

ISSUES AND CHALLENGES BEFORE HOSPITALITY INDUSTRY

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Abstract: Hospitality industry is one the most vibrant industry in the world. It consist of various subsections such as hotel, MICE, restaurants, catering establishment, tourism and travel etc. Though the hospitality industry seems to be very positive in future growth and expected to see bright days as the rooms supply is increasing continuously thus it also create opportunities for jobs. Still these are some challenges faced by Indian hospitality industry. The present research paper examines the issues and challenges faced by Indian hotel industry including the operational and management problems. In the present world of globalization, competition is getting tougher day by day and for sustaining in the present competitive market one need to understand the issues and challenges faced by this industry. The major challenges before hotel industry includes sustainable development, skilled labor issue, demand and supply gap, multicultural environment, regularly updating technology and other economic issues.

Keywords: Hospitality, Technology, Challenges, Multicultural, MICE.

I. INTRODUCTION

Hospitality industry is an amalgamation of various segments such as tourism, lodging, transportation, MICE industry, food service sector like restaurants, cafes, bars and other food outlets. Now a day it has become a billion dollar industry. Hospitality industry is evolving and changing day by day and also change is the need of an hour. New concepts in hotel industry such as green hotels, ice hotels, boutique hotels etc. have emerged in the market seeing the customer demands which also establish new trends and standards. This industry has always respond to the latest trends and changes. Hospitality industry always look after the needs and wants of the customers and acts accordingly. It is the most innovative and creative industry which operated in the same manner ever since the first hotel was established. This industry always caters to the need of the people who are away from their home and ready to pay for the services offered.

Hospitality industry is more inclined toward its guest. It acts according to the demands and desire of the guest. No matter how much money you spend on the architecture and design of a hotel, its profits is determine by the number of guest staying in the hotel and unitization of service available in the hotel such as bars, café, lounge room, banquets, meeting room, in room dinning, disc, salon, gymnasium, spa etc. As it is directly depend on the customers' satisfaction and customer retention so as to learn their loyalty for its brand. It is always a big challenge before service sector to satisfy the needs of the customers as interests and desire may vary from one customer to another. The introduction of new trends, designs, architecture, eco hotels etc. has also brought new challenges before this industry. Not only coping with customer demands there are other several factor which also needs to overcome. It includes high employee turnover, intense competition, licensing issues for new hotel setup, descending Indian economy, shortage of skilled employees, multicultural environment, global uncertainty, financial viability etc.

II. CHALLENGES AND ISSUES BEFORE HOTEL INDUSTRY

Licensing Issues

One of the Vice president of FHRAI, Mr. D.S Advani said that hotel licensing is a daunting issue in India. Not only central government but also states have their own rules and regulations that has to be followed. In the case of Maharashtra states only there are more than 100 license just to start a hotel and more are required to keep it running and adding additional services and facilities inside the hotel Gaurav (Kashyap, 2014). Also it has been noticed that license once

issued has to be renewed each year which is like another formalities to go through every year. Also there is no one stop solution for all licenses, there are different levels and department where files moves. Also there has to be different licenses for different locations insides the hotel premises for providing extra facilities.

Descending Indian Economy

The declining Indian economy and revenues has also adversely affected the hotel growth of hotel industry. Hotel owners are also not showing their interests in putting money in opening new hotels. Hotel operators are also blaming the owners that during the economic slowdown owners are demanding unrealistic returns on investment. Although there is a gap in demand and supply of guestrooms but still no one taking the risk on huge investment in hotels. Further, every time it is not possible to get return on investment as expected.

Multicultural Workforce

Hospitality industry provide opportunity to all types of employees irrespective of their culture, race, region and religion. You will see people from all around the corner in a hotel. Hotel industry look for the talent and skills they possess for the hotel. Creating an organizational culture separate from all other cultures and religion is a challenge for hotel industry (Ko Cheuk Yan, 2015). Employees also try to make their own groups based on race and religion which also hinders the growth. Hotel guests are also from different corner of the world and from different culture and religion. Hotel amenities and facilities are also needs to be blend according to their requirements and taste. With advancement of technology, globalization and liberalization, multicultural issues are also faced by hotel industry. There is also a strict need for training the employees and acquainting them with the knowledge of different cultures around the world.

Shortage of skilled employees

It has also been noticed that there is also shortage of skilled employees in hospitality industry. Although there has been various degree and diploma courses are started by the government but still there is a large gap that needs to get filled. It has been noticed that at various level of hospitality industry employees don't even have any diploma or certificate related to hospitality industry.

Retaining quality workforce

One of the greatest challenge before hospitality sector is high employees' turnover. Retaining good quality of workforce has also become an issue. One of the major reason for leaving this sector is the unattractive wages and salary packages. Though there is boom in service sector but salary and other incentive are still less as compared to other sectors. Some of the other reasons include high work pressure, long working hours, low salary and other monetary benefits, job uncertainty etc.

Increased Competition

Due to globalization and liberalization, there is an intense competition in hospitality industry. Globalization has opened new doorways for international companies to set up their brands in Indian hotel market. The intense competition often beneficial from customers end as it brings down the prices. Although it provides greater values to the guest but also reduce the profit generates by the hotel. The reduction in occupancy level in hotel is the warning for shrinking market too. Establishing and maintaining hotel infrastructure has become too expensive that sometimes in lean season hotel hardly covers their operating cost. Providing 100 percent FDI bring competition from the neighboring countries and negative perception about Indian tourism industry has also hampered the growth of hospitality sector.

Increased Guest Sophistication

In the modern work of tough competition, customers are spoilt by the choices they have. They look for new and creative ideas every day. Consumers have become more sophisticated and it becomes too hard to keep up the pace with their ever changing demands and needs. Every new entry in hospitality industry comes with latest technology and trends which is not so simple to implement in the running hotels. In the social media era, youth like to try new things and easily get bored with the same ambience and infrastructure of an outlet.

Technological Issues

Technology has played a very important role in change of world and innovation and technology will always be undistinguishably linked. But this change in technology has become one of the major issue before hospitality industry. In hotels, there is a spider web of software and applications to connect it to other networks and computer systems. This

integration is must for smooth running of hotel operations (Ladkina A and Weber K, 2011). Unfortunately this integration of networks is very expensive and if there is change in technology you have to change the entire system which is too much to bear for a hotel. So it has become very difficult to match the pace. Every year there are some new updating which needs up-gradation in hotel technology (Gaurav Kashyap, 2014).

Low coordination between academician and industrialist

In hospitality schools and colleges, manpower is trained and produced for them. So they have to be taken onboard to understand the requirement. It has been noticed that some of the hotel and colleges don't even consider the advice of industry experts. In the governing body or making the course structure industry experts are not given due consideration (Alok Kumar, 2018). The same case is also with the Hospitality sector which avoid to provide training to the students. Also trainees are not treats as the employees of the hotels. Management level clearance is not provided and managers also don't give any attention towards their development and training. So there is a need for strong linkage between these two. Industry experts should be given due consideration in developing course structure and also hotels should encourage the students to take part in hotel operations.

Global Uncertainty

The hospitality industry at global lever facing the consequences of terrorist attacks and cold wars between countries. Except terrorist attack the change in political leadership also impact the hospitality industry with the other countries. Some of the other concerns includes geopolitical relations, currency exchange rates, government restrictions or visa difficult for tourists etc. The hospitality industry also needs to take proactive steps to address these issues and minimize the potential impact.

Financial Viability

This is a large amount of capital currency kept flowing into hospitality industry worldwide. But still there is large gap between demand and supply which needs to be filled. Although investors have strong believe in recovery and growth of hospitality industry. But still some of the hospitality sectors are performing at par the investment. Some of the luxury hotels are still struggling to maintain their operational cost. The expectations of the investors should be materialize otherwise this could damage the overall financial credibility of the hospitality sector.

Safety and Security

One of the major concern before hospitality industry is the terrorism. When a guest book an in hotel, safety and security is also one of the determinant in selection an accommodation property. Hotels should also make best efforts to protect their guests which also encourage tourism. Since 26/11 attack, all hotels in India are continuously fighting and making best efforts to improve their security (Gaurav Kashyap, 2014). There has been implementation of new technology to reduce security risk. Hotels are also started to promote their security facilities and becomes differentiator for many hotels. Safety is one reason for corporates and business traveler to select high priced luxury hotel.

III. CONCLUSION

The hospitality sector in Indian has touched new heights today. With the advancement of technology people have extra time to travel and they are taking interest in exploring different corners of the world. This enthusiasm of the traveler has also brought new insight for hospitality sectors. Although hospitality sector is growing at a rapid pace but still there are some barriers in the development and growth of this industry. Some of the major issues challenges includes cultural differences, technological issues, safety and security, low coordination between industry experts and academicians, shortage of skilled manpower etc. For facing and overcoming these challenges some proactive steps must be taken for the development and growth of hospitality sector.

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