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SCIENTIFIC REVIEW ARTICLE  
Received: August 25, 2014  
Accepted: October 05, 2014

## FUNCTIONING MODEL OF HUMAN RESOURCE MANAGEMENT ON THE EXAMPLE OF HOTEL „HOLIDAY INN“ IN BELGRADE

### Abstract

*Human resources with their knowledge and competencies have become the main drivers of economic development, and increasing productivity, as the basis for the success of the organization, is based on human capital. Modern organizations have realized that only satisfied employees mean satisfied end-users, so they understood care about the employees as a necessary part of management. The paper analyzes, on the example of the hotel “Holiday Inn” in Belgrade, the connection between caring for employees and the degree of success of the organization, measured also by the number of loyal and new guests. The ways in which the company invests in its employees, and how they take care of the overall satisfaction of employees and their motivation, will depend the satisfaction of the guests, and the survival of organizations in the market.*

**Keywords:** Human Resource Management, Hotel Holiday Inn, Belgrade, Serbia

**JEL Classification:** J53

## МОДЕЛ ФУНКЦИОНИСАЊА МЕНАџМЕНТА ЉУДСКИХ РЕСУРСА НА ПРИМЕРУ ХОТЕЛА ”HOLIDAY INN” У БЕОГРАДУ

### Апстракт

*Људски ресурси са својим знањима и компетенцијама постали су главни покретачи привредног развоја, а повећање продуктивности као основа успешности организације се базира на људском капиталу. Савремене организације су схватиле да ће само задовољан запослени значити и задовољан крајњи корисник, те су бригу о запосленима схватиле као обавезан део менаџмента. У раду се на примеру хотела „Holiday Inn“ у Београду анализира веза између бриге за запослене и степена успешности организације, мерена и лојалношћу гостију и привлачењем нових. Од начина на који компанија улаже у своје запослене, те на који начин води рачуна о укупном задовољству запослених и њиховој мотивацији зависиће задовољство и гостију, те опстанак организације на тржишту.*

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## Introduction

Many changes in the environment condition changes such as changing the organization. Today, organizations operate in an environment that seeks different approaches, different ways of thinking and different structures. New ways of thinking means that people are in the first place, and the organization must turn to human resources. Human resources and their management have become a strategic asset of the organization (Kazlauskaitė, Bučiūniene, 2008), so finding and keeping good employees, especially ensuring their commitment to the organization are essential for achieving organizational goals (Ali, 2013).

Hospitality is a labor intensive activity, so the work of employees is a critical factor to business success of a certain hotel (Bjelić, 2009). The hotel staff invest their knowledge, skills and talent in the preparation and provision of hotel services. Employees of the hotel provide identity and recognition, as well as directly affecting the quality of services that is provided. Providing services in hotels assume direct contact of employees and guests, and the hotel business success depends on how employees are able to predict, recognize and offer what the customer wants and expects. Leaders of many organizations develop training programs, evaluate the work of employees and develop a working system based on the company's policy, which often aims to create loyal employees. The longer employees work for the company, they are more valuable to the company (Abdullah et al., 2009), and that is especially important in the service industry.

The authors of this paper analyzed, on the example of the hotel »Holiday Inn« in Belgrade, how care for employees as one of the principles of quality management affects the success of the business. Also, it is analyzed how the company invests in its employees, how to take care of overall employee satisfaction, as well as their motivation and sense of belonging to the company, with the aim to create satisfied employees who will affect on satisfaction and loyalty of the guests.

## Human Resources - concept and importance

Economy in XXI century is knowledge-based economy and the key resources are people who have the knowledge, skills, experience, creativity and creative ability. If the companies are investing in their development, they are investing in the development of the whole society. Motivated and satisfied employees have great potential and can increase the competitiveness of the organization in the market and contribute to the achievement of its objectives (Pejanović, 2008).

The term “human resource” is about people in organizations. People are “the only creative element of any organization” (Bahtijarević-Šiber, 1999, p. 12). When managers are engaging in activities related to human resources, they need to facilitate cooperation among people, because it will be the only way to achieve strategic plans of the organization. The importance of the efforts and activities of human resource management stems from the fact that the people are a common factor for all organizations.

Successful companies pursue their development using the motto: “human resources before profits”. The business policy of modern organizations increasingly emphasizes the priority of human resources development and human relationships with employees. The most important organizational resources are not the equipment, technology or money, those are the employees now (Ivanović, 2010).

Employees are not just one of the most important resources of the company. They are also the most expensive and the most problematic resources. The importance of

human resources is increasing, and management of these resources is seen as a strategic interest of the organization. The success of modern companies can not be achieved without adequate human resources who have the knowledge, skills and personal qualities appropriate to the company's business objectives and requirements of the market.

Experts in human capital anticipated that in the future there will be deficit in skills of human resources, which could harm the competitive position of the organization if they do not invest more in human capital. Without people and their potential there is no organization and its success (Đorđević-Boljanović, Pavić, 2011).

All staff in the hotel, regardless of which level of management they belong to or at what level in the execution of a task they are, are called “hoteliers”, the persons who organize and provide hotel services for guests. Employees in hospitality sector strive for guest satisfaction, which is achieved by satisfying their needs and motives for which they arrived in the hotel or tourist destination.

From the staff in the hotel is required to have a broad general education, to possess knowledge and skills in verbal and nonverbal communication, knowledge of foreign languages, and knowledge of the related technologies. Especially important factor that differentiates the hotel from the competition and creates its image, are the employees who are in direct contact with the guests, so providing the right personnel is one of the most important tasks of management (Barjaktarović, 2013).

Professional staff will not be necessary quality in unsupportive and uncomfortable environment, especially in which the chaotic interpersonal relationships are and in which formal legal regulation of relations between employers and employees is questionable (Raos, 2010), so it is essential that all staff (receptionists, waiters, bartenders, maids...), are treated as a creative and visionary persons. Only such an attitude towards the employees will make them satisfied, and the organization will achieve its goals.

### **Employees care as the principle of quality management**

”We will make you what we are -  
our heart, our soul, our goals, our vision, our dreams,  
so that you can join us, not only to work for us.  
You have the right to know our hopes, our dreams and our goals.”  
Ritz - Carlton Hotel Company

To achieve a high level of quality of hotel services, a necessary prerequisite is that the processes of decision-making is in line with the business vision of the company, and that it is based on cooperation, teamwork, and employee satisfaction, as well as the demands and wishes of the guests. As most of the services actually come from the meetings between people - meeting guests with the staff and vice versa, point of sale in the hospitality and tourism are human factors and quality of management. Values that hotel staff are showing with guests are the reflection of the value of communication with management staff. Focus on guests is a reflection of management orientation to colleagues. Motivating staff to focus on the visitor, and providing excellent service is based primarily on giving the importance to the same co-worker, his work and the importance of his conduct of the company as a whole (Perkov, 2005).

From the perspective of the manager, the term “guest” should be extended to those from which there is no direct earnings. Today, there are two types of guests: internal and external. “Internal” are employed in the hotel, and the “external” are those who come and pay for their stay. Modern philosophy says that external guests can be satisfied only

when the internal guests are satisfied. Employees of the hotel have priority. Management is required to convey the concept of the company to its people, so they could propagate it. Marriott, president of the “Marriott” corporation said that a “system, method, and politics of their home must primarily serve to people who serve the guests”, and “take care of employees and they will take care of your guests” (Bjelić, 2009). This kind of “care” refers not only various kinds of material gain, but rather the treatment of employees as the guests.

Employee care is a part of corporate social responsibility. Also, employee care is contained in the international quality standards (ISO), which require from managers to create such a working environment that will encourage their associates to achieve the organization’s goals. Hal Rosenbluth, owner of a large travel agency, has shocked the world of marketing with his book “The consumer is on the second place”, noting that in the first place are employees (Faulkner, 2003). This is especially true for service industry, because service business involves intensive contact between people. It is recommended that the staff should be viewed as consumers and management should try to understand them and meet their needs.

Employees, like customers, have their own needs. Some employees, primarily staff in direct contact with consumers are faced with high levels of stress, and it is important that the organization has a system of care. The more organizations demonstrate to their employees that they care, the more employees take care about consumer of the companies. An organization that invested a lot in their people can not afford to lose them and taking care about the employees may represent only a small effort that will provide good results in the future.

There are numerous examples of care for the employees in the hotel industry and other industries that have brought positive results for its organizations. For example, in the *Marriot* and *Choice* hotel, under the direction of Donna Klein, director in charge of work and family programs, at the Marriot hotel was built a large building for child care in order to meet needs of the nearly 2,000 employees. This non-profit consortium is described as a Family Assistance Center, and its functions include training on computers, share a meal, a variety of devices for children, aerobics classes for parents and children. On the other hand, the administration of *Choice* hotels paid travel expenses related to the visit of family members if they stayed at home, and the employees are working abroad. It also allows the permanent employees to take vacation even after 30 days of signing the employment contract (Cummings, Kwansa, 1998).

In order to strengthen the team spirit and improve the spirit level of employees, some companies engage agencies that are involved in the organization of educational and entertainment programs. This provides an opportunity for workers to show some kind of quality, and not infrequently happens that after such programs the role within the team is changing (<http://www.naslovi.net/2010-10-31/vesti-online/samo-zadovoljan-radnik-jeiproduktivan-radnik/2082965>).

### **Caring for employees on the example of the “Holiday Inn” in Belgrade**

“Holiday Inn” is one of the world’s top brands in the hotel industry and since 1998 is part of the InterContinental Hotels Group, a chain that is a world leader in the number of rooms. The company IHG is one of the largest hotel groups in the world. The group owns, manages and gives the franchise for more than 3,800 hotels and has 571,000 rooms in a 100 countries in the world. Some of the historical characteristics of the “Holiday Inn” are:

- The founder is Kemons Wilson from Memphis,
- It is the first national hotel which gave the franchise,
- It is the first hotel which established a computerized reservation system (in 1965), as well as in advertising, hotel companies (Mijailović, 2008).

In mid-November of 2007 in Belgrade was opened first “Holiday Inn”, a member of one of the seven brands of InterContinental Hotels Group. A chain of four-star hotel “Holiday Inn” has more than 1,338 hotels in the world. Plan for construction of Belgrade’s “Holiday Inn” was developed in 2005. This hotel belongs to the so-called greenfield investments and operates as a franchise.

The hotel contains from five sectors: rooms, food and beverage, sales and marketing, financial and technical service. Within the sector, there are room reservations department, front office and housekeeping. Food and beverage sector includes a restaurant, bar and kitchen. Department of finance, with the exception of accounting, involves legal department, the department of human resources and procurement. Technical service consists of IT specialists, the department of fire prevention and safety procedures, as well as the maintenance department. Each of these sectors has at least one person who is responsible for the professional development of individuals in the sector (Bjelić, 2009).

In the business of the hotel, there were two phases: pre opening and soft opening. The pre opening office was employing a small team of people, mainly future managers of the sector. After that, the process of recruitment and selection for all other positions began. Complete team was formed six months before the opening of the hotel. Training in pre opening phase included learning certain rules and how should be applied. The leaders of the future teams attended courses in London, headquarters of “Holiday Inn” for the Europe, Middle East and Africa.

Employment policy for the hotel was based on the fact that, except for managerial positions, people were accepted with little or no experience in the industry. This is because the management felt that it is easier to establish an employee under the rules of brand if they have no previous experience in working in other hotels. Most of the employees had just finished college and this hotel was their first job. Today, the hotel employs about a hundred people, and the degree of fluctuation after two years of operation was only 6.5%.

The emphasis in the selection of potential employees was the willingness of the candidates to provide quality service, a willingness to meet the customer need, teamwork, verbal and nonverbal communication. Knowledge of at least one foreign language is, among other things, standard in InterContinental Hotels Group. Process orientation has enabled employees to learn about the building from the ground up, so they very well knew where everything should be, and informative visits to the site are aimed at rapprochement with the project in terms of its acceptance as a “future home”.

Care for the employees at this hotel means taking care of the overall employee satisfaction, motivation and reinforcing their sense of belonging to the company. Caring for employees is noticeable in the field of safety condition at work. All employees are required to undergo a training system for safe and healthy work. Regular checks are made for safety and health working conditions, microclimate, lighting, possible presence of physical and chemical hazards. In addition, all rooms are furnished in accordance with high standards. Faster and easier communication is available with the help of the networking on all computers in the company, as well as internal mobile phone networks. Employees who are in communication with the guests always have to wear a uniform, and each employee has his identification card. Employees have a personal cassette in which they can leave their belongings and clothes and that can be locked.

In addition to regular financial compensation for the work, the hotel has developed a system of incentives and rewards. Great attention is paid to the creation of opportunities

for advancement, based on the quality and commitment of employees. One example of the development of employees in the reservation department is exploring and mastering the “Holiday Inn’s” central reservation system called “HOLIDEX”.

Mystery Shopping is an American concept that has been used for decades as a reliable means to measure the level of service in a particular company and its positioning relative to the competition. Executives want to know what their clients or customers feel about the company and are they satisfied with the service. Since it is not possible to manager be their own customers, this has led to engage in so-called test customers, known as “mystery shopper”.

Analyzing audio recordings, photos and unbiased reports that professional buyer submits to the general director of the hotel, it could be noticed the weak and strong points of the employee and see if he is adopted to what is being taught in training. Based on the evidence, managers decide what will be the next steps in terms of training performance (Bjelić, 2009).

Also, hotel cooperates with IFH Institute (Institute for Hospitality Management). It is the largest institution of informal education in the hospitality industry in the world with headquarters in Frankfurt (Germany). According to IFH, several training courses are planned. For example, training on sales strategy has two levels and the first level of training is designed in order to develop a sense of skill sales. It involves the organization of work presentations, group discussions, individual and group exercises for a period of three days. The content of this course includes the following topics: program sales strategy and sales process, finding the proper perspective, sales departments, scheduling meetings, etc. (Mijailović, 2008).

The represented and training and on the job training, ongoing support and superior rotation. The objectives of the training and development of human resources in the hotel were divided into three groups, namely: increasing productivity, reducing fluctuations and balance efforts to satisfy customers. Training of employees allows to be detected and trigger employment and human potentials, thus enabling the motivation and focus in the right way. Managers, on the basis of the estimated capacity, define the necessary courses that each employee is required to attend. The hotel encourages employees for further education and training so they could expand their knowledge. In addition to the non-formal education, hotel invests in its employees through formal education: for many employees are paid undergraduate studies in the industry, as well as post-graduate or master studies.

Motivation and reward system has also been developed. The hotel organizes gathering of employees several times a year with the goal of fun and fellowship. On the birthday of the hotel, managers choose the most deserving individuals, and whoever is elected, the employee receives a trip for two anywhere in the world. Functioning of the team is analyzed through questionnaires that guests receive when they check-in. These questionnaires are sent every month in London, where they are analyzed. At the end of the year, questionnaires are collected from all over the world are compared. Based on that, the official IHG list in different categories by brands is publishing. Belgrade’s “Holiday Inn” is at the top, especially in the categories of “customer service” (data obtained from the human resources department of Holiday Inn hotel).

## Conclusion

In the business philosophy of each country and company (especially in services, so in the tourism and hotel sector), one of the central places takes the human factor. Well

selected, trained, informed and motivated employees are considered as a factor of long survival and advancement of modern companies, so the main role of human resources manager is to contribute to increased employee productivity, and hence the quality of products and services of their engagement.

The ambiance of contemporary organizations is seeking continuous learning, adaptation and innovation, independence, responsibility, self-development and the willingness to take risks. Because of that, people, and not the technology and structure, make the company successful. Realizing this, the employees of the top global hotel industry are cared in the same way they take care of their guests, because human capital is the only asset category in struggle for market dominance. If organizations show more concern for their employees, the more they will care for their customers. Employees who are satisfied in their workplace have a greater tolerance of frustration, they are open to change and to initiate their own ideas and cooperation.

The human factor is one that marks the service and makes it different compared to the competition. For success, it is necessary that employees in the hotel are well-coordinated team, in which each individual know how to play his special role.

On the example of the hotel “Holiday Inn” in Belgrade is indicated that it is necessary to hotel, from the start, take care of their employees, and that they should choose those employees who have the desire and are able to manage their careers. Organizations must be able at any moment to motivate employees to self-improve. It is essential that hotel and other organizations invest in their employees, because employee care is just a small effort. As a result of adequate care for the employees in the hotel industry, there is an increased number of loyal guests and often elusive competitive advantage in the market.

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