

The H.R. Manager's delight

Employee metrics have dropped drastically. Hotels that were operating at a 1:2.5 ratio (1 room:2.5 employees) have dropped this ratio by up to half. For example, resorts currently experiencing 50-60% occupancies thanks to 'revenge travel,' have discovered they can work with much lesser numbers.

Ramiah Daniels • December 05, 2020, 12:30 IST



The current and ongoing pandemic has stressed most businesses, none more so than the services sector. The hospitality and travel sector would never have wished this happenstance upon their worst enemy. Yet, through these times of duress, one department has a lot to thank providence for the Covid-19 phenomenon. That department is Human Resources. By now, they have got over the stress of drastically reducing their organization's employee count. Post this, the HR department can probably count more positives in the offing, especially for the route ahead.

Employee metrics have dropped drastically. Hotels that were operating at a 1:2.5 ratio (1 room:2.5 employees) have dropped this ratio by up to half. For example, resorts currently experiencing 50-60% occupancies thanks to 'revenge travel,' have discovered they can work with much lesser numbers. This was necessitated by a sparse cash flow brought about by the steep drop in the top-line revenue.

A 154 room luxury resort in Goa did an 80% occupancy in Nov 2019 with 353 employees. Currently operating with 180 employees, it has done a 62% occupancy in Nov 2020. While operations are being stretched, the fact is that one can achieve such a performance. This is definitely going to influence promoters and operators to stay with reduced numbers in the future. After all, due to exorbitant labour costs in the west, this has always been the trend. The Indian hospitality sector has been correcting employee metrics gradually over the past decade. The pandemic has now hastened the process, and probably made the H.R. manager's job more interesting.

Let us analyse the HR department's KPI's in today's scenario. Here is a spin doctor's largely positive analysis of the H.R. Manager's path for 2021 and ahead:

PROCESS

Employee Multi-Functionality is now the name of the game. Pre-Covid19, Recruitment concentrated mainly on education, skills, personality, and experience. Now, since H.R. has reduced the recruitment count, the HR manager can additionally look for multiple competencies & behavioural skills.

Let me explain this with the same example of the aforesaid luxury hotel in Goa. A year ago, with 353 employees, it ran with an attrition rate of 50% annually. The H.R. department had to recruit to replace 176 employees annually.

In the current depressed job market, attrition is expected to fall significantly by up to half of earlier levels. This means that where earlier 2 employees attrited, now one will leave. With the employee count of this hotel currently at 180, attrition is forecasted to drop significantly (to 25%). The number of replacements in 2021 for this hotel may then be forecasted at only 45 employees. This drop from 176 to 45 employees to be replaced annually, will constitute nearly a 75% decrease in recruitment numbers.

What follows is that H.R. should now be able to perform their processes for a leaner number, much more effectively. A lower Attrition and Absenteeism rate, along with lesser Open Job Requisitions will support a higher Quality of Hire, Quality Interviewing Time, and a higher Job Offer Acceptance Rate. These would be some of the benefits accruing from this serendipitous situation.

The H.R. challenge here, if any, may be in replacing the blue-collar worker. With an enforced lockdown, India has witnessed for the first time, a reverse migration. Migrant Labour has returned to their towns and villages and are using their acquired skills to start their own businesses.

A CDP (chef de partie) who was earning ₹45000 p.m. in a 5-star hotel in Delhi, returned to his village in Uttar Pradesh during a forced retrenchment. He availed of a government scheme to purchase five milk buffaloes. After deducting upkeep and EMI expenses, he today makes a profit of ₹60000 p.m. Why would he come back to the city?

FINANCIAL

The obvious organizational benefit of a lower employee count would be a lower Payroll Cost in real terms. Now, this cost is now being reduced further. Along with reducing employees, most hospitality organizations are also lowering salaries (by lowering existing salaries and recruiting at lower salaries).

Organizations nowadays do not need to spend on recruitment in the manner they used to. Another area of expense reduction then, is the Cost per Hire, as there is now a supply glut.

Generating savings at the cost of the employee may help the P&L in the now, but never in the long run. Encouraging cross and multi-functional positions, (mentioned in the 'Process' KPI), will assist in lowering costs through lean employee numbers.

The H.R. Challenge here would be how to motivate employees to be more productive at the same salary.

EMPLOYEE DEVELOPMENT

To understand how satisfied employees are with the HR department's services, one measures the NPS (Net Promoter Score) of HR. Using the NPS, one can also measure to what degree, employees recommend the organization to others. In the current context, more concentration can be given by H.R. towards development activities like Onboarding, Training, and Performance Management.

There are several examples of hospitality organizations around the world who have engaged their work force during the lows. Not only has this helped in the continuous development of the employee, but it has also kept them motivated.

The H.R. Challenge is in staving off inadvertent cost-cutting of L&D measures normally used to motivate high performers. Also, in the drive to reduce costs, the training manager must not be made redundant. As Steve Jobs famously said, "You cannot mandate productivity, you must provide the tools to let people become their best."

STRATEGIC

A certain standalone international luxury hotel in Bangalore truly does stand alone. It is the only hotel which has not retrenched its permanent employees and has continued to pay complete salaries. It is a brand deeply ensconced in ethics and compliance, which has stood by its employees. Recently, the hotel's Director of Sales was approached by an Indian luxury brand. She was offered higher emoluments to join them. She refused, as she appreciated her company's values. The company's strategic H.R. decision to support and value their people during tough times certainly paid off in this case.

Innovation is often a key driver of business success. A strategic long term goal of an H.R. department is to create an environment of Innovative Employee Behaviour along with increased Employee Engagement. Higher levels of Employee Satisfaction via HR Initiatives will lead to higher Employee Productivity. This, in turn, will increase Employee Value to the organization.

The H.R. Challenge here is in changing the employee mindset to accepting the new normal.

Another strategic H.R. challenge I foresee, thanks to lean staffing levels, lies in maintaining a work-life balance for the employees. Confucius said, "Choose a job you love, and you will never have to work a day in your life." Hence it is said that if you want creative workers, you must give them enough time to play.

Changing employee mindset to the current scenario, and maintaining a work-life balance will be tasks, easier said than done. It will take some serious application from the H.R. department to achieve them.

In summation, H.R. Managers must delight in the fact that through these challenging times, their mug of joy overflows. For, the advantages of the current situation far outweigh their demitasse of woes!

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Sakshi Singh • ETHospitalityWorld • December 05, 2020, 13:10 IST

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Les Roches Marbella launches SPARK Innovation Sphere

Backed by the experience of the world's leader in hospitality management education, Sommet Education, and the recently launched Innovation Hub of Les Roches Crans-Montana, SPARK is set to become one of the most important industry initiatives in the last decade.

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Tourism dept ready to turn heat on hotels operating without permissions

Teams formed by the department are examining if prior permissions were obtained by them and show cause notices were issued to those that did not.

Bindya Chari • TNN • December 05, 2020, 09:23 IST

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Wyndham Hotels & Resorts announces a new mobile app

Wyndham goes high impact, low contact with a new mobile app

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Singapore becomes the first country to approve sale of lab-grown meat

Demand for alternatives to regular meat is surging due to concerns about health, animal welfare and the environment.

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Investors scramble for bite of Burger King India IPO with \$9.5 billion of bids

The IPO, which closed on Friday, aimed to raise \$110 million. After an initial allotment to institutional investors, the remaining issue of \$60.5 million attracted bids worth \$9.5 billion, stock exchange data showed.

Reuters • December 05, 2020, 09:35 IST

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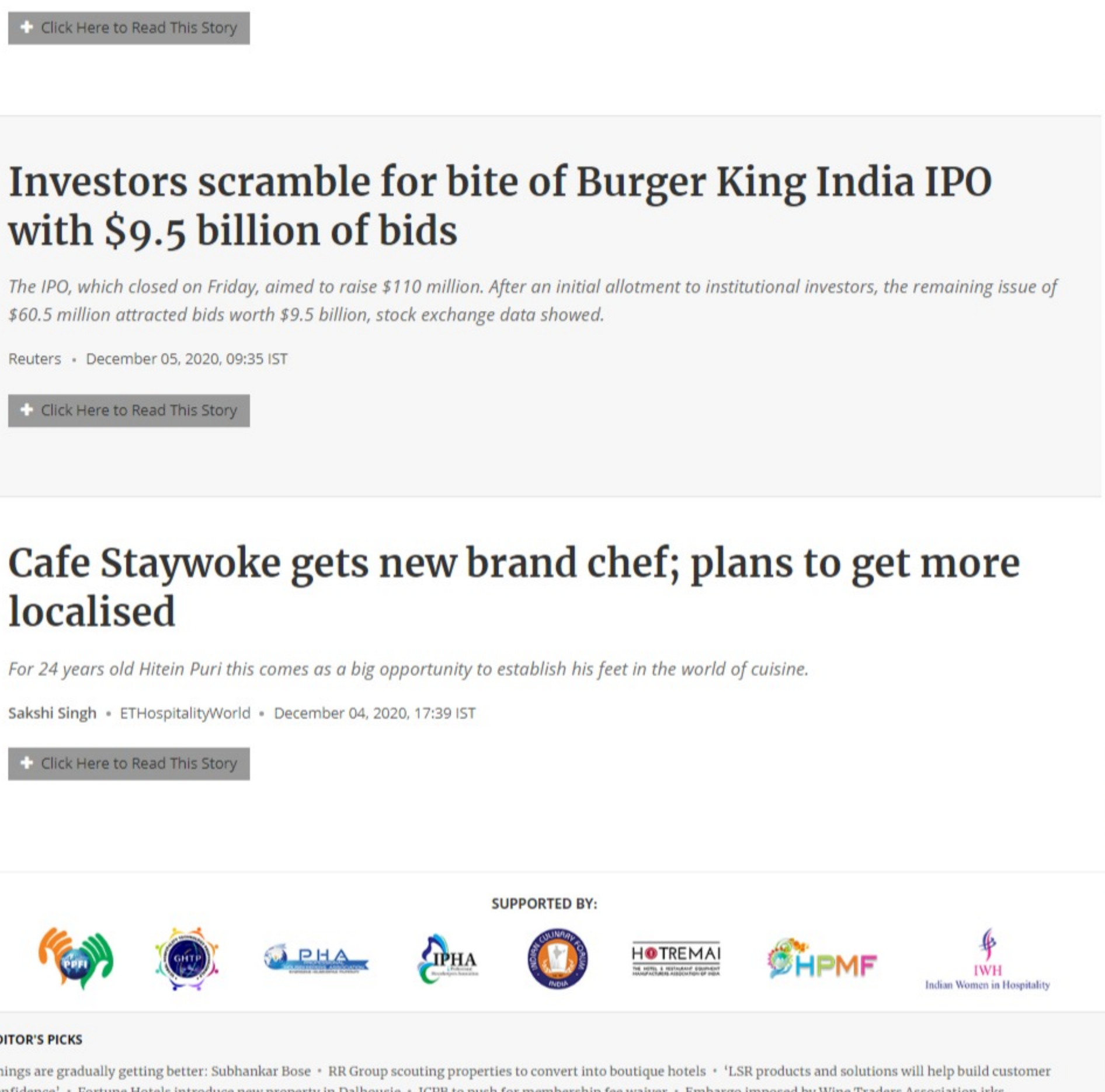
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Sakshi Singh • ETHospitalityWorld • December 04, 2020, 17:39 IST

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