



Role of Human Resources in Strategic Planning and Organizational Change

CHAPTER

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CHECKLIST

OF CHAPTER LEARNING OBJECTIVES

As a result of satisfactory completion of this chapter, readers will be able to:

1. Identify factors that influence organizational change, and discuss how they impact the role of human resources in managing it.
2. Explain the role of the human resources function in strategic planning.
3. Review the continuum of organizational change, and the role of the human resources function to manage change along it.
4. Explain basic issues that create organization-wide resistance to change, and explore human resources aspects of these issues.



Impact on Human Resources Management

Hospitality organizations, like their peers in other industries, are in an almost continuous state of change. Some change is gradual; other change is more dynamic. In effective organizations, much change results from purposeful management planning, but even the most resourceful and insightful managers cannot anticipate all change that will be necessary, or they cannot provide well-thought-out and proactive ways to adapt to it. Numerous external—and internal—organizational factors create change. Managers must know what these factors are, must recognize how they can impact their organization, and must be able to effectively deal with them.

An organized strategic planning process can be used to anticipate and prepare for change. Because employees will be affected by changes that are made, they should be considered, and their input should be encouraged and utilized whenever it is possible to do so. Those who manage human resources have numerous responsibilities as this planning process evolves, and these HR managers are a significant influence on the extent to which strategic planning efforts are successful.

Some changes are gradual, and may be implemented by no more than simple revisions to affected policies and/or operating procedures. At the other end of the change continuum, some types of change affect the entire organization, including every department, each manager, and all other employees. Along this continuum from gradual to dynamic change are a wide variety of other pressures for altering the status quo that are evolving all the time. This chapter explores the continuum of change, with a special emphasis on the role of human resources personnel in the management of change.

Many persons at all organizational levels resist change, in part because of the uncertainty and perceived risks that are associated with it. In this chapter, we'll review why top-level managers in organizations sometimes desire to maintain the existing situation (the status quo) and tactics they use to resist change. While not all change is good, some is. It is the challenge of human resources and other managers to determine which pressures for change are important, what types of changes will be useful, and how planning for that change will be undertaken.

When managers say, "Change affects organizations," what they are really saying is that "Change affects people." The organization consists of the staff members at all organizational levels who work to fulfill its mission. Change clearly affects the organization's human resources. Staff members will react to every change in a way that, hopefully, improves the organization. A focus on the role of human resources in the change management process is the general topic of this chapter. It is an important one, because how the organization is managed in times of change dramatically influences its future. The discipline of human resources would be much simpler if one only needed to review or revise a policy or explain a procedure to make things happen. In fact, human resources managers must often provide creative input to their organizational peers as they think outside the box to help plan for the future. It is their ability to consistently do so that sets them apart from their counterparts, who view their primary role as implementing rather than influencing change.

Organizational Change Is Constant

1. Identify factors that influence organizational change, and discuss how they impact the role of human resources in managing it.

Hospitality organizations are dynamic; they cannot stay the same, because, if they do so, they essentially go backward. Line operating supervisors and managers are confronted by internally directed changes of all types. Many are driven by an evolution in guests' preferences. For example, restaurant managers modify a menu, and hotel managers change a guest room's décor to modernize it. Entry-level employees are affected when, in the first case, cooks must learn to prepare new menu items and, in the second instance, as housekeeping personnel alter guest room makeup procedures.

Organizational change: The process by which an organization moves away from what it is currently doing toward some desirable future status.

Organizational change is ongoing, and it must be effectively managed to the extent possible. Human resources managers in large organizations are members of their property's executive committee, and they participate with their top-level peers in decision making that impacts their entire organization. For example, department heads on the committee work with their subordinate managers and supervisors to implement plans within their areas of responsibility. By contrast, managers with human resources functions in smaller organizations must make decisions, and they must then directly manage the activities of the affected staff members who must implement these changes that enable the organization to remain viable.

External organizational factors originally discussed in Chapter 1 (see Figure 1.3) can influence the need for a hospitality organization to plan for and implement changes.

Let's review these external influences:

- **Legislation.** Labor-related and other laws and regulations impact what a hospitality organization must and cannot do. Sometimes a regulation results in change that directly affects only some of an operation's employees or one or more specific procedures. For example, if the Internal Revenue Service (IRS) modifies how tipped employees are to report their income, then payroll procedures must be modified to comply with IRS guidelines. In this case, only selected employees (those receiving tips) are affected.

In other cases, changes in legislation or regulations affect all employees. For example, the Hazard Communication Standard, required by the Occupational Safety and Health Administration (OSHA) and implemented to help ensure a safe work environment, resulted in mandated policy and procedural changes that affected all managers and employees. For an even more dramatic example, consider that the Americans with Disabilities Act (ADA) mandated significant changes about selection procedures for job applicants (future employees), the need to make reasonable revisions in work procedures to accommodate employees covered by the Act (current employees), and even changes in requirements related to an operation's physical facilities.

Niche marketing: The activity of offering specific products and services to subsegments of a market in efforts to attract large numbers of this subsegment to the operation.

- *Competition.* Some hospitality operators react to their competitors in a (seemingly) never-ending effort to stay one step ahead to enhance the perceived value of their products or services and attract additional guests. Others try to lead the pack by being early innovators. Still other organizations consider the competition, but try to develop (or improve) core business strategies to distinguish their business in the minds of the marketplace. Regardless of the strategy, all hospitality operators must consider their competitors and, in doing so, they may initiate change in response to actions taken by the competition. For a specific industry example, consider the 99-cent value menu introduced by Wendy's restaurants. Its competitors were quick to respond (by necessity!), and each introduced its own version of a value menu to appeal to the value-conscious customer.
- *Consumer preferences.* **Niche marketing** has been used to create opportunities for hotels, restaurants, and other commercial hospitality operations to meet the needs of ever-smaller groups of potential guests. What do narrow (or broad) markets of guests want? As this question is addressed, internal changes will be necessary. Then, after changes are implemented, the question can be asked repeatedly, with the result of never-ending changes that will impact the organization's staff members.

One of the most successful examples of niche marketing in the hospitality industry can be seen in the "W" brand of Starwood Hotels (www.whotels.com). W hotels are specifically designed to attract a younger, highly affluent business traveler.

- *Demographic issues.* The size, age, and skills of the local labor force impact employee recruitment and selection decisions. Income levels in the area affect employees' compensation levels and the ability and interests of potential guests in the community to visit a hospitality operation.
- *Global issues.* Rising oil prices, which dramatically increase product costs including their transportation, and political and terrorism concerns, which can have a significant influence on the sometimes fragile hospitality industry, are examples of factors that decision makers must consider.
- *Ethical concerns.* Ethical considerations impact how employers treat their employees, provide products and services to guests, and conduct business with suppliers. Ethics and corporate social responsibility concerns also influence the extent to which the organization feels compelled to be a contributing community citizen. This, in turn, can impact the management decision-making process in many ways.
- *Economy.* The financial health of the country (which is often affected by global issues), the state, and the community within which the hospitality operation is located influences the interest of businesspeople and tourists to travel and of persons living in the community who consider eating out or preparing meals at home. Interest rates affect the cost of borrowing money and of conducting business in general. Inflation (rising costs) mandate the need for careful cost analysis, which often leads to revised work procedures.

- *Employee unions.* Collective bargaining efforts that create stronger or weaker management and employee obligations to each other can significantly impact the discretion of managers.

The external influences just cited can impact hospitality organizations, including their human resources function and culture, in dramatic ways. They do so by influencing what employers do and how they do it. Employers must react to these influences and implement the changes driven by them.

The judgment and experience of managers, including those with human resources responsibilities, will drive the planning process. The plans that are generated must then be implemented, and tools will be required to do so. For example, **strategies** and **tactics** often create the need to develop or revise policies and procedures to identify work processes needed in response to desired (or required) organizational changes. As well, job descriptions and specifications may need to be changed to reflect the organization's updated human resources requirements.

Strategy: A general method or plan developed in efforts to attain a long-range goal.

Tactic: A specific action step used to help attain a short-term objective.



All Managers Are Part of the Change Management Team

Managers at all organizational levels are decision makers, but their level of decision-making authority and responsibility differs. Human resources managers in large organizations will likely be involved in broad and long-term concerns relating to, for example, approaches to anticipate and/or to adjust to external and internal organizational influences. Their input can be very helpful in answering questions such as: "How will this new legislation impact our hiring practices?" "How should we train all of our employees about new guest service skills?" "Should we outsource some activities in response to reduced revenues caused by decreased occupancy rates?" "What should our coming-in and fallback positions be during the next round of union bargaining?" Managers in smaller organizations without human resources specialists will need to address these types of concerns along with numerous other day-to-day operating issues that are within their job responsibilities.

Middle-level managers and supervisors in most hospitality organizations are less involved with these issues and related big-picture concerns and are more likely to be concerned about shorter-term issues applicable to their own departmental responsibilities. Often, their decision-making concerns relate to how the decisions made by higher-level managers are to be implemented. Examples include rearranging work tasks in a specific position to meet legislative (ADA) requirements, planning the delivery of specific new guest services in response to competitive threats, developing work schedules for departmental staff when labor hours must be adjusted, and ensuring that collective bargaining agreements are followed during interactions with their staff.

Successful hospitality operations attempt to proactively manage significant changes that can be anticipated with strategic planning procedures. This process, with an emphasis on the role of the human resources function, is discussed in the next section.

Human Resources and Strategic Planning

2. Explain the role of the human resources function in strategic planning.

Strategic planning: A systematic method of developing long-term plans to attain business objectives by anticipating and adapting to expected changes.

Many significant changes that confront hospitality organizations can be anticipated and, to the extent practical, should be addressed using **strategic planning** procedures. Details of applicable procedures are beyond the scope of this book, but an overview with an emphasis on the role of the human resources function is desirable, because the people dimension of planning is of obvious importance in the development and success of any plans.

CLOSE LOOK AT STRATEGIC PLANNING PROCESS

A wide variety of procedures can be used to develop strategic plans, and numerous industry consultants and consulting firms offer their services to facilitate the process for those hospitality organizations desiring assistance. For the purposes of this discussion, consider the steps noted in Figure 11.1. It summarizes activities in a basic strategic planning process and highlights the role of human resources personnel in each activity.

The sequence of steps noted in Figure 11.1 suggests a road map that can be used for strategic planning to consider appropriate dynamic change, with an emphasis on the human resources implementations of each step. Let's see what it suggests:

- *Step 1: Consider the organization's mission.* The mission of the hospitality operation (what it intends to do and how it intends to do it) should drive the entire planning process. Ownership of the mission is improved as employees at all organizational levels provide input as the mission is developed and revised. Managers should routinely publicize and support the development process and the end result: a philosophy that will guide organizational decision makers to keep the operation on the proper course. Note the role of human resources managers to, as integral members of the top-level team, assist with the mission's development, facilitate the feedback process, and disseminate information about the mission to all staff members, including an emphasis on the mission during orientation sessions for new employees.

GENERAL STEPS IN PLANNING PROCESS

| Step No. | Activity | Human Resources Role |
|----------|-------------------------------------|---|
| 1 | Consider the organization's mission | Human resources managers are part of the top-level team with responsibility for development of the mission. They provide input and may plan and deliver programs to train other managers about how to facilitate team input into discussions about the organization's mission. They may represent the property's top leaders in staff meetings to discuss the mission and its planning and revision process. Revisions to and discussions about the mission in new employee orientation sessions may be required. |
| 2 | Scan the environment | Human resources managers keep current with industry trends and how, if at all, they relate to current and future personnel needs. They share insights with other organization leaders and suggest procedures to keep current with trends and the potential organizational changes that these trends may suggest. |
| 3 | Analyze the situation | Human resources personnel participate in the situation analysis process and contribute their perspectives to the analysis. <i>Note:</i> Their input is critical because of the human resources implications of many situation variables that are typically identified. |
| 4 | Determine long-term goals | Human resources perspectives are useful because they provide input about current staff and future needs and about the organization's workforce (especially those in key positions). They make suggestions about revisions, if needed, to the organizational structure, and suggest professional development opportunities to update staff about human resources issues that are critical as priority goals are identified. In effect, human resources personnel provide important advice about broad personnel-related aspects of proposed goals. |
| 5 | Establish strategies | Human resources managers can assist in establishing strategies by helping to develop necessary planning programs. They can also facilitate the recruitment and selection of new staff and/or retraining of existing staff in efforts to ensure that the necessary human resources are in place to implement preferred strategies. |
| 6 | Identify interim objectives | Human resources personnel can review current staffing plans (are required staff available?) and recent employee appraisal results (are current staff able?) to move toward attainment of short-term objectives. They can help implement benchmarking and/or data-gathering procedures needed to assess "where we are" and to measure movement toward specific objectives. |

FIGURE 11.1: Human Resources Role in Strategic Planning

| GENERAL STEPS IN PLANNING PROCESS | | |
|-----------------------------------|--|---|
| Step No. | Activity | Human Resources Role |
| 7 | Assign responsibilities and timelines | Employee appraisal factors or methods may be needed to address and maintain plan responsibilities and timelines. For example, if specific staff members are responsible for a tactic required to implement a plan to attain an objective, then their efforts and successes should be evaluated. Then their performance can, in part, be measured by the extent to which required efforts were successful. |
| 8 | Communicate the plan | Company newsletters, information on the company's intranet, bulletin board displays, and even paycheck notices can inform employees about the status of long- and short-term plans. Some human resources personnel have property-wide responsibilities, and they typically have the best opportunity to publicize this information. |
| 9 | Monitor the plan; take corrective action as needed | If progress is delayed because of staff turnover, vacant positions, and/or the need for training/retraining, human resources tactics will be useful to address them. |
| 10 | Celebrate a successful plan | Compensation increases, if any, impact payroll procedures and records, which are maintained by human resources personnel. Human resources staff may, as well, plan property-wide celebration activities. |
| 11 | Repeat the planning process | Human resources managers in large organizations can provide specialized assistance where needed throughout the property. Those in smaller organizations must assume this responsibility, as well as all other aspects of the planning process. |

FIGURE 11.1: (Continued)

SWOT analysis: Strengths, Weaknesses, Opportunities, and Threats Analysis—a systematic approach to assess an organization's current environment as part of the strategic planning process.

- *Step 2: Scan the environment.* Effective leaders, including those with human resources responsibilities, know what's going on in their industry, organization, and community. They use this information to consider the need and to plan for gradual and more dynamic change. They read print and electronic industry periodicals, are active in hospitality organizations, and participate in community organizations and events. They think about their organization and its future in the context of the societal, business, economic, political, and other changes that are occurring. Human resources managers focus their attention on potential guest, labor, and cost-related implications of these trends and share them with other property leaders. This ongoing process provides input to management concerns, including the need to plan for organizational change.
- *Step 3: Analyze the situation.* **SWOT analysis** (strengths, weaknesses, opportunities, and threats) is a popular method used to address the current situation

confronting an organization. Planners consider the influences on the organization (recall the discussion in the previous section). They then identify (1) strengths and consider how to increase and more fully utilize them, (2) weaknesses and how to overcome them, (3) opportunities that might be best given the strengths and weaknesses that have been identified, and (4) threats, including the best way to overcome them. As noted in Figure 11.1, the input of human resources managers is critical at this time because of the role the organization's staff members play in each dimension of this analysis.

- *Step 4: Determine long-term goals.* The results of the SWOT analysis (Step 3) help planners establish organizational goals that, first, must be in concert with the organization's mission (Step 1). Planners then consider how to use the organization's strengths to take advantage of opportunities while addressing (correcting) weaknesses in their efforts to manage threats. Human resources input is critical during these discussions to emphasize current staff abilities and needs and to advocate HR-related implications of the goals as they are identified and prioritized.
- *Step 5: Establish strategies.* What must be done to attain the goals identified in Step 4? Strategies are developed to answer this question. A goal for a hotel may be to significantly increase the weekend occupancy rates by marketing to guests with demographic characteristics that differ significantly from week-night visitors. There are, hopefully, numerous ways to do this that can be evaluated. Those strategies judged best can be implemented with a long-range planning process that involves the next several steps.
- *Step 6: Identify interim objectives.* Goals developed as part of long-range plans are meant to be attained within several (usually three to five) years. Interim objectives specify how much of the longer-term goal should be attained within a shorter time span (usually one year). If, for example, a long-term goal (see Step 4) is to attain an average weekend occupancy rate of 75 percent, then perhaps the rate can increase to 50 percent from its current 40 percent within 6 months (the time frame for the shorter-term plan). Figure 11.1 indicates that human resources personnel can assist with supportive tasks applicable to objectives that relate to ensuring that a full complement of properly trained staff will be available. They can also help benchmark existing work methods and assist in the development of data-gathering systems required to monitor progress toward objectives.
- *Step 7: Assign responsibilities and timelines.* The interim objectives identified in Step 6 will not be accomplished unless persons are assigned to address them and are held accountable to do so. Often these tasks must be accomplished in addition to numerous other existing responsibilities. If not properly managed, this overload can create difficulties and stress for personnel and hinder the attainment of the objectives. A progress reporting method must be established to help indicate when, if at all, corrective actions are needed to revise the method(s) used to move toward the objective and to stay on track of attaining it.
- *Step 8: Communicate the plan.* The organization's long-range plan should be communicated to staff members, as should progress in attaining it.

Hopefully, input from affected staff was solicited and utilized as plans were developed. To the extent this occurred, the organization's plans are "ours" (the employees) rather than "theirs" (those of the top leaders). Human resources personnel typically play an important role in property-wide communication, and their assistance in this step in the planning process is very important.

- *Step 9: Monitor the plan; take corrective action as needed.* As suggested in Step 7, monitoring is not possible without the availability of current and applicable data. There is good news when plans are being implemented according to targeted schedules. When this is not occurring, corrective actions are required. *Note:* One corrective action—moving the schedule back to compensate for process slippage—should not be considered unless other tactics to maintain the plan's schedule have first been attempted. As seen in Figure 11.1, the assistance of human resources personnel in this step depends on the implementation challenges that require corrective action. *Note:* This step and the previous step (Step 8) can occur almost simultaneously, because communication is required to indicate progress, note implementation challenges, and facilitate corrective actions.
- *Step 10: Celebrate a successful plan.* Some hospitality managers are quick to criticize and place blame when plans are not attained, but are slow to celebrate when they are. Management observers recognize that responsibility (accountability) cannot be delegated. At the same time, they realize that success is not possible without the effective performance of one's subordinates. A simple conclusion from these observations is that managers must be responsible (held accountable) if plans are not attained, and plans can only be successful because of the cooperation and assistance of the staff members who complete the work. Also, in some hospitality organizations, the end result of an employee's successful work performance is more work! (Special projects are assigned to high- not low-performing staff members.) Acknowledgments ranging from a simple "thank you" to a staff event to a compensation increase (bonus) are examples of how the attainment of plans can be celebrated.
- *Step 11: Repeat the planning process.* The planning process just described should be part of a **rolling plan**. If, for example, a five-year planning horizon is used, each year planners should move one additional year into the planning horizon, so that there are always long-term (five-year) goals. It is likely that an organization will have several (or more) goals addressing different dimensions of the mission that consider the best ways to move toward it. Each department within the organization may also have a departmental mission statement, which broadly defines its own role in helping the organization to attain the broader mission. Each department, then, will have developed and implemented department plans that are "rolled up" to become the organization's plan. Human resources personnel should be available in large organizations to assist with department-level planning that has organization-wide or specific human resources planning needs. Managers in smaller organizations must assume responsibility for managing the human resources and all other aspects of their department's plan.

Rolling plan (long-range planning): A plan in which the final year in the planning cycle is moved ahead one year as plans for each year are implemented.

SUMMARY OF STRATEGIC PLANNING PROCESS

Figure 11.2 summarizes the relationship between and components of the organizational planning process that were detailed earlier. It emphasized the needs for basic planning tools, including mission statements, SWOT analysis results, and long-range plans, and it also suggested the role of business (action) plans that represent the tactical implementation phase of the planning process. Finally, it

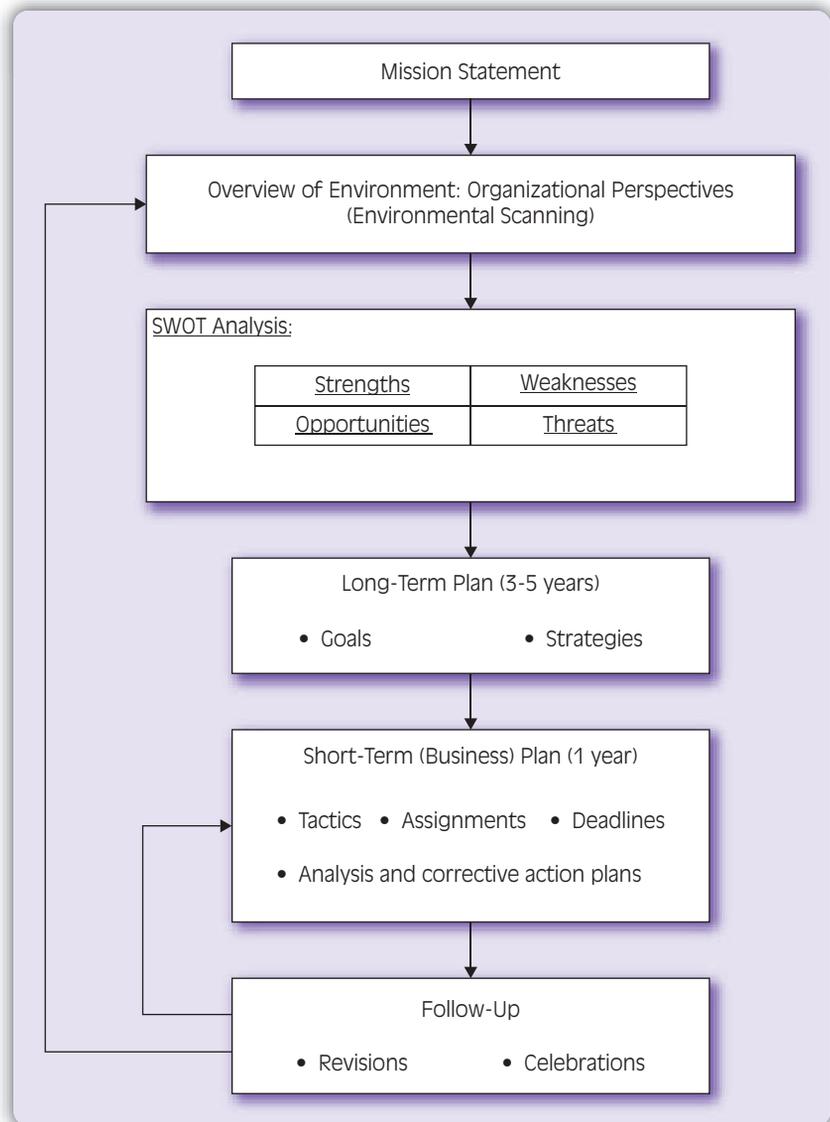


FIGURE 11.2: Summary: Elements in Organizational Planning Process

identified the need for follow-up activities—including, hopefully, celebrations—and it stressed the cyclical nature of the planning process: follow-up efforts may reveal short-term issues that need to be addressed and longer-term challenges that impact on the organization's long-term plans. The planning process to accommodate dynamic change is never-ending.

Our brief review of the planning process described suggests that the process is time consuming, if not complex. It involves organized thought, creative input, and generation of planning alternatives and implementation assistance from staff members at every organizational level. Because the plan is developed and implemented by the organization's staff members, its planning process involves human resources management concerns and perspectives at every step. Human resources managers are integral members of their organization's top-leadership team. In this capacity, they represent and should be able to communicate the abilities of existing staff to accomplish reasonable plans, and to suggest the need for additional, perhaps more specialized, personnel to help the organization move forward in its goal attainment efforts.



Human Resources Management: CURRENT EVENTS 11.1

GLOBAL ISSUES AND CHALLENGES IN THE HOSPITALITY INDUSTRY: 2007

You have learned that hospitality managers must consider big-picture concerns confronting their industry to enable them to best consider how change is likely to affect their organization, and what they might do to take advantage of (or, at least not to be negatively affected by) it. Here is the list of the top ten issues confronting the lodging hospitality industry for 2007 as identified by the International Society of Hospitality Consultants (ISHC):

- *Labor and skills shortages.* Changing labor conditions include a shrinking labor force, lagging wage rates, industry reputation issues, and a de-emphasis on training and employee satisfaction.
- *Escalating construction cost.* Construction costs and those for furnishings, fixtures, and equipment (FF&E) were increased at a rate greater than twice that of the consumer price index. Costs for hotels currently being planned will be much greater because of costs for steel, diesel fuel (transportation of construction commodities), and concrete.
- *Keeping up with technology.* Complex operating environments, which require systems to interact with each other, maintaining an awareness about potential efficiencies, historic preferences that de-emphasize investments in systems, and lack of access to expert technical support create problems for operators.

- *Changing demographics impact travel trends.* Increased retirement travel of “baby boomers,” the impact of globalization of business travel, and an increase in experiential travel are examples.
- *The impact of profits as higher expenses are countered by the need to increase wages.* It is difficult to sustain profitability as operating and capital costs increase and as labor, benefits, and energy expenses continue to climb.
- *Consumer confusion about brands.* Ongoing proliferation of new brands makes it increasingly difficult for consumers to understand differences despite extensive promotion and advertising messages.
- *Changes in distribution.* The sale of guest rooms through Internet sites and online research about room alternatives makes it difficult but necessary for organizations to keep up with dynamic changes in how guest rooms are sold.
- *The impact of travel restrictions on travel.* Increased restrictions on international travel, even between the United States and Canada, and the possibility of increased travel document control by countries including China, India, and in South America, may reduce international travel.
- *Growth of new markets.* While the number of visitors in all regions of the world are forecasted to increase, historic travel destinations such as Europe and the Americas will see declines, while those in East Asia and the Pacific will increase.
- *Availability of capital.* Investors’ concerns about risk may be increasing and, if so, the availability of funds available for development and construction may be lessened.

“Top Ten Global Issues in the Hospitality Industry for 2007.” Retrieved 11/29/2006, from: www.hotel-online.com/News/PR2006_4th/NOV06_ishc.html. Readers interested in further information about these issues will find a detailed discussion at this site.

Continuum of Change

3. Review the continuum of organizational change and the role of the human resources function to manage change along it.

Change is inevitable in modern organizations, and its pace is increasing. Today, managers of successful hospitality operations spend a significant amount of time and effort addressing the challenges of change.

TWO BASIC TYPES OF CHANGE

Successful hospitality managers undertake ongoing efforts to determine the products and services their guests need and want, and how to meet these demands at a

Gradual change:

Organizational change that is simple and narrowly focused on a specific department or management function, and that has an incremental impact on the hospitality organization.

Dynamic change:

Organizational change that is complex and broadly focused and that impacts the entire hospitality organization as it creates a significant difference in its operation.

value to guests while optimizing costs as they do so. This effort creates evolving and **gradual change** in numerous aspects of the operation. Some observers view this as a “journey toward excellence.” This journey never ends because the definition of excellence changes as guests’ wants and needs evolve. Managers attempt to stay at the forefront of change to ensure that quality and quantity standards are consistently met while excessive costs are eliminated. They know this emphasis is necessary to provide value to their guests while attaining the organization’s financial goals.

At the other end of the continuum of change are the types of changes brought about by significant, seemingly all-at-once pressures. These require a significant departure from how things are being done and often create radically revised work models. While some of these **dynamic changes** are purposeful and are brought about by the organization, others are created by external influences to which the organization must react. Hopefully, managers have anticipated at least some of the dynamic changes, and planning is in process to address them. However, other significant changes can occur with little planning and preparation time available. Consider, for example, a restaurant chain that experiences a well-publicized case of foodborne illness. Employees’ schedules and assignments, production levels, and the attention of management will all be significantly affected by this unforeseen event.

Figure 11.3 shows examples of factors that influence change and typical organizational reactions to them along the continuum of change. A review of this figure can help you to see how typical reactions intensify as the factors prompting change become more significant and as change, in turn, moves from gradual to dynamic. After we review these types of changes, we will discuss the role of those with human resources responsibilities to assist in managing them.

Let’s look at Figure 11.3 more closely. You’ve learned that, at its most basic level, gradual change occurs all the time. New staff members bring new ideas to the workplace, new products are introduced, and managers apply their knowledge and experience to address operating challenges in new, and sometimes better, ways. Let’s look at the three examples of gradual change noted in the figure:

- *Food trends.* These can create the need for changes in the menus of restaurants, hotels, and other hospitality operations. The changes brought about by these trends may be more significant than they appear because of their impact on purchasing, receiving, storing, issuing, and food production, and they may also impact necessary equipment and work methods. However, effective planning typically minimizes their impact on the overall operation.
- *Lodging industry competition.* Historical amenities battles and contemporary bedding upgrades are examples of issues that can create challenges with hotel employee work schedules, capital costs, laundry procedures, and storage space, among others. These reactions can generally be efficiently planned and managed without significant concern to other departments within a lodging organization.
- *Faster/more accurate data collection.* **Data mining** in the marketing department and predictive information to help staff scheduling may create the

Data mining: The use of technology to analyze guest information in efforts to improve marketing-related decisions.

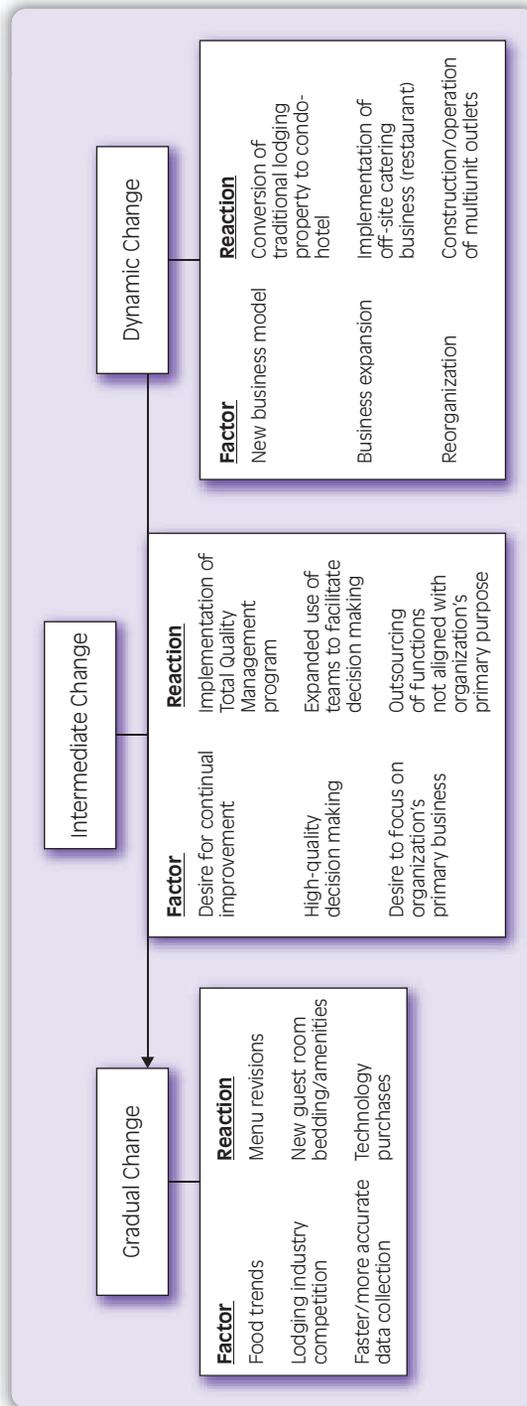


FIGURE 11.3: Examples of Gradual, Intermediate, and Dynamic Change

justification for technology purposes for almost any type of hospitality organization. The acquisition and use of these systems can help move the operation forward incrementally.

Figure 11.3 also identifies some intermediate examples of change that can have an increasing impact on the organization:

Total quality management (TQM):

A management system (process) that focuses on identifying what guests want and need, and then consistently delivering these products and services while attaining expected performance standards.

Empower: The act of delegating necessary authority to staff members that allows them to make decisions that otherwise would be made by their managers.

- *Desire for continuous improvement.* One significant reaction to this factor could be implementation of a **total quality management** (TQM) program. These efforts can (1) identify exactly what guests need and (2) discover approaches to consistently deliver them in the most cost-effective manner. Significant planning that impacts the entire organization is required, and managers must **empower** their staff members to assist in identifying and meeting the guests' needs.
- *Higher-quality decision making.* Some organizations expand the discretion of employee teams and allow them to make decisions about work goals, employee scheduling, performance appraisal, and work methods among numerous other responsibilities. This model can dramatically change the function of managers and redirect their efforts from being in charge to becoming coordinators and facilitators.
- *Desire to focus on an organization's primary business.* The outsourcing of functions not critically aligned with the organization's primary purpose may be a useful strategy for a hospitality operation to return to its core business. However, as discussed in the next chapter, significant human resources challenges (among others) are generally created and must be successfully addressed as this alternative is implemented.

Now let's review the examples of dynamic change seen in Figure 11.3:

Condo-hotel: A lodging property that offers transient guest rooms that are owned by persons who place their rooms into the property's rental pool, and who then receive a portion of their room's rental revenues.

- *New business model.* Today, many traditional hotels are being converted to **condo-hotel** properties. As they do so, real estate, ownership, legal/contractual, and numerous other implications impact, at least, every top-level and mid-level staff member in the organization.
- *Business expansion.* The implementation of an off-site catering business by a traditional restaurant is an example of a dynamic change that will impact every management function and every department head. It will challenge the talents and creative energies of business owners to expand without affecting their traditional core business.
- *Reorganization.* Business construction and expansion from a single-unit operation to multiunit outlets requires careful consideration by the owner/managers. It also impacts the time and ability of the manager to operate the first unit, and it dramatically changes the organization and how it is managed.

As one might expect, there are significant differences in how these different types of changes are managed. Figure 11.4 reviews several of these differences.



IT'S THE LAW!

Sometimes things change rapidly in the hospitality industry. Consider the condominium-hotel (condo-hotel) phenomenon of the mid 2000s: a developer typically builds or purchases and renovates an existing hotel and sells hotel rooms to individuals who then own and operate the property as a traditional hotel.

The primary purpose of a condo-hotel is to serve transient guests. Most unit owners place their units in the hotel's rental program when unoccupied and receive a share of rental proceeds in return. Most properties are upscale, full-service developments in popular vacation destinations, or in large cities where suburbanites frequent hotels for business or leisure purposes. Unit buyers must be convinced about ownership advantages, which can include low interest rates, the mortgage interest tax deduction, and property appreciation.

Condo-hotel HR managers face unique challenges. The nature of these properties requires that:

1. All line-level employees are in regular contact with the hotel's owners, so they require owner- rather than guest-service training.
2. Accounting activities are specialized and intensified. HR managers will be challenged to find (or develop) individuals capable of mastering the complexities of specific income statements for each unit owner and an overall property income statement.
3. Unit sales procedures must comply with numerous regulations. For example, salespersons cannot state that owners are likely to receive an excellent investment return, because this is contrary to Securities and Exchange Commission (SEC) regulations. Precisely what can (and cannot) be stated when selling a condo-hotel unit involves highly complex and still-evolving issues. The training of sales staff in a small hotel is often done by the property's general manager. In a larger property, a designated training department may have this responsibility. In either case, the SEC-related information that HR managers provide to sales staff must be current and understood completely by every salesperson.
4. Ownership interaction challenges must be addressed. For example, assume a front desk clerk is asked by the owner of Unit 300 (in a 600-unit property) to help ensure that his unit is rented "a bit more often" than it is now. The owner indicates that, if the unit is indeed rented more, he can make it "help the clerk." Ethics training initially provided by the HR department before the condo-hotel conversion would not prepare the employee for this situation.

Responsibility for room damages, violation of condo association rules by owners or guests, and the care of common spaces are a few examples of how the operation of condo-hotels vary from traditional properties. Each will require modifications in the approach that HR personnel use to prepare employees for the challenges they will face.

Some observers believe that HR managers in condo-hotels have more in common with their colleagues in club management than they do with hoteliers. The evolutionary nature of the hospitality industry continues to challenge HR managers who must assist employees in learning what is necessary to perform their jobs.

| FACTOR | | GRADUAL CHANGE | INTERMEDIATE CHANGE | DYNAMIC CHANGE | COMMENT |
|--|----------------------|----------------|---------------------|----------------|----------------------|
| Impact of change on the total organization | Less impact | —————→ | | | Greater impact |
| Amount of planning required to implement change | Less planning needed | —————→ | | | More planning needed |
| Required input from staff at lower organizational levels | More input needed | ←————— | | | Less input needed |
| Employee resistance to change | Less resistance | —————→ | | | Greater resistance |
| Time and effort required for implementation | Less time and effort | —————→ | | | More time/effort |
| Role of human resources in change management | Lessened role | —————→ | | | Increased role |
| Need for specialized, external assistance | Lessened need | —————→ | | | Increased need |
| Reversibility of change situation | Easy | —————→ | | | Difficult |
| Costs to implement change | Low | —————→ | | | High |

FIGURE 11.4: Impact of Gradual and Dynamic Change on Selected Factors

As noted in Figure 11.4, the impact on the total organization, the amount of planning required, the level of employee resistance, and the amount of time and effort needed for implementation is likely to increase as the change process moves from gradual to dynamic. The role of human resources in change management, the need for specialized external assistance, the difficulty of reversing the decision, and the costs to implement the change also increase. While input from staff at lower organizational levels should be solicited, it is typically most required at times of gradual rather than during dynamic change.

How is the human resources function involved in organizational change? This issue is addressed in the following section.

ROLE OF HUMAN RESOURCES IN CHANGE

Figure 11.3 indicated that the role of human resources in change management increases as change moves from gradual to dynamic. You have learned that gradual



Human Resources Management: CURRENT EVENTS 11.2

THE FUTURE OF ON-SITE HUMAN RESOURCES SPECIALISTS

While this chapter has emphasized the role of human resources personnel in the management of change, it is also true that the position of human resources manager in large hospitality organizations will likely change. In fact, a common stereotype of the human resources generalist in large operations may have a short-lived future.

More extensive use of outsourcing, information technology advances, and continuing pressure to minimize costs are among the factors that will make change in on-site human resources management inevitable. Consider, for example, that external recruitment organizations can help hospitality operations locate potentially eligible candidates for position vacancies. Information technology makes it easier and more effective to communicate with employees. Payroll and benefits administration are additional activities that will likely be outsourced even more in the future, because they are becoming more complex and require specialists to manage them cost effectively. Human resources managers in hospitality organizations will also need skills at developing strategies for and managing the outsourcing companies (service providers) that assist them.

In the future, many human resources professionals will work for outsourcers rather than for hospitality organizations. Those employed by the latter will likely become strategists to help ensure that their organization's human resources add value to the operation. Increased globalization also means that staff members in different countries with entirely different laws that impact the management of an international workforce will need to be coordinated.

As human resources managers realign their focus to more directly helping their companies to attain financial success, their influence in the organization is likely to increase. The goal of HR positions will be to help discover new and better ways to help the organization attain its business strategies.

Retrieved 11/16/06 from: Patrick Kiger, "The Changing HR Profession," www.workforce.com/archive/article/24/51/85_printer.php

change is often accomplished with relatively simple changes in operating procedures and work methods, revisions to policies, and modifications to service standards, among other tactics. Equipment and supplies may need to be purchased, staff may need to be trained, and new vendors may be required. Work schedule changes, new supervisory tactics, and new performance evaluation concerns may become important. The list of changes necessary to implement gradual changes can continue and

become extensive. However, the primary point is that most gradual changes can be planned and implemented by the managers and staff members in the affected departments. Only supplemental, if any, human resources assistance will be required (e.g., obtaining or revising training materials, revising employee appraisal documents, and updating policy and/or procedure manuals).

The extent of human resources management assistance increases as the organization implements and reacts to intermediate-level change. Total quality management and the expanded use of teams for decision-making purposes (two of the examples noted in Figure 11.3) require organization-wide communication (top-down but also bottom-up and sideways) to ensure that all possible feedback is available. Training programs that address role-playing, dialog training, brainstorming, and other group decision-making processes are necessary. Those with human resources management responsibilities are among the likely choices to determine property-wide training needs, select training vendors and/or develop and modify training materials, and conduct train-the-trainer sessions on applicable topics. Committee processes to address specific issues and to report back to top-level managers, planning and implementation schedules, the development and analysis of evaluation methods and input, and consideration of how new system philosophies impact existing policies and procedures must all be carefully coordinated. In large organizations with human resources personnel, some or all of these responsibilities may be centralized in this department because of the human resources focus required during planning and implementation.

Human resources staff in multiunit hospitality organizations must carefully coordinate company-wide initiatives.

*Courtesy
PhotoDisc, Inc.*



Figure 11.3 also provided one additional example of intermediate-level change: the use of outsourcing to replace some of the organization's employees with those provided by an external service provider. This topic will be discussed in depth later in this text (see Chapter 12), but it is easy to imagine the stress and anxiety created for both the staff members whose positions will be terminated and for those employees who will remain. (Employees may think: "Is my job next?" "All the managers think about is themselves, not their employees." "Money is more important to this organization than are the hearts and minds of those who work here.") Efforts to assist the employees who leave and those who will remain must receive a very high priority. However, human resources personnel may also assist with selection of a service provider, negotiation and administration of the agreement, and evaluation of the services provided under the agreement.

The extent of employee resistance to change will likely increase as individuals perceive threats and as change is seen to have a greater impact on themselves and the organization. Tactics to manage change resistance have obvious human resources implications, and their use suggests another responsibility of human resources managers.

When a hospitality organization is confronted with dynamic change, it can become a significant challenge to continue day-to-day operations. Managers at higher organization levels will be involved with numerous planning activities and with implementation tactics driven by their plans. These efforts will be required in addition to their ongoing assignments and can yield long workdays, the need to increase delegation to subordinates, and/or an inability to perform some tasks and an inability to ensure that required performance standards are consistently met. Each of the examples of dynamic change noted in Figure 11.3 (i.e., a new business model, business expansion, and reorganization) require significant management expertise and the time necessary for careful planning. Staff must "take up the slack" or, at least, otherwise work under a revised style of leadership direction. These changes, especially for those employees who appreciate the status quo, in addition to the uncertainty about what the organization will be like after the change, can lead to anxiety and stress, which can lead to numerous job-related issues.

Human resources managers must address these concerns while doing their fair share of the assignments applicable to preparing for the change. Meetings with staff at all organizational levels as they represent top-level leaders and the implementation of change tactics that require personnel interactions become priority responsibilities for human resources managers. Determining reporting relationships so organizational charts can be revised, working with higher-level managers to develop job descriptions, planning recruitment activities, and participating in selection decisions are examples of tasks that become important at this time. If new staff members, including specialists, must be employed as part of efforts to implement dynamic change, still more human resources responsibilities become evident.

Is the property unionized? If so, collective bargaining agreements may be affected, which will require renegotiation with, at least, significant upfront



Human Resources Managers Must Have Change Management Skills

Human resources and other managers who are most effective at helping their organizations confront and benefit from changes use numerous skills to do so that include:

- *Business skills.* An organization must be carefully managed before, during, and after changes are made. Revenues must be generated, costs must be controlled, product and service development efforts must continue, and the work of an organization's staff members must be facilitated. Effective change managers are good business managers.
- *Political skills.* Interpersonal relationships can become strained when, for example, managers compete for priorities, limited resources, and job security as the change process evolves. The organization's social systems must be understood, and judgments must consider the relationships with and personalities of those involved in the change process. Effective change managers are effective politicians.
- *Analytical skills.* One must be able to undertake an objective analysis of the conditions before and after change, and it is especially necessary to consider financial implications of change alternatives. Effective change managers are effective change analysts.
- *System skills.* Change managers know how employees in the organization's work sections, departments, and divisions, if applicable, affect and interact with each other. Those making change-related decisions in multiunit organizations further understand the relationship between individual properties and other levels in the organization. They consider how change will impact each element in the total system and how each component can be made better as a result of the change. Effective change managers are effective system managers.
- *People skills.* The types of communication and interpersonal skills required for successful change management have been discussed throughout this chapter. Those managing change must be able to minimize resistance to it, resolve conflicts as they occur, and, as the process evolves, utilize the best input from those affected by the change. Effective change managers are effective people managers.

input from human resources personnel. How are labor staffing levels and schedules affected? What about the need for training and retraining and for the numerous other HR-related activities that are required when the organization is confronted with change? This very short list of ways that change can impact those with human resources responsibilities should make this point: An

organization's employees are affected by any type of change, and they must be considered as an integral part of the change process. Someone (human resources specialists in large organizations and managers with these responsibilities in smaller organizations) must undertake these tasks along with their other ongoing duties.



Human Resources MANAGEMENT ISSUES (11.1)

“It just can’t be done; it will never work. What does Susan think she is doing?” said Sam, the head cook at the Grayville Widget Company, an account managed by the Good Times Food Service Management Company. He was talking to Abhijit, the assistant cook.

Good Times had won the food service management account for the Grayville Company about two years ago. It had successfully negotiated the contract emphasizing high-quality food at reasonable prices for the employees with no required company subsidy. In fact, many of the menu items were high quality, but they were also convenience foods, and that was alleged to be the reason for a slow but steady decline in the employee participation rate.

Susan, the unit manager, analyzed responses from numerous surveys, focus groups, and suggestion box memos, and also conducted many face-to-face conversations with the employees. The conclusion was almost unanimous: the employees wanted freshly prepared foods or, at least, a lot more of them than were now available.

The head cook was responding to Susan’s announcement about fresh food preparation at the meeting earlier in the day: “We don’t have the staff, we don’t have the time, we don’t have the necessary storing and preparing equipment, we don’t have the recipes, and many of our staff members don’t have the skill. We just can’t do it!”

“If I was neutral about this,” said Abhijit, “I would say that I could see both sides of the situation. The employees want what they want, and we want what we think we can do. I’m glad I’m not Susan as she figures this out.”

QUESTIONS

1. What, if any, role do you think that Susan’s production staff played in the situation that has caused the present marketing challenge?
2. List tactics that Susan, as her facility’s HR manager, should now use to involve her production staff in the decision-making process.
3. What are alternative ways that Susan can now work to minimize the production staff members’ resistance to change?



Can All Changes Be Anticipated?

Effective leadership can anticipate many changes, but the need for change can also arise without any (or, at least, ample) time to plan. Some unanticipated change can be gradual. Assume, for example, that there have been an increasing number of member accidents around a private country club's swimming pool. Changes in the club's initial training for recreation and swimming pool staff will be required. The club's general manager requires that an applicable video on swimming pool safety be added to the training of those staff working in the pool area. Human resources personnel will likely be involved in training modifications for these affected staff.

Unfortunately, dynamic changes can also be unanticipated. At first, one might think there has been significant leadership failure if the need for big-picture change has not been anticipated. Hopefully, managers will at least see the need for dynamic change on the horizon, even if they don't plan the correct response to it. However, consider the need for multiunit hospitality operations to relocate their national or regional headquarters, and for almost all operators to deal with totally or extensively damaged units in the aftermath of Hurricane Katrina in the Gulf Coast area of the United States (August 2005). A second example is when threats or offers of buyouts of commercial hospitality organizations create concerns for staff members at all organizational levels because of the uncertainty about job security that arises. How can human resources and other personnel quickly develop and implement an effective communication program to provide current and often fast-breaking information to the staff members?

Effective managers know the benefits of getting ready for change by at least anticipating it. The alternative (reacting to change) may be defended by some hospitality managers who allege that current challenges provide little or no time for anticipating changes or the planning required in efforts to manage it. All hospitality managers, including those with human resources responsibilities, are busy, but their priorities must consider the need to look to the future as well as to deal with daily operations.

This discussion has emphasized that change, even that which is relatively minor and certainly that which is significant, impacts the hospitality operation in many ways. As change becomes significant, a greater number of employees across the organization are affected, and the concerns and needs of these staff members must be addressed. *Note:* Detailed information about two types of organizational change, downsizing and outsourcing, are discussed in Chapter 12. There you will learn about additional tactics that human

Business owners, including those with hospitality operations, cannot foresee disasters, but they and their employees will need to make plans in response to them.

Courtesy Corbis Digital Stock



resources managers can use to help facilitate the management of labor-related concerns during these changes.

Resistance to Organizational Change

4. Explain basic issues that create organization-wide resistance to change, and explore human resources aspects of these issues.

Numerous factors can influence the need for organizational change, and those with human resources management responsibilities should be involved in decisions about how the hospitality organization will anticipate and/or react to the changes. One might think that a well-thought-out response to pressure for organizational change would prompt everyone to unite and work together to promote meaningful change. In fact, this desired result of the planning process does not always occur. There are numerous potential reasons why employees at all organizational levels resist change.

Brainstorm: A decision-making approach in which group members suggest alternative potential causes and/or solutions to problems for group consideration.

One common concern relates to honest differences of opinion about the factor(s) suggesting the need for a change (or if there is even the need for a change!) and the best approach to address the change. Consider a problem of declining profitability in a hotel. Accounting records indicate that occupancy rates have been decreasing steadily. What is the reason? Top-level managers may have **brainstormed** potential issues that have created the problem. Assume potential reasons

include inadequate marketing messages, improper employee service attitudes, and untrained staff members who fail to meet performance standards, among others. Before change can be implemented, it is necessary to determine what must be changed (e.g., marketing, service, employee performance, and/or other things). Without a consensus (majority opinion; if not total agreement) of all top-level decision makers, resistance to any change is likely. For example, marketing personnel believe it is difficult to sell a property that fails to deliver what guests desire. Some department managers believe that service is a problem, but not in their own departments. They may also concede that some performance standards are not attained in their own departments. However, they allege that the reason relates to staffing reductions required because of lowered revenues that make it almost impossible to deliver training designed to increase output standards. In this example, without a consensus about the real problem, a unified response effort is not likely to occur.



Role of Human Resources Personnel in Problem Solutions

How can those with human resources responsibilities help with the resolution of problems? The answer is that it depends on the specific problem. Let's consider the potential problems just noted (i.e., inadequate marketing, proper service, and performance failures due to inadequate training):

- If the problem solution will involve marketing issues, there may be little, if any, human resources input that can be helpful, assuming marketing staff are competent. However, if the decision to hire an external marketing consultant is made, human resources staff may help to develop a Request for Proposal (RFP). If a resolution tactic involves securing the services of hospitality students or other part-time personnel to make cold calls to community businesses, then human resources personnel (in a large organization) can assist in these efforts. In a small property, marketing managers may assume these duties.
- If the problem is judged to be service-related, human resources managers might assist by developing (selecting) and implementing guest service training programs. They might also deliver leadership training to supervisors. The goal is to modify the relationship between supervisors and their employees in efforts to improve the staff members' attitudes about their jobs.
- If the problem relates to widespread job performance problems, this is a significant human resources concern. It begins when employees are selected, and it continues through orientation, training, and, again, the manner in which supervisors facilitate the work of their employees.



Human Resources MANAGEMENT ISSUES (11.2)

Drake and Thomas were sharing a cab to the Metropolitan Airport after attending a meeting of the top-level managers for their chain restaurant organization. Both were regional managers with responsibility for several dozen properties within a several-state area.

“These meetings are always good because they make us think beyond the scope of day-to-day operating concerns, and they allow us to consider the future, and how we might respond to it as a company,” said Drake.

“Yes,” said Thomas, “I agree. The old saying about ‘the future is here now’ is increasingly true, and we need to think about and plan for short- and long-term concerns even as we resolve today’s operating challenges.”

“You’re right, Thomas,” said Drake. “We both see the need for this, and we know we will give this responsibility a priority. I wonder, however, about our unit managers and their staff. Folks on the firing line really do have immediate issues. Their work is not easy, they work long hours, and they devote lots of creative energy to dealing with issues that take their mind off longer-term concerns.”

“Yes, you’re right,” replied Thomas. “I wonder what we as their immediate supervisors can do about this.”

QUESTIONS

1. What can Drake and Thomas say to, and do for, their unit managers that will help explain, defend, and justify the need to prioritize consideration of long-term challenges that will likely confront their property and their organization?
2. What are your specific recommendations about what Drake and Thomas can do to assist their property-level management team with their short-term planning needs?
3. Should managers at the restaurant organization’s highest levels develop plans and then roll them down to the individual units or vice versa: should planning be done at the unit level with plans then rolled up to higher levels? Defend your answer.

There are numerous other potential reasons why good employees may resist change. Several, with applicable human resources tactics, include:

- *Concerns about the change or the change process.* Top-level decision makers may question the need for change and may be defensive about making changes because of concerns that to do so would question the relevance of their earlier judgments. Territory (organizational chart reporting relationships), budgets, and the need to relearn and/or to significantly modify work practices are

additional concerns that can prohibit buy-in to problem resolution strategies that will alter how the organization does things.

HUMAN RESOURCES TACTICS: Communicate (explain, defend, justify) the need for the change; indicate benefits to the affected staff members; solicit input from employees as changes are planned and implemented.

- *Uncertainty about one's professional future.* “Will I still be needed?” and “How will I fit in?” are two obvious questions that can arise when significant organizational change is proposed, because this type of change will likely impact staff members at all organizational levels, including those at the top. “Why must I relearn everything if I will be retiring soon?” and “I don't think I can do things any other way” are two additional examples of concerns that can affect everyone at any organizational level as change is proposed and implemented.

HUMAN RESOURCES TACTICS: An ongoing relationship of trust and respect (which those with human resources responsibilities must earn) and the nurture of a corporate culture emphasizing high ethical standards will help satisfy employees who may wonder about any hidden agendas that prompt change. Managers who indicate that changes are needed and existing staff are important in their implementation will be believed when they have established a relationship of trust.

- *Conflict between organizational levels.* The process of change may benefit some departments and staff members and negatively affect others. Outsourcing housekeeping responsibilities may ease the pressure on the accounting staff that must develop payroll reports and process employee paychecks. At the same time, stress is likely to increase for housekeeping and human resources managers, who may need to terminate staff and secure the services of and administer the contract for an external service provider. If the power struggles that can result from conflicting interests and impacts are not effectively managed, change will not occur or, at least, will not happen without significant offsetting problems.

HUMAN RESOURCES TACTICS: Communication is the key. Human resources personnel should be at the same organizational level as their department head counterparts. Their role in developing and implementing equitable policies and procedures, along with mutual efforts and agreements during executive committee meetings and at other times, help legitimize, promote, and assist with significant organizational changes.

- *The organization itself.* Organizations with many management levels typically require a longer time to make decisions than do their flatter organizational counterparts. Some observers say this is good because decisions are more likely to be considered and carefully analyzed as they flow down through the organization's management layers. Other observers counter by noting that decision makers in small entrepreneurial businesses are much more able to quickly respond to and take advantage of changes that impact the organization because there are fewer management layers. With today's emphasis on less is better and doing more with less, many organizations are becoming less structured (centralized). Consider, for example, hotels that collapse the responsibilities of food and beverage manager and chef into one position, and

that have eliminated assistant manager positions in other departments. Specialists in organizations with numerous levels of centralized authority are frequently more resistant to organizational changes than their peers in other organizations who have broader and more decentralized authority.

HUMAN RESOURCES TACTICS: The position analysis process with resulting job descriptions that is taught to staff members or that is facilitated by human resources managers can help define roles and develop defensible organizational charts.

- *The organization's culture.* Consider the cultural values of an organization that emphasize its reputation, history, the contributions of founders and early leaders, and quality and guest value. Contrast these values with others that emphasize “We go slow, and don’t make mistakes” or “The best approach is to be conservative, and follow everyone else.” While change for the sake of change is not always a virtue, an organizational culture striving to be its long-term best is certainly influenced by values that are very different from those in organizations where status quo and a dislike of change are emphasized.



Tunnel Vision Isn't Good

Despite the advantages of teamwork often cited by hospitality industry observers, well-intentioned managers can often take an “it’s them—not me” posture to problem solving. Perhaps nowhere is this observation more commonplace than in large organizations with human resources departments. “If only HR would send me some good people” (a thought by line supervisors and managers) can be offset by “if only department managers would practice proper leadership tactics and not turn off so many staff members” (a typical corresponding thought by human resources specialists). Chefs say, “Let’s increase food quality,” while purchasing personnel work to reduce food costs. Maintenance engineers argue about how much new technology will save, while top-level managers are concerned about what it will cost. Marketing representatives talk about the long-term need for advertising messages, while they must work with a short-term advertising budget.

In their broadest sense, these and numerous other situations that arise almost daily in most hospitality organizations are human resources problems, because they concern people. Some, including the relationship between human resources personnel and department management personnel, should be of obvious interest to human resources managers. Others involving a **cost-benefit analysis** that equates cost and quality considerations of product and service alternatives may be less within their control. All, however, are important to the hospitality organization as it make changes in response to a wide range of external and internal pressures to do so. Everyone, including those with human resources responsibilities, should be involved in decisions about change, because they are all affected by the outcomes of the decisions.

Cost-benefit analysis:

The process of evaluating alternative products and services based on cost and quality differences between each.

HUMAN RESOURCES TACTICS: The manner in which staff members are treated from time of recruitment to ongoing performance evaluation and while being supervised is a direct result of the approaches to human resources management utilized by the organization's leaders.

- *Unfamiliarity with change details.* Groups of employees (teams) and specific individuals within departments may resist change when reasons have not been explained and justified, and if the impact on them is not carefully explained. *Note:* The factors influencing resistance to change in teams and individual employees, and procedures to minimize their impact on purposeful change, is beyond the scope of this book. These topics are addressed in many popular hospitality supervision texts.¹

HUMAN RESOURCES TACTICS: Communication between managers and their staff members; input from affected personnel as changes are planned, implemented, and evaluated; and the recognition of employee concerns during the change process can be helpful.

HUMAN RESOURCES TERMS

The following terms were defined in this chapter:

| | |
|---------------------------------------|---------------------------------|
| Organizational change | Dynamic change |
| Niche marketing | Data mining |
| Strategy | Total quality management |
| Tactic | Empower |
| Strategic planning | Condo-hotel |
| SWOT analysis | Brainstorm |
| Rolling plan (long-range plan) | Cost-benefit analysis |
| Gradual change | |

FOR YOUR CONSIDERATION

1. Figure 11.3 provides examples of gradual, intermediate, and dynamic changes that can confront hospitality organizations. What are additional examples that:
 - a. Can be experienced by all hospitality organizations.
 - b. Are specifically applicable to commercial and noncommercial foodservice operations.
 - c. Are specifically applicable to lodging properties.
2. Figure 11.1 reviews examples of responsibilities and activities of human resources managers at each step in the strategic planning process. What are additional examples of duties that these officials might assume during the process to plan for dynamic change?

3. How, if at all, can global issues impact (become a mandate for change) those hospitality organizations that are part of large national chains? How about independently owned small hospitality properties in one specific location in the country?

CASE STUDY: HUMAN RESOURCES MANAGEMENT IN ACTION

Mindy and Stacey had grown up in the lodging business. Their family had owned a franchised property in an area that attracted family vacationers during the summer months. Over the years, occupancy rates during these months were always very high, even though more properties were (seemingly) always being built.

They and their families took over the operation of the property after their father had retired, and he had since passed away. During the intervening years, they perceived a decreased number of advantages to their property's franchisee affiliation. Mandated upgrades, many of which did not seem to be worth their cost, were an ongoing concern. The hotel did generate significant room nights through the centralized reservation system, but they also had a good base of repeat visitors. Also, they thought they could attract many more travelers with a marketing and advertising budget that could be funded from monies saved because franchise fees would no longer be necessary.

"I think we should just go ahead and do it, because the franchise agreement will be up within the next two years," said Mindy. "We can make more money, we won't have to endure so many hassles, and we can be successful by using lots of our own ideas instead of those of the franchisor, which don't always work."

"You might be right, Mindy," said Stacey. "We've talked about this a lot, and we have undertaken some feasibility studies that defend your position. Many people are coming through this area during the summer months, and I don't think we need to rely on our franchisor's reservation systems. We can also market to those coming here without reservations. Also, we talked about a water park that might attract people from within the region during our slow months. We've got lots of important things to consider and lots of decisions to make. Where do you think we should start?"

Dimension: Strategic Planning

1. Review steps in a strategic planning process that Mindy and Stacey might use to make decisions about the franchise affiliation issue. Emphasize the human resources management aspects of the process; focus on both the managers of the property and the employees.
2. How, if at all, is Mindy and Stacey's decision about an indoor water park related to their decision about franchise affiliation? What, if any, role should existing managers and their employees have in this decision, because it doesn't appear to be directly related to the existing business?

3. Figure 11.1 notes that competition is an external influence that impacts the planning activity. What competitive issues may impact the franchise affiliation decision that Mindy and Stacey must make? How, if at all, do these issues impact human resources?

Dimension: Employee Resistance to Change

1. When, if at all, do you recommend that Mindy and Stacey inform the employees in their existing lodging property about the decision to eliminate the franchise relationship, if this decision is made? What about their interest in considering an indoor water park?
2. Do you think Mindy and Stacey's employees are likely to become stressed and anxious about these pending decisions? Why? Defend your response.
3. What, if any, types of concerns might managers, front-office managers, and food and beverage managers in the property have?

Dimension: Human Resources Management

1. What, if any, difference do you think it will make in the way Mindy and Stacey recruit new staff members for their property if they are no longer affiliated with the chain organization?
2. What, if any, immediate changes relating to human resources will occur if the franchisor–franchisee affiliation ends?
3. What longer-term changes in human resources management might occur if the lodging properties become independent?

INTERNET ACTIVITIES

1. Want to review a Web site that provides a clearinghouse of information applicable to organizational change? If so, go to: www.managementhelp.org. Note: When you reach that site, click on “organizational change.”
2. Managers can use numerous tactics to help support the need for change and to keep the process going as the implementation process evolves. To learn some specific suggestions, go to: www.beyondresistance.com.
3. The Internet provides numerous articles about organizational change and the role of human resources management in it. To learn much more about the topic of this chapter, type “human resources management and change” into your favorite search engine. You will discover many results that explore how change impacts human resources, and how human resources managers can assist their organizations in a planned and orderly change process.

ENDNOTE

1. See, for example: Raphael Kavanaugh and Jack Ninemeier, *Supervision in the Hospitality Industry*, 4th ed. East Lansing, MI: Educational Institute of the American Hotel & Lodging Association. In production.