

ANALYSIS OF AN EFFECTIVE USE OF HUMAN RESOURCES IN TOURISM: A CASE STUDY IN AZERBAIJAN

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Abstract

Big and successful companies understand the importance of the human factor. Unfortunately, the purpose of some small and not very successful companies is only to make a profit. Many of them do not think about the ways how that profit is made. The abuse of people’s knowledge and skills has never been considered to be correct and never will be considered. The loss of employees’ loyalty is the result of underestimating their personality, desires and needs, which is common especially in the service sector. This article is about human resources and their role in the hotel sector of Azerbaijan. The purpose of the article is to emphasize the importance of the human factor in the development of tourism in Azerbaijan and the importance of investing in human resources in order to achieve quality and competitive advantage. The paper adapts and modifies the human action model to use it in analyzing the effectiveness and success of hotel companies.

Key words: *Human resources, targeted skills, tourism, hospitality.*

JEL Classification: Z32

Introduction

A hotel provides its service and certain aspects of this service. And these aspects should not be forgotten. We will recall the characteristics and products of the hotel industry once again.

Unlike products, services cannot be seen, touched or enjoyed before use. They cannot be sniffed or heard. An employee working in the sales department cannot take the room with himself to a customer in response to the registration order. This means that services are intangible; and this is an important obstacle for their use, because sales must be carried out based on a well-presented usage or purchase experience. Services are carried out at the presence of both the customer and “the producer”, as well as are simultaneously used by the customer.

The indivisibility of services consists in that a hotel product, i.e. service and a tourist who is a consumer, is one of their inseparable parts. A traveling customer directly affects the implementation of adequate services; and this is made possible due to his use of different service groups during the stay in the hotel or his choice of drinks and meals in the restaurant or his enjoyment of other services. Services can not be retained. If hotel service is not used for a while, in the next season, even with the maximum number of tourists, it will not be possible to bring its service to the perfect level. Demand-supply matching is very important for effective use of service potential.

Service differences are revealed due to the human factor, which is subjective, and this is the factor that stands on the basis of quality of the work implemented. Each service is unique. Analogous to an actor's role on the stage, a performance may highly satisfy the customer, but the features and actions during his performance may not be repeated. To put it otherwise, the services performed by the communication of both parties create a unique atmosphere. [6]

The features listed below especially highlight the importance of the human factor in the provision of services and products. The theory and practice confirm the truth of these ideas:

- The hotel sector was established to fulfill needs and wishes of guests and tourists.
 - A guest both contributes to tourism and pays the entrepreneur.
 - The quality of a hotel product is measured by the number of satisfied guests.
 - Word-of-mouth marketing is still considered the most effective marketing.
- [3]

The following questions arise. Whom and what does the satisfaction of guests with the provided services depend on? Also, what factors do the revisit of those guests, visit of their friends, good advertising, good reputation of the hotel, increase in income, quality of the hotel product and level of competition capabilities depend on?

They mainly depend on hotel staff. Especially in recent days, when the number of competitive, luxuriously equipped hotels is increasing day by day, the role of the human factor in this sector is undeniable. The demands and wishes of a contemporary customer are complex; they require adequate service and experience. The famous saying quoted by the World Tourism Organization is confirmed here: Change services according to experience! Memorable moments are not about special restaurant items such as silk mattress covers, pillows – all these are also available in other hotels; rather, it is the behavior, courtesy or lack of courtesy of staff that a guest remembers. [16]

It should be noted that the biggest loss for a hotel is that the guest sees a shortcoming and expresses his dissatisfaction. However, such shortcomings can be removed by the hotel staff with a simple smile or apology, with a small gift or a discount; yet impolite and rude behavior from the employee's side cannot be forgotten. From this, we can conclude that psychological and physical characteristics of persons providing services lead to customer satisfaction or dissatisfaction, regardless of the organizational, technical and technological provisions of service quality.

Thus, in order to obtain quality, the main attention is paid to the personnel providing services, restaurant workers and hotel management. One should not forget that quality is determined on the basis of labor standards. The factors that determine the quality of the staff in a hotel are the following: knowledge, skills, experience, appearance, behavior. This means that service personnel should have certain qualities: education (by degree and area), quality of work, general culture, business culture, natural or acquired rules of courtesy, appropriate personality, nobility, secrecy, sociability, patience, individual attractiveness, relatively good appearance.

Literature review

Productivity is very important in determining the standard of living of any country: for example, the standard of living is measured by the provision of goods and services. At work, productivity can be defined based on the amount of products or services per hour. This, in turn, is directly related to factors such as

physical capital, natural resources, knowledge about technology, and human capital. The focus of this article is human resources and human capital. In literature, we can find different names for the notion of human capital: social capital, human capital, intellectual capital.[9] ‘Human capital’ is an economic term that refers to the knowledge and skills employees acquire through education, training, and experience. Human resources and human capital are becoming more and more important in the business sector. states that material and human capital make up a company's assets. This can be especially true in the service sector, as this is the sector where people perform the most important function.

Human resources not only play a key role in all areas of socio-economic development, but also form the basis of a successful business. According to Naeem Hayat the education of an employee is a very important component to maintain competitiveness in the service industry. Providing training and additional education to employees is of great importance, especially in the hotel sector.

Marchante and Ortega argue that the discrepancy between the level of education required for a job and the actual level of education that the worker has reveals differences in the performance of hotel staff. Workers with education relevant to their job are considered to be more effective workers than uneducated workers; and highly educated workers are considered to be much more effective than uneducated ones [7]The level of education appropriate to job requirements leads to productivity at work and business success of the companies in the general hotel sector.

In addition to the level of education, the productivity and competitiveness of hotels also depend on the specific skills of their employees. Sheldon and Gee prepared training courses that teach the most important skills for staff. Both employees and entrepreneurs agree that human relationships, communication and polite behavior are very important. But there is no agreement among scholars with regard to the question of whether the characteristics such as sales, operations, and computer skills, as well as local workers and their culture, which is the last on the list, are important.[3] Since the above-mentioned knowledge and skills constitute the basis of successful development in the contemporary business sector, knowledge of foreign languages and of communication technologies can also be regarded as primary prerequisites for entering the hotel sector.

We can state with certainty that human resources are the main factor in order to be able to compete in the market. Podolny & Baron suggest that social capital is a major advantage for a company in the competition and activity. Also, the role and importance of human resources in the business sector has influenced the reforms in

some organizations, and recently we are increasingly encountering the term “knowledge organizations”. [10] The concept of a learning organization applies to an enterprise which consists of individuals, employees who are constantly learning something new; and the company itself is an advancing and developing enterprise. This process is carried out mutually: individuals improve their positions in productivity and competition by developing their knowledge and skills, and the company, in turn, tries to improve conditions in which the employees acquire individual skills and new knowledge. An innovative company has the ability to acquire and create new knowledge and skills, adapt them to the business sector and its goals.

In times when there are common difficulties, it is very important to create a company that can be adapted for new changes. But this can be possible when there are quality and rich human resources. Such companies develop teamwork and relationships in the business sector.

Improving the responsibilities of employees is a result of the business model and business processes. In the XXI century, human capital is the greatest asset of an organization.

Methodology

In accordance with the purpose of the article, a study was conducted based on statistical data and reports prepared by relevant organizations, and very significant state strategies related to human resources in the tourism sector were formed.

Several methods were used during the research: analysis, deduction, induction. Looking at the literature, it was possible to draw many conclusions for the analysis of the most important models of hotel enterprises.

In accordance with the purpose of the article, the individual activity model was also considered. Based on all the analysis and results, this model was accepted and modified. We created such a model in order to conduct a detailed analysis of the hotels with especially effective service and strong competitive capacities.

Human resources and their special importance in the hotel sector maintain their importance for the service sector as well. We need to explain the individual performance model to emphasize the importance and role of human resources and its impact on quality and competitiveness.

Business satisfaction, employee loyalty, productivity, quality of work and service depend on the knowledge and skills of the individual, the motivation and support received from the company, and the peculiarities of the job.

These differences are taken into account to determine the effectiveness of an organization. Also, these criteria can be considered useful in determining a company's capability to compete. In fact, quality is the key to entering the competition; nevertheless, quality in its entirety depends mainly on the human factor.

This model can be applied to the hotel sector of any country, including Azerbaijan.

As a subjective labor factor, the category of “individual” affects the entire work process in the hotel, and the “work” factor here is an objective factor which supports the labor. [17] For increasing business efficiency and competitiveness, subjective factors, depending on the probability of certain labor factors, are more significant than objective ones.



Figure 1. Individual performance category

Category – individual productivity

Since the human factor is the main indicator of competitiveness in the hotel industry, the analysis of the factors affecting it is required. To put it more precisely, a person's productivity depends on 3 categories:

- Knowledge and skills
- Motivation and effort
- Support provided by the company

The next section presents a brief analysis of the impact of human resources on hotel productivity in the hotel industry of Azerbaijan.

Conclusion and Discussion

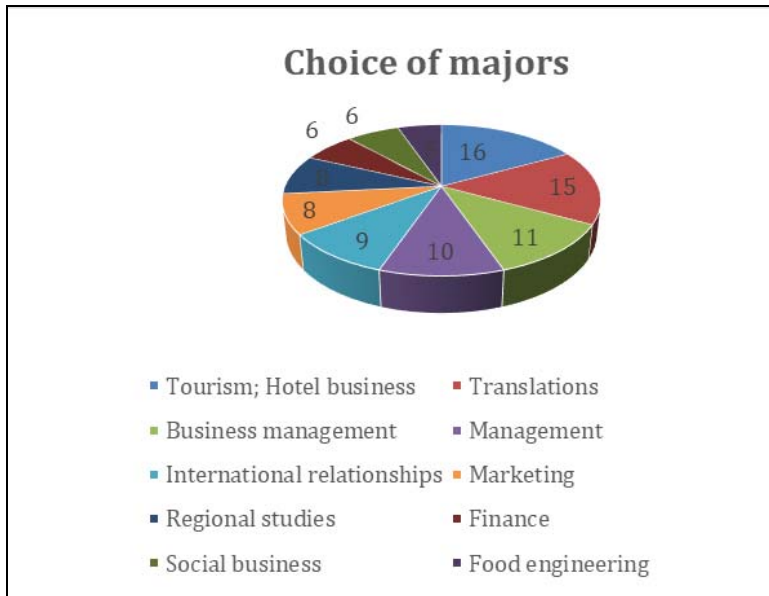


Chart 1. Proposed specialties to choose from

As can be seen from the corresponding paragraphs of “Strategic Roadmap for Development of the Specialized Tourism Industry in the Republic of Azerbaijan”, accepted by the Decree of the President of the Republic of Azerbaijan on December 6, 2016, human capital has a significant impact on tourism. In the roadmap, the role of service providers in hotels, restaurants and travel agencies is underlined.

The knowledge and skills required for employees in the hotel industry vary by the functions of a job field and job sector. Thus, management staff should have technical knowledge and knowledge about staff. As the status of an employee grows, the conceptual knowledge comes to the fore. Since there is always a connection between the person providing service and the guest, communication skills are important for a successful business and cooperation in this context; and this should be taught to all hotel staff. Speaking of communication, of course, employees must know at least one foreign language.

To prove this point, we present the results of the survey on industry organizations conducted within the framework of the project implemented by the United Nations Development Programme (representative for Azerbaijan) and Azerbaijan Tourism and Management University (ATMU), in order to determine the need for human resources in the tourism sector and the requirements of the industry.[13]

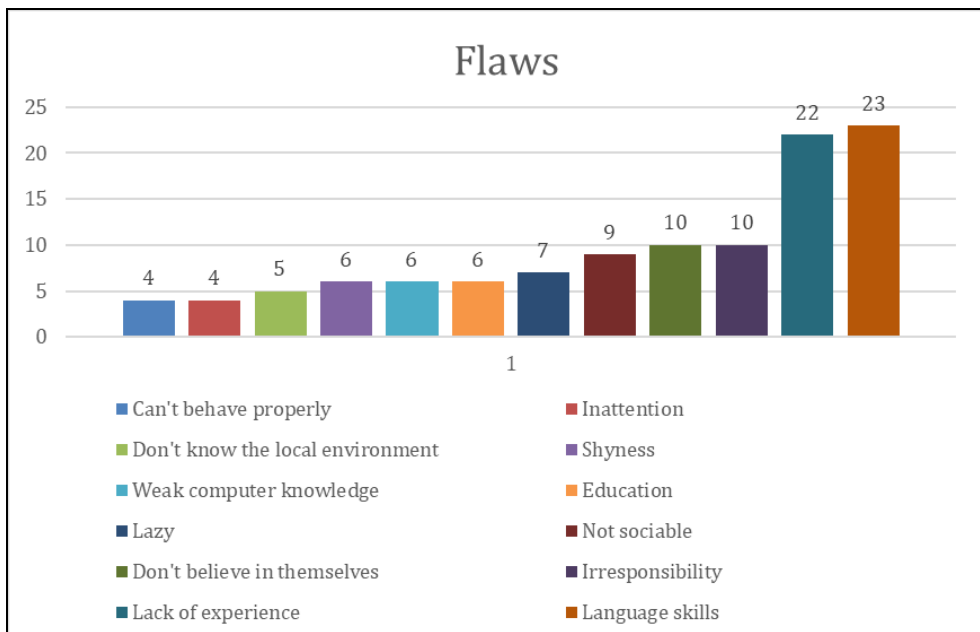


Chart 2. Proposed specialties to choose from

According to this survey, the negative aspects of the employees in Azerbaijani tourism industry are lack of knowledge of foreign languages, and lack of creativity and communication skills. This means that there are no basic conditions for a successful business realization. On the other hand, basic computer skills of employees in this field is also one of the worrying problems. These shortcomings are unforgivable for a country that wishes to be the center of tourism. If one of the categories is not fulfilled, it negatively affects the whole business and efficiency of the work, as well as the competitiveness of the hotel product.

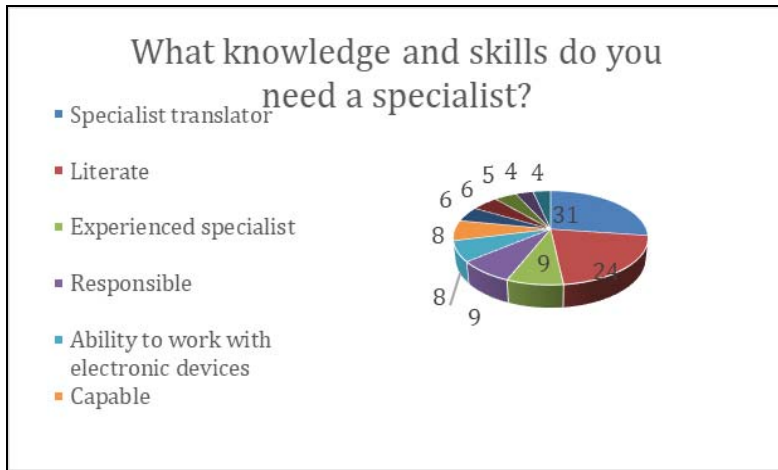


Chart 3. Demanded specialist

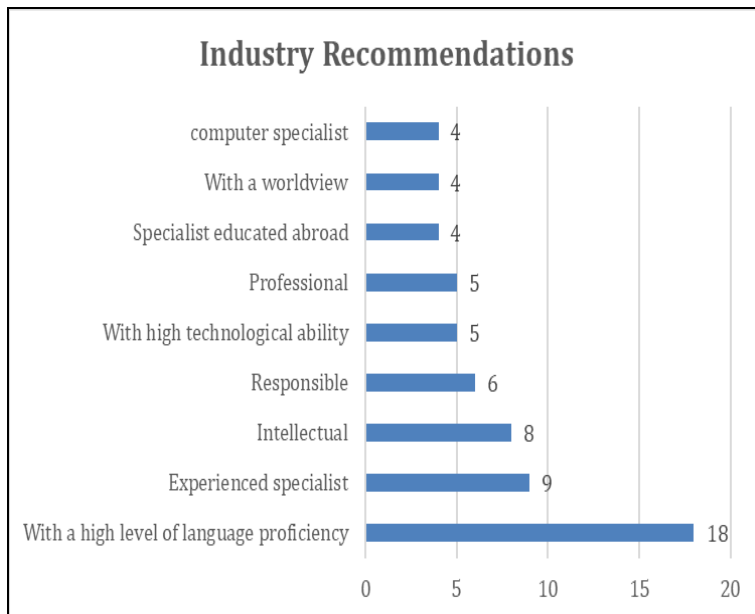


Table 1. Industry Recommendations

In a word, the staff in the hotel industry of Azerbaijan do not possess important knowledge and skills, and therefore these factors have a negative impact on the effectiveness of the service sector and the ability to compete. We can conclude that the situation has slightly improved since the time of the study. But labor competition is the focus of attention. Furthermore, there are questions about staff motivation in the hotel industry of Azerbaijan.

We can say that customer satisfaction depends on employee satisfaction, and since the latter is ensured by the entrepreneur, in such a service industry, the motivation factor for the hotel to achieve business success comes to the fore.

In Azerbaijan, there is the possibility of encountering a negative behavior of those who provide service, and this behavior makes the client think about changing his hotel to another one. What causes this? The answer lies in the creation of motivation (by means of the factors that direct a person to work individually, alignment of needs that cause conflicts, emphasizing the importance of one of the needs among various ones).

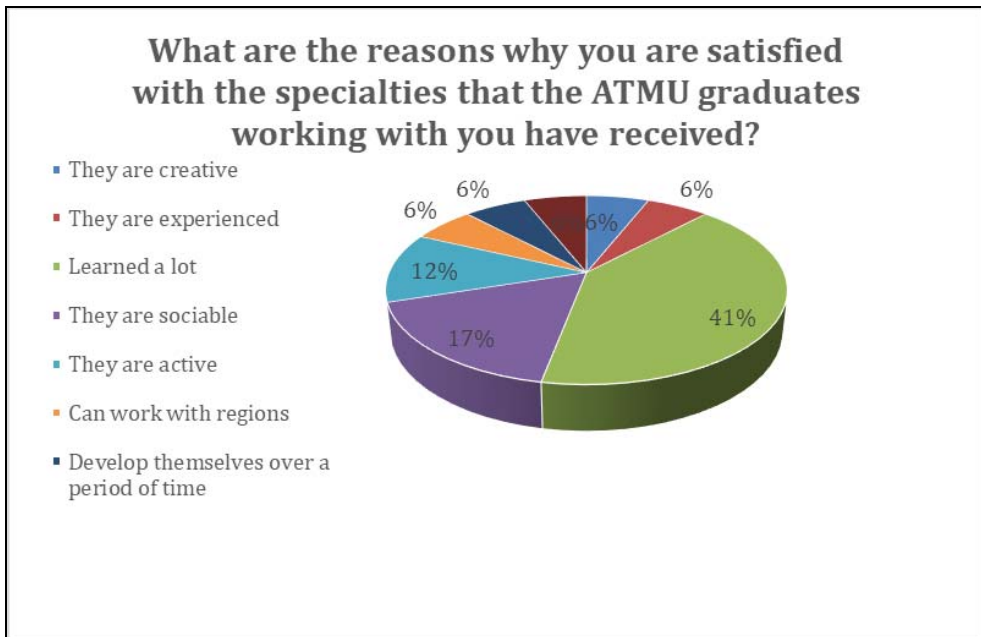


Chart 4. What are the reasons why you are satisfied with the specialties that the ATMU graduates working with you have received?

In order to motivate work, certain methods and techniques are used that directly affect human behavior. Motivational techniques include: money, job security, offering interesting positions, providing social credits, training and career advancement opportunities, right to express an opinion on quality issues and making joint decisions.

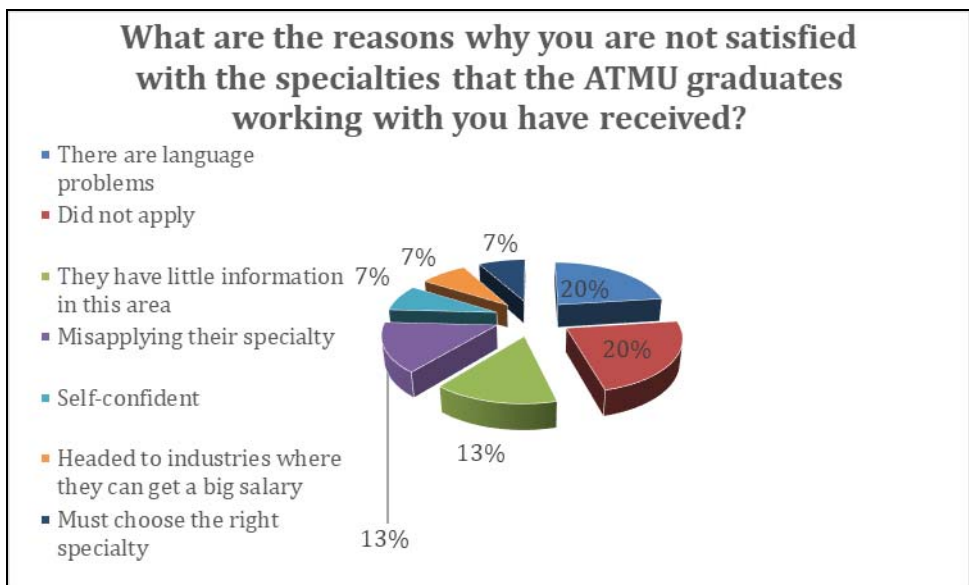


Chart 5. What are the reasons why you are not satisfied with the specialties that the ATMU graduates working with you have received?

Then the question arises: If local hotel owners are aware of the motivation factor, what do they do for this purpose? Unfortunately, most local hotels see profit as their primary goal. In fact, the goal should not be profit; since it is only a means to the main goal, the true goal should be to ensure customer satisfaction. The founders of modern management consider employee satisfaction in the hotel industry to be important, and it is not a coincidence that the hotels with the most successful business are located not in Azerbaijan, but in the distant countries that are partners.

As for the third element of the individual category, the company must provide full support to the employees. We can say that this factor is no less important than knowledge and skills, employee motivation. On the other hand, the motivation at

work, desire to acquire new knowledge and skills, flawlessness of activity, acquisition of more logical and significant successes by the company - all of them depend on the support provided to the employee at the workplace. This is closely related to the motivating factor outlined above.

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