

Hospitality Industry: Challenges and Opportunities (A Critical Review)

ARUNDHATI RAY

HR Trainee, Shah Financial Services, Lucknow

Abstract- *Hospitality Industry is fastest growing industry in world. It also facing growing phase in India more than any other industry, if one compare. The article will take an overview of Indian Hospitality and Tourism Industry. Also, the article will discuss about Opportunities: which this industry has and Challenges: what industry facing today.*

Indexed Terms- *Hospitality, Industry, Seasonal Demand, Sustainable Development, Opportunities*

I. INTRODUCTION

Hospitality refers providing care and kindness to wherever it is required. It shows relation between guest and host. Specifically, this includes the reception and entertainment of guests, visitors, or strangers. The word Hospitality is derived from Latin word hospes, which means “to have power.” Components of Hospitality are host, hostire and Hospitality. Host means “lord of strangers” and hostire is related with equalize or compensate. Hospitality is related with etiquette and entertainment. Hospitality Industry includes boarding and lodging, restaurants, event planning, theme parks, transportation, cruise line and additional fields within the Tourism Industry.

II. HOSPITALITY INDUSTRY IN INDIA

Hospitality segment, just like other in India, is booming very fast. It faces huge challenge of being “under roomed” while the economy is growing rapidly. It provides huge opportunity for industry. A number of cities with suburban “Silicon Valley” type SEZs, provides push the growth of Hospitality Industry in India. Campaign like “Atithi Devo Bhav” enhanced FTAs and DTAs, which actually increases this sector demand. After seeing the growth and contribution of Hospitality and Tourism in Indian Economy State as well Central Government have taken

many initiatives to provide push and subsidy for sustainable growth to this sector.

III. RECENT TRENDS IN THE HOSPITALITY AND TOURISM INDUSTRY

Because of the growth maturity of these industries in metros and big cities, recent trend is shifting focus to Tier II and Tier III cities, which has higher growth rate. Budget Hotels are the next destination by companies as there is emergence of higher middle and lower middle class, which shows huge interest in these sectors. India is famous for its rich history in “Aayurveda” and “Yoga”, besides this many metros have excellent medical facilities in today’s modern and developed technology related to medical science, which makes Medical & Health Tourism a new urge for these sectors. New avenues having growth potential are also finding out by these Industry owners to attract previous as well potential customers. Emergence of Mixed Land Usage and huge spurt of international brands also make Indian Industry aware to find new ways to get competitive edge.

IV. INDUSTRY CHARACTERISTICS

Major characteristics of the Indian Hospitality Industry are:

- Seasonal fluctuation on Supply & Demand
The Indian hotel Industry normally experiences high demand during October–April, followed which the monsoon months entail low demand. Usually the December and March quarters bring in 60% of the year’s turnover for India’s hoteliers. However, this trend is seeing a change over the recent few years. Hotels have introduced various offerings to improve performance (occupancy) during the lean months. These include targeting the conferencing segment and offering lucrative packages during the lean period.

- Employment intensive

Quality of manpower is important in the Hospitality Industry. The Industry provides employment to skilled, semi-skilled, and unskilled labour directly and indirectly. In India, the average employee-to-room ratio at 1.6 (2008-09), is much higher than that for hotels across the world. The ratio stands at 1.7 for five-star hotels and at 1.9 and 1.6 for the four-star and three-star categories respectively. Hotel owners in India tend to “over-spec” their hotels, leading to higher manpower requirement. With the entry of branded international hotels in the Indian Industry across different categories, Indian hotel companies need to become more manpower efficient and reconsider their staffing requirements.

- Uneven fragmentation

The Indian hotel Industry is highly fragmented with a large number of small and unorganized players accounting for a lion’s share. The major players in the organized segment include The Taj, Oberoi, ITC Hotels, and East India Hotels. The fragmented nature of the Indian Hospitality Industry is reflected in the Herfindahl Index of Concentration, which was at 0.062 in FY07.

V. OPPORTUNITIES OF HOSPITALITY INDUSTRY

Number of opportunities lie in this sector:

A. Increase in Foreign Tourist Arrivals

Number of FTAs in 2016 is 11.24 million. And it is expected to grow at the rate of 40 % till 2021-22.

B. Additional foreign Exchange earnings from Tourism

The foreign exchange earnings from Tourism has increased from Rs. 64889 crores in 2010 to Rs. 134383 crores in 2016. This happens on every foreign arrival to country and most of the time case is Hospitality and Tourism Industry.

C. Employment Generation/ Manpower requirement in Hospitality Sector

As per the 2nd Tourism Satellite Account (TSA) of India – 2009-10 and subsequent estimation, the contribution of tourism in total employment of the Country during 2009- 10, 2010-11 and 2011-12 were

10.2%, 10.8% and 11.5%, respectively. And this percentage is expected to grow more than 40% in coming year.

Year	Employment (million)
2011-12	43.84
2012-13	47.26
2016-17	63.79

Source: Report of working Group on Tourism For 12th five-year plan

D. Better and sustainable economy

As it is a part of service industry and Indian economy is transferring very rapidly from manufacturing to service centered economy system, it contributed a lot because of its rest advantages like Increase in Foreign Tourist Arrivals, Additional foreign Exchange earnings from Tourism and Employment Generation/ Manpower requirement.

E. Various entry level positions available

As this sector is very vast, it also has various entry levels which have obviously very vast opportunities to skilled, unskilled and semi-skilled as well professionals and non-professionals. It offers several different job roles in the industry to perform and decide to try new roles.

VI. CHALLENGES

A. Retaining quality workforce

Acquisition and retention of quality workforce is also very big challenge in this industry. One of the major reasons of this problem is unattractive package and wages.

B. Lack of skilled employees

Lack of skilled and professional employees is one of the biggest challenge due to huge diversity in this sector.

C. Fluctuation in Demand & Supply

Other problem in this Industry is fluctuation in demand & supply and offseason.

D. Globalization and customer expectation

Customer expectations are rising due to globalization

and sector specialization. Company has to keep an eye on customer loyalty and retention of customer.

Tourism Development” Tecnia journal of Management Studies Vol. 3, No.-1, 2008

E. Competition

New arrivals in this sector from domestic market and global market make this sector very competitive, which ultimately create huge competition.

CONCLUSION

Hospitality and Tourism Sector in India is facing rapid growth better than any other industry. This Sector possess many opportunities, which ultimately good for country's economic condition and individual both. Opportunities regarding employment, regarding foreign investment, related to FTAs etc make this sector very attractive in point of view of government. Opportunities also followed by some challenges, so that this sector has. But good management and effective use of resources can convert these challenges in to opportunities in long run.

REFERENCES

- [1] (Shukla, Innovation in Hospitality Industry: A General Overview, 2017)
- [2] (Shukla, A Study of Glass Ceiling Effect with Special Reference to Women Employees in hotel & Restaurants at Gorakhpur city, 2018)
- [3] Zapalska, A.D. Rudd, “Teaching Business Issues in Hospitality and Tourism Education” Journal of Hospitality and Tourism Education, 2002
- [4] International Business Owners Survey (IBOS), 2004
- [5] Ninemeier, Jack D and Perdue Joe, “Hospitality operations: Careers in the Worlds’ greatest Industry” Pearson Prentic Hall, 2005
- [6] (Shukla, Employers’ Perception towards Women employees in Hospitality Industry at Gorakhpur city (Uttar Pradesh), 2019)
- [7] Koshal, Manjulika, Koshal, Rajindar K. & Gupta, Ashok, Women managers in India: challenges and opportunities, 2006
- [8] (Shukla & Tiwari, Analysis of Factors responsible for Growth of Hospitality and Tourism Industry in India, 2016)
- [9] Manoj, P.K., “Positioning India in the Global Tourism Village: Strategies for Sustainable