

A THEORETICAL STUDY OF SELECT HUMAN RESOURCE PRACTICES AND HOTEL INDUSTRY SUCCESS -THE ARBITRATING ROLE OF EMPLOYEE COMPETENCIES

Viveka Nand Sharma,
Research Scholar, Usha Martin University,
Ranchi (Jharkhand) India

Dr. Arvind Hans
Associate Professor (Management),
Usha Martin University (Jharkhand) India
viveksharmabh@gmail.com

ABSTRACT

Purpose – The purpose of this paper is to examine the mediating role of employee competencies in the relationship between Select Human Resource Practices and organizational effectiveness.

Methodology – An integrated research model was developed by combining principal factors from existing literature.

Findings – The results indicate that some Select Human Resource Practices influence organizational success through their influence on employee competencies. The study further revealed that employee competencies mediate the relationship between Select Human Resource Practices and organizational effectiveness.

Research Limitations/Implications – The research was undertaken in the Hotel industry and the analysis is based on secondary data which cannot be generalized across a broader range of sectors.

Practical Implications – The findings of the study will help policymakers and management of hotels in espousing suitable and well-articulated Select Human Resource Practices to harness the competencies of employees and inordinately enhance organizational effectiveness.

Originality/Value – This study extends the literature by empirically adducing evidence that employee competencies mediated the relationship between Select Human Resource Practices and organizational effectiveness of the Hotel industry in Jharkhand (India).

Keywords: SEM, Hotel industry, Organizational effectiveness, Select HR Practices, Employee competencies

INTRODUCTION

Human resource development (HRD) is a thriving field of study. HRD aims to advance worker diversity and promote a dynamic work attitude in the business to harness staff capabilities and inordinately improve organizational efficiency (Rao, 1987). Such tools are extremely important when dealing with service sectors, particularly the hotel business, where staff and consumers have much more direct interaction at the service interface (Delery and Doty, 1996). Using

people to gain a competitive edge necessitates paying close attention to the techniques that effectively exploit these assets. Select Human Resource Practices are programs that are strategically geared to the organizational process for managing human resource development to contribute to the organization's overall performance (Werner and DeSimone, 2006).

According to Hinson et al. (2006), the hotel sector, as part of the global service industry, plays an essential role in a country's financial system. Similarly, Parameswaran and Natrajan (2001) argue that a country's economic health is inextricably linked to the quality of its hotel system. According to McClelland (1973), competence is a personal feature linked to exceptional performance and the manifestation of specific abilities in the practice and application of knowledge necessary to accomplish a job. Recent research has begun to look at the mediating processes through which a set of HR practices influences organizational performance (Gong et al., 2009; Sun et al., 2007; Takeuchi et al., 2007). According to a new study, the mediation function of proximal employee outcomes should be investigated (Butts et al., 2009; Liao et al., 2009; Takeuchi et al., 2009). As a result, the purpose of this study was to look at the mediating function of employee skills in the link between Select Human Resource Practices and the Hotel Industry in Jharkhand's organizational performance (India).

LITERATURE REVIEW

Human Resource Practices

HRD is defined as a mix of organized and unstructured learning activities, as well as performance-based activities, that improve individual and organizational competency, capability, and capacity to cope with and successfully manage change (Simonds and Pederson, 2006). HRD programs are created and executed to help employees enhance their skills so that they can perform well and reach performance goals (Indradevi, 2010; Swanson and Holton, 2009). In a similar vein, Clardy (2008) claims that firms use Select Human Resource Practices as a key strategic mechanism for encouraging good behavior in employees and influencing their knowledge, skills, and attitudes, which may lead to increased productivity and performance. Therefore, for this study, the following Select Human Resource Practices are examined: training and development, Compensation Management, and Performance Appraisal.

Employee Competencies

It is hard to identify or impute a cohesive theory or to arrive at a definition capable of accepting and reconciling all of the numerous ways that the term is castoff since there is so much misinterpretation and argument about it. Norris (1991) claims that as the requirement to define exactly and operationalize notions has supplanted tacit understandings of the term competence, the practice has become engulfed in theoretical ambiguity, and the simple has become deeply convoluted. Boon and van der Klink (2002) argue that while competence is a "fuzzy notion," it is a valuable phrase for bridging the gap between education and occupational needs. Occupational competence is defined as the relationship between an individual's ability and the requirements of a certain circumstance or work, including knowledge and intellectual abilities, non-cognitive elements, and a complicated function's capacity (Ellström, 1997). Self-competence, team competency, change competency, communication competency, ethical competency, diversity competency, and cross-country competency are the seven essential skills

identified by Hellriegel and Slocum (2011) as influencing individual, team, and organizational performance. The following abilities were investigated based on the literature: self-competence, team competency, change competency, communication competency, and ethical competency.

Organizational Success

Organizational effectiveness is likely the most important dependent variable in all organizational investigations, and the concept of effectiveness lies at the heart of organizational theories (Cameron, 1980; Goodman and Pinnings, 1980). Organizational effectiveness, according to Roy and Sanjiv (2005), is defined as the net satisfaction of all constituents in the process of efficiently accumulating and converting inputs into outputs. Five major techniques to evaluate organizational performance have been identified by researchers: goal achievement, system resource approach, strategic constituency approach, and conflicting values approach (Pfeffer, 1977; Quinn and Rohrbaugh, 1981; Trieschmann et al., 2000; Wolfe and Putler, 2002). According to Price (1968), the goals model defines effectiveness as the degree to which an organization achieves its objectives. According to the literature, the goal attainment approach, system resource approach, strategic constituency approach, and conflicting values approach were investigated as organizational performance metrics.

Human resource development contributions to organizational Success

Providing employees with additional or new information and skills has been linked to good organizational results in several studies (Schaufeli and Salanova, 2007; Sung and Choi, 2014; Tseng and McLean, 2008). Alagaraja et al. (2015) proposed five techniques for investigating the HRD, organizational effectiveness, and performance nexus: best-fit model, best-fit approach, best-practice model, a combination of best-fit approach and best-practice model, and stakeholders' perspective based. Several other writers have similarly theorized and experimentally shown a favourable association between single or connected sets of Select Human Resource Practices and organizational success (Colbert et al., 2014; Rahman et al., 2013; Riordan et al., 2005). Select Human Resource Practices, according to Swanson and Holton (2009), boost employee competency and organizational success.

Human resource development practices and employee competencies

Select Human Resource Practices, according to Shih et al. (2006), help develop employees' skills and talents to create returns through better productivity and corporate performance. Organizations should create and apply Select Human Resource Practices, according to Sung and Choi (2014), to enable individuals to work successfully and meet performance standards through increased individual competencies. Similarly, Kehoe and Wright (2013) argue that Select Human Resource Practices was the primary element in employees acquiring abilities that improved organizational performance significantly.

Training and Development and Employee Competencies

Several authors have argued for the importance of training and development in improving employee capabilities and organizational development (Chang et al., 2011; Swanson, 2001; Youndt and Snell, 2004). According to Salas and Cannon-Bowers (2001), training and

development improve employees' skills and competencies, which increases their productivity and performance. Zumrah et al. (2013), who claimed that workers who participated in training applied the new taught skills, knowledge, and attitude in their regular work and showed greater abilities and competencies in executing their job, appear to support this viewpoint.

Compensation Management and employee competencies

Compensation Management is the amount of engagement by members in the decision-making process of an organization, as well as the sense of responsibility and commitment produced as a result (Denison, 2007). Compensation Management, according to Rossler and Koelling (1993), develops individual competence, control, and duty, resulting in coordinated foresight, ideals, and ambitions. In a similar vein, Denison and Mishra (1995) pointed out that Compensation Management is an essential aspect of a company culture that affects its effectiveness. Similarly, Denison (1990) believes that getting feedback from people of the organization enhances the quality of choices and their execution.

Performance Appraisal and employee competencies

The whole constellation of psychological, social, educational, physical, economic, and chance aspects that combine to define the career of any particular individual throughout their lives is referred to as performance appraisal (McDaniels and Gysbers, 1992). According to McGraw (2014), the successful implementation of individual career management systems improves staff competency and individual performance. Kaye (2005), who proposed that a well-designed Performance Appraisal system helps businesses to leverage their richness of in-house talent for staffing and promotion by aligning employees' talents, experience, and ambitions to the needs of the organizations, appears to support this viewpoint.

The Arbitrating role of Employee Competencies

Although some research has found direct links between Select Human Resource Practices and organizational effectiveness (Indradevi, 2010; Riordan et al., 2005; Swanson and Holton, 2009), one assumption underlying strategic HRD research is that rather than exerting a direct effect, these practices could influence organizational effectiveness through their influence on certain organizational variables. Nilsson and Ellstrom (2012), for example, underline that creating HRD methods in a company allows workers to expand their competencies, which helps to overall firm success.

Theoretical Implications

The findings of this study back up Diaz-Fernandez et al. (2014)'s claim in the literature that further research in the hotel sector is needed to increase staff capabilities. HRD is vital in many areas of the economy, but it is particularly significant in the hotel business. The hotel sector is known for its intense nature since staff and consumers have considerably more direct interaction at the service interface (Delery and Doty, 1996). The findings of this study support the recommendation to investigate the relationship between Select Human Resource Practices and organizational effectiveness further, based on the premise that investment in Select Human Resource Practices is an important strategic mechanism that stimulates positive

behaviour in individuals and impact their knowledge, skills, and attitudes, resulting in increased productivity and performance (Clardy, 2008). The study's findings also help to clear up some misunderstandings in the literature about Select Human Resource Practices and organizational success (Alagaraja et al., 2015; Rahman et al., 2013; Tseng and McLean, 2008). The study's findings show that Select Human Resource Practices influence employee competencies through training and development interventions, which are defined as "the systematic acquisition of skills, rules, concepts and Compensation Management interventions, which are defined as "the degree to which employees share information, knowledge, rewards, and power throughout the organization" (Goldstein, 1986, p. 837) and Compensation Management interventions, which are defined as "the degree to which employees share information (Randolph, 2000). The findings back up the assumptions of Becker's (1964, 1993) human capital theory, which views training as a sort of investment that leads to increased individual output. They are also in line with the findings of other writers, who discovered that corporate training and development activities are an asset rather than an expenditure. The findings support the findings of researchers (Youndt, et al., 1996). Similarly, the findings back up Denison and Mishra's (1995) assertion that Compensation Management is an essential aspect of a company culture that affects its efficacy. They are also compatible with Denison's (1990) empirical findings, according to which getting feedback from organization members enhances the quality of choices and their execution. The findings are consistent with the findings of other studies (McShane and Von Glinow, 2003; Vroom and Jago, 1988). Employee competencies moderated the association between Select Human Resource Practices and organizational success, according to the study. The findings are in line with the findings of numerous other writers who discovered that staff abilities are critical for long-term competitive advantage (Hendry and Pettigrew, 1986; Kamoche, 1996; Lado and Wilson, 1994). They are also in line with the findings of numerous other writers, who claim that employees' membership perception and dedication to the organization cause them to go above and beyond the minimal job needed to achieve organizational goals (Macky and Boxall, 2007; Wright et al., 2005). The findings are consistent with the findings of other studies (Hoge et al., 2005; McCall, 1998). Previous empirical and theoretical research on the relationship between HRD and organizational effectiveness concentrated on strategy and design, whereas this research focused on people. This study adds to the small number of prior studies in the HRD and organizational effectiveness linking literature in the hotel sector that have focused on the critical role of employee abilities. Employee competencies have a crucial role as a mediating mechanism between Select Human Resource Practices and organizational success, according to the findings of this study. As a result, the current study's findings have never been experimentally validated in the literature. Uniquely, this study adds to the body of knowledge by providing empirical evidence that employee competencies moderate the link between Select Human Resource Practices and organizational success in the Hotel business in Jharkhand (India).

Limitations and recommendations for further research

Future research should include a lot more qualitative data. The use of both qualitative and quantitative methodologies would have resulted in a more in-depth analysis as well as useful clarifications. Another drawback is the study's generalizability. The findings of this study are

not generalizable since they are based on a small sample of hotels in a specific setting. Given the unique peculiarities of the hotel business, we should be cautious when extrapolating the findings to other industries. The current study adds to the SHRD literature by defining several types of Select Human Resource Practices and analysing the mediating mechanism that explains the influence of Select Human Resource Practices on organizational effectiveness both theoretically and empirically. Employee competencies moderated the association between Select Human Resource Practices and organizational success, according to the findings of this study. To gain a clear and thorough knowledge of the HRD – organizational success relationship, further conceptual and empirical work is required. Employee performance, concerning Select HR Practices, might be a viable mediating mechanism that underpins the influence of Select HR Practices on organizational effectiveness. Future studies should look at the role of employee performance as a mediating factor in the link between Select Human Resource Practices and organizational success employing different Select HR Practices.

REFERENCES

1. Alagaraja, M., Cumberland, D.M. and Choi, N. (2015), “The mediating role of leadership and people management practices on HRD and organizational performance”, *Human Resource Development International*, Vol. 18 No. 3, pp. 220-234.
2. Amah, E. and Ahiauzu, A. (2013), “ Compensation Management and organizational effectiveness”, *Journal of Management Development*, Vol. 32 No. 7, pp. 661-674.
3. Aragon-Sanchez, A., Barba-Aragon, I. and Sanz-Valle, R. (2003), “Effect of training on business results”,
4. Bentler, P.M. (1990), “Comparative fit indexes in structural models”, *Psychological Bulletin*, Vol. 107 No. 2, pp. 238-246.
5. Bentler, P.M. and Bonnet, D.C. (1980), “Significance tests and goodness of fit in the analysis of covariance structures”, *Psychological Bulletin*, Vol. 88 No. 3, pp. 588-606.
6. Boon, J. and van der Klink, M. (2002), “Competencies: the triumph of a fuzzy concept”, *Academy of Human Resource Development Annual Conference*, Honolulu, HA, 27 February-3 March, in *Proceedings*, Vol. 1, pp. 327-334.
7. Brown, M.W. and Cudeck, R. (1993), “Alternative ways of assessing model fit”, in Bollen, K. and Long,
8. J.S. (Eds), *Testing Structural Equation Models*, Sage, Newbury Park, CA, pp. 136-162.
9. Butts, M., Vandenberg, R., DeJoy, D., Schaffer, B. and Wilson, M. (2009), “Individual reactions to high involvement work processes: investigating the role of empowerment and perceived organizational support”, *Journal of Occupational Health Psychology*, Vol. 14 No. 2, pp. 122-136.
10. Cameron, K. (1980), “Critical questions in assessing organizational effectiveness”, *Organizational Dynamics*, Vol. 4 No. 2, pp. 66-80.
11. Carmines, E.G. and McIver, J.P. (1981), “Analyzing models with unobserved variables: analysis of covariance structures”, in Bohrnstedt, G.W. and Borgatta, E.F. (Eds), *Social Measurement: Current Issues*, Sage, Beverly Hills, CA, pp. 65-115.
12. Clardy, A. (2008), “The strategic role of human resource development in managing core competencies”,

13. Human Resource Development International, Vol. 11 No. 2, pp. 183-197.
14. Delery, J.E. and Doty, D.H. (1996), "Modes of theorizing in strategic human resource management: tests of universalistic contingency and configurational performance predictions", *Academy of Management Journal*, Vol. 39, pp. 802-835.
15. Denison, D.R. and Mishra, A.K. (1995), "Toward a theory of organizational culture and effectiveness",
16. Duckett, L.J. and Ryden, M.B. (1994), "Education for ethical nursing practice", in Rest, J.R. and Narváez,
17. D. (Eds), *Moral Development in the Professions: Psychology and Applied Ethics*, Lawrence Erlbaum Associates, Hillsdale, NJ.
18. Eby, L.T. and Dobbins, G.H. (1997), "Collectivistic orientation in teams: an individual and group-level analysis", *Journal of Organizational Behavior*, Vol. 18 No. 3, pp. 275-295.
19. Ellström, P.E. (1997), "The many meanings of occupational competence and qualification", *Journal of European Industrial Training*, Vol. 21 Nos 6/7, pp. 266-274.
20. Etzioni, A. (1960), "Two approaches to organizational analysis: a critique and a suggestion",
21. Goldstein, I.L. (1986), *Training in Organizations: Needs Assessment, Development, and Evaluation*, Brooks/Cole Publishing Company, Monterey, CA.
22. Gowen, C.R. III (1990), "Gain sharing programs: an overview of history and research", *Journal of Organizational Behavior Management*, Vol. 2 No. 2, pp. 77-99.
23. Granrose, C.S. and Portwood, J.D. (1987), "Matching individual career plans and organizational career management", *Academy of Management*, Vol. 30 No. 4, pp. 699-720.
24. Hendry, C. and Pettigrew, A. (1986), "The practice of strategic human resource management",
25. Jöreskog, K. and Sörbom, D. (1996), *LISREL 8: user's Reference Guide*, Scientific Software International, Chicago.
26. Kaye, B. (2005), "Build a culture of development", *Leadership Excellence*, Vol. 22 No. 3, p. 18.
27. Kamoche, K. (1996), "Strategic human resource management within a resource-capability view of the
28. Liao, H., Toya, K., Lepak, D.P. and Hong, Y. (2009), "Do they see eye to eye? Management and employee perspectives of high-performance work systems and influence processes on service quality", *Journal of Applied Psychology*, Vol. 94 No. 2, pp. 371-391.
29. McCall, M.W. (1998), *High Flyers: developing the Next Generation of Leaders*, Harvard Business School, Boston.
30. McClelland, D.C. (1973), "Testing for competence rather than for intelligence", *The American Psychologist*, Vol. 28 No. 1, pp. 1-14.
31. McCracken, G. and Wallace, M. (2000), "Towards a redefinition of strategic HRD", *Journal of European Industrial Training*, Vol. 24 No. 5, pp. 281-290.
32. McDaniels, C. and Gysbers, N.C. (1992), *Counselling for Performance Appraisal ; Theories, Resources and Practice*, Jossey-Bass Publications.
33. Mertens, L. (2000), "Training, productivity and labour competencies in organizational concept, methodologies and experience", *Montrvideo: Cinterfor*, Vol. 15, pp. 172-175.

34. Miles, J. and Shevlin, M. (1998), "Effects of sample size, model specification and factor loadings on the GFI in confirmatory factor analysis", *Personality and Individual Differences*, Vol. 25 No. 1, pp. 85-90.
35. Mondy, W. and Noe, R. (1981), *Personnel: the Management of Human Resources*, Allyn and Bacon, Boston, MA.
36. Rahman, A.A., Imm Ng, S., Sambasivan, M. and Wang, F. (2013), "Training and organizational effectiveness: moderating role of knowledge management process", *European Journal of Training and Development*, Vol. 37 No. 5, pp. 472-488.
37. *Human Resource Management Journal*, Vol. 13 No. 1, pp. 27-45.
38. Takeuchi, R., Lepak, D.P., Wang, H. and Takeuchi, K. (2007), "An empirical examination of the mechanisms mediating between high-performance work systems and the performance of Japanese organizations", *Journal of Applied Psychology*, Vol. 92 No. 4, pp. 1069-1083.
39. Tanaka, J.S. (1993), "Multifaceted conceptions of fit in structure equation models", in Bollen, K.A. and Long, J.S. (Eds), *Testing Structural Equation Models*, Sage, Newbury Park, CA, pp. 136-162.
40. Trieschmann, J.S., Dennis, A.R., Northcraft, G.B. and Niemi, A.W. Jr (2000), "Serving multiple constituencies in the business school: M.B.A. program versus research performance", *Academy of Management Journal*, Vol. 43 No. 2, pp. 130-141.
41. Tseng, C.C. and McLean, G.N. (2008), "Strategic Select Human Resource Practices as key factors in organizational learning", *Journal of European Industrial Training*, Vol. 32 No. 6, pp. 418-432.
42. Yamane, T. (1967), *Statistics, an Introductory Analysis*, 2nd ed., Harper and Row, New York, NY.
43. Yamao, S., Cieri, H.D. and Hutchings, K. (2009), "Transferring subsidiary knowledge to global headquarters: subsidiary senior executives' perceptions of the role of HR configurations in the development of knowledge stocks", *Human Resource Management*, Vol. 48 No. 4, pp. 531-554.
44. Youndt, M.A. and Snell, S.A. (2004), "Human resource configurations, intellectual capital and organizational performance", *Journal of Managerial Issues*, Vol. 16 No. 3, pp. 337-360.
45. Youndt, M.A., Snell, S.A., Dean, J.W. and Lepak, D.P. (1996), "Human resource management, manufacturing strategy, and firm performance", *Academy of Management Journal*, Vol. 39, pp. 836-866.
46. Yuchtman, R.F. and Seashore, S. (1967), "A system resource approach to organizational effectiveness",
47. Yuvaraj, S. and Mulugeta, K. (2013), "Analysis of the strategic orientation of Select Human Resource Practices and managers' awareness towards the concepts of HRD in Ethiopia", *Research Journal Social Science and Management*, Vol. 3 No. 1, pp. 186-198.
48. Zumrah, A.R., Boyle, S. and Fein, E.C. (2013), "The consequences of transfer of training for service quality and job satisfaction: an empirical study in the Malaysian public sector", *International Journal of Training and Development*, Vol. 17 No. 4, pp. 279-294.