

# MANAGEMENT OF HUMAN RESOURCES IN TOURISM

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## **Abstract**

*Topic of this paper is human resources management in tourism with the aim of increasing the quality of products and services and achieving greater economic effects and competitiveness on the tourist market.*

*Whereas products and services in tourism highly depend on quality human labor, the task of human resources management is to ensure high quality man labor, and encourage it by motivation, education as well as with the possibility of career advancement to maximal efficiency, and retention within the business sector.*

*The SWOT analysis in the paper shows all weaknesses and threats, but also strengths and opportunities for improvement of characteristics and qualities of job positions in Croatian tourism.*

*Quality human resources management in tourism contributes to increase of economic performances and competitiveness on the tourist market.*

**Keywords:** *tourism, human resources, management, quality, competitiveness*

**JEL Classification:** L83, O1, O15

## 1. INTRODUCTION

Socio-economic and technically-technological changes in the world also influence the changes in tourism and the development of modern tourism from the mass tourism to specific interest tourism. Tourism is employing the increasing number of people and is of great economic significance for many countries including Croatia. Tourism, being highly work intensive activity, has results which are, for the most part, dependent on the quality of human resources. In order to achieve and sustain optimal quality of work of every person working in tourism it is necessary to manage people and their relationships within a work organization, motivate them to work, educate them and evaluate their results and accomplishments. Therefore it is important to manage them properly and the management of all the employees in a company or an organization the responsible factor is the management of human resources.

Management of human resources is a complete and integrated system of complex and interconnected initiatives, activities and tasks of the management for purposes of ensuring an appropriate number and structure of employees, their knowledge, skills, competence, interest, motivation and form of behavior necessary to achieve current developmental and strategies objectives of the organization, to achieve sustainable competitive advantage and organizational success (Bahtijarević-Šiber; 2014,5). Human resources in a certain company don't only apply to the number of employees on specific and foreseen positions, but it also applies to a wide range of knowledge, abilities, skills, competencies as well as personal characteristics of each and every employee which with all the above mentioned factors contributes to overall success of the company. All this knowledge, skills but also characteristics of every single employee as well as the interrelationships of employees are the subject of human resources management. Activities and tasks of human resources management are as follows: **ensuring human potentials** (planning, attracting and recruitment, selection, arrangement), **maintenance of human resources** (security and health, organizational culture, retention of employees, services to employees), **motivation and rewarding of human resources** (monitoring and evaluation of work efficiency, motivation, rewarding, benefits), **professional training and development** (education and training, development of human resources, career advancement, development of managers) (Bahtijarević-Šiber;2014,24).

The main objective of the human resources management is to ensure quality work force and provide it with stimulating work environment, training and advancement because employee satisfaction contributes to increase in success and competitiveness of the entire company, especially in tourism, because the tourism is a work intensive activity in which its products and services are highly based on the quality of human labor.

## 2. CHARACTERISTICS OF EMPLOYMENT AND QUALITY OF JOB POSITIONS IN TOURISM

Tourism is an economic activity which generates the largest number of jobs. As the success and results of work in tourism, for the most part, depend on human resources, it is necessary to take into account quality and professional work force which will be motivated to work and will contribute to success and competitiveness of the company. However, as it has been stated, optimization of tourism development will take place in the environment of the constant counterpoint between the necessary increase of competitiveness which, among other things also means the cost reduction, and work costs, and the expected increase in the employment which is important for standard growth and overall improvement of the life quality for Croatian citizens (Bartoluci et al; 2007,29). These are the shortcomings of employment and quality of job positions in Croatian tourism. The main problems are incompetence, low wages, insufficient motivation of employees, inability to advance and the accentuated seasonality in employment along with the inability to become employed for the unspecified amount of time. All of this often results in seasonal employment of incompetent workers who are ready to work in difficult conditions for low wages. This brings into question the quality of service in tourism, an economic branch whose success and competitiveness is, for the most part, based on human resource.

In the following tables there are basic indicators of development of Croatian tourism and employment in tourism based on the data of the National institute for statistics and Croatian employment service, processed by the Institute for economics and the Ministry of tourism.

**Table 1.** Basic indicators of development of tourism in Croatia

	2008.	2009.	2010.	2011.	2012.
Number of overnight stays (in mil.)	57,1	56,3	56,4	60,4	62,7
Profit from tourism (in billions of EUR)	7,5	6,4	6,2	6,6	6,8
Share of the activity in the GDP (in %)	3,7	3,8	3,9	4,1	4,1
Share of employees (% of the total number)	6,0	5,9	6,0	6,0	6,1
Unit labor cost (kn per 1.000 units of GVA)	544,56	527,70	497,05	476,56	476,42

Source: Institute for economy Zagreb (2013), Sectorial analysis; no.19, year.

**Table 2.** Employees in tourism (2013.)

	Total	Working on specified amount of time	Working on unspecified amount of time - seasonal
Graduated economist for hotel industry	72	68	37
Economist for tourism and catering	161	155	91
Tourist animator	57	56	38
Economist for hotel industry	34	33	17
Hotel and tourism officer	929	876	480
Receptionist	581	571	420
Assistant chef	1.603	1.554	1.009
Chef	4.186	4.040	2.648
Master chef	113	110	68
Assistant waiter	885	842	447
Waiter	5.261	5.041	2.635
Bartender	81	80	48
Head waiter	63	60	33
Maid	1.841	1.834	1.495
Kitchen worker	1.418	1.396	1.037
Laundry woman	181	180	153
Other occupations in tourism and catering	18.515	17.826	9.788
IN TOTAL	35.981	34.722	20.444

Source: HZZ (Ministry of Tourism,(2013),Tourism in numbers 2013.)

Based on the listed indicators we can conclude that the income from the tourism hasn't proportionally followed the growth of overnight stays. Tourism is an activity which has generally increased its share in the economy, but the

share of tourism in Croatian GVA still isn't at the level of other Mediterranean destinations; in Spain and Greece tourism has 8% in the GVA (Institute for economics;2013,5). The importance of tourism in the employment rate hasn't been changed for years and the share of the employees in this area in Croatia is about 6%, whereas global trends show that the share of employment in tourism in the total employment rate ranges from 10% (USA, Ireland, Netherlands) to 15% (Great Britain, Italy, Spain) which aligns with the share of tourism industry in the GDP of these countries (Bartoluci et al;2007,29). The mentioned data shows that real net and gross wages have fallen and are lesser than the national average. An obstacle for this work intensive activity is the fact that wages are as high as the 85% of the average Croatian wages, i.e. this activity sector is under-paid and increased growth of wages is certainly a factor which could contribute to the quality of the tourist service (Institute for economy Zagreb;2013,6).

Below in the paper the SWOT analysis will present weaknesses, strengths, opportunities and threats of the work places in tourism.

**Table 3.** SWOT analysis of jobs in Croatian tourism

STRENGTH:	OPPORTUNITIES:
<ul style="list-style-type: none"> <li>- increase in the number of tourists</li> <li>- increase in economic effects from the tourism</li> <li>- increased growth in demand of work force in tourism</li> <li>-investments of domestic and foreign capital, new investments in tourism</li> <li>-development of tourist economy</li> <li>-opening of new work places</li> <li>-entry of the Republic of Croatia in the EU; incentives through different programs and employment measures, retraining and life-long learning, programs and support for development of new tourist product</li> </ul>	<ul style="list-style-type: none"> <li>-introduction of new programs and curriculum in educational system</li> <li>-encouraging professional staff for purposes of work in tourism</li> <li>-introduction of human resources potential management into companies</li> <li>-enabling continuous professional training</li> <li>-enabling employees to advance in their careers and to create careers</li> <li>-creating of positive and motivating work environment by various incentives and benefits</li> <li>- evaluation of success, rewards</li> <li>-introduction of a program before and after the tourist season; decrease of seasonality, increase of the number of jobs for the unspecified time of work</li> </ul>

WEAKNESSES:	THREATS:
<ul style="list-style-type: none"> <li>-unqualified work labor</li> <li>-low wages</li> <li>-seasonality –employment on specified amount of time</li> <li>-insecurity of employment</li> <li>-poor working conditions</li> <li>-prolonged working hours</li> <li>-unmotivated employees</li> <li>-insufficient possibilities of professional training and career advancement</li> <li>-outdated programs and methods of work in nurture and education for purposes of employment in tourism</li> </ul>	<ul style="list-style-type: none"> <li>-little chance of employment for the unspecified time of work because of the distinct seasonality</li> <li>-low paycheck considering work conditions and professional qualifications (unqualified work labor crashes the cost of labor)</li> <li>-entrance in the EU has opened a market of goods and services, but also a work market</li> <li>-better paid positions in the EU</li> <li>-decrease in the quality of the offer and services due to employment of unqualified and low paid work labor</li> </ul>

*Source:* individual work of the author

According to the analysis of strengths, weaknesses, opportunities and threats listed in the SWOT analysis of jobs in Croatian tourism, one can draw the conclusion that for development of tourism and achievement of economic goals extra capital investment and new investments are much needed, but what is even more important for gaining competitive advantage, the increase in productivity and survival on the tourist market, is definitely the investment in high quality, educated, professional and motivated human resources.

### 3. HUMAN RESOURCE MANAGEMENT

As it has already been established in the paper, the key factor to success, competitiveness and survival on the tourist market is definitely a human factor. Human resources with its knowledge, skills, abilities and motivation contribute to creation of new values on the market. Therefore, it is necessary for each company to introduce a system for management with the operations regarding human resources i.e. human resources management because managing work and human resources is becoming a more and more important task in the management of modern business systems for all activities, especially for activities like tourism in which it has a dominant role (Bartoluci; 2013, 343).

Human resources management in a certain business system includes all activities from planning, making choices, arrangement of human resources to certain positions depending on the needs and the strategy of work and development in the company, to influencing positive interrelationships between employees, cre-



ation of pleasant and motivating work environment, different incentives for increase of efficiency and giving its workers the possibility of constant professional training, advancement and making a career within the company. Each business system, i.e. each company has to have a clear strategy of its development and a clear vision of achieving certain results and competitiveness on the market. In systems and companies who are engaged in tourism, this strategy should, for the most part, be related to human resources as one of the key factors in achieving economic effects and competitiveness on the market. By doing so their motto can be the saying of a well-known American hotelier, E. Stalter (1863-1928) which states that the one who gives a little bit more and provides guests with a bit better service is the one who will go forward (Stalter, Holjevac; 2002, 110). In order to be able to provide guests with a bit better service and offer them something more, what is necessary, is constant professional training and tracking of new trends in supply and demand on the tourist market.

This is the reason why, professional training plays very important role in the process of human resources management. Already in planning of human resources it is essential to make a good plan about what type of and what degree of education, knowledge and skills are necessary for each position, and by choosing employees the management should be guided by the above mentioned criteria in order to reduce the fairly large amount of unqualified staff in tourism. Business systems and companies engaged in tourism should in their plans definitely have vocational and professional training for their employees in order to enable them to constantly acquire new skills and knowledge, and by doing so, the management would increase the productivity and competitiveness of the company itself. The employers need to be aware that spending money on constant professional training of their own employees doesn't represent a cost but and an investment into increase of performance and productivity.

Along with proper planning and possibility of training in the process of human resources management one very important role is also played by motivation and possibility of career advancement. There are different ways in which employees can be motivated to reach better work efficiency and better goal achievement. Motivation doesn't necessarily have to be financial in terms of salary increases, but it can also be related to other benefits like days off, paid insurance, vacation trips etc. In order for an employee to be as efficient as he/she can be, he/she has to work in a positive and pleasant environment, he/she has to be aware of the meaning of his/her importance and the meaning of the

work he/she performs, as well as the consequences in case he/she doesn't fulfill his/her obligations. The employee also needs to be able to express his/her own ideas and visions and be able to make certain decisions on his/her own. In order to achieve that, positive interrelationships between employees are very important, especially the relationship between managers and employees. The manager is a key figure in linking all of the above mentioned components important for successful human resources management with the aim of quality and productive performance of business tasks, and in order to succeed the manager has to possess the following features: leadership, determination, flexibility, organization, initiative, creativity and has to be prepared to take consequences. A person with such features is able to assess, plan, choose, allocate and manage human resources well and have in mind that the ultimate goal is to achieve productivity and competitiveness. In order to achieve maximum productivity and competitiveness, along with planning, motivation and professional training, one other factor which is important, is monitoring and work evaluation of each individual within the rewarding system, as well as the possibility for career advancement and development. This is the component which is usually lacking in our business systems and companies that work in tourism, which to a large extent discourages young and educated individuals to work in tourism and it often leads them to search for jobs in other business sectors, while on the other hand contributes to employment of incompetent or low-skilled staff on certain positions which directly influences the product and service quality. In all major tourism companies the development of motivation and rewarding system is becoming the objective which enables the management to successfully manage human resources. Management of human resources has the main objective to win the people over and to ensure their development and stay within the organization (Bartoluci; 2011, 65-66). In other words the task of the management is to ensure high quality and competent human resources and by proper management influence their happiness and motivation to work, because only satisfied and motivated human factor influences the increase of quality, contributes to success and competitiveness of the company on the tourist market.

#### 4. CONCLUSION

In order for business systems and companies engaged in tourism to be successful, key factors have to be the product and service quality and competitive-



ness. By connecting different business operations in tourism one achieves increase in the efficiency and quality level of products and services. Management in companies is mainly focused on profit and control of expenses and less attention is given to human resources management which is the crucial for creation of quality products and generating quality services, upon which the success and competitiveness of a certain company on the tourist market depends.

In Croatia the tourism is underlined as a strategic system of the economy which in order to be profitable has to be competitive. Human resources are the factor which contributes the most to success and competitiveness of the company on the tourist market. As already established in the paper, content and motivated work force contributes to customer's perception about the quality of tourist product and services and they create a positive image for an organization. For achievement of company's competitiveness the synergy between the management and all employees is very important, as it serves to clarify business goals and ways to achieve them, whereas the competence in the field of work of every employee also plays an important role. Management needs the knowledge to coordinate human resources, to use them effectively by creating positive environment, to motivate, to provide their employees with education and chance to advance in their careers and it also needs to know how to maximize their efficiency all with the aim to create better productivity and competitiveness of the company.

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