The significance of human resource management strategies and service behavior in boosting service quality in tourist hotels

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Abstract

Hotels catering to tourists in Taiwan are making an effort to better serve their guests. Human resource management (HRM) is a set of methods used by businesses to improve the effectiveness of their workforce and customer service. This theory is based on a comprehensive literature study that brings together many lines of inquiry. The goal of this research is to provide an empirical examination of the connection between human resource management techniques, service behavior, and service quality in hotels catering to tourists. The findings show that HRM practices influenced customers' views of service quality both directly and indirectly via the actions of frontline workers. This indicates that there is only a limited mediation of the connection between HRM practices and service quality via service behavior. Future research directions and HRM applications are addressed in light of this discovery.

Introduction

The tourist hotel industry has become one of the most competitive of all service industries in Taiwan. Tourist hotel companies are facing increasing competition from other lodging units including bed-and-breakfasts and campgrounds. This increased competition has forced traditional tourist hotels to find ways to retain current clients and attract competitors' clients. Increased service quality through increased employee performance is aviable way for hotels to remain competitive. However, services are typically intangible and non-standardized. Because of these two attributes, the evaluation of servicequality is primarily subjective and lies largely with the customers. The intangibility of services also means that how a service is delivered is a critical factor in anyevaluation of quality (Morrison, 1996; Schneider & Bowen, 1993). In other words, service quality depends heavily on the effectiveness with which front-line employees deal with customers and clients. Efforts to promote service quality must therefore be based on managing employee behavior (Schneider & Bowen, 1985).

Many researchers have underscored the importance of customer-contact employees in creating and providing good service quality (Bitner, Booms, & Tetreault, 1990; Hartline & Ferrell, 1996; Kelley & Hoffman, 1997; Zeithaml, Parasuraman, & Berry, 1985). For instance, customers have been shown to evaluate service quality on dimensions such as concern and civility (Winsted, 2000) and listening and understanding demonstrated by the employee (Chandon, Leo, & Philippe, 1997).

In the past, although the effects of HRM practices on organizational performance have been emphasized byboth HR scholars and practitioners (Delaney & Huselid, 1996; Fey, Bjorkman, & Pavlovskaya, 2000; Khatri, 2000), such studies have not looked at the organiza-tional performance from employee service-related beha- viors and customers' service quality perceptions. Morrison (1996) suggested that a firm's human resource management practices can create an environment that elicit more customer-oriented behavior from employees.

In turn, the behavior that employees display will positively impact on service quality. The author discussed this issue conceptually, but no systematic empirical investigation was published identifying which dimensions of HRM practices and specificforms of service behavior lead to higher service quality in hotels.

Although the connection between HRM practices and service quality may be intuitively relative, the underlying logic is that there must be mediating variables between organizational HRM practices and customers' percep- tions of service quality. More specifically, it stands to reason that a customer will, in part, evaluate servicequality on the basis of employees' behavior rather than organizational HRM practices, though organizational HRM practices and employees' service behavior may berelated. Important questions remain unanswered and motivated this study: (1) Is there a relationship between organizational HRM

practices and customers' servicequality perceptions in hotels? (2) What dimensions of HRM practices are most important? and (3) Is the relationship between HRM practices and service quality mediated by employee service behavior and through what mechanics? The purpose of this article is to presentthe results of an empirical study, coupled with appro- priate theoretical discussion, designed to answer these questions.

1. Literature review and hypothesis

1.1. Relating HRM practices to employee servicebehavior

Behavioral patterns have many important implica- tions, both theoretical and practical, for virtually all kinds of human resource practices including job analysis, recruitment, selection, training, development, performance appraisal, compensation, and even labor and employee relations (Werner, 2000). How an organization manages its human resources establishes the tone and conditions of the employee–employer relationship. And in turn that impacts on employee behavior. For example, Schneider and Bowen (1985) found that, when employees perceive their organization as one that facilitates performance, enhances career opportunities, provides positive supervision, and so on, they are then free to do the organization's main work of serving customers. Zerbe, Dobni, and Harel(1998) reported that employee perceptions of HRM practices had a direct effect on self-reported service behavior. These premises lead to our first hypothesis.

Hypothesis 1. HRM practices will be positively related to employee service behavior in hotels.

1.2. Relating service behavior to service quality

Research has highlighted the critical role of customer- contact employees in that their behavior has a major impact on customer perception of service quality. (Bitner et al., 1990; Farrell, Souchon, & Durden, 2001; Parasuraman, Zeithaml, & Berry, 1985, 1988). We define employee service behaviors that are ''extra-role'' and those that are ''role-prescribed''. This definition isconsistent with that prosocial service behavior in the organizational behavior or marketing literatures (Bet-tencourt & Brown, 1997; Brief & Motoeidlo, 1986; Organ, 1988).

''Extra-role'' service behavior refers to the discre-tionary behavior of contact employees in serving customers that extends beyond formal role require- ments. Hotels like Red Lion Hotels & Inns even advertise specific service encounters in which employeesgo ''out of the way'' or ''beyond the call'' for customers. Recent marketing literature highlights the importance of contact employees ''delighting'' the customer by provid- ing ''little extras'', and ''extra attention'' exceptional service during the service encounter (Bettencourt & Brown, 1997; Bitner et al., 1990; Kelley & Hoffman, 1997).

''Role-prescribed'' service behavior refers to expectedemployees behavior that may derive from implicit normsin the workplace or from explicit obligations as specifiedin organizational documents such as job descriptions(Brief & Motoeidlo, 1986; Puffer, 1987). For example, hotels like Holiday Inn monitor role-prescribed service behavior such as greeting the customer by name, answering the phone within three rings, and making a personal pledge to a customer that a request will behandled. Marketing studies reinforce the importance of similar behaviors for customer service quality percep- tions (Bitner et al., 1990; Keaveney, 1995; Parasuraman et al., 1988). Based on this discussion, we expect that employee service behavior will be positively related to service quality.

Hypothesis 2. Employee service behavior will be posi-tively related to service quality in hotels.

1.3. Relating HRM practices to service quality

It has been argued that in service organizations quality improvement must be focused on the selection, training, and compensation of employees. (Lovelock,1985; Schlesinger & Heskett, 1991; Schneider et al., 1985, 1995). Fey et al. (2000) found that salary level wassignificantly associated with firm performance for both managers and non-managers. Schneider et al. (1985)also found that employee perceptions of HRM practices were significantly related to customer perceptions of service quality. Hartline and Jones (1996) indicated that in the hotel, contact employees should receive the necessary training in order to deliver high quality service. Previous HRM research has addressed that inthe service industry, finding a positive relationship between employee perceptions of organizational prac- tices and customer ratings of organizational effective- ness (Tornw & Wiley, 1991; Gilbert, 1991). These finding lead to our next hypothesis regarding the relationship between employee perceptions of HRM practices and customer perceptions of service quality.

Hypothesis 3. HRM practices will be positively related to service quality in hotels.

1.1. *The role of service behavior between HRM practices and service quality*

Ulrich, Halbrook, Meder, Stuchlik, and Thorpe (1991) argued that selection, hiring, appraisal, promo- tions, and reward administration practices can be used to ''increase the shared mindset among employees and customers'', which leads to the organization attracting customers and being competitive. In other words, when employees feel well treated by management's human resource practices, they can devote their energies and resources to effectively treating clients. Researches on the dimensions of service quality also support the hypothesized relationship between customer-oriented behavior and service quality assessments. Key dimen- sions of service quality such as empathy, assurance and responsiveness (Parasuraman et al., 1988) are all potentially enhanced through the performance of customer- oriented behavior resulting in more favorable evaluations of overall service quality. Kelley and Hoffman (1997) reported that employees who help customers by performing customer-oriented behavior during the service delivery process are more likely to feel better about the service quality than those who do not act prosocially toward the customer. Morrison (1996) identifies HRM practices that can be used to elicit service behavior and hence service quality. Our model has both antecedents and consequences of employee service behavior. In these models, employee service behaviors are shown to mediate the relation-ship between the hypothesized antecedents and consequences. Thus, the following hypothesis will be tested.

Hypothesis 4. The relationship between HRM practices and service quality would be mediated by service behavior in hotels.

2. A concept model

For most service industries, quality is occurred in service encounter (Parasuraman et al., 1988). Service encounters involve interaction between customers and employees (Bettencourt et al., 1997; Winsted, 2000) so employees will have an important role to play in influencing customers' perceptions of service encounters (Bitner, 1990; King & Garey, 1997). Hereupon service capability means the degrees of required knowledge, skills and concepts required for the line employee to offer excellent service (Jaworski & Kohli, 1993; Berry, Conant, & Parasuraman, 1991). Hallowell, Schlesinger, and Zornitsky (1996) indicated that service capability is defined as an employee's perception of his or her ability to serve the customer and that it is a direct antecedent of customer satisfaction. In summary, besides the require- ments of positive service behavior, the frontline employ-ees must possess appropriate service capability to provide a good service for customers. In this study, we adopt service capability as the control variable in order to clarify the role of service behavior. The proposed framework is illustrated in Fig. 1.
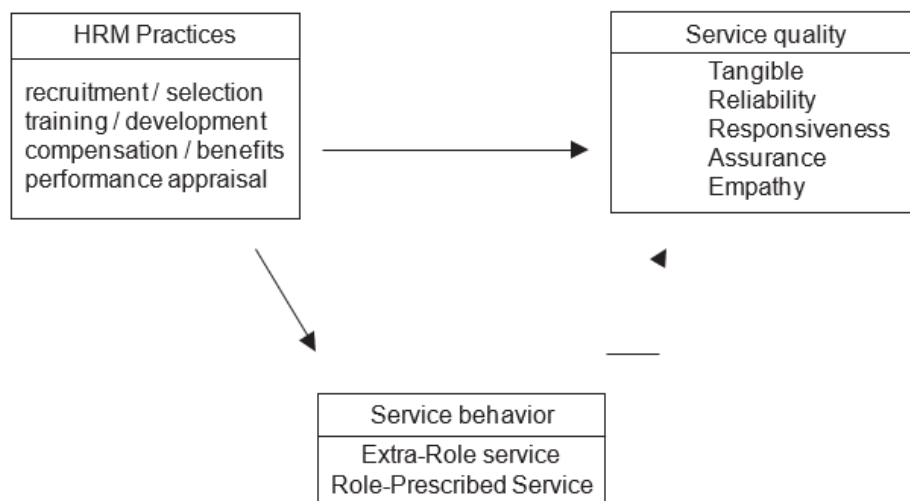

Fig. 1. Model of relationship among HRM practices, service behavior and service quality.

3. Methodology

3.1. *Sample and procedures*

We tested hypotheses using data collected from the front line employee and customers in tourist hotels in Taiwan. Prior to data collection, we pre-tested our questionnaire with a sample of 30 employees and 30 customers from a tourist hotel. Based on the pre-test, several items were revised and some changes were madeto the questionnaire format.

To initiate a sample, we contacted the marketing managers of several hotel companies. Three companies agreed to participate by providing a complete mailing list of general managers' names and hotel addresses. This procedure resulted in a pool of 68 hotel units, all of which were sampled. The corporate marketing managers of the three companies mailed a letter to each general manager that explained the research and asked for their support. Approximately 2 weeks later, questionnaire packets were mailed to each general manager. Each packet contained 5 employee surveys, 10 customer surveys, one page of instructions and postage-paid envelopes. Contact-customer employees were asked about their perception of human resource management, service behavior and service capability. The customers' subjective perceptions ofservice quality were determinedby directly interviewing them.

Constraints imposed by the participating hotels pro-hibited us from directly contacting employees or custo-mers. As a result, we relied on the general managers todistribute the employee and customer surveys. Thegeneral managers were instructed to distribute theemployee surveys across a broad range of customer-contact positions (e.g. front desk, food service, house-keeping, bellstaff) and to distribute the guest surveys ascustomers checked out of the hotel. All questionnaireswere returned to the researchers by each general manager.Of the total sample, 42 different hotel units responded by returning at least 5 employees and 5 customers. Ofthese, we visually inspected all questionnaires formissing items and haphazard answers while recordingthe data, only 11 employees and 19 customer surveyswere unusable. Usable questionnaires were returned by203 employees (59.7% response rate) and 272 customers(40% response rate). Because 26 hotels failed to returnany type of questionnaire, we tested for non-response bias through a time-trend extrapolation test (Armstrong& Overaton, 1977), and no significant differences werefound between late and early respondents, which
indicate an absence of non-response bias.

3.2. *Measures*

To remain consistent with previous research, themeasures were taken or adapted from previous studies in HR management, psychology and marketing. We used the scales developed by Khatri (2000) to assess employee perception of HRM practices. Four aspects of HRM practices were assessed: recruitment and selection (3 items), training and development (5 items), compen- sation and benefits (4 items) and performance appraisal (3 items). Scales adapted to measure employee self- reports service behavior were developed by Bettencourt et al. (1997). Two aspects were assessed: Extra-Roleservice behavior (3 items) and Role-Prescribed Service behavior (3 items). In addition, in order to measure employees' service capability, we use a three-item scale developed by Jaworski et al. (1993). Service capability was operationalized as the required knowledge, skills and concepts for the line employee to offer excellent service. Service quality was assessed through the 22-item performance battery of the SERVQUAL scale (Parasuraman et al., 1988). We combined expectations and perceptions into a single measure, as was suggested by Brown, Churchill, and Peter (1993). Our measureasks hotel guests to rate each item, using a five-point scale ranging from ''much worse than I expected'' to ''much better than I expected.'' Higher scores reflect higher perceived service quality. In addition, we made a slight modification by changing the wording of items to fit the features of a tourist hotel. All items were measured on a five-point Likert-type scale where 1=strongly disagree and 5=strongly agree.

3.3. *Scale reliability and validity*

The internal consistency of the four multi-iteminstruments used in this study was assessed by examin- ing the coefficient alpha scores. All coefficient alpha values were high, ranging form 0.76 to 0.80 for the four components of HRM practices measure, 0.75–0.82 for the two components of service behavior measure, 0.90 for the 3-item service capability measure, and ranging from 0.82 to 0.93 for the five components of SERVQ- UAL. These alpha values provide evidence that the internal consistency of the multi-item instruments was suitable (Nunnally, 1978).

Furthermore, although all of the scales have been reported in literature, a scale validation procedure was accomplished using (1) the analysis of item inter- correlation, (2) the analysis of item-total correlationsand (3) factor analysis. The purpose of this stage of the analysis was to identify and eliminate poorly performing

items for the reflective measures. For establishing construct validity, this study used the factor analysis to determine unidimensionality. Factor analysis using principal component analysis of the four multi-item instruments showed that in the HRM practices scale, there were 4 items that should not been retained (the factor loading below 0.4). All the other items of the instruments were indicated to have a good fit.

Conclusion

Our study suggests several avenues for further research. First, this paper begins to explore the question of causality. However, causality can only really be tested with data collected at different point in time. In future, researchers might consider a longitudinal investigation to demonstrate the causal relationship. Second, studies such as ours should be repeated in other service contexts. All the tourist hotels in the sample are from Taiwan. Thus, we really are not sure to what extent these findings are generalizable to other countries in the region. Finally, the constructs in this study were measured through the viewpoints of employees and customers respectively; the employee and customer responses were finally aggregated to hotel unit for analysis. Future studies might consider adopting the pair-wise method to investigate the interaction effect.

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