HUMAN RESOURCE MANAGEMENT AND COMPETITIVENESSAFFECTING TOURISM INDUSTRY SUCCESS

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Abstract- The objectives of this article are to present literature review and to propose the research hypotheses as well as the research framework leading to a development of a model of tourism industry success. The important issues gained from the literature review that need proving are: 1) human resource management has significant relationship with competitiveness in tourism industry, 2) human resource management has significant relationship with tourism industry success, and 3) competitiveness has significant relationship with tourism industry success. The obtained information, propositions and framework will be used to develop a prospective model of tourism industry success.

Keywords- Human Resource Management, Competitiveness, Success Business, Tourism Industry.

I. INTRODUCTION

In comparison with many countries, competitive adjustment of Thailand is considered quite slow [1] due to low quality man power; less investment in research and development; economic fluctuations; low economic growth for many consecutive years; more pressure and risk caused by free mobility of labor, capital, knowledge body, technology, information, goods, and services; change of population structure with more senior citizens but less labor all of which result in serious competition in the world market.Innovation development and application of creativity to drive development of products, production process as well as service process are crucial and it can only be achieved by elevating the quality of human capital to meet labor market needs, and by increasing people's necessary skills for living in 21st century. Upgrading human capital to increase competitive potential in business is considered very important for businesses to survive and grow in a highly competitive condition at present [2].

Service business specifically tourism industry is very important for the country's economy. It generates employment, and the country's revenue in the form of indirect tax [3]. Thailand has a potential of being a tourism center in the region especially among the CLMV (Cambodia, Laos, Myanmar, Vietnam) countries because of her better transport infrastructure. Thailand can, therefore, be an entry or a starting point of tourists[4]. In spite of better transport system for serving tourism business, most personnel serving in this very field lack of skills for doing their job as they still cannot adjust themselves to the rapid change of their working environment. It is, therefore, necessary to find management strategies to reduce the impact of such change and to predict the future consequences of the change so that organizations' good performanceand advantages are continuously and effectively maintained [5]-[6]. Human resource management related to service mind is considered very important[7] because human resource is a factor that can lead an organization to success and help creating knowledge body [8]-[10],as well as competitive advantage for the organization[11]-[12]. Administrators of organization must have vision, policy, strategies, and methods appropriate to manage human resource in their enterprise to have them cooperatively work and achieve the goals of the enterprise [13]. The author, consequently, is trying to frame up a concepts for developing a model for tourism business success. The results of the investigated factors are hoped to serve as a clear guidelines in developing the intended model.

II. OBJECTIVE OF THE STUDY

To present a conceptual framework for developing a model of tourism business success.

III. HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) is related to a decision making process, and treating personnel at every level in organizations so that the utmost benefits and success of the enterprise are gained. Important HRM process usually involves human resource development,planning, work analysis, recruiting, selecting, training and development, evaluation, working, compensating, welfare and benefits, health and safety, labor relations, organizational development and human resource research, and etc. [14]-[15]

According to University of Michigan, human resource management and organizational structure should be managed to meet organizations' strategies.

Importance must be placed first on its benefits, using human resource as an instrument to achieve the goal. Four processes of HRM cycle are presented; namely, selection, evaluation, rewards, and development[16].As there has been a lot of pressure on more claims of human resource, Harvard University's HRM proposes a long term perspective on management of human who are considered as a potential asset not as a variable cost[17].HRM problems occurring in the past can be solved if administrators have good vision, policy, strategy, and HRM methodology[18]-[19].

According to the literature review above, it gives light to HRM guidelines for achieving organization goals effectively and efficiently through different processes with different purposes. Three issues of the found guidelines are summarized as follows:

1) Attraction: To get personnel into organizations, goals, and scope of work must be imposed;how to work must be guided;systematic work analysis is needed. All of these can lead to employees' effective work asHRM has influence on their behavior, attitudes, and working[16]-[18];[20].With planning and guidelines imposed in accordance with management and employment as well as recruitment of the right man for the right job, activities attracting HR for HRMshould be organized in three main areas; namely, HR planning, recruiting the right man to the right job, and selecting the able man appropriate to the appropriate position [21]-[23].

2) Development: To manage human resource to work responsibly and effectively, it is crucial to improve employees' knowledge and specific expertise. Training and development, knowledge management, organization development,and organization of learning must, therefore, be emphasized. Activities for HR development includetraining and development, and performance assessment[16]-[18].

3) Retention: Compensation is considered an attractive reward and an instrument mostly used to retain personnel and to drive the organization. In addition, employee relation and benefits are also of help to retain them[16]. Environment management focusing on developmentof value, organization culture, and life quality can result in retention and effective work[20]. Activities for employee retention include rewarding, career path planning, organizational culture development, HR environment management, and development of quality of life at work[16]-[18]; [20]-[24].

IV. COMPETITIVE ADVANTAGE

Competitive Advantage is defined as a strategy to create advantage against competitors. Organizations must create three strategies to make differences over competitors; namely, cost leadership, difference making, and specific marketing [25].Entrepreneurs trying to search for competitive advantages realize the importance of responses to customers' satisfaction, need and expectation of the products and services [26].

Development of marketing ability results in competitive potential of organizations [27].Organizations must develop adaptability and dynamic capability at all time to keep pace with environment volatility[28]-[30].Dynamic capability is a behavioral determination; and integration of re-structuring, recovery, creation of new resources, and ability; upgrading and building new core competencies [31] resulting in organization performance in relation to profitability, market share, and cost. Utilizing various organization's abilities and strength is of great help to impose completion position, maintain, and protect competitive advantages [32]. It can be seen that competitive advantage can be built by minimizing cost, making differences in products or services to overcome the rivals, responding to customers' need in time, as well as imposing business structure and position, making customers see the differences between our and competitors' products and services clearly because it has an influence on customers' decision to buy[33].

After reviewing literature and concepts on competitive advantage in service business, the author found that competitive advantage can be created by building customers' satisfaction with business value, placing business position appropriate to situations, creating effective strategies to run business, and creating value that go beyond competitors' so that customers are satisfied with our products and services. Concepts of competitive advantages found are of 3 folds as follows:

1) Cost Leadership:production and operation cost must be minimized for maximum profits [25]; [32]; [34]-[35].

2) Make a difference: Creating superior value and usefulness over competitors [25]; [31]-[32]; [35].

3) Build customers' satisfaction: Customers' satisfaction can be promoted by building trust, promptly responding to customers' need, presenting the products and services to meet customers' needat the right time, and having good interaction with them [33]; [36].

V. SUCCESSFUL ORGANIZATION

Successful Organization results from management concepts and techniques that make the organization be, at all time, prepared and dynamic, as well as able to adjust itself to the changing environment under the administrators' control and decision [37].To judge whether any organization is successful, three things; namely, market share, sales, and sales value, must be taken into consideration. Such three things must be increased for 3 consecutive years upward [38].

Productivity measurement is a way to maintain and improve the business operation under organization's

changing environment. This can be done by comparing the output with the input to see whether the production and the service provision is effective or not; whether the results obtained meet the imposed objectives or not [39].Performance assessment system plays a very important role as a data source of financial performance and internal performance showing financial status[40].In addition, allowing employees to participate in setting working targets help to make them accept, and be determined to achieve such targets. Participation is used in policy formulation. Non-monetary performance measure related to the success of benefit increase and organization performance is also used to determine the organization's production and operation guidelines[41]. One of the instruments for achieving the organization's set targets is balanced scorecard (BSC) based on four key performance indicators (KPIs) assessment; namely, finance, customers, internal process, and learning and growing[42].

According to the investigation and review of tourism business success, it was found that success is caused by business strategies. Activities and organizational behavior must be clearly specified so that business can be driven and prepared for encountering changing environment. The management instrument for organization success is balanced scorecard. It is an application of strategies to business operation. Four KPIs to be assessed are as follows:

1) Finance: Business profit, percentage of increased success,operating income, economic value creation and good governance are to be assessed[38]; [40]-[41]; [43]-[44].

2) Customers: The number of customers in the present year in comparison with the past years, and customers' satisfaction and confidence in using the products and service are to be examined[45]-[47].

3) Internal Process: This includes personnel management, organization structure, control, executives' and entrepreneurs' decision making [43]; [46].

4) Learning and growing: Readiness at all time and adjustability to changing environment are to be investigated[41]; [46].

VI. HUMAN RESOURCE MANAGEMENT AND COMPETITIVE ABILITY

Organization direction and scope must be imposed appropriate to existing human resource in a long term plan to be prepared for facing changes of environment, market, and customers. Strategic intention must be provided to respond to the stakeholder's expectation. Resource must be allocated appropriately to meet opportunities and need. Effective business strategies in relation to achieving competitive advantage should be developed[24].

As for human resource management, four points of view are taken into consideration as follows: 1) Application of HRM to planning, 2) Application of HRM to design and personnel management according to employment policy and manpower strategy supported by organization philosophy, 3) Management of activities and HR policy to meet clear business strategies, and 4) Seeing organization personnel as "Resource strategy" to achieve "Competitive advantage"[21]. Furthermore, knowledge, skills, ability, expertise's, and experiences of each employee can create value for the organization, resulting in competitive advantage if the organization promotes the HR to have more knowledge and skills by training and continuous learning[13]. Organization's policy on competitive ability promotion and increase of operation effectiveness should put emphasis on personnel development, reduction of raw material cost, and learning from leaders of specific industry[48]. HR is believed to be able to create competitive advantage and values for organization.HR can develop skills in need. Human capital or personnel's potential cannot be easily imitated. Not all HR can be replaced by advanced technology [49].

The review of literature brings about the following hypothesis:

Hypothesis 1 (H1):HRM has significant relationship with competitive ability of tourism business.

VII. HRM AND SUCCESSFUL BUSINESS

HR is an important factor leading to successful organization and knowledge body of human is an important foundation of higher knowledge [8]-[9]; [50]. Human resource policy that allows personnel to make decision or assigns them to take responsibility can promote agility and effectiveness. The policy should cover HR development to reinforce and stimulate employees to willingly work for the organization. This will also result in employees' dedication, commitment, ability, and efficiency. The long term results are personnel's well– being, enthusiasm, happiness at work, and wish to be a member of society. Best of all, the organization performance is better [51].

HRM is an instrument that helps the organization to achieve its goals[52]. HRM policy formulation has an influence on the operation of the organization[53]. HRM process and factors also have an influence on working effectiveness [54]-[55].Walker [56] states that HRM strategy is personnel position placement to meet organization strategies and to promote successful organization. This leads to another hypothesis.

Hypothesis 2(H2):HRM has a significant relationship with success of tourism industry business.

Competitive ability and business success

Organization with competitive ability usually has

good positioning and so can make higher profits and grow steadily because of the created valuable innovation and customers' satisfaction [57]. Demands, competition condition as well as involved businesses all have relationship with business success [58]. Besides, they affect production, product delivery, organization performance in terms of profits, market share, and cost all of which are of help to increase competitive potential and higher performance than the competitors which show that such organization has competitive advantage.Organizations, therefore, have to develop adjustability and be dynamic in order to keep pace with fluctuation of environment[28]-[29].Entrepreneurs with allied network usually have more competitive potential because they can learn of innovation and gain more knowledge from them and as a result they can create their own innovation and increase their operation efficiency [59].Such literature review leads to another hypothesis as follows:

Hypothesis 3 (H3):Competitive ability has a significant relationship with business success**.**

According to the review of literature and related research, the studied conceptual framework can be proposed as shown in Figure 1.

The population of the study are entrepreneurs in tourism industryfrom supportive businesses including transport and advertisement businesses; from major businesses consisting of those in the areas of hotel and accommodation, restaurants, tourism business and guides; and from the involved businesses such as those related to recreation, amusement park, entertainment, sports for tourism, spa, and souvenir.

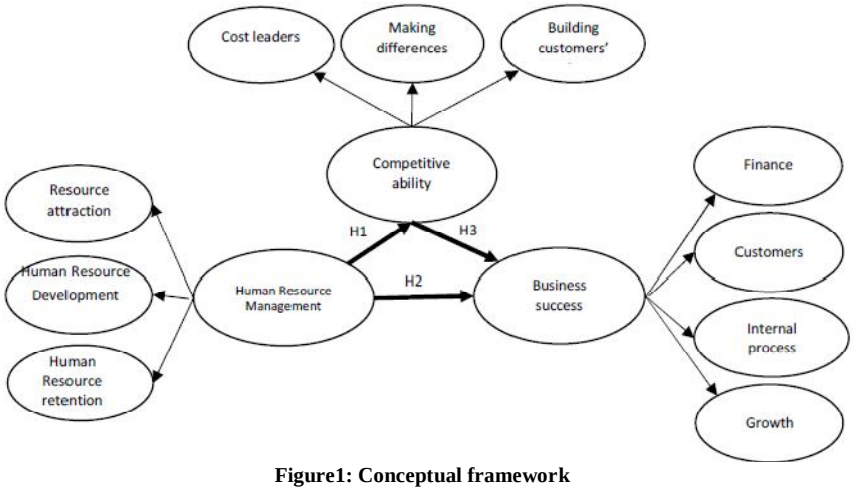


Figure1: Conceptual framework

CONCLUSION

The review of concepts in assessment of business success, taking into consideration the operation performance in 4 aspects; namely, finance, customers, internal process, and growth all of which are results of HRM and competitive ability in tourism business brings about 3 research hypotheses: 1) HRM has significant relationship with competitive ability of tourism business,2) HRM has a significant relationship with the success of tourism business, and3) Competitive ability has a significant relationship with the success of tourism business**.** It is hoped that the conceptual framework and the proposed hypotheses can be utilized in developing a model of tourism business success.

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