SYNOPSIS

INDIAN HOTEL INDUSTRY MANPOWER SURVEY

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Introduction

‘Human Resource’ is one of the most important distinguishing factors setting apart one hotel accommodation product from the other. It has been the single-largest driver of revenues and costs for the service industry across the globe. While several measures, such as automation, training, and outsourcing of services have been practiced and widely advocated, the high dependence on skilled manpower remains a critical challenge for hotels.

Higher compensation packages and lack of quality manpower owing to increased competition and high attrition to other industries in the Services sector have made it inevitable for the hospitality asset owners and operators to invest wisely in planning their workforce. This begins with determining optimal manpower requirements to keep their hotels operating efficiently.

Indian Hotel Industry Manpower Survey

HVS - India’s interactions with several hotel companies in the recent past have revealed that the industry has been seeking a relevant benchmark for manpower levels in hotels, in order to maximize productivity along with quality customer experiences. Hence, it undertook the Indian Hotel Industry Manpower Survey (IHIMS), the first-of-its-kind in India, presenting critical manpower ratios across hotels in the country. The survey received an encouraging response from 212 hotels across 61 cities; thus, demonstrating the industry’s interest in the survey findings.

All data was self-reported by participating hotels.

Manpower ratios that could serve as relevant and useful benchmarks for upcoming and existing hotels were identified through discussions with subject-matter experts from within the Indian hotel industry and were calculated using models and analytical tools developed in-house by the HVS India team.

HVS recommends that the ratios presented in the IHIMS report and its synopsis should not be viewed in isolation, but rather in conjunction with the local limiting factors and conditions.

Key Survey Results

- **Hotel Market Positionings**: The results of the survey highlight that the average Room-to-Manpower ratio for the Indian hotel industry is 1:2.01. Furthermore, the manpower levels are found to correlate directly with hotel market positionings. For instance, Luxury hotels in India have the maximum number of employees per room, while Budget hotels have the least.

- **City Classification**: Hotels in non-metropolitan cities across all market positionings, except Upscale, have more employees per room than those in metropolitan cities. This difference is, however, most apparent in the case of Budget hotels in India.
✓ **Inventory Size:** Statistics reveal that irrespective of the size of the hotel, there is a base manpower level required to cater to the basic infrastructure of a hotel’s operations and large-format hotels seemingly benefit from economies of scale, thereby recording a lower Room-to-Manpower ratio than their smaller counterparts.

✓ **Presence of an Active Employee Welfare Union:** The sample set comprised 56 hotels with the presence of active employee welfare unions. These hotels reflect a far higher Room-to-Manpower ratio than the 156 hotels that operate without such entities or organizations.

✓ **Age of the Property:** The survey findings indicate that older hotels (those operational prior to 2005) have higher number of employees per room than those in newer ones (those operational post 2005).

There was a correlation identified between the presence of an active employee welfare union and the age of the property. Most of the older properties were found to have active employee unions, where typically the average age of the employees is high and attrition levels are relatively low.

✓ **Key Departments:** Amongst the key operating departments in a hotel, Food and Beverage division (including service, production and kitchen stewarding) records the maximum number of employees per room followed by the Rooms Division, Security, and Engineering and Maintenance. Interestingly, an inverse correlation was observed between Food and Beverage manpower levels and hotel market positioning. For example, number of covers (seating capacity excluding In-Room Dining and Banquets) per employee is highest in the case of Budget hotels and least in the case of Luxury hotels.

The IHIMS report further presents detailed Food and Beverage statistics highlighting Manpower-to-Covers, (additionally split into Manager, Supervisor and Associates) as an All-India Average, across Hotel Market Positionings and Seven Major Cities.

✓ **Major Indian Cities:** The survey results indicate that the Room-to-Manpower ratio across the seven major cities in India, as identified in the survey, is highest in Goa and least in Bengaluru. Delhi ranks second followed by Mumbai, Chennai, Hyderabad and Pune in a descending order.

In the Rooms division, Bengaluru has the least number of employees per room, while Delhi-NCR and Mumbai hotels report the highest number of employees per room for this department. In the Food and Beverage division, once again the least number of employees per room is recorded by Bengaluru. Hotels in Chennai, Delhi-NCR, Goa and Mumbai have maximum employees in this key department.

Notably, the Room-to-Manpower ratio for the Security department is highest in Delhi-NCR followed by Mumbai and Goa. In case of the Engineering and Maintenance department, this ratio is maximum in Goa and minimum in Pune.

Additionally, the survey results reveal that Manager-to-Associate ratio is highest in Mumbai and least in Bengaluru. A manager handling large teams is particularly witnessed in Housekeeping, Kitchen Stewarding, Security, Travel Desk and, Health Club and Spa departments across all cities and hotel market positionings.

<table>
<thead>
<tr>
<th>ALL-INDIA HOTEL’S MANPOWER RATIOS – KEY DEPARTMENTS</th>
<th>Number of Responses</th>
<th>Room : Manpower</th>
<th>Manager : Supervisor</th>
<th>Manager : Associate</th>
<th>Supervisor : Associate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-India Hotel Averages</td>
<td>212</td>
<td>1</td>
<td>2.01</td>
<td>1.01</td>
<td>5.97</td>
</tr>
<tr>
<td>Rooms Division</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Front Office</td>
<td>1</td>
<td>0.52</td>
<td>1.14</td>
<td>8.30</td>
<td>7.28</td>
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<tr>
<td>Housekeeping</td>
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<td>0.17</td>
<td>0.91</td>
<td>3.61</td>
<td>3.97</td>
</tr>
<tr>
<td>Food and Beverage Division</td>
<td>1</td>
<td>0.35</td>
<td>1.51</td>
<td>15.84</td>
<td>10.48</td>
</tr>
<tr>
<td>Food and Beverage Service</td>
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<td>0.78</td>
<td>1.32</td>
<td>7.25</td>
<td>5.47</td>
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<tr>
<td>Food Production</td>
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<td>0.35</td>
<td>1.50</td>
<td>7.36</td>
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<tr>
<td>Kitchen Stewarding</td>
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<td>0.30</td>
<td>1.10</td>
<td>4.96</td>
<td>4.51</td>
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<tr>
<td>Engineering and Maintenance</td>
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<td>0.13</td>
<td>2.36</td>
<td>37.42</td>
<td>15.86</td>
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<tr>
<td>Security</td>
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<td>0.18</td>
<td>1.25</td>
<td>9.06</td>
<td>7.27</td>
</tr>
</tbody>
</table>

Source: HVS IHIMS Survey

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This is a synopsis and the 45-page comprehensive IHIMS Report is now available for purchase at US$2,500. In light of the impending explosive growth of the Indian hospitality industry, the comprehensive IHIMS Report is positioned as a strategic tool for hoteliers to refer to, in conjunction with the Hotel Compensation Exchange (HCE) India Hotel Salary Survey®, to plan their workforce efficiently.

Additionally, to serve specific requirements, HVS - India can prepare paid customized reports comparing an individual hotel/chain’s manning ratios to that of a defined competitive set’s aggregate.

Other research reports available for purchase include:

- **Key Manpower Ratios by each Hotel Market Positioning**
  - Luxury Hotels in India
  - Upscale Hotels in India
  - Mid Market Hotels in India
  - Budget Hotels in India
- **Key Manpower Ratios for Hotels with Employee Unions vs Hotels without Employee Unions in India**
- **Key Manpower Ratios for Older (operational prior to 2005) vs Newer Hotels (operational post 2005) in India**
- **Key Manpower Ratios for each of the following Cities in India**
  - Bengaluru
  - Chennai
  - Delhi-NCR
  - Goa
  - Hyderabad
  - Mumbai
  - Pune
  - Other Non-Metropolitan Cities

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About the Authors

Ramnidhi Wasan is the Managing Director of HVS Asset Management and Strategic Advisory – India. With vast experience in land acquisition, network development, strategic planning, profit and loss management, design and project management in F&B retail, real estate and the hospitality industry, Ram has handled projects ranging from Pan-India food service outlets to luxury hotels. Ram joined HVS in May 2011 and is instrumental in providing strategic inputs to clients on complete concept-to-commissioning, repositioning, revenue optimization and cost management.

Natwar Nagar is the Managing Director of HVS Executive Search – India. He initiated the division in 2001, and has more than a decade of experience in Executive Search, built on his insight into people dynamics and the ability to seek out individuals whose perspectives and competencies match the future needs of businesses.

Siddharth Choudhry has been a part of HVS Asset Management & Strategic Advisory – India since 2010. He started his career with HVS India as part of HVS Executive Search in 2007 and was since 2009, working with Consulting and Valuation team. Siddharth is currently responsible for exploring opportunities in the fields of food and beverage services, training process reviews, operation audits, and market studies across India.