An Exploratory Investigation of the HRM Practices in Restaurant Sector: The Case of Famagusta

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**Abstract**

Efficacious human resource management (HRM) practices are thought to be a vital factor for the overall achievements of any organization. In this research the authors have examined the generic HRM practices in one of the most important hospitality sectors of Famagusta, a popular touristic city in Northern Cyprus, which is restaurant. The information was collected through semi-structured meetings with the owners of restaurants who are at the same time the managers of the restaurants running in this destination. Findings demonstrate that legitimate HRM practices are not received, particularly even no consideration is given to instructing and nurture of the restaurants' workers especially for the front-line employees who are continuously in direct contact with the customers and their performances are determining in visitors' perceived satisfaction. The findings also illuminated on the fact that although the managers confronting variety of problems due to the lack of training practices related to the employees they prefer to substitute the failed employees with the new job demanders instead of accepting the minor costs of their education. Practical implications for the sector in addition to the limitations of the study as well as future research hints have been provided at the end of the paper for the practitioners and academia.
Introduction

Northern Cyprus, where Famagusta is located on the east coast of this island, “is blessed with natural endowments and proximity to tourist market, especially the European countries” (Hassannia, 2014, p. iii). According to the data accessed through Famagusta (is called: Mağusa or Gazimağusa in Turkish) municipality webpage (www.Famagusta.org.cy), tourism is one of the main economic activities of the region. This city (see Fig. 1) is located east of Nicosia, and possesses the deepest harbour of the island of Cyprus which is the third largest Mediterranean island after Sicily and Sardina, a typical small island with limited natural resources.

The main economic activities in the city after tourism are education, construction and industrial production. Nowadays this city is the home of thousands international students and of course their families and relatives who temporary travel and stay with their children. Due to this fact a huge number of restaurants and fast-food houses are working in the city. Relatively the human resources of these restaurants play crucial role in the satisfaction of such a beneficial market. Any fraction in human resources of a restaurant will defiantly spread the bad word of mouth and as a result the customers will shift to the competitors. In a recent study Mankaa (2012) identified that high levels of employee’s turnover and inability of the restaurants to satisfy the customers are two broad reasons of restaurants’ failures and closures in Famagusta. In order to decrease the probability of such failures the restaurant owners have to have HRM practices to achieve maximum employee's development which directly will lead to higher customer satisfaction and profitability of the sector. In spite of the wide popularity of the HRM concept in different sectors of business, this field of research has been overlooked in tourism industry and there is a need for additional studies in tourism and hospitality sector (Chand & Katou, 2007). Therefore this study contributes to the hospitality literature and tourism sector twofold. Firstly this paper tries to fill the aforementioned gap by focusing on the HRMPs in restaurant sectors of the study case, Famagusta. A review of the literature showed that there are not many studies in Northern Cyprus researching the restaurant business which increases the importance of this
research. Secondly the current research achieves its objectives through qualitative research. This method provides the researcher to deeply study a phenomenon in the context and understand the actual interactions among the individuals (Rezapouraghdam, 2013). In the case of this study this method enables the researchers to penetrate the experiences of the restaurants’ owners and managers and their real beliefs and treatments about the HRMPs. Although the qualitative method has had the most significance contributions to hospitality industry Cohen (1988), in comparison to quantitative method there are fewer qualitative researches in tourism sector concerning the HRMPs specifically in restaurant samples. Therefore the current research also contributes both to the literature and practice qualitative evidence to observe this research subject.

Theoretical framework

Although majority of the organizations in tourism and hospitality industry train their employees unfortunately as stated by Maxwell et al. (2004) this industry has poor reputation in employees’ training issues. A dozen of reasons found in the literature explaining the lack of managers’ tendency to train their employees in hospitality sector which the risk of employees’ turnover is mentioned by the employers most frequently (Lowry et al., 2002). Most of the employers are unaware about the fact that the training and employees’ development increase their satisfaction and organizational commitments that result in increase of service quality provided by the employees and thus more organizational profit (Pratten, 2003). According to Baum, (2002) training is too important in determining the behaviours and attitudes of the hospitality employees. Human resource practices and its effect on workers’ manner have been explored broadly in the past studies. Compelling human resource rehearsals and practices may prompt positive effect in workers treatments which might result in enhanced efficiency, therefore successful HRMPs can be considered a wellspring of competitive advantage for any organization. Although a number of studies reported no relationship betwixt HRMPs and enhanced financial execution (Hart, 1993). According to Guest and Hoque (1994) settling an effective human resource framework would prompt positive employees relationships yet this may not results in the increase of the organizations’ profitability. Various studies have exhibited a positive relationship between particular human resource rehearsals and financial factors of the organizations (Gerhart and Milkovich, 1992). Exploration has additionally shown a positive relationship between impression of this managerial practices and consumer loyalty and satisfaction with firms’ performance indicators (Tornow & wiley, 1991). Compelling human resource activities within a firm create a surrounding in which the employee’s self-determination enhances and consequently the conveyance of quality services to the customers is brought about (Schneider and Bowen, 1993). Researches in relation to the service industry context have demonstrated the causal relationship betwixt the human resource management practices (HRMPs) and service quality and its effect on total performance of the firms. Based on Mathieu and Zajac (1990) the employees whose occupations have enriched with the human resource management practices exhibit greater amount of commitment to their organizations. A number of past studies have reported positive relations betwixt the HRMPs and the customers’ loyalty, customers’ satisfaction, organizational commitment, organizational performance and the employees’ retention (Pitt et al, 1995; Ulrich et al, 1991). Unlike the conflicts among the scholars about the accuracy of the fact that HRMPs leads to the improvement in financial performance, most of the researchers have consensus on the relationships betwixt this issue and the total achievement and prosperity of the organizations. There are lots of studies in the contexts of Northern Cyprus
which observe the HRMPs in service sector in context of hotels, universities, banking and hospitals. But there is a gap in the context of small restaurants and fast-food enterprises. On the other hand Chan and Kuok (2011) stated that little attention has been paid to small hospitality enterprises in relation to the challenges they face about human resource management issues. This study tries to fill these gaps. Moreover there are very scarce numbers of researchers in this field which consider the issue in deep analysis through qualitative approach.

Review of the Literature

According to Armstrong (2011) an effective HRMPs in any organization can absorb, develop and also motivate the workers and in consequence these workers will not only retain but in turn ensure the profitability of their benefactor by exhibition of their best performance. The role of HRM in recent two decades has been so fundamental especially due to the highly competitive and vulnerable business climate (Paauwe, 2004). Referring to tourism and hospitality and considering its labour-intensive characteristic Lockyer, (2007) stated that HR is too vital for the management of this industry. This managerial practices in HR for the small and medium-sized enterprises (SMEs) that the restaurants are a part of, is too important due to their limited resources and sensitivity to different environmental forces (Hasannia & Rezapouraghdam, 2016). The employment in the fast food and restaurant sector is classified by particular elements, for example, low skilled workers; part time employees, low paid and short term staffs (Mohsin, and Lengler, 2015). These characteristics according to Mohsin and Lengler (2015) prevent the employees to satisfy their job and accordingly display their ultimate performance to please the clients as well. Globalization and collaborations through guests is the real donor to far reaching change in numerous areas over the economy and has offered ascent to new innovations incorporated talent with the customers. This has prompted a critical change in the tourism industry as the pioneer sector known as service industry and the role of qualified personnel in satisfaction of the customers is incredible. This industry includes variety of division such as airlines, lodging properties, restaurants, auto rental firms, visit administrators and travel operators, and so on.

Moreover the expanding utilization of technology innovation and the internationalization of organizations are increasing clients' consciousness of service quality and intensifying market rivalry (Shi & Su, 2007). Therefore it is highly significant for the employees to continuously update their knowledge in order to be able to satisfy the ever changing needs of the customers. Additionally the hospitality sectors ought to efficiently manage its resources to cope with such trends (Wang et al., 2014). Employees in frontline service professions in tourism industry are determined by the customers as the quality of the service they receive from the providers (Kivela & Kagi, 2008). This factor is too important in influencing the customers’ satisfaction and as a result their intention for choosing the destinations (Sheehan & Presenza, 2011). Workers in frontline service jobs in the tourism businesses are continuously are engaged in the middle between customer’s demands for good services and the managers' expectations of better performance and productivity (Yavas et al., 2013). Tourism as a service industry always tries to provide high level of facilities to the customers for its viability. For this reason the hospitality organizations strives to develop and implement the HRMPs to please its clients more (Jaszay & Dunk, 2003). Unlike its outstanding significance Elnasr, & Sobaih (2011) believe that tourism industry managers are reluctant to train their employees.
One of the general HRMPs is the strategy which aims at retaining the employees. It is believed that the creation of the employees’ engagement in organizations increases the total performance of the firms (Macey et al., 2009). This engagement exhibit itself in different forms such as skill, knowledge and also fulfilling the expectation of the job (Macey et al., 2009). According to Burns (1997) lack of staff and aptitudes in the tourism industry in Western nations is drawn from a Western-driven perspective of tourism work, as workers see work in hospitality, particularly in restaurants, as humble work and feel disparaged (Wildes, 2004). Thus the employees who feel stigmatized in food service jobs would not tend to acquire tourism related knowledge and skills that this element can be considered as one of the reasons of unqualified employees working in hospitality sectors and specifically restaurants. The main reason that hospitality managers do not provide learning opportunities for their staff is the low return on investment in this issue that results from the transient nature of the tourism employees (Sobaih, 2011b). Poulston (2008) suggested that improving the employees’ training will increase the standards of service quality delivered by the committed and satisfied employees and thus the customers’ satisfaction and organization profitability. In addition such practices will decrease the costly problems of the workplace that the employees’ retention is one of them. In this regard Chand & Katou, (2007) stated that the performance of tourism and hospitality sector is related to its HRM systems and proposed that the hospitality organizations should follow such practices strictly. Unlike the importance of HRMPs in tourism industry and the recommendation of scholars for the practitioners to establish a systematic format of such activities Kusluvan et al. (2010, p.177) declared that “individual or bundles of HRM practices in the tourism and hospitality industry are unprofessional, underdeveloped, and inferior when compared to other industries and are not practiced in a way that generates employee commitment, satisfaction and motivation”.

Research Method

Since the interpretation of HRMPs in restaurant sector has less been explored in depth, in the present study the authors followed an inductive approach in order to focus more on the interpretation of the empirical judgements to build up a series of factual explanation of the phenomenon (Saunders, Lewis, & Thornhill, 2009) in the specific case of Famagusta.

Taking the research questions into account a subjective approach was adopted in the current study. To do so a series of semi-structured interviews were conducted with the owners and/or with the chief managers of restaurants and fast food houses (most of the cases the managers also were the owner) in different parts of Famagusta city during the July and August 2015. The criterion for the selection of the restaurants was the number of their employees which should have been more than 5 people. Purposive sampling technique (Hemmington, 1999) was followed in this research for the selection of the targeted samples. Out of 21 restaurants’ owners and managers a total number of 17 accepted to participate in the study. Below is available the sample interview questions which were shared with the participants: Is there any specific HRMPs framework in your restaurant? How do you select your employees? What do you do when you see your employees can not fulfil the customers’ expectations? How can you help the employees to develop and learn new proficiencies needed in hospitality sector? The interviews were conducted at the restaurants and based on the time that the managers pointed before. Each interview was tape recorded and lasted for about 25 minutes. The recorded data transcribed separately and analysed according to the
guidelines of Moustakas (1994). In this method the significant statements are highlighted and then what he calls the “clusters of meanings” is developed from those highlights.

**Results of the study**

There are several approaches that can be utilized to present and discuss the data in qualitative research technique (Yasarata et al., 2010). Interpretive coding and identifying the main themes of the collected data based on the reviewed literature through reading and re-reading the raw data (Lindlof & Taylor, 2010) is the main technique that at the current study was utilized. Totally five major themes were extracted (coded from 1-5) from the transcriptions of the interviews based on their repetition and recurrence. For each theme a number of direct quotations from the respondents were included (coded as A-J). This technique was followed to ensure the confidentiality and anonymity of the respondents and as a result increase the reliability of the data as well. In the following emerged themes (1-5) and significance statements’ of the respondents (A-J) were mentioned:

1. **The existing HRMPs frameworks**

   The following statements extracted in relation to the existing human resource practices in the targeted restaurants in Famagusta region:

   One interviewee (A) who was the owner and manager of the restaurant after hearing the explanations about what the human resource management practices is stated that:

   “There is no specific human resource management practice in this restaurant. All of the employees know how to serve the customers”.

   It was clear that the respondents did not believe in HRMPs after hiring the staff as they mentioned (respondents B, C and D):

   "Before employing a new staff I always ask them to prove that they have working experiences in other restaurants or hotels. When they prove it that means they are familiar with the job so they need no training”.

   “Actually I always hire the staff after passing some tests of proficiency. The rule of this restaurant is that the newly came employees should work a whole week in here without getting any money just as a test. If I get satisfied with their work I will hire them.”

   “At the first day of the work I always tell the older staff to instruct the new employees. This usually takes some hours for the newly employed workers to cope with their new environment and constructions. After this session there is not any teaching stuff. They have to know what to do otherwise they will be substituted with other job demanders”.

   The extraction of the important statements revealed that the restaurant owners who at the same time play the role of managers have no human resource management practices within the work place under their authority.
2. Challenges resulted from the lack of HRMPs’ frameworks

The themes that have been evoked from the conversation held between the researcher and the respondents asserted that the managers or the owners of the restaurants face some challenges that are the consequence of the lack of HRMPs.

3. The respondents always have the challenge of replacing their unqualified staff

Respondent (E) stated that:

“The major problem in here is that employees cannot perform as I expect and I always have to look for better workers”.

4. They face constant complaints about the service quality

Respondent (F):

“Of course some of the customers complain about the delay and treatments of the workers here but it is not a critical issue. Everywhere it is a common thing”.

Respondent (G):

“You know this is a crowded restaurants there is no time to send the employees to learn. I need to have them all here”.

5. The restaurant managers presume that training the hired employees is a waste of time and money

Respondent (H):

“There is no enthusiasm in the employees to attend classes otherwise I could support them to go. By the way if they want to learn they can use internet in their free time”.

Respondent (I):

“This is a business and none of the restaurant owners will be ready to waste money on training the workers. The workers should have known how to clean a table or wash the dishes. It is not a very difficult job. Except the chef whose job needs some expertise other positions needs no special training”.

Respondent (J):

“Theoretically it is good idea to develop the employees and provide them opportunities to learn latest knowledge in relation to their professions but in practice it is not applicable to such a small businesses and especially in Northern Cyprus”.

Discussion

The weakness of the local and national governmental supervision at one hand and the false perception of the restaurants’ managers and owners on the other have completely underestimated and also eradicated the need for HRMPs in hospitality section of Famagusta. The managers feel it free and without any cost to dismiss and replace one employee with another. This fact has decreased the motivation of the employees to display a good performance
and find them attached to the restaurant the work. This fact is completely in contrast with the idea of Patiar et al. (2012) that motivated employees deliver superior service to the customers. Accordingly not only the expectations of the managers about the performance but the satisfaction of the customers is not fulfilled.

Unfortunately most of the restaurants owners and managers in Famagusta believed that vast majority of the parts in the positions in their sector don't oblige high abilities and anyone can do these jobs without training. Tourism industry is popular for owning one of the highest turnover rates of its employees (Blomme et al., 2010).

In order to reduce the costs of substituting the employees it is so important for the managers and owners of restaurants to hire and retain those people whose skills and abilities suit the demands of frontline jobs in restaurants (Yavas et al., 2013). It is so important for the restaurant employees to display globally accepted front line service requirements that are: smiling when dealing with unsatisfied clients, controlling the negative feelings like as anger, the expression of positive emotions toward the co-workers and customers and so on (Chan & Wan, 2012). Davidson and Wang (2011) suggest that hospitality sectors need to look beyond cost reduction and adopt a more strategic approach to Human Resource Management. Hospitality organizations that provide inadequate training exacerbate staff turnover (Lashley & Best 2002), and threaten quality standards and profits (Poulston, 2008). HRMPs in Famagusta where hosts thousands of educational tourists ban the restaurant sector to gain huge amount of profits. Since the youngsters are not worried with sustenance planning and that is the reason, they want to go out for their supper. They as a rule go to fast-food eateries, particularly when there is no one to cook for them furthermore when they need to mingle. Thus the managers of the restaurants can increase the satisfaction of their customers and the quality of their services as much as possible by increasing the motivations of their employees. A number of factors influencing the motivation of the employees according to Presbury et al (2005) are listed below: job security, fair pay, and staff benefits encourage a feeling of satisfaction and loyalty to the employees. Based on the review of the literature and findings of this research Exhibit.1 displays the strategic role of HRMPs for the restaurants performance.

**Exhibit.1** The role of HRMP in restaurants’ performance

| Human Resource Management Practices | Work Related Employees’ Motivation | Service Quality and Customer Satisfaction | Restaurants’ Profitability and High Performance |

**Conclusion**

The logic behind this exploration was to investigate the situation of human resource management practices in restaurant sector of Famagusta, Northern Cyprus. The result of this study indicated that in Famagusta HRMPs in restaurant sector is an atypical phenomenon. Although the lack of this important managerial strategy has created a
number of obstacles and challenges for both the employees and the managers, it seems that the engaged stakeholders in this area have been used to cope with such deficits. The perception of the restaurant owners in this region towards the hospitality occupations is so infatuated. One possible explanation for such perspective may result from the dominance of a short-termism culture among the some of the organization owners (Alipour, Arasli, Rezapouraghdam, 2016). This perspective prevents the restaurants owners to view their staff as the asset of their organizations. Therefore losing the employees sounds has no negative impact on their firms. By the way the availability of the surplus workforce exceeds reluctance of the managers to provide any training and development opportunities for their employees.

It was suggested for the managers to at least choose their employees from the hospitality graduated individuals. This strategy has two benefits for the sector: firstly with sparing no expense the managers will benefit from trained and qualified employees and secondly the customers will be hospitalized as they expect.

The future studies can focus on the strategies that can shift the inappropriate perception of the society and especially the tourism sector from the suppliers’ side in order not to disesteem the hospitality occupations.

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