HUMAN CAPITAL AND INTERPERSONAL COMMUNICATION: A SUCCESSFUL FACTOR IN THE HOSPITALITY INDUSTRY

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Abstract

The purpose of this study is to determine the importance of human capital and interpersonal communication in practice of leading 4 – 5 star hotels in Thailand. It is fruitful to measure the effectiveness of interpersonal communication of the hotel employees as it may improve staff’s productivity and guest’s satisfaction. Top management personnel view the concept of interpersonal communication in organization as a lower priority task than external communication such as sales and marketing. Thus, a survey research was applied to study the key concepts of interpersonal communication. Using a purposive random sampling technique, 200 usable responses were collected from employees of leading 4 – 5 star hotels. The findings show that interpersonal communication is a foundational effort of organizational success and human relations. Moreover, everyone at these 4 – 5 star hotels manifests the potential to be heard. Every effort is made to keep its employees fully communicated via meeting and interaction. In other words, employees have accessed to all vital information. In addition, most employees are satisfied with the communication activities of their hotel properties. In concluding remarks, the practices of interpersonal communication of the hotel properties are considered to be a crucial part and succeed factor in the hospitality industry.

Keywords: human capital, interpersonal communication, hospitality industry
1. Introduction

Communicating interpersonally is a “way of life” in the hospitality industry. Not only is interpersonal communication inescapable, but also human capital and interpersonal communication in the hospitality businesses such as hotels, airlines, restaurants, tour operators and travel agencies are of paramount importance. Interpersonal competence in recent years has been consistently ranked high as an important requirement for successful job performance of the employees in the hospitality industry who contact the guests, customers or even passengers. This is why hospitality industry such as hotels place a high premium emphasis on interpersonal communication.

Interpersonal communication is a term usually applied to verbal and nonverbal interactions in one-on-one or small-group settings. “People skills” and “soft skills” are terms often used to describe someone’s interpersonal competence, although the word “soft” seems to be an inappropriate word to describe skills which can potentially cost them their job. Viewed from another perspective, these should be “hard” skills too because they are difficult to learn and their impact on their career and personal life is huge.

In the hospitality industry, one who is good in interpersonal communication can relate to and work with a wide variety of people, negotiate differences, resolve conflicts, make requests effectively and receive information objectively. For example, a hotel staff member who is effective in interpersonal communication will be open to the ideas of others and willing to put forward views of their own – both essential activities in the process of problem solving.

Interpersonal communication is usually perceived as purely oral. However, if it is about dealing with people through, for example, negotiation and persuasion, then certain forms of written communication are also interpersonal in nature. Emails, chats, letters of request and refusal, and similar kinds of writing, also involve communication between people who assert themselves through arguments, requests and demands.

In hotel businesses, interpersonal communication is the informal exchange of information between two or more people – two-person, face-to-face interaction. Interpersonal communication occurred when the rules governing the relationship, the amount of data communicators have about one another and the communicators’ level of knowledge change. Moreover, interpersonal communication characterized by development of personally negotiated rules, increased information exchange, progressively deeper levels of knowledge change.
For this study, the researcher would like to find out the effectiveness of interpersonal communication of the hotel employees regarding to expressing and avoiding conflict for the staff’s productivity. In interpersonal communication, there are five characteristics of expressing and avoiding conflict as follows:

- Withdrawing – walk away or change the subject
- Accommodating – give in
- Forcing – push it all the way; competition; win – lose mentality
- Compromise – each party gives up part of what he/she wants
- Collaboration – problem solving-coming up with new, creative solution

1.1 Research Objectives

The research objectives of this study are developed as follows:

1. To examine the channels, methods and the types of interpersonal communication used by hotel staffs
2. To investigate the characteristics of interpersonal communication practiced in the hotels
3. To investigate the linkages between hotel employees’ satisfaction and interpersonal communication.

1.2 Research Questions

The researcher intends to address and answer questions about perception of hotel employees regarding interpersonal communication survey as follows: The interpersonal communication generates withdrawing on some particular topics when disagreeing or ignoring/ The interpersonal communication is the process of accommodating the hotel staffs to work well for their properties/ The interpersonal communication is the process of forcing the hotel staffs to perform their jobs effectively and improving staff’s productivity/ The interpersonal communication generates compromising technique when problems occurred between two parties/ The interpersonal communication allows the hotel staffs to brainstorm and collaboration for the solutions.

1.3 Scope and Limitation of the Study

The research focuses on only houses some leading hotels in the country and capital. Amongst the hotels we approached were the Pathumwan Princess Hotel, Novotel Siam Square Hotel, Centara Grand @ Central World Hotel, Intercontinental Hotel Bangkok, Grand Hyatt Erawan Hotel. A total of 40 staffs in each hotel were interviewed by using a prepared questionnaire. Particularly, it examines the hotel staff members and management team of those hotels on their satisfaction of the
interpersonal communication in their properties.

1.4 Significance of the Study

This research would facilitate both hotel properties by investigating the perception of hotel staffs who have already involved the interpersonal communication. Therefore, the findings will measure the satisfaction of hotel staffs and the results would be useful for its properties and other hospitality businesses.

2. Literature Review

2.1 Interpersonal Communication

Mottet, Vogl-Bauer and Houser (2012) stated that interpersonal communication is a transactional process that occurs when two people use verbal and nonverbal messages to create understanding and to influence each other to manage the relationship. Although there are a number of different terms in this definition that are important and need clarifying, creating understanding and influencing each other are two concepts that set interpersonal communication apart from other forms of communication. Watzlawick, Bavelas and Jackson (1967) mentioned further that when you communicate with another person who is physically present, the communication is transactional, meaning that you send and receive messages simultaneously. As you talk to someone, you also respond to that person’s messages, even while you speak. Whether you’re having an engaging conversation with your best friend in a coffee shop or trying to avoid a conversation with a person by avoiding eye contact and sticking to text-messaging, your nonverbal behavior provides information to others about your emotions and interest, or lack of interest. The transactional nature of communication suggests that you cannot communicate. Ultimately, people judge you by your behavior, not by your intent. And since you behave in some way (even when you try to avoid a conversation by text-messaging), there is the potential for someone to make sense out of your behavior.

2.2 Assertion in interpersonal communication

National University of Singapore (2010) stated that at the heart of interpersonal communication is assertion, thus the most crucial strategies in effective interpersonal communication are assertion strategies. These are ways that enable you to maintain respect, satisfy your needs, and defend your rights without dominating, manipulating, abusing, or controlling others. It is important for you to be familiar with these strategies in order for you to develop your skills in effective interpersonal communication.
Assertion in interpersonal communication requires another person to do something, perhaps to change her own behavior or to ask her to do things for you or others. Because of this, assertion comes from high self-esteem and an acceptance of oneself because not everyone is able to assert herself and get the other person to change or do something. For example, instead of asking another person to stop doing something because it affects you, you may just keep silent. Perhaps in your culture, demanding your rights is not a highly valued behavior. Or it may also be possible that you would rather not tell your friend that she has done something wrong because you value her friendship more than some truth.

Assertive behavior thus is making explicit what you think about or want from another person. It acknowledges your rights as an individual and the rights of other people. When the occasion demands, an assertive person can disagree, stand up for her own rights and present alternative points of view without being intimidated or putting the other person down. In contrast, a person who feels threatened in such situations behaves with aggressive or non-assertive responses rather than with assertive behavior.

National University of Singapore (2010) also mentioned further that the pattern of behavior that leads to aggression or non-assertion is based on a number of factors such as culture, low self-esteem and feelings of vulnerability. For example, feelings of vulnerability make you feel threatened. A person who feels threatened has two choices of behavior in a disagreement: attack and aggression, or fear and non-assertion. An aggressive person may try to win at all costs. This means dominating or humiliating others, even to the point of ignoring a suggestion that provides the best solution simply because it is someone else’s solution. A submissive person, on the other hand, is unable to assert or promote a point of view. When unpleasant situations arise, a submissive person tends to avoid these, leaving someone else with the problem.

The assertive leader is able to direct others without feeling the need to manipulate or to be aggressive as he or she recognizes the rights of co-workers. The assertive follower recognizes the right of the manager or leader to make reasonable requests and to expect the job to be done. An assertive person is therefore able to negotiate and compromise without feeling uncomfortable.

Today, in hospitality industry, there is a high demand for people who are good at influencing, persuading and convincing others besides having a knack for developing relationships and sensitivity to the needs of others, especially guests. Therefore, Assertion in interpersonal communication considered to be an important role practicing for the staffs in
hotels, restaurants, airlines or even tour guides, tour operators and travel agencies, etc.

2.3 Human Capital

Ahuja, Chucherd, and Pootrakool (2006) mentioned that human capital is a major source of growth and competitiveness. Better educated and more able citizens contribute to civic affairs, crime reduction, and intergenerational transfers of skills. In the age of heightened competition, countries the world over emphasize education and training. While personal financial rewards for skills in the labor market can be large, implying that individuals should pay to train and upgrade their abilities; the role of public policy in fostering skills has taken central stage. Given limited public resources, government has to make a choice between investing in skill acquisition in the young and training working adults, for instance. Efficient investment implies that we put priority where the rate of return is highest, while equity implies that we target public resources to the needy.

Shiller (1998) also supported that human capital is one of the most important assets a country may process. It determines the national competitiveness, the country’s attractiveness in the eyes of multinational corporations, as well as the innovativeness of the corporate.

Ceridian (2007) said that human capital is just one of an organization’s intangible assets. It is basically all of the competencies and commitment of the people within an organization i.e. their skills, experience, potential and capacity. Other examples of intangible assets include: brand, software, design, working methods and customer relationships. The human capital asset captures all the people oriented capabilities we need for a business to be successful. It’s important to remember, however, that individuals are only an asset insofar as they choose to invest their human capital in an organization. Some people find the term Human Capital somewhat mechanistic, but human capital is not about describing people as economic units, rather it is a way of viewing people as critical contributors to an organization’s success. This then throws the spotlight on how businesses invest in their human capital asset, in order for it to add value. For any commercial organization, this is an important component to understand. If a company understands how its human capital contributes to their business success, it can then be measured and managed more effectively. Human capital management is a reciprocal relationship between supply and demand: employees, contractors and consultants invest their own human capital into business enterprises and the business enterprises need to manage the supplier. Any organization interested in its performance will naturally ask
how well they are managing this asset to ensure maximum return on their investment. In the same way, all employees, contractors, consultants and providers of human capital want to ensure they are getting the appropriate return for their own human capital investing through salary, bonuses, benefits, and so on. Understanding how and why people add value or not to an organization is an important, and difficult, management skill for the 21st century.

2.3.1 Human Capital an Increasingly Important Issue

Ceridian (2007) also pointed out that human capital has never been more critical to competitiveness because the world has changed. Over the last 15 years we have witnessed a revolution in the workforce, as well as in the workplace. The Workplace: increasingly the developed world has evolved into a service and information economy. In an information economy, people are the critical asset and in a service economy many more outputs are intangible, as much as 80 per cent of a company’s worth is now tied to its people. Access to financial capital is no longer a source of competitive advantage; our competitiveness increasingly derives from know-how, or people’s abilities, skills and competence. People, the human capital asset, with the right profile and capability provide an advantage, which is not easily replicated by competitors.

The Workforce: at the same time, the labor force has also changed dramatically. Organizations know they need people to deliver value in new and different ways, and that those people they depend on have changed. For example, we see an aging, more diverse population, with more women entering the workforce, more dual-earner couples. However businesses can still struggle with a general shortage of the skills required in a service and information economy. The war for talent in the human capital market place means businesses can’t take for granted that individuals will want to invest their own human capital in an organization. Elements, other than traditional pay and job security, need to be put in place to attract and retain top talent. These changes have culminated to ensure that human capital is becoming a major driver for organizational performance. Forty-six per cent of chief executives say that finding good people and keeping them is their single biggest worry and most fear their employees are ill-equipped in terms of skills. The investment community is now probing human capital issues, yet most chief finance officers say they have only a moderate understanding of the returns they get from what is often their largest single investment – people. Human capital then is a critical contributor to competitive advantage.
2.3.2 The Challenge of Human Capital for Organizations

Human capital may well now be the most critical source of competitive advantage, but it is also the most difficult to measure. If people are a company’s greatest asset, how do we quantify the value of this asset? The phrase ‘our people are our greatest asset’ has become a tired cliché around which real cynicism has justifiably been created. The cynicism is based on the gap between what a business says and what it does. If an organization can’t prove that its people are its greatest asset, then it isn’t being measured and it can’t really be managed. The quantifiable evaluation of human capital is a challenge and there is currently no accepted way of doing this. There is no single measure, independent of context, which can describe the impact of employee competencies and commitment on business performance. There are reliable methods for measuring the return on investment on physical capital, but not for human capital; it’s a new and evolving science. Causality is the issue; it is very difficult to prove links between ‘cause’ and ‘effect’ in a complex working and social environment. Assigning causality is a challenge because a business context is a very different social environment, e.g. is customer satisfaction really improved because employee retention has improved, or is it because that business invested in better technology and improved their product? Is an organization getting discretionary effort from its people because they have been allowed flexible working, or because they are being paid more than competitors’ offers, or even a mixture of both? Correlations are not the same as causality either. The challenge for most organizations is that if the value of human capital can’t be quantified, where and how do they make the best investment in their asset, and how do they know what the return on that investment will be, Ceridian (2007).

2.4 Hospitality Industry

Barrows and Powers (2009) clarified that when most people think of the hospitality industry, they usually think of hotels and restaurants. However, the true meaning of hospitality is much broader in scope. Hospitality means “the reception and entertainment of guests, visitors or strangers with liberality and good will”. Hospitality industry, then, not only includes hotels and restaurants but also refers to other kinds of institutions that offer shelter, food, or both to people away from their homes. This might include private clubs, casinos, resorts, attractions, and so on. In hospitality industry, we also have the hospitality professions, they involve making guests, clients, members, or residents feel welcome and comfortable. There is a more important reason, however, that
people interested in a career in these fields should think of hospitality as an industry. Today, managers and supervisors, as well as skilled employees, find that opportunities for advancement often mean moving from one part of the hospitality industry to another. For example, a hospitality graduate may begin as a management trainee with a restaurant company, complete the necessary training, and shortly thereafter take a job as an assistant manager in hotel.

3. Methodology

The researcher conducted interviews with hotel staff members who practiced the interpersonal communication in their properties by distributing a questionnaire. The researcher distributed 250 questionnaires but tabulated the results of only 200 questionnaires which had been completed. The questionnaires were distributed and filled in during 1 – 15 September 2012.

The 1st hotel the researcher chose was Pathumwan Princess Hotel as it is considered one of Bangkok’s leading 5-star hotels, situated in the heart of the city. The hotel’s location is unique, situated adjacent to MBK Center and opposite Siam Square. Surrounded by Bangkok’s best retail and entertainment facilities, guests really are spoilt for choices. The Pathumwan Princess Hotel is not just another 5 star hotel. It is an award-winning luxury hotel with distinctive refurbishments in chic urban motif reflecting a high-variety of city living emotions. (Pathumwan Princess Hotel, 2012)

The 2nd hotel is Centara Grand & Bangkok Convention Centre at CentralWorld, a fully integrated and innovative hotel, convention venue, retail, and leisure complex ideally situated in the heart of Bangkok. Centara Grand at CentralWorld, one of the largest in Asia Pacific and featuring 505 luxurious rooms and suites, is located within the central business district. The hotel features 9 executive floors including one floor of World Executive Club, 9 restaurants and bars including Fifty Five (an unforgettable outdoor roof top venue with impressive views across the city skyline) and 5 star-hotel facilities. (Centara Grand & Bangkok Convention Center at CentralWorld, 2012)

The 3rd hotel the researcher chose InterContinental Bangkok - right in the heart of Ratchaprasong district, Bangkok's top location for business and leisure. Nearby are many international companies, numerous embassies and top-flight medical facilities. The fascinating Erawan Shrine and major shopping destinations such as Central World, Gaysorn and Siam Paragon are within walking distance.
InterContinental Bangkok offers 381 luxury guest rooms along with more than 20 meeting and event venues. Club InterContinental located on the 37th floor boasts panoramic views of the city. Spa InterContinental offers exclusive treatments amidst a luxury environment. Guests will enjoy gracious service, spacious and elegant rooms and suites, fine dining restaurants and outstanding facilities for personalized meetings and events. (Intercontinental Bangkok, 2012)

Another traditionally well-known brand of the luxury hotel in Bangkok, Grand Hyatt Erawan Bangkok uncovers an engaging blend of inner-city retreat features with resort-style amenities, traditional Thai hospitality, and 5-star rooms and suites at Grand Hyatt Erawan Bangkok. Strategically located on Rajdamri Road in the business and commercial district of Ratchaprasong, our 5-star Bangkok Hotel is close to the Erawan Shrine. The hotel is also accessible to some of the most exciting shopping centers in Bangkok: Siam Paragan, CentralWorld, Gaysorn Plaza. It’s located next to the BTS Sky Train Station and just 30 minutes from Bangkok (Suvarnabhumi) International Airport by express way. (Grand Hyatt Erawan Bangkok, 2012)

From the above, the reason why the researcher chose those 5 hotels as it considered being leading 4 – 5 star hotels located in the heart of Bangkok generates the frequency number of guests. Therefore, according the process of handling guest enquiries, the hotel staffs would spend their time to communicate and interact between each other through interpersonal communication for productivity and guest’s satisfaction.

The time when the questionnaires were distributed was “during their working hours”. The questionnaire was designed on a scale of 5 – 1 with 5 as “strongly agree” to 1 as “strongly disagree”.

The last hotel, the researcher chose to collect the data would be The Novotel Bangkok on Siam Square is a 4 star hotel in the vibrant center of Bangkok. With 429 well-appointed rooms, this is the perfect destination for both business trips and holidays. Guests can relax by the pool, or be tempted by the delicious choices available in 3 restaurants, while conference facilities are perfect for meetings and functions. Just footsteps away from BTS sky train, entertainment and shopping, the hotel is ideally located. Parking is available for convenience. The hotel also features a well-equipped gymnasium, sauna and tourist information desk, and the guests won't have to walk far from the hotel to enjoy the best of Bangkok shopping with fabulous shopping malls nearby. (Hotel Novotel Bangkok on Siam Square, 2012).
Attributes which were considered important and which were assessed included five characteristics of interpersonal communication on expressing and avoiding conflict composed of withdrawing, accommodating, forcing, compromise, and collaboration activities.

4. Findings

**Table 1:** The average of the evaluation criteria on a scale of 5 – 1

<table>
<thead>
<tr>
<th>Factor</th>
<th>Score</th>
</tr>
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<tbody>
<tr>
<td>I always withdraw (walk away or change to subject) on some particular topics when disagreeing or ignoring.</td>
<td>2.12</td>
</tr>
<tr>
<td>I always accommodate (give in) when problem encounters.</td>
<td>4.74</td>
</tr>
<tr>
<td>I always force (push it all the way; competition; win – lose mentality) for productivity.</td>
<td>3.45</td>
</tr>
<tr>
<td>I always compromise (each party gives up part of what he/she wants) when problems occurred between two parties.</td>
<td>4.59</td>
</tr>
<tr>
<td>I always brainstorm and collaboration for the solutions</td>
<td>4.71</td>
</tr>
</tbody>
</table>

**Figure 1:** The average of the evaluation criteria on a scale of 5 – 1
5. Discussion on Findings

Discussions from the findings above factors and scores are as follows: I always withdraw (walk away or change to subject) on some particular topics when disagreeing or ignoring. Regarding this question, the average of the evaluation criteria on a scale of 5 – 1 equal to 2.12 means the hotel staffs are “disagree”. Therefore, they would not walk away or change to subject when disagreeing or ignoring. Therefore, any disagreement or ignorance must be clarified and clearly identified.

I always accommodate (give in) when problem encounters. Regarding this question, the average of the evaluation criteria on a scale of 5 – 1 equal to 4.74 means the hotel staffs are “agree to strongly agree”. Therefore, they will facilitating each other when problem encounters.

I always force (push it all the way; competition; win – lose mentality) for productivity. Regarding this question, the average of the evaluation criteria on a scale of 5 – 1 equal to 3.45 means the hotel staffs are “neutral to agree”. Therefore, they would not much forcing by pushing it all the way through competition.

I always compromise (each party gives up part of what he/she wants) when problems occurred between two parties. Regarding this question, the average of the evaluation criteria on a scale of 5 – 1 equal to 4.59 means the hotel staffs are “agree to strongly agree”. Therefore, they would compromise when problems occurred between two parties.

I always brainstorm and collaboration for the solutions. Regarding this question, the average of the evaluation criteria on a scale of 5 – 1 equal to 4.71 means the hotel staffs are “agree to strongly agree”. So, therefore between the hotel staffs they would brainstorm and collaborated for the best solutions.

6. Conclusion and Recommendation for Further Study

The importance of human capital and interpersonal skills in hospitality industry is of growing emphasis in the field of project management. The focus has to be on skills but a balance is now needed to facilitate his team members in a complex, dynamic project environment of hotel business. The staff members need knowledge regarding interpersonal skills, so that they train their skills. Given the growing diversity of the hospitality industry, hospitality educators and practitioners must be committed to the task of creating an inclusive work environment. Whether through a diversity training program, required diversity coursework, or a one-day
seminar, approaches aimed at improving intercultural communication skills have important, tangible implications for both personal and business success in the hospitality industry.

Generalizations from the results of this study should be made with caution. A more detailed, targeted survey, with questions about staff diversity, would have helped to better explain and support the present study’s findings.

The present study also offers direction for future research. Future research should target women hospitality managers and focus questions to help identify the challenges they face in the industry and the measures that they took to overcome those obstacles. Second, future research may concentrate on the difference of views on the importance of interpersonal communication between native and non-native English speakers based on their cultural backgrounds. Questions should attempt to interpret the disconnect between the diversity of the Thai hospitality industry and the perceived lesser importance of interpersonal communication skills than that of non-native English speakers of those who share a variety of cultural backgrounds. The increased exposure to other cultures and languages may impact their understanding of the need for interpersonal communication skills of various cultural backgrounds.

Third, future research could include a follow up study in five or ten years to further investigate the difference in the higher perceived importance of interpersonal communication in the hospitality industry. If several of the participants remained in their current positions, they could be asked to complete an identical survey to the one used in the present study as well as a few additional questions, soliciting information about their birth country and staff diversity. This new data would serve as an excellent way to monitor the growing importance of interpersonal communication skills with different cultural background in the hospitality industry as well as gain new insight into the skills perceived to be the most important for career success in the cruise and hotel industries.

References


Centara Grand & Bangkok Convention Center at CentralWorld (2012). Centara Grand &


