

An Exploratory Study of HRM Practices in the Hospitality Sector of Saudi Arabia

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Abstract

Effective human resource management practices are considered to be very important for the overall success of an organization. We have investigated the prevailing human resource management practices in the hospitality sector of Saudi Arabia. Data was collected through semi-structured interviews from the human resource managers and general managers of hotels operating in the holy cities of Mecca and Medina. Finding of the study shows that proper human resource management practices are not adopted, especially very little attention is given to employees training and development and their performance appraisals. Managers are confronted with a number of challenges due to ineffective human resource management practices. Limitations of the study and future research directions are given

Keywords: HRM practices, Hospitality sector and Saudi Arabia.

1. Introduction

It is a known fact that human resources play a vital role in the success of tourism and hospitality sector organizations. Successful organizations in tourism services sector knows how to acquire, manage, train, and retain their human resources (Fa'ilde, 2005). The mission statements of such organizations also bear testimony to the importance of soft assets like human resources as compare to the manufacturing sector organizations where usually little emphasis is shown in this regard (Houque, 2000). Though a lot of organizations claim these days that people are their most valuable assets, but it is worth investigating that to what extent they are catering to the needs of their employees in the form of human resource management practices. Just giving lip service to the mantra that "people are most valuable" will not serve the purpose, but how effectively organizations manage their human resources will determine their overall success.

Saudi Arabia is an important religious tourism destination for the Muslims all over the world, because of holy cities of Mecca and Medina which has the last resting place of the prophet of Islam Hazrat Muhammad (PBUH). Every year more than 15 million Muslims come for Hajj and Umra and thus results in estimated amount of one hundred million dollars of revenue. From an economic point of view tourism industry plays a vital role in the economic development of Saudi Arabia. From an image building perspective, the role of the tourism industry is very significant, as a soft and positive image can be built in minds of people from different countries. Keeping in view this backdrop the current study aims to explore the existing human resource management practices in the hotel industry and to know how effectively hotels are managing their employees in terms of selection, training, compensation and performance appraisal.

The next section of the article contains theoretical background, Methodology adopted for the study, results in the form of illustrative quotes from the respondents, Discussion, and the article has been concluded by giving limitations and future research directions.

Theoretical Background

HRM practices and its impact on employees behavior has been extensively investigated in the previous literature. Effective HRM practices may lead to positive impact in employees behavior which may result in improved performance, thus unique and effective HRM practices can be a source of competitive advantage for organizations. Though some researchers have reported a weak relationship between HRM practices and improved economic performance (Hart, 1993). Having a well established human resource system and practices can lead to positive HR and employees' relation outcomes, but this may not necessarily lead to positive outcomes in terms of quality and productivity (Guest and Hoque, 1994). A number of studies have demonstrated a positive relationship between specific HRM practices and financial outcomes (Russell et al., 1985; Gerhart and Milkovich, 1992; Terpstra and Rozell). Research has also demonstrated a positive relationship between perception of HRM practices and customer satisfaction with service and as well as with indicators of organization performance (Tornow & Wiley, 1991). Zerbe et al (1998) in their study have proved the proposition that perception of HRM practices determine the behavior of the aircrew towards the passengers, because perceived effectiveness of HRM practices have an impact on the overall service culture. Effective HRM practices produce an environment of employees' wellbeing which may result in effective delivery of services (Schneider and Bowen, 1993). Studies in the context of service organizations have proved the causal relationship between the HRM practices and service quality and its impact on overall organizational performance. Besides

service quality and customer satisfaction existence of effective HRM practices may also lead to organizational commitment. Human resource policies that are considered beneficial by the employees can lead to greater efforts on their part, which may result in enhanced performance. Enriched jobs through HRM policies increase the level of organizational commitment among employees (Mathieu and Zajac, 1990). In the context of service sector a number of studies have investigated the link between HRM, commitment and performance. Ulrich et al in their studies have reported a positive relationship between organizational commitment, customer attachment and HRM practices. Pitt et al have also indicated a moderate relationship between organizational commitment and service quality. In spite of the controversies between the HRM practices and financial performance, effective utilization of human resources is a sine qua non for the overall success of an organization. Effective human resource management practices can result in enhanced customer satisfaction, better service quality, customer retention, employee satisfaction and overall performance of the organizations doing business in the service sector (Lytras & Ordóñez de Pablos, 2008a, 2008b).

In the context of Saudi Arabia very limited studies have investigated the HR practices of Saudi organizations in the service sector in general and the hotel and hospitality sector in particular. Keeping in view the importance of human assets for this sector this study has attempted to fill the void by setting the following two broader objectives.

- To know about the existing HRM practices of Hotels in Saudi Arabia
- To identify the challenges faced by hotel managers in managing their human resources

Methods

Keeping in view the research questions a qualitative approach was adopted in order to carry out this study. Semi structured interviews were conducted with the hotel managers and human resource managers. The criteria for hotel selection was the number of employees and category of the hotel, i-e at least having more than 50 employees and should be a four star hotel. Hotel manager was asked for interview in case a hotel does not have a separate human resource manager. Convenience sampling technique was adopted as per the requirements of this research. Initially a total of 18 respondents were requested for interviews, out of which 8 refused to be part of this study, so the study is based on 10 in-depth semi- structured face to face interviews. For detail information of the respondents and hotels see table 1. All of the interviews were conducted in the holy cities of Mecca and Medina as these cities have a thriving hotel industry due to the influx of pilgrims and other religious tourists. The interviews were conducted in the month of February, 2014. The open ended questions along with the objectives of the study were shared with interviewees in advance through email. Sample of open ended questions asked include, does your organization have a proper human resource management system? What kind of human resource management practices have been adopted by your hotel? what kind of discrepancies do you seen in your human resource management practices? How can you improve the human resource management practices of your organization? Which one is your most effective human resource practice and which one is comparatively ineffective and needs improvement? Each interview was lasted for 65 minutes on average and was voice recorded. Interviews were transcribed for data analysis after completing all the interviews keeping in view the guidelines provided by Morse and Richards (2002) for analyzing qualitative data. As the interviews were conducted in Arabic language, assistance of an English language expert was availed for translating the Arabic text. Two coders used to work simultaneously on each transcript in order to compare the results in the form of themes drawn from the transcribed data. This led to enhanced inter-rater reliability. Steps involved in coding process are explained in table 2.

Results

Existing HR practices

The following illustrative quotes have been taken from the transcripts in order to have a glimpse of the existing human resource management practices adopted in the hotel industry of Saudi Arabia.

Respondent A said “*we do not have a separate human resource manager, and being a hotel manager I am responsible for most of the human resources related matters. Most of the HR related activities that takes much of my time and energy, are related to hiring and maintaining discipline among employees, we don't have formal kind of trainings, and rely just on on-the-job training*”. Respondent B mentioned “*being an HR manager I am responsible for employees selection, formal and informal training, performance appraisal, and dealing with employees grievances. We have recently adopted a proper performance appraisal system for our employees and are trying to tie performance with reward.....but still we have a long way to go in order to implement the concept of human resource management in litter and spirit*”. Respondent C highlighted the prevailing HR practices in his organization by mentioning that “*though I am a human resource manager, but actually my responsibilities are confined to paper work, most of the time I am involved in hiring related decisions and dealing with employee related matters like health insurance, leaves, and other mundane matters. Proper training is lacking which is a hindrance in delivering quality service to the customers*”. Respondent D explained that “we

have a well established HR department, having 8 employees, we have a proper training program for our newly hired employees, customer feedback is taken and considered it in appraising our employees' performance, for recruitment we also rely on outsourcing sometimes, when we need to hire someone for a specialized position". Respondent E said "Managing human resources is a vital part of my job, but we do not have a formal HR system, for example we do not have an appraisal system to keep the employees motivated, and to address the performance gapes, newly hired gets training through an informal mechanism. Being an HR manager I do not have the autonomy to take certain personnel related decisions.....as I have to ask the owner for permission in most of the cases".

The above illustrative quotes have highlighted that, most of the hotels do not have an effective HR department, and the HR manager decisions are just confined to the hiring and other mundane activities. A few five star hotels, in this case just two of them have a well established HR department and the rest of the four star hotels have just HR managers and some of them do not have even, but their activities do not reflect the dynamic and important role of an HR manager.

Challenges faced by Managers in managing human resources

The following illustrative quotes portray some of the challenges faced by hotel and HR managers while managing their human resources.

Respondent G mentioned that *" I think the biggest challenge is to keep our employees motivated, we do not face problems of employees turnover like other countries because of the peculiar Saudi labor laws and the dependence of foreign workers on kafeel (guarantor)..... but still one cannot afford dissatisfied human resources, as they will not be working with their heart, but will work to a minimum level in order to keep intact the organizational membership"* Respondent H explained the importance of a proper performance appraisal mechanism by mentioning that *" In my opinion the lack of performance appraisal system can be a big hindrance in improving performance and developing employees, usually the performance deficiencies are identified through gut feelings and guess work, which is not a good way to manage vital assets like human resources..... Besides this to keep your employees motivated you have to differentiate among, super, average and poor performers"* Respondent J mentioned that *" the biggest challenge is to inculcate such a spirit in your employees that they may have a feeling of ownership for their organizations so that may go an extra mile besides what is there on their job description. Respondent E highlighted the importance of the empowerment of HR managers by stating that "Human resource managers need to be empowered to some extent in order to take personnel related decisions under the ambit of Saudi laws, sometimes very small and ordinary decisions plays a significant role in the overall success of an organization..... employees need to be intrinsically motivated rather than to rely on just extrinsic motivation" . lack of proper training was mentioned by many respondents as one of the challenge faced by general managers of the hotels in general and HR managers in particular, as respondent C mentioned " as a lot of religious tourists visit the holy land of Mecca and Medina from different corners of the world, which belongs to diverse cultures and regions. It is a dire need to train the employees, especially the front desk employees to cater to the linguistic needs of the tourists. Besides training in service quality and hospitality is must to insure the provision of quality service to the customers"*.

The above illustrative quotes highlighted a number of challenges faced by the hotel management in dealing with their human resources. The dominant challenges include employee's motivation, Performance appraisal and training. Besides the dominant challenges other comparatively less dominant challenges like manager's empowerment also came to surface.

Discussion

This study has explored the exiting HRM practices in hotel industry of Saudi Arabia and challenges faced by the hotel management in general and human resource managers in particular in performing their personnel related activities. As human resources are considered to be the most valuable assets by organizations, therefore its effective and efficient utilization depends on sound and effective human resource management practices (Dessler, 2011). We have found that the existing HRM practices and HRM responsibilities of managers are confined to hiring and firing decisions and the dynamic and proactive role of HR managers is eclipsed by routine activities. The concept of training and continuous professional development of employees is almost non-existent. Employees training and development is an important function of human resource management and organizations cannot afford to ignore it in such a fast changing world, where employees' skills and competencies need to be updated (Noe, 2002). Training and development can be beneficial not only for individuals but for teams and organizations as well (Aguinis & Kraiger, 2009). Training may lead to improved job performance and other positive changes in attitudes can be achieved through different kinds of human resource development interventions (Hill & Lent 2006, Satterfield & Hughes 2007). On-the-job training may enhance the level of innovation and tacit skills (Barber, 2004). Research has also proved that behavior modeling training can bring positive changes in employees work related behavior which may lead to improved job performance and overall financial performance for organizations (e.g., Decker & Nathan 1985, Robertson 1990). Another important

human resource management function which was lacking in Saudi hotel industry was performance appraisal. Majority of the hotel managers and HR managers confessed that a proper system to differentiate among performer is lacking in their organizations. Performance appraisal is a vital function and may assist the management in taking different administrative and personnel related decisions effectively. It may help the managers in promotion and training related decisions. Differentiating among performers can give a message of fair treatment to your employees, thus enhanced efforts and level of motivation can be achieved through a sound performance appraisal system. The increased use of a formal appraisal system by organizations bears testimony to the effectiveness and benefits of this worth investing effort (Armstrong and Baron, 2005). Today's world is characterized by performance based compensation, and for such merit pay system to work, a sound appraisal system is a prerequisite (Bevan and Thompson, 1992). One of the challenges faced by the managers of the hotels is to keep their employees motivated, so performance appraisal can play an important role in this regard. The role of the appraisal should not be confined to administrative decisions like promotions and increase in salary, but it should cater to employees' developmental and training needs as well. Lack of empowerment was another big challenge for the managers as they felt constrained in mundane decisions. In order to insure effective utilization of an organization work force the managers need to be empowered to take wise decisions for the welfare of employees as well as the organization.

Conclusion

The aim of this study was to explore the existing human resource management practices adopted by hotels operating in the kingdom of Saudi Arabia. The study has also identified some of the challenges faced by the management as well as the human resource managers. Findings of the study depict that important HR functions like performance appraisal and training and development are either lacking or performed in an ineffective manner. Major challenges faced by the hotel and HR managers include, employees motivation, employees training and development and performance appraisal. This study is of importance to the practitioners of HRM as well as the hospitality managers in order to strive for the effective and efficient utilization of human resources in hotel and tourism industry. The study has certain limitations as well; the small sample size of the managers may be a hindrance in the generalizations of the findings. Data collection was confined to two cities. Future studies in this sector may opt for a large sample size and expand the geographic location of the study by including big cities like Riyadh and Jeddah. Besides this, through large scale quantitative studies including the employees of the hotels may help in better understanding of the HR practices, as employees are one of the primary stakeholders of the organizations and their input may enlighten this area of research.

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Table 1. Respondent’s information

Case	Gender	Age	Education	Hotel Category	Location	Designation
A	Male	58	Master	Four star	Mecca	Hotel Manager
B	Male	40	Master	Four star	Medina	HR Manager
C	Male	57	Bachelor	Four star	Medina	HR Manager
D	Male	55	Master	Five star	Mecca	HR & Admin Officer
E	Male	51	Intermediate	Four star	Medina	Hotel Manager
F	Male	45	Bachelor	Five star	Mecca	HR Manager
G	Male	47	Bachelor	Four star	Mecca	Hotel Manager
H	Male	49	Bachelor	Four star	Medina	Personnel Manager
I	Male	50	Bachelor	Four star	Mecca	Hotel Manager
J	Male	43	Intermediate	Five star	Medina	HR Manager

Table 2. Steps involved in data analysis procedure

Step	Procedure
Step 1: Reading the transcript	Entire and meticulous reading of the transcript
Step 2: Repeating step one(re-reading)	The transcript was studied again for further clarification.
Step 3: coding (for example, existing human resource management practices)	The transcript was analyzed to know what kind of human resource practices are already adopted by the organization.
Step 4: Data transfer	After coding the data, the coded portion on the transcript was transferred to the part specified for the coded theme. This was done for each theme and each interview.
Step 5: Data comparison	In-depth analysis led to the identification of similar themes in the data.
Step 6: Data Cross-check	A more precise understanding of the themes emerged by cross checking each theme, in order to insure the visibility of strong themes rather than weak themes.
Step 7: Interpretation	Results were interpreted in the light of available literature on human resource management.

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