



HUMAN RESOURCES STRATEGIES IN ROMANIAN TOURISM COMPANIES

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Abstract

In the context of political, social and economic global worries, tourism remains an underexploited option as its ability to be a consistent revenues source in Romania. Some companies have understood this and thus they have successfully developed their activities by building their business in a strategic way. In the same way, others failed due to lack of vision and coherence. The strategic thinking capacity, that has led them to success, has been reflected specially in their human resources strategies – positive effects generator on long term. What do they mean and what do these strategies consist of? The main purpose of this article consists in the analysis of information both from the online environment and literature reviews referring to this subject. It also aims to provide best practices and recommendations for a strategic approach of human resources in tourism companies, having in mind an area whose future must to be considered.

Keywords: human resources, strategies, tourism companies, responsibility

JEL classification: M1, M12, M14

1. INTRODUCTION

Currently, tourism has the fastest global annual growth, according to data provided by World Council of Tourism and Travel, which shows that the tourism industry contributes 9.8% to global GDP in 2015, considering both the direct, indirect impact and the induced one in economy, with \$ 7.2 trillion. It is also the main creator of jobs, the number one worldwide employer, with a total of 277 million jobs in 2014. The data of the same organization show that the tourism sector registered 284 million jobs at the end of 2015, respectively over 9% of total employment worldwide, demonstrating its ability to grow and create new employment opportunities, at a higher rate than the overall economy (WTTC,

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2016). It should be mentioned that the sector was also deeply affected by the global economic crisis, manifested by the decrease of international tourist arrivals, demand and income from international tourism and created jobs. Areas based mainly on specific tourism activities were especially exposed. The above mentioned effects were experienced in 2009, when the decrease was by 4.2% for tourist arrivals and 5.7% for incomes (UNWTO, 2010, p. 4). An outstanding revival has started since 2010, both in number of arrivals and total income, with 4.7% higher than those of 2009 (UNWTO, 2011, p. 2).

These data suggest the importance of the travel and tourism industry in economy, both for developed and emerging countries that look for solutions to the high level of unemployment, especially among young people. As shown in studies provided by specialized international organizations, over time, many companies in this field have shown a trend to hire younger people than the average of other sectors. That is a result of seasonality reflected by the lack of continuity on long term of careers in tourism, their high mobility and discontinuous working program for certain destinations and jobs. In Romania, it has been launched a national strategy of ecotourism to stimulate the companies being social responsible and to create a sustainable tourism (INCDT, 2009, p. 5).

In these circumstances, the activities of human resource management in companies that operate in this industry present peculiarities generated by the specific of the offered jobs and the features of services in general

2. STRATEGIES REGARDING HUMAN RESOURCES IN TOURISM COMPANIES

Tourism is the field that has developed under the impetus of globalization, being defined as a social, cultural and economic phenomenon that involves movement of people. Tourism has grown dramatically in recent decades, in the same time with economic liberalization and opening national borders of many countries, as a consequence of its entailed activities, respectively those regarding visitors and their role in goods and services acquisition or a set of productive activities designed mainly to satisfy the visitors' needs (United Nations, 2010).

Globally, there are multinational companies with operations in many countries, such as hotel chains and tourism agencies with extensions in a variety of places, ensuring the creation, promotion and distribution of their products all over the world. But, there are also small and medium enterprises administrated by owners who provide accommodation, meals and entertainment.

The researchers as Boxall and Purcell (Nickson, 2013, p. 10) show that there are two approaches to human resource management activities, depending on their purpose, naming them "the most suitable one" and "the best practice". According to the first approach, human resource strategies will follow the competitive strategy of the company, being integrated in the environment where the company operates, while the second identifies those agreed management practices and policies that will create an efficient working environment.

There are several types of strategies that tourism companies use in human resources field, based on the overall strategy: the innovation strategy, when the company tries to develop different products and services from competitors, creating a favorable environment to innovation, risk-taking and tolerance for ambiguity, with a highly skilled and creative personnel; the quality improvement strategy, encouraging the implementation of total quality management practices and developing the team spirit, feedback system, participation

in decision making and accountability for the employees; the cost reduction strategy, when human resources are concerned to economize by hiring highly specialized personnel, efficiency, a large number of temporary employees, motivated by low risk taking and stability (Schuler *et al.*, 1987, in Nickson, 2013, p. 11).

According to the second approach, the importance of adjusting human resources practices to the strategic market segment where they operate in is highlighted, leading therefore to a match with the marketing and operations activities.

Tourism companies are still dependent to human resources - low costs - high profit relationship, that takes firstly into consideration the costs generated by hiring and rewarding, being concerned about maintaining them to the lowest possible level. Thus, show Timo and his collaborators, the strategy for minimizing the cost of human resources is adopted by the majority of small and medium enterprises, and even multinational hotel chains are reluctant to adopt new strategies (Timo *et al.*, in Lee-Ross and Pryce, 2010, p. 22). Solutions are, according to Baum, rather demanded when problems occur, instead of applying a long-term strategic vision, this field remaining dependent by cheap and poorly paid workforce (Baum, 2008, in Lee-Ross and Pryce, 2010). However, in general, there is a major crisis of personnel in the hospitality industry. Therefore, it is obviously the need to confer to human resources the essential role they have in providing high quality services to customers.

Human resources strategies define the vision and long-term objectives related to human resources activities, following a certain set of values that fundament them, in accordance with the aimed strategic organizational goals. Thus, there is a close relationship among organizational culture, general objectives and strategies of human resources, since people are those who participate in achieving the company's objectives, but also the beneficiaries of the undertaken measures and actions.

In Romania, small and medium enterprises represent 97% of all companies, employing 45% of the active labor force (Ministerul Afacerilor Externe, 2015). In the tourism sector, along with multinational companies, there are also present international hotel chains, tourism agencies and tour operators that activate in many countries, restaurant chains that transcend national boundaries, providing accommodation, meals, entertainment, distribution of touristic products, transport for tourists, working on the local, regional or national market. Their diversity creates big differences in perceiving and integrating the need to approach human resources strategically, through an integrated management model in which people represent the main source of long-term growth of companies.

With the development of new technologies based on Internet, tourism companies look for new ways to create competitive advantage, concomitantly with costs reduction, mainly through staff reductions. Employees should be competent and multi-skilled to face the challenges brought by the lack of continuity of specific activities developed by a particular job during the day, and they should have a narrow specialization. The purpose of a human resources strategy is to ensure personnel, maintain (motivate) them on long term, thus they contribute to achieving the aimed organizational performances. Given the current environment, training is essential for motivating employees and improving their competencies and abilities to provide services to more and more sophisticated customers. In this way, recruiting requires especially broader competencies than specific ones (Abrudan *et al.*, 2007, p. 66) and integration at work involves training sessions in which they gain necessary skills within the company.

Corporate Social Responsibility (CSR) towards employees involves the establishment of a long-term strategy for recruiting and maintaining the personnel. It ensures decent

working conditions and decent pay, but also continuous training to increase motivation and development of human resources, in line with long-term development needs of the company and by ensuring excellent economic results.

Thus, it is noted an alignment of companies' efforts in the same direction, the responsible behavior being the one that can generate a better management of human resources and an increase of their contribution to improve their performance. The two aspects are compatible, even though managers of small and medium companies show little interest in long-term strategies for human resources, based on financial reasons. They mention that they cannot cover the costs of such investment (Abrudan *et al.*, 2007, p. 65) and they recruit ad hoc, depending on the needs of the moment. They involve too few employees in training sessions and give little importance to decisions' decentralization and participatory leadership.

3. THE METHODOLOGICAL FRAMEWORK

The aim of the study presented in this article was to highlight the human resources strategy in Romanian successful tourism companies to provide strategic thinking as guidelines or best practices. The Romanian management in general, and the human resources in particular, are facing a big gap between theory (borrowed, unadjusted) and practice (in a specific context); hence the idea to analyze how the Romanian managers think and act on HR area.

According to the methodology for tourism's assessment, that is globally accepted and developed by the United Nations (UN) together with other bodies and concerned institutions, only the companies that develop products intended solely for tourist consumption are assimilated to this field (named as tourism characteristic products: hotels and associated ones; restaurants and associated ones; travel agencies and other reservation services; services of transport with rented means and car rental activities; rail, water and air transport for tourists; cultural and sports activities and other leisure services; trade activities for tourists). But the multiplier effect is taken into account when we aim to establish the contribution of this industry to create jobs and gross domestic product for a country. It consists in activities that generate products for consumption both to tourists and local population (tourist related industries and tourism un-characteristic production - newspapers, magazines, health care etc.) (United Nations, 2010, p. 25).

In this paper, we take into consideration only a part of the companies that offer products and services exclusively to tourists because the area is very vast, and a search that include all types of travel companies requires means and objectives of a scale that exceed the aims of our article. In addition, in our view, air, rail and water transport of tourists and the associated activities have certain peculiarities due to the need to ensure security of tourists, demanding many legal restrictions. Being areas with tradition, most of them are owned by governments and they are predisposed to a higher syndication and pronounced formalism, requiring a separate observation.

But all the companies from this sector have specific characteristics to services: customers participate in their fulfilment and consumption, they can't be stored, they are evaluated as a whole and the quality is appreciated by the overall experience of tourists because they can't be tested but acquired based on the presentation form, customers' expectations and experience. The extremely important role of travel agencies in promoting and selling the tourist products and of the hotels that create and actually use them (as the

high share of accommodation expenditures in total spending of tourists) was essential to choose them in the present study. Therefore, in this paper we aim to analyze aspects of human resources strategies, primarily based on these premises.

To achieve the proposed objective we selected 6 companies with Romanian capital from Top 10 Tourism Agencies in 2014 (Iancu, 2014), and 6 hotels in Top Hospitality Romania 2015, released by Top Hospitality Association (Top Hospitality, 2015).

For those six tourism agencies and hotels we collected information from websites, blogs, media, interviews with managers, posted documents, other articles, news, jobs posted on specialized recruitment web sites, etc. (they are all listed in the References section). Because direct references on strategies are extremely few (it is normal that strategic guidelines be confidential), we used the deductive reasoning to extract the meaning of statements and actions, through interpretation, taking Armstrong's observation as a starting point (Armstrong, 2009): "A strategy is something more *intuitive* and it is often visible only *post factum*, as a pattern perceived in the events". As a result, the qualitative analysis and data interpretation of values, principles, attitudes and behaviors led us to the ideas and conclusions presented below.

4. STRATEGIC OPTIONS IN ROMANIAN TOURISM AGENCIES AND HOTELS

The quality strategy is the constant leitmotif that emerges from the analysis of selected tourism agencies and hotels, having the customer as a major aim of their general strategies. Exigencies, safety, comfort and client's time matter whether it is about standardized services or personalized offers. Hence the need to invest permanently in the quality of human resources, quality of products and services and in technology (regarded as a source of innovation leading to teamwork development, ensuring real time data, providing feedback and helping in nonconformities' prevention, supporting informal communication, maintaining control of internal processes etc.). Moreover, agencies have numerous accreditations, certifications, licenses that support their capability in the field.

Work, commitment, passion, tenacity, ambition, business honor, responsibility towards employees, communication, transparency etc. can be mentioned among the managerial values that support performance in tourism.

Flexibility as a value of organizational culture and a *sine qua non* condition of functioning in this field ensures adjustment to the market rules and particular needs of customers. Procedures, standards and clear and transparent rules ensure consistency in handling particular situations.

The human factor is viewed as a key driver of competitive advantage. Even if the touristic product may be copied, the following cannot be copied: talent, passion, the way which personnel is involved in delivering the product / service accompanied by the story emotion, proximity, hospitality, timeliness etc., in a word personnel professionalism; hence the major interest for human resource. For example, the vision of Perfect Tour Tourism Agency (that reached the first position in top) - "be the best", correlated with the marketing axis - "customer experience" and a set of values that support the quality tourism (professionalism, creativity, flexibility, reliability, consistency) can be achieved through the human resources strategy based on high quality, involvement and commitment (professional in the field, experts, consultants specialize on services and geographic regions, the best personal assistants, talented and passionate people, young, dynamic, creative teams, etc.). Continental Hotels adopt an overall strategy based on quality, developing a human resources

strategy focused on “Top Employers” formula. The management requires complete involvement and dedication, the recruitment process targeting the attitude of candidates whom are offered training, team building, opportunity for promotion, “acknowledgement and benefits correlated with the involved passion in job”. City Plaza Cluj-Napoca Hotel adopts a recruitment strategy from external sources under the slogan “Be the Best in the City”. In this way they encourage enthusiastic and communicative people to join and provide support to build and develop a career within the team. Knronwel Hotel doesn't present exclusively a human resources strategy, but the vacant positions opened for recruitment on specialized sites indicate a customer orientation. Potential employees are required to meet criteria of experience, knowledge of some hotel management programs, certification in the required field, knowledge of foreign language, communication skills, effective time management, offering attractive salary packages, training and professional development opportunities in a dynamic and competitive environment.

Tourism experts are carefully selected and trained. In general, they must have experience in this field, be able to provide consulting, advices, recommendations, possess communication skills and teamwork, behave decently and ethically, show flexibility and professionalism, be motivated, open to knowledge and to new cultures, demonstrate a proactive behavior, be creative. Some of these qualities are held at employment; other forms are formed / developed in time. There are other specific requirements, depending on the job. Investments in training are consistent; trainings, team buildings, info-trips in the country and abroad are organized. Courses on environmental education are noticed among others; that is a sign that corporate social responsibility (CSR) becomes an important strategic component.

Regarding the quality of human resources, there are different strategies related to ensuring personnel, integration, training and development: some choose to hire a core group of experts along with the already trained personnel for who they develop appropriate training programs in the country and abroad; others choose to settle their own schools (even regarded as another business) in which employees must acquire knowledge and specific competencies (managers note the discrepancy between university training programs and real needs). Their experts or other experts in the field (from famous companies or prestigious schools) teach in these schools. One of these schools has developed a centre of professional competence assessment.

The relationship between the general, competitive and human resources strategies within the selected companies can be presented in the figure below (Figure no. 1).

Therefore, it may be noticed that the analyzed agencies and hotels adopt growth or stability strategies, using a human resources strategy that supports this approach, especially the *quality* strategy. In this regard, it is necessary that the employees act in connection to the targeted goals and general strategy and the activities of human resource management be conducted in agreement with them: recruiting dynamic people, willing to get involved and take responsibility (only such employees can make quick decisions, which ensure a high quality of services in travel agencies and hotels), willing to learn and develop their skills and knowledge, to build and reach the full potential of a successful career in the chosen field. We have not identified an innovation strategy in the field of human resources, because recent innovations come mainly from technology and were integrated in the tourism companies' activities, mostly as facilities in hotels, other structures for serving meals and entertainment. Nor the low-cost strategy was identified among the studied agencies and hotels, which indicates the difficulty to apply it and to succeed on long term, in terms of financial performance, famous brand and high customer satisfaction.



Source: authors' references

Figure no. 1 – Types of strategies adopted by Romanian tourism companies

It is also remarkable an exceptional quality of the owners - their ability to delegate tasks and major responsibilities to capable people, professional employees. It is known that, in general, the Romanian managers have an autocratic style and they want to control everything. In tourism, at least in large companies (perhaps because of the high stake, too), it can be noticed that the level of authority is correlated with the professional one, so the expert is the one who makes decisions. Delegation does not refer only to experts. As many as possible competencies are delegated to highly creative and dynamic teams of young people. Decentralization is also noticed, through the division of some companies on profit and activities centers, for a more flexible work and relieving the employees of tasks from different areas. In this way, they can focus better on the specific activities of their area and they may provide quality services, adapted to client groups / age etc., and even individualized ones.

Keeping the employees and exceptional teams by appropriate motivational strategies is another concern in these agencies and hotels. Employees' satisfaction and enthusiasm are important, therefore rewards, work climate, continuous training and future prospects are considered priorities in the strategic management of human resources. Many employees have accreditations and specific certificates and they regularly participate at internal or external trainings, specialized in different fields of expertise (sales, communication, customer service, events organization, etc.). These actions motivate them and give them different career prospects. Many such activities take place abroad, in tourist locations with excellent conditions, relaxing ones, leading to strengthening members' cohesion and increasing the sense of belonging. Obviously, the financial rewards are also important; that is why wages are motivating and take account of work performance, and the benefits arising from working in this field are also reflected on employees' salaries.

The strategies of social responsibility towards employees cover areas as care for employees, occupational health and safety, equal opportunities, employees' rights, combating discrimination. But not all companies in this study provide public information on this subject.

5. CONCLUSIONS ON STRATEGICAL ORIENTATION IN ROMANIAN TOURISM AGENCIES AND HOTELS

A first conclusion reached after analysis of data is that human resources strategies, as part of the strategic management of companies, are coupled strategically with the general and competitive strategies. This situation is available for all the analyzed companies. Strategic thinking has a coherent and unitary character, hence the outstanding results.

A second observation is that managers of the analyzed tourism agencies and hotels have developed increase and / or stability strategies. There are agencies and hotels that work only on the idea of growth; there are agencies and hotels that alternate the increase strategies with the stability ones, to strengthen their position and to stabilize the business / gained market share, as there are agencies /hotels that aim only to maintain the current status, being satisfied with the increase they had in time and intending to stabilize. The growth is supported by market and product development, acquisitions, franchising, etc.

Another conclusion that emerges from the gathered data is that, although all agencies offer services and diverse package tours (at a first contact it would seem that all agencies provide all services), each of them tries to obtain a highly specialization on one area, focusing on a certain "something" to make the difference (for example, one agency is interested only in holidays for individuals, another focuses on services dedicated to corporations, while the third aims to excel in events organization). The analyzed hotels also offer similar services at the first view (accommodation, events, food and drink services to guests), but they are addressing to a different kind of customers, with different tastes, the difference being made apparently by the facilities (example, boutique hotels), and also by the quality of services. Basically, this is the main method that builds and maintains the competitive advantage: through knowledge of specific customer needs and high quality of the provided services. In this case, the interest for customer often goes to personalization. There are companies that try to dominate by low-cost strategy, developing low cost divisions. They opt for a more aggressive marketing and they compete with foreign agencies and hotel chains (as a note, only one manager is female, the rest are males).

Regarding human resources strategies we mention that the managers of the analyzed tourism agencies and hotels are extremely concerned about the quality of their staff, thus they invest heavily to ensure they have the needed skills to perform all the activities. All terms of human resources are carefully planned and monitored. In general, talented, enthusiast and with potential people are required. Young people and also experienced ones are hired, following the idea of forming a core of experts to support and coordinate activities from a specialized area. Training and development are the focus of attention, going as far as setting up their own schools. Many opt for training abroad, particularly for important posts. Career opportunities, remuneration packages, the possibility to travel, but also the climate contributes to satisfaction and keeping valuable employees.

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