CHAPTER-1

INTRODUCTION

1.1 Theoretical background of the topic

The hotel industry has been emerging as one of the country’s leading economic sectors. It has also been aiding and abetting the growth of allied sectors like tourism and transportation. What is striking about the hotel industry is that it uses mostly indigenous resources for its growth and for its eventual contribution to the country’s GDP. In recognition of the industry’s increasing contribution to the country’s GDP and its potential, the government of India conferred the status of “export industry” on the industry in 1998. In 2003, the industry was permitted to avail the benefits under Section 72 A of the Income Tax Act, relating to the setting-off of accumulated losses and depreciation on amalgamation by the loss-making hotel companies in re-organizing their business. It helped the hotel companies to achieve consolidation and release the resources blocked in non-performing assets. Important outcome of this facility was that it helped smaller hotel units to enter into franchisee arrangements with established hotel groups / chains leading to improved occupancy levels and service standards. Further, the conference and banquet business segment of the industry was exempted from service tax in 2006. In 2007, under the "Served from India Scheme", the industry was granted “zero duty” facility. The facility helped all hotels, including one-star and two-star hotels, to import food items and alcoholic beverages.

In 2012, hotels of 3-Star category and above, located outside cities with a population of more than one million were included in the Harmonized Master List of Sub Sectors of Infrastructure notified by the Reserve Bank of India. On October 08, 2013, the Union Finance Ministry included hotels with a project cost of more than INR. 200 crore each in any place in India and of any star rating in the Harmonized List of Sub Sectors of Infrastructure eligible for infrastructure lending. The industry hopes to be gain the status of “infrastructure industry” in 2015.

According to an analysis done by retail consultancy Technopak, at the end of 2010, the Indian hotel industry’s worth was estimated around USD 17 billion. Of the total revenue, nearly 70 per cent was being contributed by the unorganized sector and the remaining 30 per cent (USD 5 billion, approximately) came from the organized sector. The hotel industry was
estimated to grow at a CAGR (Compounded Annual Growth Rate) of around 15 per cent over the next five years. For the last five years the total contribution of the hospitality sector had remained stagnant. According to Economic Survey of 2010-11, the average annual growth rate of the hotel and restaurant sector had been 8.8 per cent for the period 2005-06 to 2009–10. The last two years had not been quite pleasant for the sector as growth faltered badly. Till five years ago, the sector was registering a growth of around 15 per cent but a slowdown in the economy affected the growth prospects of the sector badly and the growth rate had dropped to single digit. During the year 2009-10, the sector was back in the positive growth territory and clocked 2.2 percent. The hotel and tourism industry’s contribution to the Indian economy by way of foreign direct investments (FDI) had been healthy.

1.1.1 Market Size
India’s proliferating middle income group and rising disposable incomes have been fuelling the growth of domestic and outbound tourism. Total outbound trips rose by 8.7 per cent to 19.9 million in 2015. Inbound tourist volume grew at a CAGR of 6.8 per cent during 2010-15. Foreign Tourist Arrivals (FTAs) in India rose 11.8 per cent year-on-year to 670,000 tourists in August 2016, while Foreign Exchange Earnings (FEEs) from tourism rose 13.1 per cent year-on-year to INR 12,903 crores (USD 1.92 billion), according to data released by the Ministry of Tourism.

Tourist arrivals in India on e-Tourist Visa (e-TV) grew by 196.6 per cent year-on-year to 66,097 tourists in August 2016. This has been made possible by the introduction of e-TV for 150 countries as against 113 countries earlier, according to data released by the Ministry of Tourism. Online hotel bookings in India are expected to double by 2016 thanks to the rising penetration of the internet and smart phones.

1.1.2 Foreign tourist arrivals in India
Over 7.1 million foreign tourists arrived in India in during January-November, 2015 as the following Figure reveals. Foreign tourist arrivals rose at a CAGR of 7.1 per cent during 2005–25. By 2025, foreign tourist arrivals in India are expected to reach 15.3 million, according to the World Tourism Organisation.
In 2008 and 2009, the foreign tourist arrivals have stagnated at 5.3 million, as the Figure makes it amply clear. But a de-growth occurred in 2015 when the arrivals slid to 7.1 million from 7.4 million the previous year.

1.1.3 Foreign exchange earnings from tourism in India
During January - September 2015, foreign exchange earnings from tourism amounted to USD 15 billion as compared to USD 19.7 billion in 2014. Foreign exchange earnings rose at a CAGR of 10.9 percent during 2006–14. The following Figure is tell tale.
Figure-1.2
Foreign exchange earnings from tourism in India (in USD bn)

Expectedly, the earnings suffered a setback in 2009, no thanks to the financial crisis that engulfed the world in 2008-09. Thereafter, there has been a secular rise in the earnings until 2014. However the 2015 numbers (for the first three quarters) suggest that the 2014 numbers may not be surpassed. At best they may match the 2014 numbers.

1.2 Statement of the problem
Ethics or the set of principles that people use to decide what is right and what is wrong is imperative for a business to succeed – more so in the case of hotel business which involves a lot of interpersonal skills. Given that the hotel industry by the very nature of its operations is a great melting pot, entertaining people belonging to various races, various countries, various social classes, etc, is a regular feature. Hence the role of ethics in the hotel industry is cut out and hardly needs any emphasis. What is more, this has to be perceived correctly at least by the four major stakeholders associated with the industry, namely, the promoters, the executives, the employees and last but not the least, the patrons of the hotel industry. However, not all perceptions are practicable for various reasons, some of them valid and some of them not so valid. Hence in its own interest the industry has to ensure that the gulf between the perception of ethics and practice of ethics is minimized, if not eliminated altogether. This is easier said than done for obvious reasons – not all solutions are implementable. However, the solutions can, if properly developed and targeted, can bring
down the gulf between perception and practice. As is the case with any industry that is a melting pot, the regulatory environment can contribute the most to narrow down the gap. Hence it is necessary to streamline the regulatory regime in such a way that the gap between the perception of ethics and the practice of ethics is minimized if not eliminated altogether, in the interest of all the stakeholders, including the government. The present study sets out to address this problem.

1.3 Review of literature

In the following paragraphs, the existing literature on the ethical practices, ethical issues and other aspects of the hotel industry is reviewed.

1.3.1 Ethical aspects

1. In the hospitality industry, ethical issues abound both for the business and the community at large (Angerer, 2011). Business ethics is a complicated subject that can be described as the behaviour that a business adheres to in its daily dealings with the world. The hotel industry specifically seems to be behind most businesses when it comes to ethics in its concern to going green, human rights, diversity, human resource and hotel relationships. Hotels need to do enough to preserve natural resources like water, electricity, and gas. These are very important issues to the external world although the management does not realize how much they cost to the external world. The issues may vary from country to country but as a whole the industry needs to be conscious of the latest guidelines on ethical practices. Child and bonded labor, workplace health and safety, commercial exploitation of children, exploitation of migrant workers, discrimination, and displacement of indigenous people, etc, are the common issues to be addressed globally.

2. Scott Nadel examines the increasing role of ethics in the hospitality industry (Nadel). Like most industries, the hospitality industry is susceptible to unethical behaviour and practices, and as a result, leaders are called upon to uphold and teach the highest ethical standards. In the hotel industry, employees are frequently placed in morally and ethically ambiguous situations. These issues can include overbooking, mistreatment of others, whistle blowing, theft, racism and benefit at the expense of guest supplementary services, sabotage and misleading information in hotel restaurant menus, brochures and websites. Customers could be overcharged, short-changed, charged for unused services, or forced to purchase unneeded services. Other issues
that could arise are infringement of guests' property and other unethical behaviour like gender or sexual harassment. Rather than being reactive to unethical acts, creating an ethics based organization culture is the best.

3. Scott Nadel observes that job hiring and training can improve ethical practices in the hotel industry (Nadel). In the hotel industry, strong ethical environment can result in increased profit, better employee relations and superior management efficiency. It can also promote job satisfaction and enhance the quality of customer experience. One key element that contributes to the formation of an ethical workplace is job hiring and training. Solution-focused strategies promote ethics by increasing employee awareness through job training, and supplying the tools to employees to identify potential issues that arise with a rise in ethical awareness. That way, they can ascertain what can be accomplished through the training provided. A manager’s ability to accurately assess a new candidate’s suitability for the workplace culture is just as important as job training. Proactive training managers should diligently seek out employees who fit in with the company’s culture. This will create a bond that will work wonders, not only for the employee but also for the company and its guests.

4. Hotels are the places where an ethical issue can arise at any point of time due to its vulnerable surroundings. Ethical people are those who recognize the difference between right and wrong and consistently strive to set an example of good conduct. Being ethical means applying the principles of honesty and fairness to relationships with co-workers and customers. Consumers may let a company take advantage of them once, but if they believe they have been treated unfairly, such as by being overcharged, they will not be repeat customers. Hence ethical practices lead to customer loyalty. Other than that, it helps to retain good employees and creates a positive work environment. Moreover, ethical practices help the hotels to stay away from legal issues.

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9. Business is a arm of society and as a result, everyone has a stake in it (Daniel, 2010). Hence, business must abide by the will of the community it originates in and prospers in. If society dissipates, so does the business. Business ethics guide the conduct of business in a way people want it to be conducted. Managerial decisions seek to promote business and add to shareholder value without compromising the interests of the stakeholders and the society. Adherence to business ethics helps the businessman become a thorough professional. The law targets those who trespass on the rights of others. If ethical sensibility is higher in a society, chances are that more of common good can be achieved. Society may frame laws through its legislative arms to suit certain regulatory needs. The laws are repealed when they become obsolete. But the ethical principle, the good, remains unaffected and the values of justice, equality, prudence, etc., that follow, remain unaffected too.

1.3.2 Product and service innovation

10. According to Megha Ajgaonkar, Director of Sales and Marketing, Renaissance Mumbai Convention Centre Hospitality & Lakeside Chalet, Mumbai — Marriott Executive Apartments, 2015 should see more and more focus towards the growing need of investing in digital marketing beyond just the hospitality websites, and focusing on social media platforms including online review platforms (Hotel Business Review, 2015). There will be an increase in the number of customers belonging to the Gen Y and globally travelled. Their higher level of expectations will push the innovation envelope of hospitalities in India, in their dining, catering and room offerings.

11. Internet marketing will steal a march over all other marketing modes for hospitalities in the country, for reaching out to customers and connecting with them for engagement, according to Nischint Pathania, General Manager, Ramada Powai Hospitality & Convention Centre (Rituparna, 2015). He also believes that upscale segment will continue to grow along with luxury segment with new brands entering
the market. Further, F&B service in hospitalities will see more innovative cuisines with focus being on presentation of food. More healthy menus will be available across more brands with super food and organic food being the highlight. Simpler room design and promotion of green technologies will be other expected trends in the Indian hospitality industry, for the ongoing year and beyond.

12. A survey of corporate-level senior research and development managers in twenty-seven of Spain’s largest hospitality chains by Mar Vila et al found a general bias toward innovation (Mar, Cathy, & Gerard, 2012). A big chunk of them had formal R&D departments and offered rewards for innovative concepts. Viewing against a framework that included four types of innovation (i.e., product innovations, process innovations, enhanced knowledge of market, and management innovations), the survey found that the chains focused the best innovation efforts on improving management. However, the innovations most frequently mentioned involved enhanced knowledge of the market, including the use of new sales channels and communication improvements. Case studies of four hospitality concepts revealed innovations that intended to be unique. NH Hospitalities used its customer data centre to segment customers and create targeted communications and special offers; Hospitalities Hesperia had allied with Michelin-rated chefs to upgrade its hospitality restaurants both in terms of menu and image; Chic & Basic had installed modestly-priced but high-quality inns in downtown locations that usually hosted luxury hospitalities or poor quality guest accommodations; and Marqués de Riscal had developed City of Wine, in the Rioja region of Spain, complete with a Frank Gehry-designed hospitality operated by the Starwood Luxury Collection.

13. The hospitality industry has evolved over a long period of time (Hong, 2009). Fierce competition and the recent global economic crisis led the industry to focus on maintaining and raising revenues. By shifting the focus from a ‘goods-dominant logic’ to a ‘service-dominant logic’, a new perspective on value creation and service experience has come to the fore, according to the paper presented by the researcher. In this new perspective, value is co-created by various roles, experienced and evaluated by customers. However, the problem is how to implement theories in a specific industry. Focusing on the hospitality industry, the paper seeks to illustrate how service evolves with the development of technology and theory based on the case study of Info Quest, an IT company mainly providing Saber Knot. Info Quest redefines several economic roles (hospitalities, IT system provider, local businesses and customers) and
relationships among them (from a linear model to a netlike model) where it infuses the hospitality industry with a new vitality. Both competitive advantages and potential problems that might arise from service innovation are subsequently discussed. Eventually, the researchers analyse the Chinese market in order to explore the possibility of the business foraying into China.

14. Innovation has an important role in today’s economies, aver Petra Gyurácz-Németh et al (Petra, Nóra, & Alan, 2013). There is no company that can survive in this changing environment without being able to innovate from time to time. In the paper first the innovation theories were introduced and reviewed including the success factors, the advantages, disadvantages and the pitfalls of innovation. Then the case hospitality was presented and analysed in the perspective of innovation types, styles and sources as well. It can be stated as the result of the paper that in the hospitality signs of incremental innovations can be found instead of radical ones. According to Lovelock’s classification service development and style changes are significant in the researched hospitality. The hospitality concentrates on organisational and human capital innovation according to other grouping, but they are rarely applying technological innovation. As sources of innovation non-management innovations (psychology, design and culture) were shown to be the most important ones.

15. According to Krishna Shetty and Ramamirtham Gopal, it is now widely accepted that to keep afloat in the competitive scenario, hospitalities have to constantly resort to technological and other innovations (Innovation and Entrepreneurship, 2012). It helps the hospitalities to remain ahead of competition and ensure a reasonable return on investment. The researchers conclude that innovation per se does not have any telling impact on the occupancy rate. But innovations in service, ambience, product packages, food and beverages and the technology used by the hospitality concerned would have an impact. The researchers conclude that innovation is not a stand-alone factor but can only be a part of other factors for sustainable competitive advantage. However, it is important to consciously make an effort to inculcate a culture of innovation amongst other factors for sustainable competitive advantage. Innovations are important and have a direct impact on the occupancy rate of the hospitality

16. Mukesh Kumar Singh and Ritu Arora maintain that the Indian hospitality industry has been witnessing a major shift (Singh & Arora, 2014). Apart from traditional business or leisure travel, India’s hospitality sector has been witnessing growth in various segments like meetings, incentives, conferences and exhibitions (MICE), eco tourism,
wellness tourism and spiritual and pilgrimage tourism. This emerging demand from new segments comes from foreign as well as domestic tourists. To cater to this demand, the hospitality industry is designing appropriate product portfolios. The researchers conclude that successful hospitalities have followed management practices that promote innovation in market orientation and learning orientation. The two form the basis of competitive advantage. Learning orientation can strengthen innovative strategies. Market feedback can help hospitalities ascertain how well they are placed to innovate in order to provide the products and services the customers require. For superior competitive advantage and business performance, hospitalities must promote learning capabilities in the innovation space.

17. Service innovations differ from product innovations in terms of the level of involvement of the employees, argues Anita Goyal (Goyal, 2013). A single individual can develop a product innovation while an entire team is required and responsible for a service innovation. Further, service innovations in the hospitality industry are very easily replicable by competitors. Hospitality organisations have to make sustained endeavours in constantly coming up with new ideas to meet the exponentially rising bar of guest expectations. Though in common parlance innovation may refer to either radical or incremental changes in products or services, organisations with an innovation orientation do not view innovation as a narrow strategy of merely developing a new product or a service. Their innovation strategy is grounded in embedding a culture of excellence and creative thinking throughout the organisation and building a cadre of innovation champions who play an instrumental role in identifying the innovation opportunities on an on-going basis.

18. The Indian hospitality industry has to make sustained efforts not only to attract guests but also to make them regular visitors (Hotel Business Review, 2015). The industry is envisaging several innovative steps to become more guest-friendly. Mohammad Labban, General Manager of Hyatt Regency Pune believes that social media will become truly integrated in the travel and hospitality decision-making process, representing both threats and opportunities for the industry. Websites such as TripAdvisor and Google+ are often the first point of call for new customers. Although this represents a real challenge for brand owners, it also offers unparalleled opportunities for customer feedback and new channels of communication between the brand and consumers.
19. Sahdev Mehta, General Manager of Double Tree by Hilton Hospitality Pune – Chinchwad, asserts that his hospitality will be rolling out E-Checkin service, which will give the guests more flexibility (Hotel Business Review, 2015). The online presentation of the hospitality will be in focus, not to forget the implementation of a systematic guest data collection. These are innovations on the agenda of his hospitality for 2015.

20. Megha Ajgaonkar, Director of Sales and Marketing, Renaissance Mumbai Convention Centre Hospitality & Lakeside Chalet, Mumbai — Marriott Executive Apartments, is of the view that hospitality is an ever evolving industry and 2015 will continue seeing many new innovations coming to implementation (Hotel Business Review, 2015). At the Renaissance Mumbai, the hospitality will continue focusing on the customers, which is the core of its business. It will invest in more customised offerings including R.E.N meetings, RLife LIVE events, the Navigator Program, etc. The Marriott Executive Apartments will be offering newly renovated apartments in 2015. They will be fully serviced and equipped, to the expatriate corporate travellers visiting for extended stays.

1.3.3 Exploitation of emerging technologies

21. Vinay Gupta, Vice President — Asset Management, SAMHI Hospitality, expects some changes in the Indian hospitality industry in the near future (Vinay, 2015). There will be more interactive technology in all spheres of hospitality. Customers will have more digital engagement with the hospitality. Moreover, discreet service will replace some of the face to face engagement, allowing consumers more personal/productive time at the hospitality. Gupta believes that hospitality’s F&B will continue to face challenges from independent outlets and hence will move towards simplification with multi-used transitional spaces. Efficient guestrooms will drive consumer interest.

22. With increased focus on social media, guests have become vocal about sharing reviews about their hospitality experience/s on these platforms and even expect instant responses from the hospitality, according to Gagan Deep Singh, General Manager, Courtyard by Marriott Pune City Centre (Hotel Business Review, 2015). Therefore, social media platforms will become a very important source for feedback and must be used as listening tools.
23. At a final panel discussion of the seven-part Biz Bytes series organized by ET Now and Samsung, experts explored the acceptance, potential and the impact of technology in the hospitality sector (Bizbytes, 2015). The use of information technology in the hospitality industry has grown leaps and bounds over the past two decades, making it a catalyst for the growth of this sector, maintain the panellists. From reservation to checkout, technology aids communication and streamlines the entire guest experience. It not only expands revenue options but also helps maintain operational efficiencies for the industry. This has created a willingness amongst the industry players to harness technology in order to ramp up service levels and efficiencies in the Indian hospitality sector. Meanwhile, with the customers getting highly tech savvy, an increasing number of them expect the hospitalities to meet their technological needs. This has further necessitated the industry to employ efficient technology tools.

24. The hospitality sector is increasingly considering employing technology for 3C solutions: Consideration, Convergence and Centralization to streamline day-to-day facility management while meeting guests’ individual needs (Manali). To meet the ever growing demand, hospitality providers are striving to woo customers with larger than life yet personalized guest experiences, assert the panellists. Today, guests need speed, convenience and personalized services to make their stay comfortable and memorable. According to Sukesh Jain, VP, Enterprise Business, Samsung India, technology comes in handy when one talks about personalization. There are a lot of technological tools, products and services available which people worldwide are using. Some people in India are also using these tools but the country still has a long way to go. The future of technology is set to see stupendous innovations such as identifying guests by name the moment they arrive in the hospitality, interactive displays to provide useful information, in-room tablets and many more. On return on investment (ROI) associated with integrating technology in the hospitality, Rajesh Chopra, Senior VP, Corporate IT Oberoi Hospitality and Resorts states that enhanced customer experience improves productivity which in turn provides great returns to the hospitalities. For example, the in-room automation his hospitality undertook with smart devices not only got the hospitality positive feedback from guests but also led to increased utilization of technology by guests. According to Sukesh Jain, who focused on the preferable advantage of customer loyalty aided by technology, the overlying principle or advantage that comes out of use of technology is customer loyalty which is fundamental to any business. Two more things the
hospitalities should really look at are how they can sweat their assets better by using technology and how operational efficiency can come in through it. Many see technology coupled with intelligence as the next big thing that goes beyond the traditional services at the hospitalities, where extensive and intelligent data mining are the next goals for the industry. Enterprise technology and mobility are also supplementing the hospitality experience, operations and bottom lines in India. But unlike other sectors, the industry still has a long way to go in successfully incorporating technology across all its verticals. Further, hospitalities still have not yet personalized technology for providing services to their clientele like getting their own apps which will happen in the future for sure. Some hospitalities are incorporating it in bits and pieces but it still has a long way to go to happen at many hospitalities in the country. With the global economic recovery and growing profile of domestic as well as international travellers, innovative technology is a must for the hospitality industry. The sector needs to take a proactive stance in implementing technological advances, while continuously striving to build levels of service quality and guest loyalty to the boot.

25. Kamlesh Barot, Director - Vie Hospitality Pvt. Ltd. and past President of FHRAI (Federation of Hospitality & Restaurant Associations of India) & HRAWI (Hospitality and Restaurant Association - Western India) maintains that during 2015, social media will play a big role in the guest expectation fulfilment (Hotel Business Review, 2015). His hospitality has done a lot of roll-outs this year, be it in reviving the Revival (his hospitality in Mumbai), restarting it in Dubai and also starting it in Nashik and Shirdi. His company will also be launching the prestigious Emerald Club this year end.

26. Nischint Pathania, General Manager, Ramada Powai Hospitality & Convention Centre, states that his hospitality will be updating its Hospitality PMS with the latest version (Hotel Business Review, 2015). After all, technology is changing and the hospitality needs to keep upgrading with times. The hospitality is also looking to upgrade the televisions as technology is changing rapidly in electronics as well. Online table reservation tie-ups and event planning tools are also on the anvil as people are looking for such options via Zomato. Use of tablets for menus across all his restaurants has been planned as people are becoming more and more tech-savvy.

27. The industry is of the view that there would be marked changes in the year ahead. And technology will play a crucial role in these changes. E-Check in will be very
relevant in 2015 as well as CRM systems, which will facilitate more personalised services, according to Sahdev Mehta, General Manager of DoubleTree by Hilton Hospitality Pune – Chinchwad (Hotel Business Review, 2015). He also thinks that hospitalities in the country will be enhancing their USPs through signature restaurants.

1.3.4 HR up-skilling

28. The researchers examine the role of human resource diversity management (HRDM) practices as predictors of organizational citizenship behaviour (OCBI and OCBO) (Noor, Khalid, & Rashid, 2016). This examination is quantitative and cross-sectional. The unit of analysis is the individual. The researchers distributed survey questionnaires that contained measures of HRDM practices and OCB to full-time operational employees with an identified star-rated hotel located in the north of peninsular Malaysia. They used multiple regression analysis to test the hypotheses. The results of their study indicated that overall, HRDM practices were significant predictors of OCB. In this study, the data collected was self-reported and cross-sectional in nature. Thus, same-source bias may be present, admit the researchers, candidly. Further, the sample size was small and selected from a single organization. This may have affected the generalization of their findings too, they admit. Their findings suggest that policy makers and hotel practitioners should continue to place emphasis on HRDM practices. This will raise the employees’ attitudes and behaviour. The researchers indicate that the results of their study helped the organization gain a better understanding of the usefulness of HRDM programs.

29. Workers who are sensitive to change in an organization are called knowledge workers (Husain, 2010). They keep changing according to the changes happening in their surroundings and in their organization. Many a time, managers do not manage this type of people because they feel if they are knowledgeable, they must know how to do their job. Managing these knowledge workers is a major challenge which the hospitality industry faces today. Other than that, managing technological changes, the competence of HR managers, managing change, developing leadership, etc. are the issues that confront the industry.

30. According to Megha Ajgaonkar, Director of Sales and Marketing, Renaissance Mumbai Convention Centre Hospitality & Lakeside Chalet, Mumbai — Marriott Executive Apartments, the human resources is the backbone for the smooth
functioning of her hospitalities and human resource personnel will continue investing their time and effort in generating internal talent as well as acquiring strong external talent along with skill and attitude-based training for the ambassadors of the hospitality so as to continue extending their best to the guests (Hotel Business Review, 2015). On the HR front, her hospitality is big on training. It invests in its associates’ skills development. Training is offered not only to hone technical skills but also the associates’ soft skills. Her hospitality also has an Executive and Manager Development Program for associates to facilitate career growth and prepare associates for their next role up in the career ladder.

31. Nischint Pathania, General Manager, Ramada Powai Hospitality & Convention Centre, believes that training is the watchword for improved service (Hotel Business Review, 2015). Training has been focused on tremendously and his hospitality’s training budget has been enhanced to keep his staff abreast with the latest technology and trends. Cultural sensitisation and soft skill training are also being done on a more regular basis as guests are becoming more demanding and well travelled. Further, multi-skilling is the buzzword since payroll costs are increasing everyday and staff retention has been challenging in these times. Outsourcing of certain areas and fixed term staff has become the norm and training these people and aligning them to understanding guest needs for a short period also needs HR intervention. Their recruitment and training should be done before peak times. Also using trainees optimally and developing them to be employees of tomorrow have been a focus for the HR department of his hospitality.

32. Human resource (HR) managers play a vital role in hiring new employees (Durrani & Rajagopal, 2016). The researchers administered a web-based questionnaire to a convenience sample of HR managers. The managers were members of the Council of Hotel and Restaurant Trainers (CHART). The intention of the researchers was to assess their attitude towards workplace diversity, perception of ethical hiring within their organization, and their definition of ethical hiring. The researchers observed significant differences between their attitude towards ethical hiring and HR managers’ ethnicity. They also observed significant differences between organizational size and perceptions of ethical hiring within organizations. The researchers believe that given the diversity of today's labour market, their findings have implications for training HR managers and hiring food service personnel.
1.3.5 Strategic investment in branding, human capital and information systems

33. The researchers identify barriers to employing older workers in the New Zealand hotel industry and their causes (Poulston & Jenkins, 2016). They examine the views of older workers and managers in New Zealand hotels alongside data on human resources policies, recruitment methods, and selection criteria. Using questionnaires, they collected data from 44 hotel managers. They followed it up with semi-structured interviews with hotel employers and older workers. Frequency analyses identified trends. A thematic analysis of interview data revealed themes relevant to the research questions. The hotel industry was found to be discriminatory toward older works in both principle and practice, even though some hotels' policies addressed age discrimination and older workers were identified as having the characteristics sought in new hires. Among other things, the researchers recommend the need for a change in attitudes at the senior level. They state that further research is required to identify ways to encourage an age-diverse workforce and the benefits likely to accrue from such encouragement.

34. It is a well known fact that the Indian consumers are from multi-cultural backgrounds (Dr. Kodwani, 2013). When firms with established global brands and services decide to enter such a new national market, they face the strategic choice of adapting to local market conditions. Entering a sub-continental market the size of India which is growing at 13 percent per annum is a tempting prospect for any multinational hotel chain but it poses management challenges too. Competition from local and other global hotel chains is an obvious challenge. The route to Indian consumers’ heart is through their stomach. Indian consumers are not only discerning about quality and taste of food but are also quite conscious of the cost of these services. Hence understanding the expectations of consumers and their behaviour is the key to success for any new entrant. Even though Indian consumers may not be a homogeneous group, they want convenience in all services -- from booking to check out and everything in between. The food habits of Indian consumers are tied up with religious and cultural traditions. 65 percent of Indian population is under the age of 35 years. A substantial number of this population use smart phones and are well informed about Internet technologies and their uses. So strategic investment in branding, human capital and information systems suited to local needs and aspirations in India are an opportunity enveloped in a transparent challenge.
35. Vinay Gupta, Vice President — Asset Management, SAMHI Hospitalities, maintains that the improvements that the Indian hospitality industry would see in general would be continued growth in digital business, with increasing focus on brand loyalty programs, and growth in local distribution (Hotel Business Review, 2015). He is of the view that hospitality companies need to reach out to wider masses. Hospitalities in India would become financially more sensitive towards debt servicing and return on capital employed in the hospitality project. As for his hospitality SAMHI, Gupta maintains that it will continue to grow, largely through acquiring displaced hospitality assets. He will build a strong asset management platform to ensure optimization of investment in the hospitalities his company owns. His hospitality company will also focus immensely on efficiency during development as well as operations by using strong planning skills, eliminating non-profitable spaces and using technology to reduce operating expenses. His company is extremely focused on energy efficiency in its hospitalities.

1.3.6 Green consciousness

36. Hotels in the industry are changing their practices as well as their buying habits (Marquit, 2013). Hotels in the industry are currently trying to balance with environmental and ethical standards. This is a refreshing and welcome change. At present, a number of buildings are being built with eco-friendly materials. They are even being purchased locally to reduce emission from trucks during transportation. Hotels occupy and expend a large amount of natural resources during their daily operations. As a result, they produce large amounts of waste. The waste is dumped in landfills. These organizations need to emphasize the environmental benefits while pursuing social and economic benefits.

37. Ethical tourism, green hotels, etc., are the emerging terms in the international tourism industry (Nikolaos, Delistavrou, & Tilikidoua, 2013). In the international tourism industry, a handful of hotels have already obtained green key certificates. Managers of these hotels need and seek the most optimum marketing channels to promote their competitive advantage. There is an established gap between the consumer’s behavioural intentions and actual intentions. Travellers are very much willing to participate in a hotel boycott in cases where the hotel facing the boycott has been demonstrably reported for safety and hygiene scandals, child labour, cruelty towards animals and particularly barbaric exploitation of their employees. At the same time,
there are travellers who keep silent over unethical issues. In fact, all they were found to do was to discuss with their friends the possibility of getting engaged in a hotel boycott. The trend also shows that better educated consumers manifest a stronger intention to stay at a green hotel.

38. ‘Green hotel’ is the latest trend in the global hospitality industry (Glenn, 2014). In certain cases, green hotels may be good for the environment but are not good for health. There are people who suffer from MCS: MCS is an unhealthy condition in which a patient suffers from unusual sensitivity to chemicals and artificial fragrances. A certain percentage of travellers are sensitive to electromagnetic fields. Accommodating such highly sensitive individuals is challenging for anyone who is running a lodging establishment. Hoteliers can accommodate travellers with MCS by agreeing to locate them away from parking lots, pools or other areas where air quality may be a concern. A range of fragranced products, including the ones called green and organic, are found to emit hazardous pollutants. Going fragrance-free in both laundry and cleaning products, and personal care products such as soaps, lotions, and shampoos is an easy remedy to serve guests with MCS. After all what is good for people with MCS can be good for everybody. Hence a fragrance-free ambience can increase revenues for hoteliers, improve health, and reduce costs and risks for the patrons.

1.3.7 Government support

39. Hospitality industry is a major component of the tourism industry, which, in turn is one of the most rapidly expanding spaces in the service industry. According to the World Travel and Tourism Council (WTTC), travel and tourism has become the leading economic contributor to the world and national economies in terms of gross output, value added, capital investment, employment and tax contributions. The hotel industry is by nature international in character. As international trade and business expand, there is no doubt that international linkage will become even more important for the industry. Hospitality industry has brought tremendous growth to the global economy by providing services ranging from accommodation, sightseeing, providing food as well as other services related to the tourism industry. Maximizing the economic and social contribution of hospitality needs the active engagement of government on a broad front, from tax, infrastructure and planning through to education and health policy.
1.3.8 Investment promotion

40. In view of the huge leap that the hospitality industry is poised to take in the next five years, Syndicate Bank has announced a specially designed product to aid the industry (The Indian hospitality review, 2015). The purpose of the product is to meet the working capital requirements of the existing units and new units. An unfair debt structure and reluctance among financial institutions to extend debt to hoteliers are among the major difficulties the industry is facing. The new product offered by Syndicate Bank can trigger new investments in the hospitality industry.

1.3.9 Regulatory ecosystem

41. Hotels and restaurants have demanded the abolition of the drinking permit system in Maharashtra (The Indian Hospitality Review, 2015). Maharashtra is the only state to have such an outdated system of permits. Under the system, anyone entering a permit room has to possess a permit, even if he or she does not intend to consume alcohol. The Bombay Prohibition Act, 1949 states that the permit holder can possess and transport 12 units of liquor. Even the legal age for alcohol consumption is 25 years. Anyone caught violating these conditions could face punishment up to five years. Both the consumers and the hoteliers have to face action, if found without permits. This has posed an ethical issue to the hoteliers since insisting on the patron to produce the permit even if the patron does not intend to consume alcohol is grossly unfair.

42. The researcher hits the nail on the head when he states that India’s business community believes that the country’s various legislations generate disastrous ethical consequences in the Indian milieu (Sekhar, 2002). For the business community, many legislations represent the road to hell that is paved with good intentions. For example, businesses believe that evasion of income tax and customs duty or the violation of foreign exchange rules is not unethical. This is because the government eventually squanders the resources collected under the various legislations or stops the benefit of free trade from accruing to the layman. Taxes are resources the government appropriates only to fritter them away. Taxes could be used more effectively by individuals. Taxation leads the government to raise unproductive and unplanned expenditure. Since the growth of free trade that benefits a big chunk of the populace is being stifled by the regulatory regime, it would be ethical to defy the regulations.
1.3.10 Glass ceiling

43. The researchers set out to determine the impact of career advancement strategies on the career progression of women managers in five star hotels in India (Patwardhan, Mayya, & Joshi, 2015). Although armed with appropriate education, training and development, and years of experience in the industry, women have not made much progress in reaching the higher echelons of management in Indian hotels. Through this study, the researchers shed some light on the organizational initiatives and support mechanisms needed to assist women managers that positively influence their career progression. The researchers infer that highly qualified and experienced women managers are not able to make career progress in the hotel industry, their high qualifications and long years of service notwithstanding. Many women are unable to attain even middle-level leadership positions. To break the traditional stereotypes, women managers have suggested new strategies. The strategies include hiring career counsellors, compulsory development programs and provision for shadowing. These factors may help women managers grow in their careers and succeed in the male-dominated environment in the Indian hospitality industry.

1.3.11 Values

44. The researcher, Professor S.K. Chakraborty, an acknowledged authority on management and ethics, highlights the need for value-driven management and corporate ethics (Chakraborty, 2001). The researcher provides a comprehensive introduction to the theme. Management by Values, first published in 1991 takes off on the assumption that values are as relevant as skills, for effective management of industrial and commercial entities. The researcher moves the focus to the ideal and the normative, from entity-level values to individual-level values. After all, entity-level values accumulate from individual-level values. It is not the other way round.

45. To remain globally competitive and locally effective, entities have to promote workplace ethics and established human values (Chakraborty, 2001). Ethics in Management seeks to merge western management skills and systems with a holistic and typically Indian cultural ethos. The researcher investigates what the system holds out to us on individual leadership, promotion of the work ethos, ethics and productivity. Values and Ethics for Organizations figures several case studies to establish the real world application of Vedantic principles and ethics to business entities. The cases bring to the fore the dilemmas and choices the present-day
manager is confronted with -- rewards, overtime, transfers, career growth, debtors and creditors. These are well analysed in the backdrop of Indian theories and concepts concerning economic development.

1.4 Research gap
The reviewed literature has thrown valuable light on the relevance of ethics to the hotel industry. However, it has not dealt with the regulatory aspects that possibly stifle the growth of the industry, amongst other things. Nor has it explained how the regulatory regime can be fine-tuned to incentivise the industry and catalyse its growth. It is this gap the present study seeks to bridge.

1.5 Scope of the present study
The study confines itself to the hotel industry of Karnataka and the four categories of respondents associated with it, namely the promoters, the executives, the employees and the patrons. The study focuses on the perception of ethics on the part of the said four categories of respondents and the solutions that need to be devised to minimise if not eliminate the gap between the perception and practice of ethics in the hotel industry. It also seeks to ascertain how the regulatory regime can be tweaked to minimise if not eliminate the said gap. No other aspect concerning the hotel industry has been analysed.

1.6 Objectives of the study
The objectives of the study are to:

1. Ascertain the perception of ethics on the part of the promoters, executives, employees and patrons of the hotel industry

2. Identify the hurdles the hotel industry faces in minimizing if not eliminating the gap between the perception and practice of ethics.

3. Devise solutions to minimize if not eliminate the gap between the perception and practice of ethics in the hotel industry.

4. Suggest how the regulatory regime can be fine-tuned to smooth the way for minimizing, if not eliminating the gap between the perception and practice of ethics.
1.7 Hypotheses proposed to be tested

The study proposes to test the following hypotheses:

1. There is an association between the view that ethical practices are indispensable for the hotel industry and the sex of the respondents
2. There is an association between the view that ethical practices are indispensable for the hotel industry and the qualification of the respondents
3. There is an association between the view that given the hotel-tourism industry nexus, the perception-practice gap in the latter should be addressed simultaneously and the sex of respondents
4. There is an association between the view that given the hotel-tourism industry nexus, the perception-practice gap in the latter should be addressed simultaneously and the qualification of respondents
5. There is an association between the view that effective workplace diversity management is daunting given that the workforce is typical of the great Indian melting pot and the sex of the respondents.
6. There is an association between the view that effective workplace diversity management is daunting given that the workforce is typical of the great Indian melting pot and qualification of the respondents.

1.8 Conclusion

The next chapter, namely Chapter-2, furnishes the design of the study.