

High Performance Work Practices and Service Quality in Mid-Scale Lodging Industry

¹Mary Monica Jiony, ²Lew Tek-Yew, ¹Geoffrey Harvey Tanakinjal,

¹Daria Gom and ¹Ruth S. Siganul

¹Faculty of International Finance, Universiti Malaysia Sabah, Sabah, Kota Kinabalu, Malaysia

²Curtin University Sarawak, Sarawak, Miri, Malaysia

Abstract: The main objective of this research is to examine the important constructs of service quality in its relation to high performance research practice with employee engagement as mediating factor. It attempts to identify the potential gap in the service quality performance in the lodging industry in Sabah, Malaysia. A preliminary study to complement a larger research, this study intends to use quantitative approach. The three-fold potential contributions of this paper include: enriching the literature of strategic Human Resource (HR) and Organizational Behavior (OB) as empirical evidence to the management of lodging industry and the service sector in general and lastly, contributing toward the sustainable and robust performance of the ‘Sabah hospitality service quality performance’.

Key words: High performance work practice, service quality, employee engagement, work life balance, hotel industry, Sabah

INTRODUCTION

Expected to focus on the midscale lodging industry in Sabah Malaysia, this study examines the role of employee engagement in the relationships between High Performance Work Practices (HPWPs) and service quality in this sector. Many past research were conducted to examine practices that affect the performance of high-performance work practices which were mainly framed by the study of manufacturing organizations, connecting the studies to enrichment of employee’s skills, decision making and motivation (Sun *et al.*, 2007).

Work satisfaction amongst employees is dependent on the level of engagement the workforce exerts toward their research (Harter *et al.*, 2003). Engaged employees are highly involved and emotionally attached in their job. They are enthusiastic about going to great length for the success of their employer, often going the extra mile beyond expectation.

Research also suggested that engaged employees are likely to stay long hours accomplishing the tasks expected of them and often go beyond their employment contract (Saks, 2006). In addition, these employees will also likely continue their tenure with their current (Saks, 2006; Shuck and Reio, 2014) and project positively with (Chalofsky, 2010).

In a study by Karatepe (2013) he posited that employee’s research engagement is crucial in determining the extra-role customer service effort employees exert also suggesting that this extra-role customer service effort is crucial in organizational settings. A reciprocal effort that the more thoroughly an organization promotes service climates, the more willing the employees exert their extra-role effort which often results an enhanced quality of service. The researchers further reiterated that with the prospering of service economy, the extra-role effort employees exert is even more valued than before. Under this circumstances, hotel organizations could properly plan strategic practices to stimulate employee’s willingness to exercise their extra-role effort and to search for new methods to allow employees to respond to customer’s demand more efficiently.

Brief background

Service sector and tourism industry: Tourism in Malaysia has grown rapidly over the past decades and has been considered as one of the major contributors to its economic development stated that tourism in the state of Sabah is of interest as lucrative attractions branch from this region. The service sector is the state’s major contributor toward its GDP (Gross National Product) and the tourism industry in envisioned to be the main driver for the service sector.

Dr. Abdul Rahman Hassan, Head of National Statistics Department asserted that the service sector in Sabah is promising of which contributed to 50.4% of state's overall GDP envisaging attaining a further 65% overall GDP by 2020 which would complement the country's effort toward realizing a service-driven economy (Murib, 2012). BERNAMA contends that aside to seeing an increased in chartered flights into the state increasing from 164-262, Sabah also experienced the highest tourist influx to have ever recorded an increase of 17.6% from the previous year. This inevitably demands an increase in hotel rooms needed to accommodate the influx of tourists.

BERNAMA further restated that Sabah envisaged to produce quality workforce for the industry to cater for state's vision to achieve knowledgeable and effective service providers as "connectors, technology transfer agents and problem-solvers". Sabah economic development and investment authority (Sedia), a government agency has set its long term priority to make Sabah economically prominent in Asia and to make Sabah among the most livable places in Asia by 2025.

Oxford stated that by 2009, a total of 443 new hotels opened its doors for business this resulted in an increase of hotel workforce to 4.6% in 2005 and 6.1% in 2009.

Sabah's potentials in the services industry can be seen in the state government's implementation of the Sabah corridor blueprint in which the tourism industry had been identified as one of the economic drivers in Sabah 2011. Some of the state's other primary industry advantages include strategic location, oil and gas and energy, agricultural and natural resource, human capital, biodiversity and cultural appeal.

Problem statement: In a research conducted by the hotel organizations in Malaysia face problems identifying factors that aid employee retention and this is affecting the country's tourism industry to prosper. The research also recommends that the hotel management recognizes the needs of their employees to help increase their level of commitment. (Kalidass and Bahron, 2015) relates that the employee turnover rate can adversely affect the service business such the hotel operations.

Lahap emphasized that being able to identify the employee's level of commitment is crucial as the tourism industry builds entirely upon people to provide the appropriate level of service. The interaction between the employees and the customers is essential as it determines the service quality that is being extended (Murib, 2012) attested that quality is considered as the key element to value creation, in addition to influencing the overall satisfaction of customers.

Chapter 4 identifies that in Sabah, the tourism industry is challenged by the shortage of job-fitting, skilled and trained employees. Sabah requires the level of service and quality needed for the state to make tourism its main economic driver and main income generator to help realize its vision toward building a "high-margined service sector in tourism". In this context, it is very important for the hotel organizations to understand what affect the overall effectiveness and service quality of the hotel frontline employees in delivering their service. This way, it would be possible to dissect the grey areas to fill the gap and uncover precisely the influencing factors of HPWPs and service quality.

Thus, this research aims to further investigate the important constructs of service quality, thereon attempts to identify the potential gap in the service quality performance in the lodging industry in Sabah, Malaysia.

Objectives of the research: The general objectives of this conceptual study are:

- To examine the relationships between the antecedents of service quality such as High Performance Work Practices (HPWP), employee engagement and service quality
- To identify a new construct of service quality performance in the lodging industry in Sabah, Malaysia
- To investigate the validity and reliability of the new construct of service quality

Significance of the study: Theoretically, this research contributes to the literature of strategic Human Resource (HR) and Organizational Behavior (OB). By testing the reliability and validity of the LQI in Sabah's lodging industry, this study simultaneously contributes to the existing literature of service.

Practically, this research will likely serve as important empirical data to the management of hotel industry and the service sector in Sabah in general whereby it discusses the human resource practices, employee research practices, employee engagement and constructs that would be able help the management of hotels achieve the required competitive advantage. The lodging establishments would be guided in their endeavor to find ways to promote suitable and attractive HPWPs to entail job effectiveness and encourage employees to exert their extra-curricular role customer service to achieve organizational goals. Specifically, this research could contribute toward the sustainable and robust performance of the 'sabah hospitality service quality performance'. Finally, this study will be useful to policy makers as

it provides them a practical guideline to introducing policy or changes in policies related to the tourism industry.

MATERIALS AND METHODS

The intended respondents for this study are frontline employees including supervisors in selected midscale hotels located in Sabah, Malaysia. This study plans to employ the following methods:

- Using quantitative methods as the primary method and qualitative approach as secondary
- Survey instrument design to examine dimensions and aspects of all constructs
- The use of Structural Equation Model (SEM-PLS) for performing analysis related to structural equation modeling procedure
- Questionnaire (using likert scale) to assess engagement of employees
- The use LQI to assess service quality
- Interviews

RESULTS AND DISCUSSION

Working definitions (selected)

High Performance Work Practices (HPWPs): High Performance Work Practices (HPWP) are considered to be able to contribute to higher levels of both employee and organizational performance and productivity and is widely used in the area of Strategic Human Resource Management (SHRM). Other key words that is normally identified with or related to HPWP is High Performance Work Systems (HPWS) High Involvement Work Systems (HIWS) or High Commitment Work Systems (HCWS) (Asmawi and Chew, 2016). HPWP is a HRM practices aimed at encouraging employees and stimulating organizational performance whereby a combination set of practices are implemented to achieve organizational objectives reviewed that HPWPs commonly cover some bundles of HRM practices from three general categories such as high employee involvement practices, human resource practices and reward and commitment practices. Understanding how HPWPs influence the level of motivation of employees in the workplace is important as it uncovers the grey areas to be addressed in order to elevate the employee's quality of service.

Cook *et al.* (2013) asserted the importance of social structures in an organization because this can equally provide guidelines and directions (systems, practices, etc.,) as to how employees exercise the authority within their work scope and influence the surroundings to make work meaningful.

Employee Engagement (EE): Employee engagement is a critical issue as it has been linked to employee productivity and organizational performance. Engaged employees are regarded as a backbone of good working environment where employees are effective. Employee engagement no doubt is a complex concept it presents many issues influencing engagement levels of employees. The research of (Kahn, 1990) defined employee engagement as "the harnessing of organization member's selves to their research roles in engagement, people employ and express themselves physically, cognitively and emotionally during role performances." On the other hand (Schaufeli *et al.*, 2002) described engagement as "positive, affective motivational state of fulfilment that is characterized by vigor, dedication and absorption". Barney (1991) contended that the achievements and eventual success of any organizational lies within internal characteristics of an organization. Employee engagement is a workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success and are able at the same time, to enhance their own sense of well-being (Loke *et al.*, 2011).

Kular reviewed three sets of areas which includes the conceptualizing of employee engagement and its accomplishments how engagement could be perceived differently amongst individuals and how individual involvement affects engagement.

Getty and Getty (2003) affirmed that employee engagement is an important yet complex challenge and there remains many scopes for discussing the various approaches.

Service quality: Service quality can be described as a rationale of differences between expectation and competence along the important quality dimensions. Parasuraman *et al.* (1985) initially identified 10 dimensions of Service Quality (SERVQUAL) which were used to evaluate the quality of service: reliability, responsiveness, tangibles, communication, credibility, security, competence, courtesy, understanding the customers and service accessibility. In 1990s, Parasuraman *et al.* (1985) proposed a new revised service quality scale, a prominently used survey method to measure service quality and has been widely used amongst academicians to measure perceptions of service quality across five dimensions: tangibility, reliability, responsiveness assurance and empathy. In 2003 Lodging Quality Index (LQI) was introduced to measure quality specifically in the lodging industry.

Proposed theoretical framework: The conceptual framework proposed in this study suggests investigating

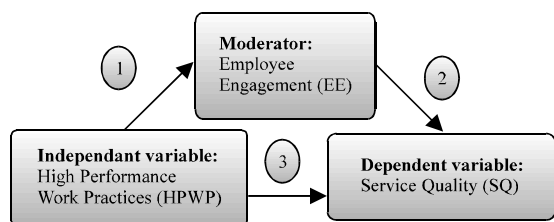


Fig. 1: Proposed theoretical framework

the relationships between High Performance Work Practices (HPWPs) and service quality. Employee engagement is used as a mediator to examine the potential antecedents of organizational conditions that could foster employee engagement at research thus entails an improved organizational performance.

Figure 1 show the proposed theoretical framework for this study. The role of employee engagement as a moderator will be examined in the relationships between High Performance Work Practices (HPWPs) as independent variable and service quality as dependent variable; exploring what prominently drives employees to be engaged in their research so as to achieve a high level of quality service for organizational success. In the theory of social exchange (Blau, 1964) argues that individuals are motivated by what they receive in return to what they extend. Therefore, in this research, the relationship between and amongst the variables is very crucial as it is likely to uncover the appropriate type of HPWPs that might stimulate or retain employee’s research engagement to sustain if not improve their quality of service. This helps decision makers in determining the fitting kinds of “gifts” that could compensate this engagement.

HPWP employee engagement: Examines beneficial indicators of HPWPs such as internal career/promotion opportunities, teamwork, employment security, staffing selectivity and work-family balance which are necessary to be communicated to address employee’s research engagement (Karatepe, 2013; Boselie *et al.*, 2005). Akerlof (1984) in his study theorized that employee would willingly exert their discretionary effort when “gifts” are in place. Thus organizations should reciprocate this effort by devising fitting compensating “gifts” to acknowledge employee’s discretionary effort.

Employee engagement service quality: There have been many past research affirming that employees are the backbone of the organization and organization simply cannot function without them and not without acknowledging any contractual relationships (Blau, 1964). This research study attempts to further explore the

dimensions of employee engagement to investigate its influence on service quality insight into how might an employee’ dedication (Kahn, 1990) absorption of research (Kahn, 1990) and the emotional factor (Kahn, 1990) (vigor/well-being of employee) be influenced hence hinders employees from performing efficiently.

The Utrecht Work Engagement Scale (UWES) using three scales vigor, dedication and absorption of Kahn 26 will be used as a tool to discover and to present behavioral, emotional and cognitive components. Based on Schaufeli *et al.* (2002) research this would explain why employees do what they do at research and why they would be willing to give extra-role customer service effort.

HPWP service quality: To investigate the relationship between HPWP and service quality, determining whether by emphasizing the proposed dimensions (vigor, dedication and absorption) of employee engagement result an increased quality of service amongst employees. Identifying the gap between the expectations of the demand factors (external stakeholders, i.e., customers) and supply factors (internal stakeholders, i.e., performance of frontline employee) which affect the service quality of frontline employees in the lodging industry in Sabah will be equally emphasized in this research study.

The Lodging Quality Index (LQI) (Ladhari, 2012) will be used as an instrument to measure service quality using the five dimensions: tangibility, reliability, responsiveness, confidence and communication exploring the perceptions of frontline employees in regard to their expectations and perception levels of service quality. A scale that is universally acceptable for lodging establishments (Masson *et al.*, 2008) this research aims to assessed the reliability and validity of this instrument and the fit of the instruments used in measuring service quality in this specific region reiterated that even though this scale has been considered reliable and valid (Ladhari, 2012) the instruments have not however been confirmed. Consequently, this study further aims to identify a new construct of service quality performance in the lodging industry in Sabah, Malaysia.

CONCLUSION

The literature review findings thus far draw an assumption that if engaged employees are more motivated and committed in their research they pay more attention to their level of service (Karatepe, 2013; Bakker and Demerouti, 2008). This premise helps enhance organizational performance at least shed some light as to how research might be systematized to both employees

and employer's advantage even though this has been a fundamental question in social science for decades (Cappelli and Neumark, 2001). The present study helps identify the demand and supply factors that influence the quality of service extended by members of an organization.

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