Influential Relationship Between Human Resources Management Practices (HRMP) and Organizational Performance: A Study on Five-Star Hotels in Jordan

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ABSTRACT

Abstract. This study examines one of the important topics in the hotel services sector, that is human resources and the extent of their influence on the organizational performance in five-star hotels in the Capital City of Amman in Jordan. The study dealt with (170) workers in these hotels to underline the influential relationship between human resources management practices (HRMP) and organizational performance. Reliability analysis, descriptive statistics, and multiple regression analysis were performed. The study concluded that a large portion of changes in performance are ascribed to practices of human resources management of Jordanian hotels. The most influential dimensions in the organizational performance were: selection and placement policy, performance appraisal, and finally the work teams' policy. Meanwhile, the influences of other human resources practices varied proportional to the performance indicators duly established for this study.

Keywords: Human Resources Management Practices (HRMP), Performance, Hotels, Jordan.

1 INTRODUCTION

The workforces of the tourism sector are the guarantee for achieving success of all the organizations working in this sector of different types and kinds. The total workers number in this sector is estimated by more than (200) million people all over the world (www.unwto.org). This is because the nature of the service provided to the tourists in this sector requires, to a wide extent, direct contact between the worker and the customer (interaction), for making good use of the service. Therefore, the worker is considered a part of the tourist product in the tourism and hospitality industry; and that the customer became able to assess the human behavior of the worker during his/her contact with him/her, in addition to assessing the service provided to him/her. Accordingly, this research is conducted to underline the importance of workers as one of the marketing mix elements, and one of the marketing types (internal and interaction marketing). Furthermore, this importance requires that the worker should possess high skills in dealing with customers, and that good dealing between the customer and the worker requires caring for the workers, and realization of their highest satisfaction degrees and commitments, in an approach to their effective participation in organizational performance. As a result, this study examines the importance of human resources management practices in the hotels, and how such practices work toward the enhancement of organizational performance.

2 LITERATURE REVIEW

2.1 Organizational Performance: Concept and Indicators

Performance is the actual indicator that provides an image about the works of the organization, and gives a final picture about all the operations of the organization. Any distortion in this concern will be reflected on the performance, which deemed the mirror of the organization. This performance is used to answer many questions that may require reconsidering the vision and mission of the organization. In the organization theory, the organizational performance is defined as the focus on the augmentation of profits, which is a narrow concept of the organizational performance, because it is limited to the achievement of financial performance goals. It is used to measure financial indicators, such as the return on investment (ROI) and return on equity. Here the measurement dimensions do not include the organizational performance quality. In return, the organizational performance concept was expanded so as to include within its dimensions more quantitative and qualitative indicators. In spite of the difference between the writers and researchers in adopting a unified point of view that follows the same indicators of the organizational performance. Yet many of them agreed on that the type of organization and sector to which it belongs, as well as the priorities and preferences of the management, are the suitable approach for selecting of certain indicators, provided that they will include both quantitative and qualitative sides. Here below an overview of related previous studies that were overviewed in this regard.

Fong et al, (2011) study was about the relation between the practices of public relations management and the cognitive share of the Malaysian industrial and service companies, among which are the five-star hotels. The study dealt with five dimensions for measuring the human resources practices: selection and placement, compensation and remunerations, work team, performance appraisal. The study concluded that the policy of performance appraisal and policy of selection and placement are the most influential dimensions in cognition building with the individuals.

Hwang & Chi (2005) study dealt with the relation between the internal marketing and the workers' occupational satisfaction, and their role in reinforcing the performance of the international hotels in Taiwan. It concluded that internal marketing dimensions, which reflect the functions of the human resources, have a strong influence on the occupational satisfaction and the hotel performance, especially the financial and service performances.

The study made by Kazlauskaite & Buciuniene (2009) was on how to develop the human resources functions (wages, retirement salary, benefits, training and development, reducing or finding workforces, human resources information systems, recruitment and selection). It was applied to a sample of medium and large hotels in Lithuania, in the light of the environmental factors, such as: demographic, economical, cultural and legal. The study indicated that the economical, legal and demographical factors are the most important ones through which the development and change process in the human resources functions is shaped.

Another study made by Cho, Woods & Meyer (2005) dealt with more detailed dimensions in the human resources management and its relation with the organizational performance in a sample of hotels and restaurants. These dimensions were: placement, training, development, performance appraisal, performance revenues, worker's relations, internal communication systems. Worker's productivity as measured by the organization outcomes, and the growth in sales as measured by the financial and accounting outcomes of the researched institutions. The study concluded that the placement policy, performance appraisal, workers' relations, training and development are the most influential dimensions on the institutional performance.

Study of Stavrou, Brester & Charalmabous (2010) examined the influential relationship between the practices of the human resources (training and development, benefits and compensation, placement, participation, communication, and finally, human resources

planning) in a sample of the service sector organization in the European Union and the institutional performance. The study concluded that all the dimensions of human resources management practices (HRMP) have influences on the organizational performance represented by profitability, productivity and type of services.

While the study of Ngo & Loi (2008) tackled the flexibility in the human resources practices and their role in reinforcement of the organizational culture and organizational performance in a sample of service organizations in Hong Kong. The human resources flexibility concept examined three dimensions: flexibility in workers' skills, flexibility in workers' behavior and flexibility in the human resources practices. The study further examined two dimensions to measure the organizational performance: human resources-related performance and market-related performance. The study concluded that flexibility in the workers' skills and flexibility in human resources practices are the most influential dimensions in human resources-related and market-related organizational performance.

In his study, Asif Khan (2010) dealt in five dimensions to measure the human resources practices: recruitment and selection, training and development, performance appraisal, rewards and remunerations, and the workers' participation. The study further dealt with other five dimensions to measure the institutional performance: perceived quality of products and services, production costs, market share, competitors-related performance, and industry average-related performance of the organization. The study concluded that the human resources management practices (HRMP)- as ascribed to their dimensions- positively affect the realization of the remarkable institutional performance, particularly, the competitors-related performance and market-related performance.

The study conducted by Ismail; Omar & Bidmeshgipour (2010) indicated that the human resources strategies practices, i.e. workers' participation policy. Training, recruitment, selection, compensation management, performance appraisal are the most influential dimensions in reinforcing the institutional performance, whether the financial or non-financial performance.

Meanwhile, study of Gannon; Roper & Doherty, 2010) dealt with the extent of the hotel Management Contracting influence on human resources management practices (HRMP) in the international companies specialized in the hotel chains. The study concluded that hotels managed by the Management Contracting concept have more powerful placement policy, incentives, training and development, as compared with other hotels managed by local companies.
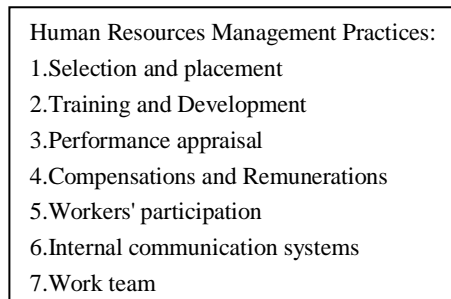
Study of Davidson; Timo & Wang (2010), which was intended to illustrate the relationship between the work rotations rates in the four and five-star hotels and the institutional performance. The study indicated that the work rotation averages in the tourism and hotel sector, in particular, are of the high rates; and that the work rotation phenomenon weakens the organizational performance in the area of profit decrease and operational costs increase of the hotel processes.

The study undertaken by Sainaghi (2010) measured the hotel performance through underlining the way to measure the hotel works success and the determining elements of the hotel performance. The study employed the Balanced Scorecard through four indicators: education and growth, internal procedures, customers, and finally, the financial dimension. The study also dealt in for procedural indicators to measure the hotel performance: achieving the shareholders' expectations, achieving the customers' satisfaction, ability of the hotel in innovation and learning, and finally, adaptation in the hotel. Based on the above discussed previous studies the following section exhibit the study model.

3 STUDY MODEL

Methodological treatment of the study problem requires, within its theoretical framework, designing a hypothetical model Figure (1) with the independent and dependant variables. The model indicates the logical relationship between the elements of these variables, represented by the practices of human resources management and the organizational performance.

Independent Variable

Dependant Variable

Human Resources Management Practices:
1.Selection and placement
2.Training and Development
3.Performance appraisal
4.Compensations and Remunerations
5.Workers' participation
6.Internal communication systems
7.Work team

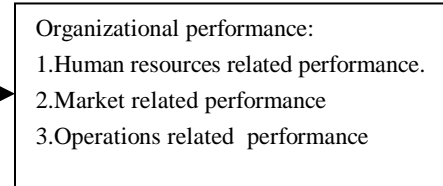| Organizational performance: |
| --- |
| 1.Human resources related performance. |
| 2.Market related performance |
| 3.Operations related performance |

Figure (1): Study model

STUDY HYPOTHESES

Main Hypothesis

H0: There are no influential relationships between the practices of human resources- ascribed to their dimensions- and organizational performance of the Jordanian hotels. This hypothesis is branched into the following sub-hypotheses:

Ho1: There is no influential relationship between the practices of human resources, ascribed to their dimensions, and human resources- related organizational performance.

H02: There is no influential relationship between the practices of human resources, ascribed to their dimensions, and the market- related organizational performance.

H03: There is no influential relationship between the practices of human resources, ascribed to their dimensions, and operations-related organizational performance

4 METHODOLOGY

4.1 Study Population and Sample

The study sample consisted of the organizations operating in the tourism industry in Jordan. Meanwhile, the sample of the Jordanian five-star hotels in the City of Amman (13 hotels) accommodate (4607) workers, of which the researcher had chosen five hotels. The sample unit is the total number of the workers in these hotels, namely the front and rear lines, enabling the study to deal with (230) workers.

4.2 Study Instrument

The study instrument was a questionnaire adapted from previous studies such as (Asifkhan, 2010; Ngo & Loi, 2008). It contained three sections, the first was about the personal data of the study unit (who completed the questionnaire); the second part about the dimensions of human resources management practices (selection and placement, training and development,

performance appraisal, compensation and remunerations, workers' participation, internal communication system, and finally, work team). Last and third part was about the organizational performance which consisted of three indicators: human resources-related performance, market-related performance and operations-related performance.

4.3 Measurement of the Questionnaire Reliability

To approach the accuracy of the questionnaire variables for the studied phenomenon. An initial test of its variable was made on the sample consisting of (40) individuals of the workers in the hotels. A retest was made one month later and the congruency of the responses of the individuals of the sample was 88%, a percentage indicating a high degree of reliability of the questionnaire, which became in its final form prior distribution. To further make sure of this percentage, Reliability Alpha was made, meaning the degree of dependence on the measurement instrument in giving the same or about the same results, should the measurement processes were repeated within similar conditions on the same sample, or on a similar sample. Cronbach's Alpha coefficient was employed to test the reliability degree of the measurement instrument in this study. The total level was 91.61%, an acceptable coefficient for the purposes of this study, since the quality of the instrument is achieved once the Cronbach's Alpha coefficient was more than 60% (Sekaran & Bougie, 2009).

4.4 Measurement Methods

Liker five-point scale was used in asking the questions of the questionnaire, and measuring the study variables. The items ranged from "strongly disagree" (1 point) to "strongly agree" (5 points), for the purpose of transferring the results of the researched individuals personal responses. The measurement method of this study is quite distinguished through developing tested measurements in previous studies for the purpose of their relevance to the study population.

5 RESULTS ANALYSIS AND HYPOTHESES TESTING

5.1 Description of Study Variables

Study variables are two dimensions: human resources management practices (HRMP) and the organizational performance. These variables will be described through getting the percentages of the responses of the sample individuals in the researched hotels totaling (170) responses, distributed over five hotels, namely: Sheraton, Hyatt Amman, Landmark, Marriot, and Jordan Intercontinental. Table No. (1) describes the means and standard deviations of these dimensions.

Table (1): Descriptive statistics

Variables	Mean	Standard Deviation
Human Resources Management Practices (HRMP) (ά=86%)	3.77	.65160
Selection and Appointment	4	.73927
Training and Development	3.7	.90169
Workers' Appraisal	3.8	.86888
Compensation and Remunerations	3.7	.70907
Workers' Participation	3.6	.78152
Internal Communication Systems	4.1	.98564

Work Team	3.5	.86597
Organizational Performance (OP) (ά=75%)	3.6	.65144
Human Resources-Related Performance	3.7	.62944
Market-Related Performance	3.5	.91832
Operations-Related Performance	3.6	.81015

6 HYPOTHESES TESTING

6.1 Main Hypotheses

H0: There is no influential relationship between the human resources management practices (HRMP), attributed to their dimensions, and the institutional organization of the Jordanian hotels". It was found, through analysis, that the organizational performance in the Jordanian hotels is influenced by the dimensions of the human resources management practices. Determination coefficient (R^2) indicated that the rate of the interpreted difference in adopting one form or other of the organizational performance due to the impact of the human resources management practices- attributed to its dimensions- was (0.428), which is an acceptable rate, indicating that (42.8%) of the overall differences in the organizational performance shown by the workers is determined through our knowledge and application of the dimensions of the human resources management practices. In addition, the relation strength (R) between the strategies of the human resources management practices and the organizational performance was (65.4%), meanwhile, computed (F) value (12.652), which is higher than (F) tabulated value at (3-211) freedom degrees and (0.05) significance level. This indicates that the regression curve is good in interpreting the relationship between them in the researched hotels. It is essential to know whether all the dimensions of the human resources management contributed to the impact of organizational performance. Therefore, there is an impact of the relative significance of each dimension of the human resources management practices included in the regression model. Tracking the partial regression coefficients (Beta) of each dimension, it was found that the most important dimensions, in terms of interpreted contribution in the organizational performance is the work team, selection and appointment, and finally performance appraisal. In this concern, the influence values were as follows: (β=.196, β=.253, β=.312) respectively. This was further confirmed by the value of computed (T) and the significance level of (Beta) value, which was less than (0.05), meaning that these variables have statistically significant effects, and assuring at the same time rejection of the null hypothesis and acceptance of the alternative hypothesis.

Table (2): Results of the stepwise regression analysis among the dimensions of human resources management practices, and the overall organizational performance

Variable	Beta	t	*Sig
Selection and Appointment	.253	3.328	.001*
Training and Development	.927	.388	.110
Performance Appraisal	.196	2.640	.009*
Compensation and Remunerations	.118	1.668	.090
Workers' Participation	.092	2.345	.128
Internal Communication Systems	.034	3.765	.101
Work Team	.312	4.707	.000*

* Significance level at $P \leq 0.05$

6.2 Sub-Hypotheses Testing

To test the sub-hypotheses, the researchers employed the stepwise regression. Table (2) indicates that the most influential dimensions of the human resources management practices (HRMP) in the human resources-related performance are: selection and appointment (β=.299), and training and development (β=.368), meanwhile none of the other dimensions has any significance influence.

Table (2): Results of the stepwise regression analysis among the dimensions of human

resources management practices and human resources-related performance

Variable	Beta	t	*Sig
Selection and Appointment	.299	.3.328	.001*
Training and Development	.368	.388	.000*
Performance Appraisal	.092	2.640	.081
Compensation and Remunerations	.118	1.668	.090
Workers' Participation	.010	4.707	.123
Internal Communication Systems	.0345	3.985	.234
Work Team	.102	2.456	.092

(R^2=.355; F=5.788) * Significance level at $P \leq 0.05$

On the other hand, Table (3) indicates that training and development (β=.262), compensation and remunerations (β=.212) and performance evaluation (β=.210) are the most important dimensions to the market-related performance.

Table (3): Results of stepwise regression analysis among the dimensions of human resources

management practices and market-related performance

Variable	Beta	t	*Sig
Selection and Appointment	.110	3.328	.090
Training and Development	.262	1.367	.001*
Performance Appraisal	.210	2.640	.009*
Compensation and Remunerations	.212	1.668	.010*
Workers' Participation	.029	4.707	.089
Internal Communication Systems	.098	3.97	.120
Work Team	.071	2.901	060

(R^2=.348; F=4.876) * Significance level at $P \leq 0.05$

And finally, Table (4) indicates that compensation and remunerations (β=.345) and work team (β=.298) are the only two influential dimensions in the operations-related performance

Table (4): Results of the stepwise regression analysis among the dimensions of human resources management practices and operations-related performance

Variable	Beta	t	*Sig
Selection and Appointment	.110	3.328	.072
Training and Development	.123	.388	.110
Performance Appraisal	.110	2.640	.091
Compensation and Remunerations	.345	1.668	.001*
Workers' Participation	.103	4.707	.098
Internal Communication Systems	.092	2.917	.062
Work Team	.298	2.876	.003*

$(R^2=.226; F=7.645)$ * Significance level at $P \leq 0.05$

7 CONCLUSIONS

The following conclusions are provided based on the above results:
- The study demonstrates the importance of the human resources in the hotel organizations and the method of human resources practices, as they have wide effect on the future of the organization, especially the service organizations, which largely depend on the workforces in providing services to their customer directly.
- The study indicates that the practices of the human resources functions practices in the five-star hotel organizations in Amman were over the average (3.8) of Likert five-point scale. In this concern the evaluations of the workers' participation policy, compensation and remunerations, training and development, work team, and performance appraisal, were less than (4) and more than (3).
- The study further shows that the evaluation of the researched sample of the organizational performance was (3.6). As the workers' evaluation was (3.7) on the human resources-related performance, (3.5) on the market-related performance, and (3.6) on the operations-related performance.
- The study revealed that the selection and appointment policy in the hotel organizations, work team police and performance appraisal method were the most influential in the organizational performance as compared by other jobs. These three dimensions interpreted (42.8%) of the differences in the organizational performance.
- The study further revealed that the policy for selection and appointment and policy for training and development, are the most influential in the human resources-related performance. Meantime, training and development, performance appraisal, and compensation and remunerations were the most affecting policies in the market-related performance. On the other hand, for the operations-related performance, compensation and remunerations as well as work team policies were the most influential to the performance.

8 RECOMMENDATION

Based on the above conclusions the following recommendation can be made:
- It is quite essential to place special attention to the workforces in the hotel organizations, especially those concerning the performance evaluation and work team policies, through creating clear and fair mechanisms in implementing many of the human resources policies.
- Special attention should be given to the measurement of the organizational performance through the qualitative indicators as compared by the quantitative indicators. This will be

achieved by providing data facilitating this process, whether subjective or objectives such data is, in a manner that guarantees reflection of these indicators to the organizational performance very accurately.

▪ Linkage is vital between the organizational performance and the qualitative indicators of the performance quality, especially, customers' satisfaction, workers' retention policy, quality of the services , service performance, and the product development policy in the organizations.

▪ Giving special care to the ongoing auditing on the functions of the human resources management and their method of practice, in a manner that assures realization of competitiveness in the human resources, and subsequently, reinforcement of the organizational performance.

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