

Employment Relations System in the SMEs Sector: A Study on the Hospitality Sector

SMS Journal of Entrepreneurship & Innovation

3 (2) 1-12

<https://doi.org/10.21844/smsjei.v3i02.9734>

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Abstract

The present paper highlights certain aspects of employment relations in the SME sector in India with special reference to the hospitality sector. Based on the inputs obtained from the different stakeholders through structured interviews, the authors have analysed the 'actors', 'context' and the 'processes' in the perspective of employment relations system in the hospitality SME sector. Moreover, questionnaire survey and focus group interviews have been conducted with a group of employees with a view to recognise and analyse the relevant issues in a better way. The study has been carried out in select hotels in Varanasi. The unique aspects of the different 'actors' of employment relations in the Indian hospitality SME sector have been examined. The paper also highlights the relevance of 'context' in the employment relations system. Finally, the authors have developed a model on employment relations system in the hospitality SMEs sector.

Key Words :

Employment Relations , SMEs , Hospitality Sector

1. Introduction

The service sector is gaining prominence in the Indian economy in view of its significant contribution to the gross domestic product of the country. With increasing prominence, there has been a concomitant increase in interest on different aspects of this sector. In this regard, the issues involving the different aspects of employer-employee relations appear to a significant domain for researchers. Employment relation in the service sector is no less significant than the manufacturing sector since an amiable relation between employer and employees facilitates effective service delivery. The hospitality sector is one of the important segments in the service sector in India. An interesting domain under the hospitality sector is the small and medium enterprises (SMEs) in view of certain distinctive aspects. As per the MSME Act, 2006, a hospitality

SME comes under the purview of the service sector. With the limited amount of capital requirement, small and medium hotels are suited for certain types of hospitality businesses and have expanded in recent years in line with the changes in the service sector in India.

In the light of the above perspective, the present paper is based on a study aimed at understanding certain aspects of employment relations in select hotels in the SMEs sector in Varanasi. The basic impetus for undertaking such a research work comes from the assertion that majority of the SMEs in India, in general, do not have a separate human resource (HR) department nor do they have a well-structured HR system and hence they cannot pursue a systematic approach for managing their employees (Kamble, 1998; Rajan & Pahal, 2012; Chaudhary & Singh, 2014). It would therefore be interesting to recognise the distinctive aspects of

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3. Employment Relations System: Search for an Appropriate Framework vis-à-vis the Hospitality SME Sector

3.1 Employment in the Hospitality SMEs sector

The small and medium sized hotels in Varanasi operate as ownership-based independent units. The HR management functions like hiring, compensation, grievance etc are managed by the owner himself or by the hotel manager. In general, there are only two types of employees in this sector: casual and permanent. Casual employees are generally the newly appointed employees who perform housekeeping activities. Permanent employees are those employees who have spent considerable period of service with the owner and they perform duties which are supervisory in nature. Additionally, temporary and part-time employees are also employed in some hotels. Generally, all categories of employees don't have a contractual written agreement with the employer. Although employees are not provided any type of contract agreement, they are paid provident fund, medical facilities along with salary. We have also observed that the hotels that prefer to employ trained staff offer contract letters to their employees. The employees engaged in security are hired through security staffing agencies and there is no direct obligation of the employer for their maintenance. The sector witnesses significant turnover of employees in a very short span of time. Workforce willing to work in this sector from adjoining districts and states join the hotel industry in Varanasi in order to acquire the basic skills of this industry. After their purpose is served, they move to their native places and start their own business. Thus the time required for establishing employer-employee relationship is not available. Such types of hotels in the unorganised sector employ largely untrained employees. Female employment in the SME hospitality sector is almost absent and the male employees perform the

housekeeping and supervisory jobs. This is in sharp contrast to the big or luxury hotels which hire female employees for all types of jobs.

The employees have to work from 8-10 hours in a day and in some occasions it is extended to around 12 hours per day. The working hours of the managers revolve around 12 hours a day. The salary of employees ranges between rupees five thousand to ten thousand for both casual as well as permanent employees. The reason for the low salaries is attributed to the owner's 'ability to pay' coupled with the practice of 'tipping' in the sector which the extra is earning that employees receive from the guests. Leave facilities and bonus in the form of cash, sweets, clothes etc. are also provided to the employees. As a basic requirement of the business/service process, employees are required to follow the instructions issued by the manager or the owner. This may be because of the existence of fixed and explicit job descriptions that provide less scope for vagueness (Schuler & Jackson, 1987). Once tasks are completed, employees can easily sit and relax or simply watch television and wait for orders to be made by the visitors.

3.2 The actors of employment relations in the Hospitality SMEs sector

Following Dunlop (1958), we have identified the various 'actors' vis-à-vis the SME hotels in Varanasi that comprise employers, employers' association, government, employees and the employees association. We also understand that the role of customers cannot be ignored. However, the customer's perspective has not been considered in this section. As previously discussed, we have conducted interviews with the different actors in order to understand the perspective in a better way. On the basis of the insights drawn from the interviews, we shall now analyse the role of the various actors of employment relations in the hospitality SME sector.

employment relations in a situation which is devoid of a well-structured HR approach. Thus, the basic purpose of the paper is to disentangle the issues associated with employment relations and analyse the distinctive aspects of the actors of employment relations in the SMEs in hospitality sector which are largely devoid of a systematic HR approach. For this, a qualitative research approach has been utilised wherein data has been obtained primarily through “observation and participation” (Anderson, 2013). Additionally, one-to-one interviews, focus groups interviews and questionnaire surveys have been conducted with the different actors to gain deep insight into the patterns of employment relations in the sector. In order to understand the perspective of employment relations in a better way, some relevant issues like communication, voice mechanism, working hours, grievance, attitude towards unionisation, payment, welfare facilities, social security, working conditions, grievances, , etc. have been covered in the interviews and questionnaire survey. The responses have been recorded and analysed following the procedure of analysing qualitative data/response.

2. Contextual Perspective: SMEs in the Hospitality at Varanasi

'The Religious Capital of India', Varanasi, *Kashi* or *Benaras* lies on the banks of the holy river Ganges and is a preferred religious tourism destination for national as well as international travellers. Tourists' desire to visit Varanasi to attain salvation coupled with the attraction of the Ghats, lanes, handicrafts, etc have facilitated the continuous inflow of tourists throughout the year and have resulted in the rise of a plethora of small and medium sized hotels in Varanasi. In the year 2016, a total number of 5912665 tourists visited Varanasi which comprised 5600146 Indian and 312519 foreigners. Tourism is considered as the second most important industry in Varanasi. With the steady inflow of tourists in large numbers, a very good number of small and medium hotels have developed in the region. However, the city fails to forge the right balance between demand and supply with respect to tourism economics. In order to reduce the demand-supply gap, there has been considerable growth of small and medium sized hotels

in Varanasi. Small and medium hotels offer a restricted number of “on-site” basic facilities and cater to the demands of the cost-conscious customers who prefer "no frills" accommodation services. Small and medium sized hotels have independent or single ownership and are comprised of two categories namely approved (awaiting classification) hotel units and licensed hotel units. Small and medium sized hotels are not only cheaper as compared to high-end hotels, but they also provide considerable employment opportunities to the skilled, semi-skilled and unskilled labour of the region directly and indirectly. In India, the average employee-to-room ratio of 1: 1.6 is much higher than the hotels across the world. This, therefore, establishes the fact that Indian hotels are employee-intensive. As per the data obtained from the Regional Tourism Officer, Varanasi Region, there are more than 498 hotels in Varanasi of which more than 350 are small and medium sized hotels. With the growth of tourism in the country, it is very likely that the sector will generate large number of jobs in recent years. With limited employment opportunities in smaller towns and cities, owners having large houses in the region prefer to convert their properties into hotels and lodges. We have observed that HR department is largely absent in these hotels and they rely on their own procedures and practices to maintain employment relations in the sector. Thus, it will be interesting to learn how employment relations practices prevail in the hospitality SME sector. But we also understand that due to its 'unorganised' nature, employment relations pattern in this sector would not have a definite pattern as observed in the organised sector. Enterprises have developed their own methods to carry on the employment relations which may largely be based on informality. These enterprises still run on the 'owner-servant' model wherein the decisions of the owner dominate the business/service process of this category of hospitality sector. But in spite of this, the sector remains devoid of any conflict and dispute between the parties and apparently there is prevalence of amiable employment relations.

3.2.1 Employers

In order to understand the perspectives with regard to the employers, five hotels belonging to the SME hospitality sector were chosen. Interviews were conducted with the owners and managers of these hotels. The owners still take pride to be called as owners and not management and the strategic decision-making process is largely vested in their hands. Thus an entrepreneurial mode of decision-making appears to be prevalent in this sector (Wheelan and Hunger, 2010). The reason cited behind this was that since the employees in this sector are largely untrained, it is of no use discussing the strategic and operational decisions with them. In the opinion of the owners, in order to attract good customers, it is important to take the service of the hotels to new heights. As a result, the hotel owners are putting-in lots of effort to hire employees who can offer best services to the customers and they have taken a positive attitude towards establishing healthy employer-employee relations. The employers believe that as part of employee retention and ensuring service delivery, the employees are now paid satisfactory salary, provident fund (PF) and are covered under employees state insurance (ESI). Although some of the employers admit that most of the hotel owners still pay salary only, but there is an increasing trend to offer other welfare facilities to the employees. The owners are also of the opinion that individual form of communication and individual-level bargaining prevails in the sector and they prefer to adopt one-to-one approach for giving instructions to employees. The owners are of the view that through one-to-one approach, things can be taken-up at the personal level and this increases the accountability of the employees.

According to the owners, grievances expressed from the side of employees are mostly related to wage payment. The owners actively participate for redressal of the grievances and encourage the

employees to directly come to them and communicate their grievance. If the owner feels that the grievance is genuine, he immediately resolves the issue. The owners consider employment relations in this sector to be cordial and recognise the need to establish amiable employee-employer relations. They neither take very rigid stand towards the employees, nor the employees stand collectively against them. Employers even rehire those employees who have left their jobs earlier. These practices all have made employment relations in the sector cordial and cooperative.

3.2.2 Employers' Association

To gain significant perspectives on employment relation in the SME hotel sector, detailed interviews were conducted with the office-bearers of Banaras Hotel Association. We have learnt that the employers' association tries to promote the importance of effective employment relations at different platforms. The association has taken the initiative for encouraging employers to provide PF, ESI, enhanced salary etc. to the employees in the sector. The association has started paying attention towards labour legislation compliance mainly in the small and medium hotels with a view to enhance the image of the hotel sector and to effectively compete with branded hotels. The association has felt the need to restrict the registration of new hotels as this might lead to exploitation of employees who would be forced to accept employment on indecent terms and conditions. With the advent of technology in the form of online booking of hotels through e-platforms like 'OYO rooms', 'MakeMyTrip', 'Trivago', 'Goibibo', etc. business opportunities have increased. This has also resulted in the hiring of employees in existing hotels. The association emphasises the need to hire sophisticated and skilled employees in the competitive business paradigm. Hiring of skilled employees who

understand their role and employers' expectation better are fit to work and help to smoothen the relationship between the employers and the employees. Furthermore, it has also been felt that employers/owners offering better working conditions are likely to attract and retain employees. Based on the opinion obtained from the representatives of employers' association, work stoppages do not take place in this sector across employers. But the employers' association does not rule out the presence of informal unionism in the sector. However, it appears from the interview that the association doesn't have 'union avoidance' and 'union resistance' stance. Barring an isolated case of employee resistance, the employers' association emphasise on developing an atmosphere of goodwill among the different stakeholders in the sector.

3.2.3 Employees' Association

Formal trade unions or associations working for the cause of employees are largely absent in this sector. As far as the question of unionism is concerned, it is found to be prevalent very specifically in small hotels in an informal manner. These associations are in the form of informal cohesive groups and are not related to any national or state level trade federation. Such unionisation, though informal in nature, is quite effective at times. We have observed that the employees who have put in significant number of years of service have organised themselves and have also collectively threatened to quit their jobs in case their demands are not met. Such employees in group approach their owners and try to get their demands fulfilled. This can be better exemplified from the case of one hotel where one of the authors visited for the purpose of this present research. In the year 2014, the entire staff of the hotel stopped working on a particular day while demanding increase in salary on the ground that the hotel was earning huge profit. As the hotel was fully occupied

by visitors with prior bookings, the owner had no other option but to negotiate with them. Thus, we have observed the relevance "informal pressure tactics" which has been acknowledged as an important aspect of "organising work and employees" (Gray, 2015).

3.2.4 Regulatory bodies

The main regulatory body in the hospitality SME sector is the Uttar Pradesh Tourist Development Corporation run under the aegis of Department of Tourism, Government of Uttar Pradesh. During the research, interview sessions were conducted with the Regional Tourism Officer, Varanasi Region, officials of labour department etc to recognise the employment relations practices in the sector. No case of dispute between employers and employees has been reported in recent years. However, the regulatory bodies are aware of the fact that some differences on grounds of wage payments used to take place a decade ago. The officials have underscored the role of the regulatory bodies in ensuring that best practices in the hospitality sector are followed for the safety and security of the employees. Representatives from other government agencies like the Municipal Corporation of Varanasi, the Labour department; the Food Safety and Standards Authority of India (FSSAI) visit the premises of the small and medium hotels to ensure that the different legal provisions of the hospitality sector are complied with. The Assistant Commissioner (Labour) reported that the officials from the labour department visit the hotels and inspect the registers of the employees along with their credentials. Employees who do not have proper documents are asked to comply with the norms on an urgent basis. Furthermore, P.F. registers are duly checked. The officials from FSSAI also inspect the kitchens of hotels to ensure the maintenance of hygienic working conditions. As a result, the working condition of the cooking staff with respect to safety

and hygiene has significantly improved in recent years. This obviously has a positive impact on the employment relations practices in the sector since employees have less number of complaints regarding working condition. However, based on the inputs obtained, there are areas that need appropriate intervention from the regulatory authorities. These include appropriate action in cases where false registers are maintained wherein the reported number of employees might be less than the actual figure. There is also the need to strengthen the monitoring mechanism. Simultaneously, it has also been felt by some quarters that as the sector runs in a smooth manner, there is also the need to abstain from avoidable interventions that restrict the smooth flow of business/service process.

3.2.5 Employees

As discussed in the introductory section of this paper, a two-pronged approach has been preferred that comprises questionnaire survey and focus group interviews with employees. A sample size of 100 employees spread across twelve small and medium category hotels at Varanasi has been considered. Getting access to employees is not an easy affair mainly because of the reluctance on the part of the employers to permit us to carry out the survey and interviews. Furthermore, the availability and readiness of employees for responding to the questions/statements was another challenge. Despite these constraints, we have been successful in getting response from 82 employees. Responses received from the employees have important ramifications for certain aspects of employment and employment relations. We have observed that employees in the sector are largely satisfied and complacent with the working conditions. This may be because of the lack of awareness amongst employees regarding an ideal working condition in a hotel and their tendency to accept the working condition as given on which

they have little or no control. However, some employees have expressed their displeasure with regard to the salaries that are being offered to them. Furthermore, they complain that salaries get delayed and are often deducted in the name of mishandling of glass utensils, cups, etc. These are issues which have embedded ingredients of potential conflict and thus these need to be removed in line with the elimination of “dissatisfiers” as explicated in Herzberg's two-factor theory (Herzberg, 1968). This in other way would facilitate the development of a healthy employer-employee relation. In certain cases employees seem to be unhappy with the behaviour of the supervisors or owners. They cited incidents of misbehaviour and use of abusive words. The employees are also dissatisfied with working hours. It has been noted that although their scheduled working timing is 8 hours a day, they have an extended working hours which extend up to 12 hours a day. Since the presence of some employees is a necessity in this sector, employers provide weekly-off days as per the request of the employee. During the survey, almost all the permanent employees were of the view that apart from salary, they are also provided PF and ESI facility. However, the employees were largely unaware of the concept of 'minimum wage' or any other regulatory mechanisms to protect them. Although no employee is given written contract letter for his employment, some of the permanent employees also opined that with the growth in this sector, things are becoming formalised now.

To obtain inputs on the information about the presence of unions in this sector, several questions related to union presence were asked to the employees. The employees, in general, are not aware about any informal association or union in the sector. However, some of the employees who have been in this sector for long time are of course aware of informal unions formed by the employees in some hotels. Such employees, through their so

called 'cohorts' exert pressure on the owners to get their demands accepted. On being further asked whether they were approached by state or national union, the answer was in the negative. But the employees expressed their desire for the collective representation of their cause through the unions. Another reason why the employees fail to form unions in every hotel enterprise is due to the 'shifting' nature of employment leading to a short duration of stay in this sector. The employees, particularly the housekeeping staff, cook, etc. have a tendency to leave one hotel and join another in case they are offered better salaries. Only those employees who have spent substantial portion of their working lives in a single enterprise have felt the necessity to organise themselves. Thus, the survey with the employees reveal that formal unionism is absent in this sector whereas informal unions are perceptually present in some enterprises.

In the questionnaire survey several aspects on employment relations have been considered and the focus of the research is to examine how employees perceive the aspects which would in other enable us better understand the role of employees as important actors of employment relations. On the question with regard to the prevalent form of communication between the employers and the owners, almost all the employees interviewed acceded that the daily and need-based instructions are regularly communicated to them. The communication is largely top-down and they are seldom encouraged to give their opinions. Thus, the views of employees and employers converge regarding the prevalence of one-to-one form of communication. If the employees have any issue or problem, the owner directly talks to them and tries to clarify the issues including issues of contention. The employees in this sector are dealt in an individual manner. That is to say, the employers or the owners prefer individual method of interaction and

communication. The owner or the manager individually calls the employees and pass directions as required. Collective discussion is not preferred in this sector. On the question of termination of the employees in the sector, the employees responded that theft is the major cause of termination in the sector. The other reasons cited for the termination of the service of employees are intolerable behaviour, sabotaging, harassment, and on some occasions frequently staring at female visitors. Thus behaviour modification (Luthans, 1973) is the need of the hour and should be considered as part of an exercise of facilitating employer-employee relations. Further discussions in the focus group interview reveal that around 60-70 percent of the termination is due to the cases of theft, sabotage, 20 percent on account of not working properly, 10 percent for inappropriate behaviour and rest related to harassment of guests. The employee-customer connectedness appears to influence employment relations system in the hospitality SME sector.

It has been observed that there is absence of a formal grievance mechanism in the small and medium hotels. The aggrieved employee directly approaches the manager or the owner and communicates him about his grievances. But generally the employees refrain from doing this as there is the perceived threat of losing their jobs. Questions related to types of grievances and grievance mechanisms were also asked to the employees. The most important grievance widespread in this sector corresponds to the payment of salary. As already discussed, employees in this sector are dissatisfied with the salary. Also, they pointed out that the salary payment often gets delayed. The owner delays the payment citing the reason of insufficiency of cash or some other reason. However, employees are of the view that their conditions would improve if they can unite themselves and present their grievances in collective form.

3.3 Context

The study of employment relation takes place in the context of three factors: technological factors, market factors, and the political factors. Dunlop (1958) has also defined the significant aspects of the environment on which the actors intermingle: the technological characteristics of the work place and work community, the product and factor markets or budgetary limitations that constraint the actors, etc. We have observed that these three contexts have an impact on the employment relation practices in the hospitality SME sector. The small and medium hotels are trying to adapt themselves with technological advancements which are considerably influencing the relations between the employers and the employees. With the installation of latest technological gadgets like CCTV, intercom, Wi-Fi, air conditioners, water purifiers, etc. the workplace has not only become congenial for the employees, but it has also made their behaviour more professional, sophisticated and modernised. With these technological advancements and facilities at workplace, the employees cannot complain about the deficient working conditions. The discussions and follow up interviews with the owners and employees reveal that technological context has a positive impact on the employment relations practises in the sector.

The market context also has made employment relations in the sector positive. With the increasing inflow of tourists every year, there is always need for human resources in the sector, particularly the employees who perform housekeeping works. This has made the owners think positively about the employees. It was found during the survey that the hotels are struggling to establish their brand names in the sector. They are aware of the fact that tourists prefer small and medium hotels when it comes to staying in Varanasi. Keeping this thing in mind, the owners have started to take care of their employees and want to retain their good employees. The

employees are provided common uniforms to identify themselves as the part of the enterprise. To continue the business/service process smoothly fashion, both the parties try to strike a balance. We therefore understand that the concept of 'internal marketing' which is an emerging issue in service sector becomes relevant in this context as well. In this perspective, employers need to consider employees as "internal customers" and apply the practices of marketing the hotel and its services amongst the employees so that they are able to serve the customers of the hotel and are accordingly able to perform the "best possible work" (Berry, 1984; Berry and Parasuraman, 1991). Another important context *i.e.* the political context is quite balanced in this sector. The bargaining power of two of the most important actors, namely, the employees and their associations are considerably weak in this sector. Nonetheless, the employees in some enterprises have united themselves and have often succeeded in bargaining collectively with the employer. But such unions are informal in nature and they neither have political backing nor are linked with any state or national level federation of trade unions. An individualistic type of employment relations seems to have developed between the parties sans the support from their respective associations. In continued interaction with each other, the employment relations practices in the sector are evolving.

3.4 Process: Nature of Bargaining/Negotiation and Settlement

As previously discussed and based on the interviews and discussions with the employers and the employees, it quite clear that individual bargaining rules the stage in this sector. In other words, bipartite relation prevails in the sector. As there is absence of unionism in this sector, owners have an upper hand to get their demands accepted by the employees. Another reason for the

prevalence of weak bargaining process in this sector is that employees are mostly untrained and unskilled. Naturally, this forces the employees to remain at the receiving end. Due to lack of knowledge, skills & abilities (KSA) and provision for training, the owners are able to force the employees to fall in line with the terms and conditions of employment laid down from the side of the employers. The third party intervention in the form of regulatory bodies is also minimal. The government authorities do pass instructions and directions to comply with all the rules and regulations related to wage payment, conditions of working, PF, ESI, etc. But things are seldom discussed at a single platform bringing together both the representatives of employers and employees. Their involvement is in indirect form. Salaries of employees are largely determined on the basis of individual bargaining. Thus negotiation takes place at the individual level. The employees directly approach the owner or the manager and try to get their demand accepted. But the demands are not backed by collective power as they lack support of collectivism. The entire terms and conditions of employment are determined by the two parties without any government intervention. This makes the sector adopt individualistic approach towards employment relations. However, on some occasions collective method of negotiation also takes place.

4. Employment Relations in the Hospitality SME Sector: Search for an Appropriate Model

We have delineated several noteworthy aspects of employment relations in the previous section based on the questionnaire survey and interview with the owners, the employees, owner's association, and officials associated with the regulatory bodies. We shall now integrate the identified aspects into a model of employment relations in the hospitality SMEs sector primarily based on the industrial relations system model of Dunlop (1958) coupled

with the insights from other experts (Kaufman, 2004; Ross, 2008). The model has been depicted in the figure. Dunlop viewed industrial relations system comprising “actors”, the “environment”, the “rules”, and an “ideology”. We have analysed these issues in the previous sections. As already discussed, the “actors” of the hospitality SME sector include the employers or the owners, the employees, the associations of the employers / owners, the informal unions of employees, and the government regulatory bodies who indirectly affect the employment relations in the hospitality SME sector. It is evident that the employers have the maximum influence on the ER system in the hospitality sector. One of the distinctive aspects of this sector is that the employees' association is significantly weak in the sector and the employers' association is have moderate to weak position. This has made the relation between the two parties individualistic. Collective bargaining has no role to play in this sector. But certain instances of the presence of employees forming informal unions were also found to be present in the sector. It was also acknowledged by the employer's association that informal unions can be found in some small hotels, but instances of work stoppages due to conflict are absent. Employees' association are significantly weak in the sector. This has made the relation between the two parties individualistic. Another important circuitous actor that needs to be considered is the “customers”. Following the assertion of experts, we believe that there is need to expand the idea of actors in the industrial relations system (Bellemare, 2000; Edwards and Gillard, 2012). In this context we recognise the importance of customers as an important actor in the hospitality SME sector. Employees' performance is judged on the basis of quality of service delivered and due to the small size of operation, employers/owners track the performance of employees from the direct feedback of customer and this has an impact on employment relations.

The “environment” in the context of the present study can be conceived with regard to three contexts: the technological, economic and political context as already mentioned above. It is evident from the research survey that the technological context has made the work place very congenial and comfortable, thereby putting a positive impact on the employment relations. This in other way has also minimised the resistant nature of the employees and facilitated the development or modern and articulate behaviour among the employees. The “market context” also impacts the employment relations in the hospitality SME sector. With the hospitality sector seen as a profitable business venture involving one time capital investment, more entrepreneurs having properties at their disposal are entering into the business. As there is no shortage of tourists and visitors in Varanasi, the hotels in the SME sector largely remain occupied. Every owner wants his hotel business/service operation to be run in an uninterrupted manner without any disturbance. For this, loyal and satisfied employees are needed which should ensure that the hotels are run in an uninterrupted manner without any disturbance. However, with the installation of CCTV cameras in the hotels, the behaviour of employees has been kept in check. But still most of the hotels in the

SME sector are yet to align with technological advancement. As a prerequisite, the owners should try to take care of employees and make them satisfied. Furthermore, since frequent shifting of employees is quite prevalent in this sector, which disturbs the running of the business, the owners should try to keep the employees satisfied as part of the retention activities. When the employees are paid well along with other facilities, they do not tend to leave their owners and have an inclination to stay for long durations with the owner. In the light of “political context”, it is has already been stated that unions have negligible role to play in the sector. As employers have started dealing with the employees on one to one basis, better relations have fostered in the sector.

As far as the question of “rules” is concerned, the hospitality SME sector is governed by its own rule which is actually an outcome of the bipartite relation between the two parties. The two parties in mutual interaction with each other decide the rules in this sector. The government intervention is prevalent to a moderate extent, and confined to providing directions and instructions only. However, the regulatory bodies do make frequent visit to the hotels and inspect important registers related to attendance of guests and employees.

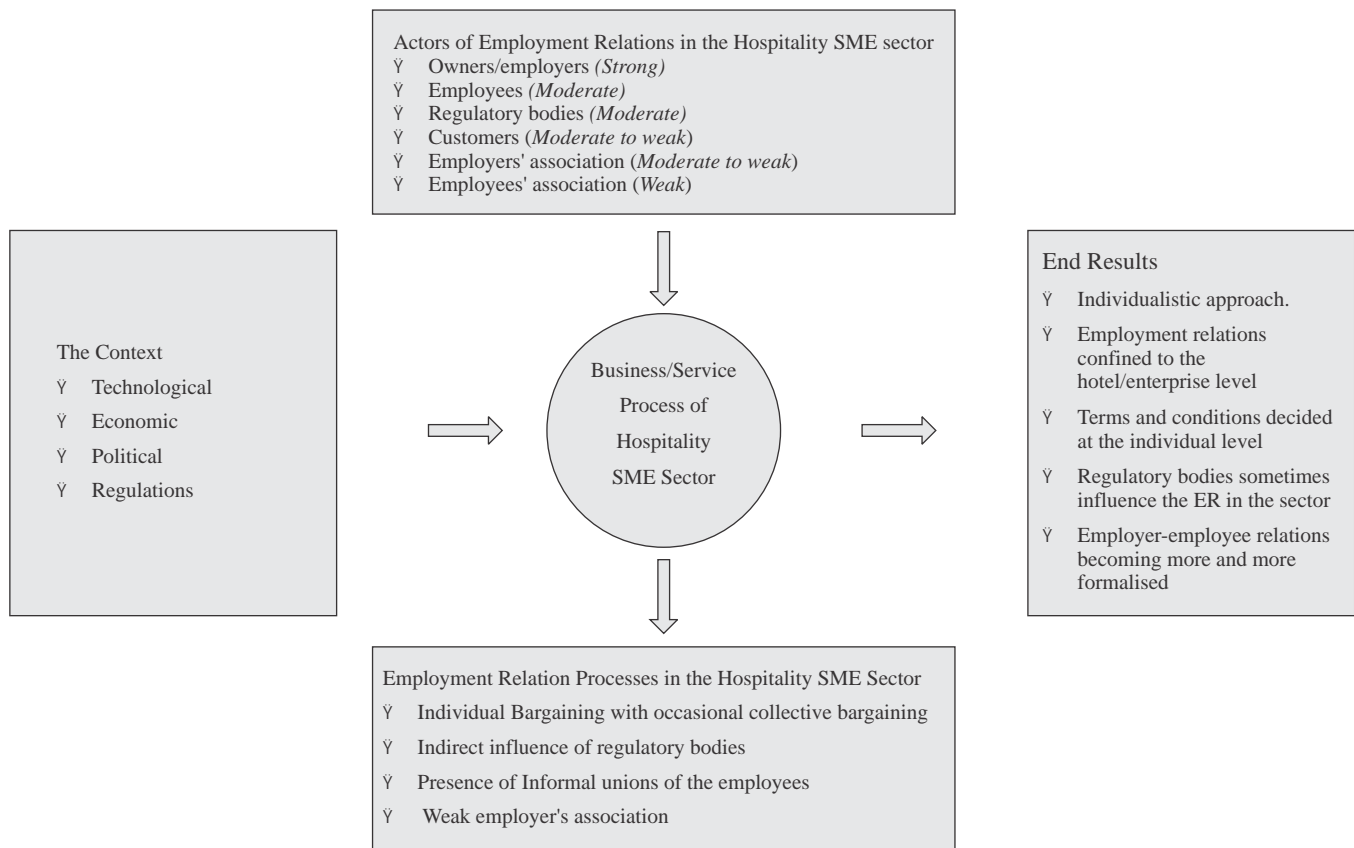


Figure: A Model on Employment Relations in the Hospitality SMEs Sector

5. Conclusion

Reports reveal that India is a preferred tourist destination for different kinds of tourists and ranks 11th in terms of tourist inflow in the Asia-Pacific region and 42nd worldwide, according to India Tourism Statistics. The hospitality sector is an integral aspect of the tourism industry. This sector has the potential to provide job opportunities for the youth of India. For sustaining in this sector, one of the prerequisites is the prevalence of healthy employment relations. On the basis the survey on the employment relations practices in the hospitality SME sector, several findings emerged. It is evident that a 'dyadic' relation exists between the employers and the employees. The weak role of employers' association and the informal or negligible presence of employees' association have

balanced the power play between the parties. Although the owners definitely have an upper hand they should abstain from imposing their terms and conditions on the employees. It was also found that in their effort to create a separate identity in the market, the hospitality SME sector in Varanasi is moving towards adopting a more flexible and care-taking approach towards the management. Better employment relation practices will enable this sector to grow as a sustainable sector in the days ahead.

Note: The authors are grateful to the anonymous referees of the journal for their suggestions to improve the overall quality of the paper. Usual disclaimers are applicable.

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