beliefs, lifestyle, customs, traditions, rites, rituals, etc of a society refer to its culture. Culture is a combination of various factors which are transferred from older to younger generations. The behaviour of people is guided by their culture, family, educational institutions, languages, etc. Society is a combination of various groups with different cultures and subcultures. The behaviour of customers is affected by the cultures they live in and, therefore, it is a matter of concern for marketing managers and needs due consideration. For example, India is a mixture of various sub-cultures which forms the socio-cultural environment for business houses operating in India.

Micro-Environment

Micro environment refers to all those factors which directly affect the ability of a business unit to serve its customers. In other words micro environment is the immediate environment of a firm which includes suppliers, consumers, competitors, and intermediaries.

Suppliers

Suppliers are the people who provide necessary resources needed to produce goods and services. Policies of the suppliers have a significant influence over the marketing manager's decisions. A company needs to build cordial and long-term relationship with suppliers.

Consumers

Consumers are the core of all marketing activities and the main aim of any business is to meet their demands. If a company fails to identify the needs of customers before taking any decisions regarding a product, the company is bound to fail in achieving its objectives. A company's marketing strategy is influenced by its target consumer, in fact it is designed for them.

Competitors

Competitors are the business rivals who run the same business and offer similar products and services in the market. A business has to keep pace with its rivals in order to serve the customer better. A business unit needs to keep a watch on the policies of its competitors so as to improve its services and enhance its market share.

Intermediaries

Intermediaries include wholesalers, retailers, agents, etc. These people help the business to provide products to the consumers. They create place and time utility. A company needs to select an effective chain of middlemen, so as to make the goods reach the market in time.

It is important for all business organisations to understand and analyse the different aspects of environment before designing a product for their potential customers.

ACTIVITY 19.2

Visit any travel agency in your city and analyse the effect of internal and external environment on its functioning. How can the agency cope up with the challenges of change in the environment?

INTEXT QUESTIONS 19.2

1. What is marketing environment?
2. List the components that form the demographic environment.
3. What is the importance of political environment for tourism?

19.3 PRICING STRATEGIES

What is Price?

In simple words the price of something is the amount of money that a customer must pay in order to buy it.

Price is the exchange value of a product or service expressed in terms of money. From the seller's point of view, it is return on the exchange and in economic terms, it is the value of satisfaction. In other words, it is monetary value decided for the exchange of goods and services between buyers and sellers. From the buyer's point of view, the price he or she is willing to pay measures the intensity of the need and the quantity and nature of satisfaction that is expected.

Price of a product can also be seen as a financial expression of the value of that product. For a consumer, price is the monetary expression of the value to be enjoyed/benefits of purchasing a product.

In other words, price is the amount of money customers have to pay to obtain the product and it is a key factor, which affects a company's operation. It plays an important role at all levels of activities of a company and as such a company has to carefully determine the price of its products.

Setting the right price is an important function of effective marketing. It is the only part of the marketing mix that generates revenue. In this section we will discuss how business organisations fix prices for their products.

Penetration Pricing

In penetration pricing an organisation keeps a low price to increase sales and market share for its products. Once the organisation gains a market share the organisation then increases the price of its products. The penetration strategy is used to discourage competitors from entering the market. For example if a mobile phone company wants to offer a new mobile in the market it will offer the mobile phone at a low cost to increase the sale.

Skimming the Cream Price

The organisation sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer. This strategy is usually used in case of innovative products. Companies use this pricing strategy to make customers feel and perceive that the product offered provides them with greater benefits than they will find elsewhere. For example, XYZ company products (like mobile phones and laptops) make customers feel that xyz products are superior to those of its competitors. Therefore, customers happily pay higher prices and purchase xyz products.

Psychological Pricing

This pricing is used to psychologically appeal to the customers. This strategy is used to give an impression of low price to the customers so that they are convinced to purchase the products. For example if a product like a wrist watch costs Rs 1000, it is priced at 999 to give the impression of low price.

Promotional Pricing

In Promotional pricing companies temporarily price their products below cost, to increase short-run sales. Companies offer special prices to increase sales. These offers are conditional and for a of limited duration. For example, Indian Airlines offers a round trip from Delhi to Mumbai for just Rs 2000 provided the interested tourists travel with in a week's time.

Discount Pricing

Discount pricing is a strategy used to increase sales by offering a discount on the price of a product. These prices are offered during a particular season or on purchase of a specified quantity or on a specified amount of purchase. For example, a company offers winter clearance sales when the winter season is about to end or if a customer purchases goods for rupees 1000 he is given 5% discount. You may also be aware about the practice of BUY TWO GET ONE FREE.

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INTEXT QUESTIONS 19.3

1. What is price?
2. What do you understand by penetration pricing?
3. What is psychological pricing?

19.4 ADVERTISING

An advertisement is an announcement in media about a product, event, services or jobs etc. to show the advangage or benefits of it and is aimed at convincing other people to buy it.

Advertising is a non-personal or one-way form of communication conducted through paid media under clear sponsorship (*Kotler*). While watching television we generally come across hundreds of advertising messages everyday, which inform us about various products such as mobile phones, tooth paste, soaps, soft drinks and services such as hotels, insurance policies, etc. It is an impersonal form of communication, which is paid for by the marketers (sponsors) to promote specific goods or services.

The purpose of advertising is to build awareness, provoke interest, increase sales and bring about a favourable change of attitude. The main objective of advertising can also be explained with the following abbreviation:

A = Attract the attention, I = Create interest (read), D = Desire (like), A = Action (act), S = Satisfaction**.**

The important features of advertising are as follows:

(i) ***Paid Form****:* Advertising is a paid form of communication. For example, the company whose product is being advertised on the television has to pay to the television channel for its space.

(ii) ***Impersonality***: There is no face-to-face contact between the customer and the advertiser (company). It is, therefore, referred to as impersonal method of promotion. Advertising creates a monologue and not a dialogue.

(iii) ***Identified Sponsor:*** Advertising is undertaken by some identified individual or company, who makes the advertising efforts and also bears the cost of it.

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19.4.1 Advertising Media

Advertising media is the channel of communication chosen to convey the message or advertisement from the advertiser to the audience. Medium is the general category of communication vehicle available for communication with target audience. Media is the plural of medium and the communication vehicles referred to are paid to present an advertisement. Media selection is the first step of effective communication with the audience and the effectiveness of an advertisement depends upon the media type. A good media manager decides on how he/she expects the media to work, by measuring a given medium on some evaluative criteria like reach of the media, the frequency of advertising message reaching the audience, continuity of an advertising campaign, media scheduling. Besides, media selection is often a creative art in which imagination and uniqueness of approach is always viewed with respect and admiration. Presence of identity, sense of immediacy, quick response, accountability, local emphasis, prestige factor, graphic opportunities, combination of sight and sound, humour, ability to change messages quickly etc are the criteria for media selection from the creativity perspective. Various audience considerations, timing factors, geographic conditions, competitive factors, control considerations, production factors and financial considerations are the other important factors deciding the media choice.

Following types of advertising media are generally used in tourism business.

● **Press Media**

The medium of print has always held an important place in the world. The power of the written word has been recognised since the era of shared information. In spite of the onslaught of visual medium in the recent years, press still enjoys the top position as a promotional media vehicle especially in the tourism sector. Until very recently, press print was the only medium of travel and tourism advertisement. Nowadays, the visual medium is being

used more often for reaching the public but, nevertheless print media specially trade papers and journals are very important media of tourism advertisement. The prominent press media of advertising include news papers, magazines, posters, business publications, supplements, leaflets, brochures, pamphlets, hand bills etc. No media planner can afford to ignore print media today in their media plans.

- **Broadcast Media**

The broadcast media mainly consists of radio, television, cinema and video. Although **radio** is different from the other three, yet it holds the audience interest like any of its counterparts in the broadcast medium. Nowadays a number of FM channels are coming up. FM Band is very popular among the youth, which has become a prime target for the marketers. The advertising agencies of tourism firms are making catchy jingles and broadcast them on radio to capture the imagination of the audience. The sponsoring of the programmes is also very common. Though television has emerged as a very popular medium of advertising particularly after the coming of many private TV Channels, radio has not yet lost its audience. It was and continues to be the most accessible mode of entertainment and advertising as people from all walks of life tune in to the radio programmes.

There is no doubt that **television** is an expanding medium of advertising. This medium is being extensively used by the marketers and of late the tourism products and services are also being advertised on the TV channels. With the removal of government monopoly on TV and many private players entering the field, television has become the primary source of information and entertainment and thus the most attractive medium for advertising. The tourism firms now have a wide range of satellite channels to choose from for advertising their products and services.

Till the advent of television, **cinema** was the supreme medium of visual entertainment and information. Though the medium has witnessed a deep decline in popularity after the coming up of television, the data indicates that it is still viewed as an attractive and captive vehicle for promotional measures. Many tourist destinations have become popular because of cinema as the films were shot there. Nowadays tourism firms get their own **videos** or **CD ROMs** made for promotion of their products and services. Travel and tour operators and also the sales force of these firms distribute them to the tourists. The expertise and technology to produce videos and CD ROMs is now widely available.

Internet is the latest in the advertising world. Advertisements are regularly posted on various internet sites and also sent to various e-mail addresses. Promotional letters and invitations are sent via e-mail to subscribers. Various

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search engines have specially allocated space for advertisements, which has removed the boundaries of cities, regions and nations to reach millions of people. The travel industry is using net advertising in a big way. Most of the search engines have travel and tour sites and many of these sites eventually provide for online booking.

- **Aerial Advertising**

Aerial advertising concept is very popular in USA and came to India very recently. The aerial banker service involves fibre glass mesh banner held by aluminium alloy roads and towed by a single seater and single engine aircraft flying at 700 ft. to 100 ft. above the ground. The banner message length can be up to a maximum of 40 English alphabets. Through this medium of advertising reaching the audience becomes very effective. Reaching a captive audience like in cricket matches, public rallies etc. is most effective when done through aerial advertising. This medium can also be very effective during many festive occasions and events. Advertising at airports is done mostly through glow signs and show windows. While glow signs offer the benefits of colour, light and motion, show windows demonstrate the products at prominent places.

- **Railway Advertising and Off- the- wall Media**

Since the most important vehicle is transit advertising, railways occupy a prominent place in the minds of advertising media planners. The media mix of railway advertising include station hoardings, railway bridge hoardings, posters, inside carriage advertising, back of passenger tickets, sign below clocks, closed circuit TVs etc. Off- the- wall media of advertising score over other media in terms of noticeability and creativity. This media is still restricted to major towns and cities though the promotion experts are working on making it available in smaller cities and towns as well. Off- the-wall media of advertising inclue advertising via telephone, aerial banners and lights, balloons, copter media, handbills, direct mail, paper-book advertising, sales tele-conferencing, shopping bags, taxi-cab advertising, theatre –screen advertising, and trademarks etc.

ACTIVITY 19.3

1. From your own experience, state how do you come to know about a new hotel, a new tour package or a new tourist destination?

2. Design advertising messages for the following tourism products

   - 3 star hotel

   - Discount on special flight routes

   - A special tour package during holidays

INTEXT QUESTIONS 19.4

1. List three features of advertising.

2. Which media of advertising are mostly used in tourism business?

3. What should be the criteria for selecting an advertising media?

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19.4.2 Sales Promotion

Of all the methods of promotion "Sales Promotion" is the only method that makes use of incentives to complete the ' push-pull' promotional strategy of motivating the sales force, the dealer and the consumer in transacting a sale. Sales promotion is a catch–all for all such promotion activities which do not fall into the ambit of advertising, personnel selling, or publicity. In other words sales promotion refers to all activities other than advertising, personal selling, and publicity that motivate consumers to purchase and also involve offers of incentives that are non-recurring in nature. Cash discounts, free samples, exhibition, sales contests, free gift offers, and free sample distribution etc are all examples of sales promotion. Sales promotion includes short-term incentives which are designed to encourage the buyers to make immediate purchase of a product or service. In other words it includes all those activities except advertising, personal selling and publicity that are designed to persuade the consumers and increase sales.

In addition to increasing competition, sales promotion makes an immediate effect on sales. Measurement of the effectiveness of sales promotion is easier as compared to other promotional methods. Further, retailers play an important role in stocking, displaying and selling a product, and sales promotion helps in developing and maintain trade relationships. With a potential to complement and supplement the advertisement function, sales promotion helps realise a number of objectives, prominent among them include the following:

- Increase sales of all products and services in general specially those of slow-moving and new products in particular by increasing their usage,

- Attract new customers and retain old customers,

- Launch new products quickly and make them move faster through dealers,

- Educate customers regarding product improvements and encourage them to purchase from the same product line,

- Motivate dealers to stock and sell more and participate in sales contests and dealer displays,

- Motivate sales force to achieve targets, focus on new products and services and difficult territories,

- Improve manufacturer-dealer relationship.

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Difference between advertising and sales promotion

Advertising	Sales Promotion
Advertising is impersonal in nature	Sales promotion is personal in nature.
It is aimed at creating demand	It is aimed at increasing sale
It targets a huge population at a time	Its scope is limited as compared to advertising
Advertising does not provide immediate feedback	Sales promotion provides immediate feedback to companies

Methods of Sales Promotion

Various sales promotion methods are built around consumers, dealers and members of the sales force. Some aim at producing immediate impact while others aim at delayed impact. Under immediate impact schemes a consumer, dealer and a sales person gets the incentive at the first contact, purchase or on performing a one-time act, like price discounts, free samples, large quantity packs etc. Under the delayed impact schemes he is called upon to comply with the scheme over a period of time, before receiving the full benefit of the scheme, like coupons, trading samples, contests etc. A brief description of some of these sales promotion methods mainly used in tourism sector are as follows:

Discount Coupons: This method is followed for consumer shopping goods such as textiles, household articles, etc. Consumers are allowed to avail discounts on their purchase when they surrender their coupons to the seller.

Free Samples: In this method the companies distribute samples of their product free of cost. This method is most effective in promoting consumers necessities and convenient goods. For example newspapers, medicines, etc.

Trade Shows & Exhibition: Trade shows and exhibitions are conducted to attract the attention of consumers and remind them of the product available in the market.

Of late a great deal of sales promotion activity on the part of hotels, travel agents, airlines, and financial service institutions has been noticed. Price discounts by airlines, chance to fly free through flyers club, premiums by hotels, incentives to travel agents and tour operators, etc are some common sales promotion schemes offered by tourism service providers. Tourism departments go in for destination promotion. They organise contests or offer incentives and awards

for the tour operators for bringing the largest number of tourists, etc. Tourism services, like other services, are perishable and intangible and a service not utilised in time is an opportunity lost forever, be it an airlines seat or a hotel room. The situation, therefore, requires the use of sales promotion schemes particularly in services affected by seasonality or having intense competition. Tourism sector is seasonally affected and discounts are a means to initiate tourists. Tourism services provide tremendous opportunities for joint sales promotion. For example, airlines join hands with hotels and car rentals promoted through travel agents and tour operators.

INTEXT QUESTIONS 19.5

1. Give two points of difference between advertising and sales promotion.

2. State a few objectives of Sales promotion.

3. What are the various methods of sales promotion?

19.5 DISTRIBUTION CHANNELS IN TOURISM INDUSTRY

A distribution channel is considered to be a vehicle that is utilised to make a product or service available to the consumer. The concept of distribution channels is not limited to the distribution of physical goods. Although the principles are the same, the channel distribution for tourism differs significantly from those used for manufactured goods. Tourism services require simultaneous production and consumption, meaning the product is not normally 'moved' to the consumer. A tourism distribution channel may be defined as a total system of linkages between actual and potential tourists and the suppliers. Distribution in tourism is transfer of tour and related facilities from supplier to tourists through a system. Distribution channel is used for indirect selling and it involves all those who are providing the product from the supplier to tourist. The following distribution channels are used in tourism.

Travel Agents

Travel agents are those who buy the product from wholesalers and sell the product to tourists for a commission. Travel agents act as intermediaries between the customer and the supplier and are known as retailers in tourism. Travel agents work in close contact with the tourists and build a personal rapport with the tourists. These agents act as a single local contact point and as such them need not contact many suppliers. Travel agents in some cases make all the arrangements at the destination and also simplify payment in case of international travel.

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National, State and Local Tourism Agencies

All travel agencies cannot provide all inclusive packages to their clients in all parts of the world. So these agencies promote tourism in certain geographic areas. They may be sponsored by the state or constitute business associations with the common goal of providing information and promoting tourism in certain regions. Tourist agencies advertise resources and tourist attractions, and help customers to plan their trips providing maps, guides, and bookings.

Tour Operators and Wholesalers

Tour operators are wholesalers, also called consolidators, who buy in large volumes and have access to a surplus inventory on highly discounted rates. Tour operators prepare tour packages and give them to travel agents for selling. They design packages as per the requirements of the market. The wholesalers obtain rates and availability directly from the supplier and create packages with different accommodation and transportation options.

Online Travel Companies

The use of Internet has given birth to new intermediaries also known as cybermediaries. These companies do not physically own the products, they buy from suppliers then display and offer products through internet. The examples of such companies are ***makemytrip.com, yatra.com, cleartrip.com and ibibo.com.*** These companies sell tourism products like air tickets, railway tickets and hotel rooms etc.

ACTIVITY 19.4

Imagine that you are planning to visit North America. How will you proceed? Write an account of the same.

INTEXT QUESTIONS 19.6

1. What is a distribution channel?
2. Who are Travel Agents?
3. Name four online travel companies**.**

19.6 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer Relationship Management (CRM) is one of the most important topics in the world of business. CRM involves all aspects of interaction that a company

has with its customer, whether it is sales or service-related. In other words customer relationship management (CRM) is a model for managing a company's interactions with current and future customers. It is all about building, maintaining, and sustaining relations with customers. CRM is aimed at customer satisfaction and above all customer loyalty. Companies remain in touch with its existing customers and try to develop contacts with new customers through telephone, e-mail, fax, web, sms, mail and personal contact so that they are served in a better way.

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19.6.1 CRM as a Process

CRM as a process involves the following steps:

1. It collects information about its customers.

2. Builds a customer database (detailed information about customers).

3. Obtains the requirements of the customers.

4. Analyses the requirements of the customers.

5. Develops products and services as per the requirements of the customers.

6. Maintains a personal communication with the customers.

7. Offers and delivers products and services through personal communication.

CRM is all about taking personal interest and care of customers during and after the product is delivered to the customer. The process helps both customer and the company to know each other better at every business transaction.

19.6.2 CRM and Tourism (Hospitality) Industry

Application of CRM in the tourism sector is in its early stage of development. Practical use of CRM can be seen in the case of hotels or hotel chains, which actively collect the available data about their guests. All available information about a guest is stored in a separate database and is properly analysed and a profile of each guest is created. Based on the created profile, it is possible to access each guest in a special and personalised way, because the hotel management and staff are familiar with the wishes and needs of guests. When the hotel has enough information about its guests, it can make classification and segmentation of individual guests or groups of guests, and can determine the product needs of each individual customer or group of guests.

INTEXT QUESTIONS 19.7

1. What is CRM?

2. How would you make use of CRM?

3. Is CRM necessary for a business?

WHAT YOU HAVE LEARNT

- The sum total of all those activities that direct the flow of goods and services from producers to consumers is referred to as marketing.

- Some people compare marketing with advertising, pricing and selling. But marketing is much more than advertising, selling or promotion of a product.

- Marketing of services is different from most of the products because what is being sold is the consumption of an experience rather than a tangible product.

- The functions of marketing include Market Research, Product Planning and Development, Segmentation, Promotion and Selling.

- Marketing environment refers to all the constituent forces which exist in an environment and influence the functioning of a business unit. The overall marketing environment is divided into two categories i.e Macro-environment and Micro-environment.

- Price is the amount of money customers have to pay to obtain the product or service.

- The most common mediums of advertising are 'newspapers', 'magazines', 'television', and 'radio'.

- Sales Promotion refers to all those activities other than advertising, personal selling, and publicity that stimulate consumers to purchase.

- A distribution channel is the vehicle utilised to make a product or service available to the consumer.

- Customer relationship management (CRM) is managing a company's interactions with its current and future customers. It is all about building, maintaining, and sustaining relations with customers.

TERMINAL EXERCISE

1. Define marketing? How does it differ from selling?

2. What are the features of tourism products? Describe the functions of marketing in relation to tourism.

3. What is marketing mix? What are its various elements?

4. What constitutes Marketing Environment? As a tourism professional suggest ways to handle the changing marketing environment.

5. Discuss the main pricing strategies which can be used by tourism organisations.

6. How does advertising differ from sales promotion? Briefly describe the chief sales promotion incentives used in tourism sector. .

7. What are various channels of distribution used in tourism business? List the factors determining their selection.

8. What is the process of Customer Relationship Management? State the significance of Customer Relationship Management for tourism industry?

ANSWER TO INTEXT QUESTIONS

19.1

1. Marketing in its most simple form can be described as a process of achieving voluntary exchanges between customers and producers.

2. Selling is a part of marketing. Selling focuses on the needs of seller while marketing focuses on the needs of buyers.

3. Tourism marketing can also be understood as a process which begins with understanding the needs of tourists (consumers) that are satisfied by offering a suitable product or service (for example, a tour package).

4. Segmentation is a process of identifying groups of buyers of a total market with different buying needs or requirements.

5. Direct Selling ,Retail Selling, Agency Selling, Tele Sales, Door to door Selling, Business to business Selling, Mail order Selling, and Online Selling.

6. Marketing mix constitutes the core of an organisation's marketing system which includes four basic decision areas known as the "four P's" of marketing- product, price, promotion and physical distribution.

19.2

1. All the factors internal as well as external form the business environment.

2. Demographic environment includes population, its size and growth, population across different regions, age distribution, income levels, educational levels, household patterns, mixture of different racial groups and regional characteristics.

3. Political environment provides the rules and regulations which are to be strictly followed by the companies and cannot be ignored.

19.3

1. Price is the monetary value decided for the exchange of goods and services between buyers and sellers.

2. Penetration pricing is setting a low price to increase sales and market share for products and services of company.

3. The strategy used to give an impression of low price to the customers so that they are convinced to purchase the products.

19.4

1. It is paid form of communication; it is impersonal in nature and has an identified sponsor.

2. Press, Media, Radio, TV, Videos, CD ROMs, Internet, Aerial Advertising, Railway Advertising, Off- the- wall Media.

3. Audience considerations, timing factors, geographic conditions, competitive factors, control considerations, production factors and financial considerations etc.

19.5

1. Advertising is impersonal in nature wheras as sales promotion is personal. Advertising is aimed at creating demand while sales promotion is aimed at increasing sale.

2. Main objectives served by sales promotion are:

   ● Increase the sales of old, slow-moving and new products and services

   ● Attract new customers and retain old customers,

   ● Launch new products quickly and make them move faster,

   ● Educate customers.

3. Various sales promotion methods are built around consumers, dealers and members of the sales force. Read sec 3.4 to answer this question.

19.6

1. A vehicle utilised to make a product or service available to the consumer.

2. Travel agents act as intermediaries between the customer and the supplier and are known as retailers in tourism.

3. *makemytrip.com, yatra.com, cleartrip.com and ibibo.com.*

19.7

1. CRM is about taking personal interest and care of customers during and after the product is delivered to the customer.

2. We can collect all available information about guests and store in a separate database for proper analyses so that a profile of each guest is created.

3. CRM is necessary for tourism industry so that we come to know what a customer wants.

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