Introduction

The hospitality industry has, and continues, to be a fast evolving industry with increasing scale and continuous technological changes in the way hotel chains operate. This change presents both challenges and opportunities to increasingly massive global as well as emerging regional operators. Although such change is applicable in all operational areas, management of human resources represents its own unique set of valuable opportunities for differentiation and sustainable competitive advantage in the coming decade.

Hospitality chains operate with well defined standards and high levels of professionalism and have come to present a leading model for the distributed transnational corporation. This leadership has become an even greater differentiator in emerging markets where the chain can take advantage of local cost differentials, varying investment environments and still maintain a global level of quality standardization. However, given the rapid and continuous growth as well as the tendency to improve market targeting through operation of multiple segmented brands, management has and will increasingly become more complex.

This sentence seems to have no connection to the previous paragraph : While the general level of HR objectives are well known, the best HR management approach requires the satisfaction of goals from multiple sources, including those set by the chain operator, the local management team and the property owner. Each such perspective provides valuable guidance on the success factors which contribute to excellence in HR management.

This paper outlines keys areas for which centralization and distribution of functions in human resource management optimization can specifically provide advantages to regional hotel chains. This adoption or augmentation of shared services HR management in combination with a shared technology platform provides considerable long term benefits.

Benefits Specific to Hotel Chains

Hotel chains operate differently from nearly any other type of business due to the nature of the distributed management styles used. Hotel chains manage and may also own individual properties, however, each individual property must operate, primarily, independently within the framework of global and regional policies and standards. This configuration leads to specific opportunities in HR management not typically found in other industries as follows:

Cost Reduction through Centralization

Due to geographic distribution of properties, decentralized management of many components of operations, including HRM, has often been the standard. However, innovations in technology provide a range of new opportunities to achieve various, traditionally, elusive improvements in HRM. As we have seen in online recruitment over the last decade, the chain can provide excellent support for individual properties' applicant gathering at an extremely small per property cost. Benefits such as those already

apparent in online recruitment become increasingly attainable in general as technology allows for the collaboration of individual properties with a share services HR group at the country, regional and global level.

For example, high speed, low cost network infrastructure allows for the creation of a single HRM software application which can be made available to all properties. Operating on a single set of *infrastructure* and at a substantially lower cost than that of establishing an individual software solution for each property, this shared technology infrastructure opens up new opportunities in administration and processing.   Its inherent centralization of payroll processing, tax compliance management, government compliance, employee record keeping, training management and other HR tasks for example provides for cost reduction through economies of scale and increased job specialization.

While a complete move to shared services HRM may seem a difficult process, there is no need for it to be undertaken as one single change, but rather as a process which is absorbed over a lengthy period, using a step by step approach. Aside from the obvious financial benefits of some level of centralization, it provides specific benefits to the hotel's stakeholders in that the hotel chain is able to derive additional revenue and increased control over each property; the hotel owner is able to reduce investment levels while also helping to drive down operational expenses. In addition, the hotels individual management teams are able to decrease focus on administrative issues while increasing focus on higher value, property specific tasks.

Improved Management of Standards

Standards are the primary method of the hotel chain in maintaining the quality of the brand. The increased centralization of hotel functions to the chain, as well as provision of a shared software technology infrastructure for HRM allows to distribute, and enforce them across all properties equally. While written standards and well trained management teams have been the principal tool of the chain in controlling all levels of standards, software which controls business process augments and in some places may even replace traditional methods of control.

A shared software application for multiple properties allows business rules and controls to be implemented one time in the software, and is then automatically applied to all properties using that system. This can include controls over the type of data stored and required of employees, policies on scheduling and attendance management, policies on payroll, taxation, employee claims and other financial responsibilities related to HR. Business process controls may also determine workflows and approval requirements such as who needs to determine an employee's promotion. Management can additionally apply standards in more specific areas such as ensuring that employees' have the appropriate qualification for their job when hired, and that they maintain such qualifications over time. This approach may also include job skill expectations, training requirements, performance expectations and other areas.

Cost reduction through standardization

Although standards are critical in maintenance of quality and brand value, they also provide ways for larger hotel chains to encourage cost saving measures in individual properties. The chain has the ability

to oversee different ways of doing business, often worldwide, as well as to analyse massive amounts of data which no individual property can possibly access. Development of standards based on this information can provide benefits, however, is often difficult to communicate and control. With a shared software application, new policies and rules can be deployed almost instantaneously, giving each property fasted access to global knowledgebase.

Leveraging staff investments

With individual properties operating largely independently, movement amongst properties of the chain often occur only at the highest levels. However, with the increasing number of locations within smaller geographic regions, movements of all hierarchies of staff have become more common. However, employees are often as likely to move to another operator when changing jobs as to move within that operator.

Integration of HR operations through software provides the ability to develop employees on a regional level rather than a property specific level. Employees can more easily understand opportunities for development in other properties. HR workers can also use a more regional view of employees to determine the best options for employee job fit and development.

Increased Agility

Business changes such as market environments and competition happen quickly. A substantial portion of these developments may involve action from HR. As HR departments increase their focus on performance, training and skill of employees, the involvement in business change also increases. Centralized software and a strong centralized HR team allows faster reaction to trends at individual properties by experimenting with multiple approaches at the same time, quickly reviewing results of individual initiatives, and rolling out the most effective solutions with both minimal time and cost.

General Benefits

While hotel chains derive a range of benefits from technology and shared services HRM that are not applicable to other industries, general benefits such as those described below also provide important contribution to the justification of a long term change in HRM operations and are interpreted in the context of the modern hospitality environment.

Reduction of staff turnover

Movement in the hospitality industry as well as some impact from recent global financial events has led to a somewhat high level of turnover for the highest value hospitality workers. However, HRM tools, supported by software, provide some solution to this problem. In general a focus on both employee engagement and the employer brand are the best ways to target turnover reduction(?).

As discussed above technology can increase standards compliance and improve the employee perception of HRM by increasing speed and accuracy of handling the frequent interactions been the HR department and the employee. This improved experience translates directly to the perception of the employer brand.

A focus on employee engagement has also shown to provide turnover reduction benefits. Software supports this by providing an infrastructure to survey employees, track perception and react. Software provides the tools to take action of critical engagement issues. These may include base satisfaction problems such as pay equity, policy fairness, or timeliness of interactions. However, engagement is more often a result of how the employee's perceives the hotel's ability to meet their career growth, developmental and other needs. Software embeds tools such as career path planning and interactive individual development planning with which employees can take an active part in their own development. Employees are able to better understand career opportunities, establish their career milestones and devise a plan to achieve them.

Automation and decentralization

Technology, especially advanced centralized solutions, provide for high levels of automation in basic administrative tasks resulting in decreased HRD workloads through decentralization of HRM functions. With the right software, employees and managers will take care of their own HR data and processing. This employee self service and manager self service concept allows HR workers to increase focus on higher value tasks such as employee skill development, standards compliance, cost management and employee engagement.

Some samples of quick win decentralizations available through software are: allowing managers to completely control and enter scheduling/rostering data; allowing employees to manage their claims, payslips, employee data updates and other information directly through the software and with the approvals of the appropriate managers or HR workers.

Improvement of data analytics

All businesses increasingly generate electronic data. As with any modern business function, HR management in the hospitality industry produces this mass data and has the task of analysing that data and distributing it to the appropriate people. With an integrated multi-property software solution data becomes useful again. Managers in each property, regionally and globally as well as individual owners can get the data they need and even compare that data with operations in other properties in order to improve decision making.

Increased focus on strategy

With a regional software in place, traditional administrative jobs can be automated, standards enforcement becomes easier, data is more readily available in the format needed, and changes in policies and procedures are easier to apply. These improvements free HR workers to concentrate on higher value tasks, and specifically on being a strategic partner to management. The strategic focus of HR will often lead to better understanding the overall business goals and increasing the HR department's contribution and leadership in the achievement of those goals. A multi-property HR management software supplies/delivers the foundation and tools for the execution of this role by supporting improvements in training effectiveness; development of employee skill levels; communication, tracking and analysis of performance targets, long term career and succession planning; and others.