

IMPACT OF EMPLOYMENT PRACTICES ON EMPLOYEE PRODUCTIVITY IN STAR HOTELS: AN EMPIRICAL STUDY OF BENGALURU CITY

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Abstract

Employment practices in the hospitality industry tend to be poor. Very few hospitality employers meet all of the basic requirements set by employment legislation and the managers and proprietors are poorly advised or trained about 'good practice'. Poor employment practice is of concern because, ultimately, it threatens India's success in tourism and hospitality markets as well as providing only low quality employment for many people. This study aims at analyzing the interdependency of Employee productivity and employment practices followed in the hospitality industry represented from star hotels ranging Five stars. It further attempts to compare the findings of Bangalore city. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 216 employees from the management and the associates categories to understand their views on the subject. The responses received were represented graphically and analyzed using basic analytical tools. The findings of his research confirm the fact that employment practices (Employee Appreciation System, Employee Benefits, Monetary Benefits, Work-Life Benefits and Employment Practices) significantly impact on the productivity of its employees in the hospitality industry. However, the productivity management system should be suitably designed to focus on key employment practices with an aim to enhance the overall employee productivity. It further states that the most important areas for boosting employee productivity on which the management of hotels should focus their employment practices are provision of "Monitory Benefits (Salary & Wages, Overtime, Incentives)" and "Work-Life Balance (Weekly offs, Holidays, Duty timings)".

Keywords: Employee Practices, Employee Productivity, Employee Benefits, Star Hotels and Bengaluru City.

Introduction

In the recent years, the word productivity has gained popularity in the business world. The problem of scarcity has a deep rooted impact on the economies of each and every business unit. Almost all organizations, either reactively or proactively, have become serious on their productivity. Moreover, in today's world of cut -throat competition, every organization is striving hard to have an upper edge over their competitors. The organizations have realized that enhancing their productivity goes a long way in success of their business operations and thus productivity has become a matter of great concern amongst them. There is a well-established positive relation between fair employment practices followed by the organizations and the motivation and efficiency of its employees. Thus it may not be an exaggeration to say that adherence to fair employment practices has a positive impact on employee productivity. However, to generalize this statement, we need to clearly define "Productivity" and "Fair Employment Practices" and check the intensity of its impact in enhancing employee productivity.

Productivity is an average measure of the efficiency of production. Productivity is a ratio of production output to what is required to produce it (inputs of capital, labor, land, energy, materials, etc.). The measure of productivity is defined as a total output per one unit of a total input.

Employment Practices may be defined as any recruitment, hiring, or selection practice, or any transfer or promotion policy, or any benefit provision or other function of the employer's employment process that operates as an analysis or screening device.

Although these definitions have a universal application to all trades, productivity management is a big challenge to organizations especially when the product is in the form of a service. The characteristics of service industry make productivity management in such industries more difficult and challenging. Hotel industry being a part of such a service industry faces a similar problem. However, the hotel industry cannot just sit over the problem and thus have to find a gateway to deal with the issues of productivity management in hotels.

Employee Productivity Management is series of interlinked activities or tasks right from formulating a productivity management model to suit the organization to take measures in enhancing the employee productivity. This study aims at analyzing the productivity management system adopted by the hotels and the challenges faced by them is implementation of the same.

Literature Review

Bayless (2012), reported on the importance of staff training program to increase the productivity. It mentions that both new staffs and longer-term staff must be given opportunity to refresh, re-engage and develop new skills through training programs. Further the article focuses in the objectives of the Leadership in an organization. [1]

Wan-Jing April Chang (2010), examined the impact of human resource (HR) capabilities on internal customer satisfaction and organizational effectiveness. The findings revealed the importance of internal customers in enhancing employee morale, organizational commitment, employee productivity, turnover rate and the organization's ability to attract talent. [2]

Chen Shyh-Jer (2009), indicated that job satisfaction for casual employees in the hospitality industry might well be increased when employers offer flexible rewards such as bonuses paid according to performance. In keeping with other research, the study also found that hospitality organizations tend to have lower staff turnover if the organization employs more internal employees. The study also found a significant positive relationship between internal employment modes and productivity. [3]

Mohinder Chand (2007), explored that hotel performance is positively associated with hotel category and type of hotel (chain or individual). Furthermore, hotel performance is positively related to the HRM systems of recruitment and selection, manpower planning, job design, training and development, quality circle, and pay systems. [4]

Li-Yun Sun (2007), examined processes (mediation and moderation) linking high performance human resource practices and productivity and turnover, two indicators of organizational performance and revealed that service-oriented Organizational Citizenship Behavior (OCB) partially mediated the relationships between high-performance human resource practices and both performance indicators. Unemployment rate moderated the service-oriented OCB-turnover relationship, and business strategy (service quality) moderated the service-oriented OCB-productivity relationship. [5]

Liz Price (2007), reviewed the evidence suggesting that personnel practice in the commercial sector of the UK hotel and catering industry tends to be poor. In particular, she presents the findings of her own recent surveys which demonstrate that few hospitality employers meet all of the basic requirements set by employment legislation and that managers/proprietors are poorly advised/trained about 'good practice'. She argues that poor personnel practice is of concern because, ultimately, it threatens UK success in tourism and hospitality markets as well as providing only low quality employment for many people. [6]

Seonghee Cho (2006), investigated the relationship between the use of 12 human resource management (HRM) practices and organizational performance measured by turnover rates for managerial and non-managerial employees, labor productivity, and return on assets. The results of regression analyses indicated that companies implementing HRM practices such as labor-management

participation program, incentive plans, and pre-employment tests are more likely to experience lower turnover rates for non-managerial employees. [7]

Erdem (2006), examined the impact of employee relations programs on organizational performance in the lodging industry. These programs provide employees with opportunities to participate in planning and improving work-related tasks. [8]

Pendrous (2005), discussed issues facing human resource directors and managers at the food industry in Great Britain and stated that there is a need to increase productivity and efficiency of employees. The industry should invest in staff training and development. It is also important to identify transferable skills. [9]

Sheng-Hsiung Tsaor (2004), explored the relationship among human resource management practices, service behavior and service quality in the tourist hotels in Taiwan. The results indicate HRM practices had partially a direct effect on customer perceptions of service quality and an indirect effect through employees' service behavior. [10]

Kuldeep Singh (2004), found out the relationship between the human resources management practices and firm level performance. The study conducted on 82 Indian firms indicates that there is a significant relationship between the two human resources practices, namely, training and compensation, and perceived organizational and market performance of the firm. [11]

Research Objectives

1. To identify the key employee practices followed by hotels.
2. To examine the impact of employment practices on employee productivity in the Hospitality Industry.

Research Hypothesis

H01: There is no significant relationship between employment practices and employee productivity in the hospitality industry.

- **H01.1:** There is no significant relationship between monetary benefits and employee productivity in the hospitality industry.
- **H01.2:** There is no significant relationship between employee practices and employee productivity in the hospitality industry.
- **H01.3:** There is no significant relationship between employee benefits and employee productivity in the hospitality industry.
- **H01.4:** There is no significant relationship between work-life benefits and employee productivity in the hospitality industry.
- **H01.5:** There is no significant relationship between employee appreciation system and employee productivity in the hospitality industry.

Statistical Tools

- Reliability and validity test
- Factor analysis
- Regression

Research Methodology

The population being “employees of Star Hotels” is more or less homogeneous in nature since the characteristics and service conditions of the industry are almost similar in nature throughout the population. With due consideration to this fact, a total sample comprising of 216 hotel employees from

Bengaluru city was selected for the study. The sample that was selected on random basis represented the 'Manager' & "Associates" categories of 17 star hotels.

Data Analysis & Interpretation
Reliability & Validity Test

Table: 1. Case Processing Summary

		N	%
Cases	Valid	216	100.0
	Excluded ^a	0	.0
	Total	216	100.0

a. Listwise deletion based on all variables in the procedure.

Table: 2. Reliability Statistics

Cronbach's Alpha	N of Items
.917	24

It is being considered that reliability should be more than 0.7 as it can be seen in both table that the reliability through Cronbach's Alpha test is more than the standard value, hence the questionnaires are reliable.

Exploratory Factor Analysis

Table: 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.853
Bartlett's Test of Sphericity	Approx. Chi-Square	2176.854
	Df	153
	Sig.	.000

Kaiser-Meyer-Olkin Measure of Sampling Adequacy Value was .853 indicating that the sample was adequate to consider data as normally distributed. Bartlett's Test of Sphericity was tested through Chi-Square Value 2176.854 significant at 0% level of significance indicating that the data has low sphericity and is therefore suitable for factor analysis.

Table: 4. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.897	38.316	38.316	6.897	38.316	38.316	3.623	20.128	20.128
2	2.414	13.413	51.729	2.414	13.413	51.729	2.964	16.466	36.593
3	1.342	7.455	59.184	1.342	7.455	59.184	2.426	13.480	50.073
4	1.251	6.948	66.132	1.251	6.948	66.132	2.034	11.302	61.376
5	1.079	5.993	72.125	1.079	5.993	72.125	1.935	10.750	72.125
6	.779	4.328	76.454						
7	.729	4.047	80.501						
8	.537	2.986	83.487						

9	.450	2.502	85.989					
10	.407	2.260	88.249					
11	.361	2.004	90.253					
12	.340	1.889	92.142					
13	.316	1.755	93.897					
14	.300	1.665	95.562					
15	.248	1.380	96.943					
16	.220	1.223	98.165					
17	.185	1.030	99.195					
18	.145	.805	100.000					

Extraction Method: Principal Component Analysis.

About 72.125 % of the total variance in the 18 variables is attributable to the first five components. Also we can judge how well the five-component model describes the original variables.

Table: 5. Rotated Component Matrix

Statements	Eigen Values	Factor Name
Better Salary & Wages	0.851	Monetary Benefits
Overtime compensation	0.798	
Employee Incentive Scheme	0.786	
Opportunities to attend training programs to enhance operational skills.	0.764	
Personality Development Programme	0.612	
Transport Facilities	0.874	Employment Practices
Accommodation Facilities	0.795	
On the job Meals	0.739	
Employee friendly work culture	0.647	
Child Education Plans	0.883	Employee Benefits
Family Pension Scheme / Insurance Schemes	0.833	
Family Medical Benefits	0.569	
Employee Leisure Clubs / Get together	0.887	Work-Life Benefits
Fixed number of working hours per day	0.708	
Additional Leaves / Holidays / Weekly offs	0.659	
Employee Rewards Schemes	0.819	Employee Appreciation System
Appreciations of performing employees	0.772	

Multiple Linear Regression

Table: 6. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.708 ^a	.502	.490	.641	2.197

- a. Predictors: (Constant), Employee Appreciation System, Employee Benefits, Monetary Benefits, Work-Life Benefits, Employment Practices.
 b. Dependent Variable: Employee Productivity

Table: 7. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.908	5	17.382	42.270	.000 ^b
	Residual	86.352	210	.411		
	Total	173.259	215			

- a. Dependent Variable: Employee Productivity
 b. Predictors: (Constant), Employee Appreciation System, Employee Benefits, Monetary Benefits, Work-Life Benefits, Employment Practices.

The result of the multiple regression using enter method as in Table 7 and 8, shows that overall model for specialty stores yielded a significant statistic ($F=42.270$, $p<0.000$) and adjusted $R^2=0.502$, explained by, Employee Appreciation System, Employee Benefits, Monetary Benefits, Work-Life Benefits and Employment Practices.

Table: 8. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.975	.194		5.038	.000
	Monetary Benefits	.138	.049	.175	2.827	.005
	Employment Practices	.178	.050	.226	3.561	.000
	Employee Benefits	.249	.045	.320	5.508	.000
	Work-Life Benefits	.087	.043	.117	2.025	.044
	Employee Appreciation System	.114	.043	.147	2.665	.003

- a. Dependent Variable: Employee Productivity

As hypothesized monetary benefits is significantly influencing employee productivity ($=0.175$, $p<0.05$), thus supporting the hypothesis Ha1.2, employee practices are significantly influencing employee productivity ($=0.226$, $p<0.05$), thus supporting the hypothesis Ha1.2, employee benefits are significantly influencing the employee productivity ($=0.320$, $p<0.05$) and it is the strongest determinant of employee productivity, thus supporting the hypothesis Ha1.3, work-life benefits significantly influencing the employee productivity, ($=0.117$, $p<0.05$), thus supporting the hypothesis Ha1.4 and finally, Employee appreciation system is also significantly influencing employee productivity ($=0.147$, $p<0.05$) thus supporting the hypothesis Ha1.4.

Suggestions & Recommendations

- Based on the responses received by the employees of the hotel industry on the issues related to Productivity management in hotels, the following suggestions & recommendations can be made:
- The findings of this study suggest that the employment practices adopted by hotels have a great impact on the productivity of its employees. In spite of having an agreement with this fact by the

management of hotels, the employment practices remain poor as compared to other industries. It is therefore recommended that hotels should design employee friendly practices aiming at the general welfare of its employees which would eventually result into enhanced employee productivity.

- The biggest challenges of working in the hospitality industry are Poor pay packages and Poor Work-life Balance and they also happen to be the areas of greatest concern for its employees. The management should focus on provision of employment practices pertaining to the areas of Monetary Benefit and Work-Life Balance that have a higher impact on enhancing productivity of its employees.
- The hotels should device a mechanism to link the productivity of its employees to their salary or some monetary compensation. This will prove to be a good motivator for the employees to be more productive.
- Employee benefits like Family medical benefits, Child education plans & Family pension schemes / insurance act as an additional perquisite to the employees and is not a common feature in the hotel industry. Thus taking a note of this, the industry should implement these schemes for its employees.

Conclusion

In this study the internal consistency of the questionnaire of 24 items with a value of the Cronbach's Alpha is 0.917, which shows that data is 91.7 per cent reliable. On the basis of Varimax Rotation with Kaiser Normalization, 5 factors have been extracted. Each factor is constituted of all those variables that have factor loadings greater than 0.5. The data reduction technique has reduced the total 18 variables converted into 5 organizational factors (Employee Appreciation System, Employee Benefits, Monetary Benefits, Work-Life Benefits and Employment Practices). The contribution of these 5 extracted factors is observed to be 72.125 percent of the variability which determine the employee productivity of star hotels employees in Bengaluru city. The study concluded that employee benefits had the highest impact on the employee productivity of the star hotels employees followed by employee appreciation system, monetary benefits, work-life benefits and employment practices.

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