

HIGH PERFORMANCE WORK PRACTICES AND BEHAVIORAL OUTCOMES OF THREE STAR CLASS HOTELS IN SRI LANKA

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ABSTRACT

In the contemporary business environment organizations have to carry out their business activities in more competitive way. One of the biggest challenges faced by the modern organizations is to gain competitive advantage over the other competitors in the market. To gain competitive success organizations utilize various resources such as economy of scale, natural resources, technology etc. But out of these various resources human resource is unique due to its special characteristics. Today most of the organizations understand the importance of managing human resources effectively and efficiently to become successful. This study attempts to identify the impact of high performance work practices on behavioural outcomes of managerial level employees in three star class hotels in Sri Lanka. The sample of the study consists of 72 managers worked in ten three star hotels located within Colombo District in Sri Lanka. The main objective of the study was to identify the relationship between bundle of High Performance Work Practices and Behavioral Outcomes; Organizational Commitment, Ethical Behavior and Knowledge Sharing. The independent variable of the study, High Performance Work Practices consist of eight dimensions; Selective Hiring, Extensive Training, Empowerment, Symbolic Egalitarianism, High Wages, Incentive based Performance Management, Promotions from within and Sharing of Information. Further the dependent variable behavioral outcomes was analyzed under three dimensions namely; Organizational Commitment, Knowledge Sharing and Ethical Behavior of managers. Data were analyzed by using correlation coefficient technique and also regression analysis. To gather information a structured questionnaire was distributed among the respondents. The statistical results of the study showed that except Symbolic Egalitarianism all the other dimensions of the independent variable High Performance Work Practices have been adopted by three star class hotels in Sri Lanka. The statistical results further revealed that there is a positive association between high Performance work practices and Behavioural Outcomes; Organizational Commitment, Ethical Behavior and Knowledge Sharing of managers in three star class hotels in Sri Lanka.

KEYWORDS: High Performance Work Practices, Behavioral Outcomes, Organizational Commitment, and Knowledge Sharing, Ethical Behavior, Three Star Hotels

Introduction

In the contemporary business environment organizations have to carry out their business activities in more competitive way. One of the biggest challenges faced by these organizations is to gain competitive advantage over the other competitors in the market. To accomplish such an end organizations utilize various resources such as traditional resources of competitive success like natural resources, economies of scale, technology etc . But the significance of traditional resources of competitive success is decreasing. The reason for the same is that these resources could be easily copied by the competitors. But out of these various resources available in the organization human resource is unique due to its special characteristics like intangibility, irreplaceable feature, and also inimitable feature. Hence today most of the successful organizations have understood the importance of utilization of human resource in order to enhance effectiveness to gain competitive advantage. This study is an attempt to identify the relationship between HPWP and various behavioural outcomes of managerial employees in three star class hotels in Sri Lanka.

Hotel Industry in Sri Lanka

Sri Lanka is known as the Pearl of the Indian Ocean and also a very popular destination for the tourists. As a tropical island and with the large number of tourists sites within a smaller area makes the country further attractive for the tourism. The hospitality of the Sri Lankans was acknowledged by the tourists who have visited the country over the past millennium. The country is blessed with the placement, the natural beauty and the culture which would be the key features for a destination to have a successful and a thriving tourism industry (Sri Lanka Tourism Development Authority, 2011). However due to the on going civil war in the country , the tourism sector suffered immensely. The tourists avoided Sri Lanka and toured in other countries in the region. Even though tourism is the fourth biggest foreign income earning sector in the country behind the labour remittances, apparel exports and tea export , the sector remained stagnant and decline for a quite a considerable time period due to the adverse conditions which the country and the economy was placed in.

Review of the Literature

Utilization of human resource in the organizations is based on two arguments. One argument is as a result of use of HR practices efficiently, organizations can improve their performance (Barney, 1995). The other argument is that utilization of HR practices as a bundle of practices organization, will be able to improve the performance (MacDuffie, 1995). The meaning of bundle of practices is that to get the maximum utility , HR practices must be used not as isolated practices but as a bundle of practices. Because these practices are inter related. To get the maximum benefit of one practice another must also be adopted. This is also known as high performance work system (Berg, 1999; Appelbaum et al, 2000), High commitment HRM (Walton, 1985; Guest,2001) or high involvement HRM (Wood,1999). Whatever the terminology there are enough theoretical and empirical research to support for the notion that bundle of HR practices should operate more effectively when combined together.

The study of high performance work practices (HPWP) has importance in SHRM however has received less attention in the literature (Delery, 1998). Pfeffer (1994) proposed sixteen most effective practices for managing people and reduced the list to seven in 1998; employment

security, self managed teams, comparatively high compensation, extensive training, reduced status distinctions and barriers, sharing of information. Delery and Doty (1996) have identified seven most effective practices for managing people. ; Internal career opportunities, formal training systems, appraisal measures, profit sharing, employment security, voice mechanisms, job definition. A study by Huselid (1995) found the following practices as the HPWP's; extensive recruitment, selection and training procedures, formal information sharing, attitude assessment, job design, grievance procedures, labour-management participation programs, performance appraisal, promotion, incentive compensation systems. He linked these practices with firm level outcomes. But all the organizations do not use the same bundle of HR practices and it varies from one organization to another as well as from one industry to another. But the literature on the impact of HPWP on behavioral outcomes of workers is lacking (Agarwala,2002). These practices contribute to high performance by giving employees skills, incentives, knowledge, anatomy, motivation, job satisfaction and commitment (Noe et al, 2007). Yeh (2007) defined organizational commitment as individual attitude towards organization that consists of a belief in and acceptance of organization's goals and values, willingness to exert considerable effort towards organizational goals accomplishment and a strong desire to remain membership in the organization. Grater employee commitment only comes when they feel that the organization cares about them. Meyer and Smith (2000) examined the relationship between HRM practices and employee commitment and found that association between the employee evaluations of HRM practices and their commitment were largely mediated by perceptions of organizational support and procedural justice. Koys (1991) found that employees commitment to their organization was related to their belief that the organization 's HR practices were motivated by a desire to attract and retain good employees and to be fair their treatment of employees. Ethical behavior could be defined as the behavior that is consistent with fundamental principles of right and wrong (Noe et al, 2007). In the long run the organizations adopted HPWP's meet high ethical standards. Ethical behavior is most likely to result from values held by the organization's leaders combined with system that promote ethical behavior. The systems that promote ethical behavior is a human resource management functions as training, performance management and discipline policies. Dvorakova (2000) found that ethical behavior of public administration employees could be improved by designing and implementing new human resource practices.

A learning organization is an organization in which the culture values and supports lifelong learning by enabling all employees to continually acquire and share knowledge (Noe et al, 2007). Human resource Department can support a creation of a learning organization by planning training that meet and that they can help to create systems for creating, capturing and sharing knowledge. HPWP's could be utilized to improve willingness of workers to share their knowledge (Hislop, 2003). Bi Fen et al (2007) examined the relationship between HPWP's and willingness to share knowledge and found that there is a positive association between HPWP's and knowledge sharing of employees. Aimin & Qinxuan (2003) by doing a research found that there is an impact of HPWP's on organizational performance through knowledge sharing. According to Bonnies et al (2007) through utilization of HPWP's in organizations employees' willingness of sharing knowledge could be increased. Relatively there is still very limited research that supports the argument that HPWP's can affect the level of organizational commitment, knowledge sharing and ethical behavior of employees.

Problem Statement

Researchers on Strategic Human Resource Management have paid their attention to study and establish the relationship between HR practices and behavioral outcomes such as organizational commitment, ethical behavior and knowledge sharing (Judge et al ,2001; Ostroff,1992; Jossi ,2004 ; Neo et al, 2007; Aimin & Qinxuan 2003; Hislop,2003, Bi Fen et al, 2007). In Sri Lankan context a number of researches have been conducted by researchers to establish the association between human resource management practices and organizational performance. A study conducted by Tourist Hotel Association of Sri Lanka in 2009 also has identified complimentary areas as the key HR functional areas within the hotel sector of the country. But still there is a gap in the knowledge regarding adoption of high performance work practices and its impact on behavioral outcomes of managerial level employees in hotel industry in Sri Lanka. Thus this study has been conducted in order to fill such gap in the knowledge. The following are the main and specific research issues of the study

- 1) What is the relationship between HPWP's and organizational commitment of the managers in selected three star class hotels in Sri Lanka?
- 2) What is the relationship between HPWP's and ethical behavior of the managers in selected three star class hotels in Sri Lanka?
- 3) What is the relationship between HPWP's and sharing of knowledge of the managers in selected three star class hotels in Sri Lanka?

Objectives of the study

The following are the objectives of this study.

1. To identify the relationship between HPWP's and job satisfaction of managers in selected three star class hotels in Sri Lanka?
2. To establish the relationship between HPWP's and ethical behavior of managers in selected three star class hotels in Sri Lanka?
3. To establish the association between HPWP's and sharing of knowledge of managers in selected three star class hotels in Sri Lanka?

Hypotheses of the Study

H1 Greater the application of number of HPWP's, higher the organizational commitment of managers in selected three star class hotels in Sri Lanka?

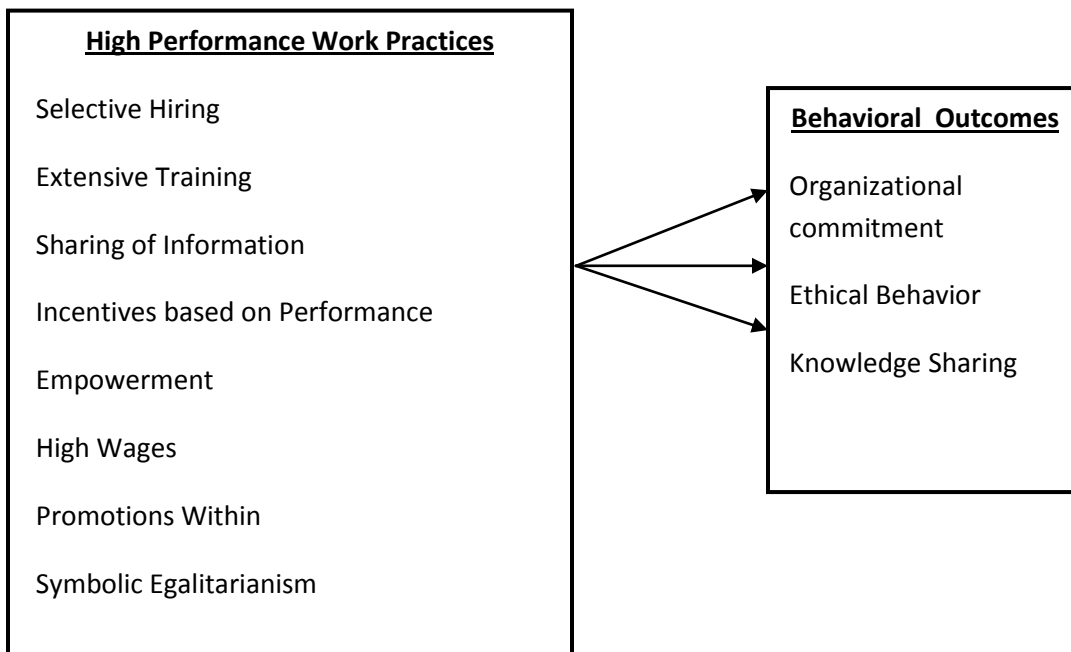
H2 Greater the application of number of HPWP's, greater the ethical behavior of managers in selected three star class hotels in Sri Lanka?

H3 There is a positive association between HPWP's and sharing of knowledge of managers in selected three star class hotels in Sri Lanka?

Conceptual Frame Work

This is an explanatory model and shows the nature of hypotheses of the study which are set out in dramatic form. According to the model independent variable will be high performance work practices (HPWP's). Dependent variable of the study is behavioral outcomes.

Figure 1: Relationships Deduced based on Literature Review



Study Setting, Design and Sampling

The main purpose of this study is to identify the relationship between HPWP's and behavioral outcomes ;organizational commitment, knowledge sharing and ethical behavior of the managers in selected three star class hotels located in Colombo District in Sri Lanka. Human Resource is the most important asset in a service organization than manufacturing organization (Boselie & Wiele, 2002). For the purpose of the study author has selected ten three star class hotels located in Colombo District in Sri Lanka. In Sri Lanka majority of the hotels located in Western Province. Hotels are situated mainly in three clusters in the Western Province. The three clusters are city hotels in Colombo and two resorts in the west coast in Negombo and Beruwala. In this study hotel means the establishment recognized and registered by the Sri Lanka Tourism Authority as 'Classified Tourist Hotels'. Classified tourist hotels means tourist hotels fall under star classification. There are five categories of star class hotels from one star to five star in which highest standard hotels are five star hotels. Compared to five star hotels three star hotels are more in number. And majority of them are situated within Colombo District. The author has selected Sri Lankan hotels for the purpose of the study because tourism is the fourth biggest foreign income earning sector in the economy.(Annual Report, Central Bank of Sri Lanka,2011).Though the tourism industry had problems in the past but due to ending of war it could be improved in the future to gain the biggest competitive advantage for the country. Both the government and

the private sector organizations of Sri Lanka have already started investing on number of projects to up grade the tourism industry. For the confidential proposes the author does not reveal the names of the hotels under consideration.

For the purpose of the study 100 questionnaires were distributed among mangers in selected ten hotels. For one hotel 10 questionnaires were given. Out of 100 only 72 respondents answered the questionnaires. Hence the sample of this study consists of 72 managers representing ten three star class hotels. The respondents were selected by using a multi-stage sampling procedure. The response rate of the questionnaire survey was 72 percent. For this particular study manager's perception regarding HPWP's and behavioral outcomes was obtained. A structured questionnaire containing 16 elements was administered adapted from a study done by Murphy (2006) to gather data on HPWP's. In order to get data regarding behavioral outcomes the author developed a questionnaire based on literature (Meyer and Smith ,2000 ; Noe et al, 2007) and there were 12 elements included in a Seven Point Likert Scale

Analysis and Discussion

The Sample of this study consists of seventy two managers of ten three star hotels located in Colombo District of Sri Lanka. Out of the sample the majority of the respondents were males. In Sri Lanka in most of the organizations managerial positions are dominated by males. According to the sample of this study 83% percent of respondents are males. Moreover from the total sample 45 percent belong to the age category between 51-65 while 25 percent belongs to the age category between 36-50. According to the data of the sample more than 50% percent of the manager's posses either post graduate qualifications or professional qualifications or both. The data was analyzed by using the 15th version of the Statistical Package for Social Sciences (SPSS). Cronbach's alpha is a measure for the internal consistency of the items that together cover the specific factor. The cronbach's alpha coefficient was calculated for aggregate sample of seventy two respondents. The results revealed that most of the alpha values were more than .70. That means the consistency of the entire questionnaire is satisfactory.

Testing of Hypotheses

There are three hypotheses in this study. To test the hypotheses the following statistical techniques were used Pearson Correlation Coefficient, Mean Values and Multiple Correlation Matrices.

Table 3: Correlations of HPWP's vs Organizational Commitment

		HPWP's	Organizational Commitment
HPWP's	Pearson Correlation	1	.698(**)
	Sig. (2-tailed)		.000
Organization.	N	72	72
	Pearson Correlation	.698(**)	1
Commitment.	Sig. (2-tailed)	.000	
	N	72	72

** Correlation is significant at the 0.01 level (2-tailed).

H1 Greater the application of number of HPWP’s, higher the organizational commitment of managers in selected three star class hotels in Sri Lanka?

To test the first hypothesis of this study Pearson Correlation Coefficient was calculated since the author was interested to find out relationship between two variables. The Correlation coefficient value was .698 and it is significant at the 0.01 level. It implies that it is 99% sure that there is a positive significant association between adoption of HPWPs and organizational commitment of managers of three star class hotels in Sri Lanka. Hence the first hypothesis of this study is justified.

H2 Greater the application of number of HPWP’s, greater the ethical behavior of managers in selected three star class hotels in Sri Lanka?

Table 4: Correlations of HPWP’s vs Ethical Behavior

		HPWP’s	Ethical Behavior
HPWP’s	Pearson Correlation	1	.752(**)
	Sig. (2-tailed)		.000
	N	72	72
Ethical Behavior	Pearson Correlation	.752(**)	1
	Sig. (2-tailed)	.000	
	N	72	72

** Correlation is significant at the 0.01 level (2-tailed).

The next attempt was made to answer the second hypothesis of this study. Again the author was interested to find out the relationship between the two variables, Persons correlation coefficient value was .752 and it is significant at 99% confidence level. The statistical results indicate that there is a positive significant relationship between HPWP’s and ethical behavior of managers of three star class hotels in Sri Lanka. The third hypothesis of this study is justified.

H3 There is a positive association between HPWP’s and sharing of knowledge of managers in selected three star class hotels in Sri Lanka

Table 5: Correlations of HPWP’s vs Knowledge Sharing

		HPWP’s	Knowledge Sharing
HPWP’s	Pearson Correlation	1	.512(**)
	Sig. (2-tailed)		.000
	N	72	72
Knowledge Sharing	Pearson Correlation	.512(**)	1
	Sig. (2-tailed)	.000	
	N	72	72

** Correlation is significant at the 0.01 level (2-tailed).

Table 5 depicts the statistical results related to the final hypothesis of this study. The correlation coefficient between HPWP's and Knowledge sharing is .512 at the 0.01 level. In other words it is 99% confident that there is a positive association between application of HPWP's work practices and willingness to share knowledge among managers of three star class hotels in Sri Lanka.

Recommendations & Conclusion

The author empirically tested eight HPWP's and found that except one all the other practices have been adopted by Sri Lankan three star hotels for their managers. These findings are consistent with the studies done by a number of scholars and practitioners in the USA, UK as well as in some Asian countries (Bekcer & Huselid, 1998; Becker & Gerhart 1996; Delaney & Huselid,1996; Pfeffer ,1994; Delery and Doty ,1996; Hatano ,1995; Dwivedi 2001). But most of these scholars have identified symbolic egalitarianism as a high performance practice in their research work. But according to the results of this study symbolic egalitarianism is not a practice adopted by managers of three star class hotels in Sri Lanka. As the managers they may prefer to maintain status differentials. In Sri Lanka as a result of the introduction of the plantation industry during the British Colonial period a number of different working classes emerged such as middle class, white collar workers, blue collar workers etc (Jayawardena, 1972). The employees belonged to upper class started maintaining status differentials and still they seem to have the same mindset.

The results of this study further revealed that there is a positive relationship between adoptions of HPWP's and organizational commitment of managers. A condition underpinning any high performance organization is employees organizational commitment .Research support the idea that employees' commitment and job performance are related. Because high performance at individual level should contribute to higher performance at the organizational level (Noe et al, 2007).

The findings of this study are similar to the findings of the studies of Judge et al, 2001; Ostroff, 1992; Jossi, 2004; Boselie & Wieles, 2002. The study found that the association between HPWP's and ethical behavior of the managers is positive. In the long run the organizations adopt HPWP's to meet high ethical standards. (Neo et al, 2007). A reputation of high ethical standards can also help a company attract workers customers who share those high standards. The findings are consistent with the study done by Dvorakova (2000). Human Resource Department can support the creation of a learning organization by planning training programs to help to create systems for creating, capturing and sharing knowledge. Reward systems can be set up to encourage employees to think in new ways. This culture may be reflected in performance management systems and pay structures that reward employees for gathering and sharing more knowledge. It therefore focuses on ensuring the development of each employee.

It is obvious to have a highly motivated committed, efficient work force especially for a service providing organization to gain competitive advantage over the others in the market. Based on the findings of this study it is revealed that there is a positive relationship between HPWP's and behavioral outcomes. And if the quality of the work force is greater it leads to high organizational performance. In other words there is a positive link between quality of work force and organizational outcomes. Hence having and maintaining a high quality workforce must be one of the main reasons for the hotels under this study to become leading hotels with high

performance in the tourism industry. The findings of this study would become original contribution to the knowledge. Future researchers could use the finding of this study for to carry out their research work.

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