

# **A COMPARATIVE ANALYSIS OF HUMAN RESOURCE POLICIES AND PRACTICES ON EMPLOYEE PERFORMANCE AND SUSTAINABILITY OF HOTEL ORGANISATIONS IN BOTSWANA**

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## **Abstract**

The main aim of this study is to identify current human resources management (HRM) policies and practices at two prominent hotels in Gaborone. To achieve this aim, a mixed method approach in data collection and analysis was adopted. Questionnaires and interviews were administered to a sample of fifty four employees who were purposively selected from the two hotels. In addition, interviews were held with five senior level managers at the respective hotels. Major findings reveal that the majority of the employees were not satisfied with policies that address employee reward systems. However most lower level operational staff perceived that their own goals, attitudes and perceptions could be maximized by receiving recognition for best performance, striking a balance between personal and business aspects, avoiding personal interests on the job and fostering increased communication between management and employees. Furthermore it was found out that employees supported company policies that ensured that employee efforts are supported by management. This study, in conclusion emphasizes the need for hotels to exercise fair reward and motivation systems for their staff.

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**Keywords:** Employee performance, service excellence, human resources management practices

## **Introduction**

The main thrust of hospitality provision is guest satisfaction through service excellence. However hospitality organizations, such as hotels, have always focused on the result of customers' desires; that is service excellence, paying lesser attention on employees' needs, not realizing the key fact that employees are the key to service excellence (Valerie et.al 1990).Hotel employees, often work long hours, are paid meagre salaries and have very few incentives to motivate them thus threatening performance and hence the achievement of service excellence in the hospitality industry (Atkinson & Williams 2003). The existence of service excellence rests on the ability, competence and motivation of organizational employees.Khandekar and Sharma (2005) concur that an organisation's competitive advantage is determined by human resource capabilities. These capabilities can be dependent on effective human resource policies and practices.Armstrong (2003) also emphasises that an effective human resource strategy is one that helps organizations develop its employees and provide them with suitable opportunities and better working conditions so that their optimum contribution is ensured.

This paper therefore sought to assess hotel organizations’ approach to human resource practices that encourage employees’ performance. This paper, based on the premise that effective human resource policies and practices should have favourable impact on employee performance, is limited to the human resource policies and practices of the food and beverage sector of two hotels in Gaborone. These hotels are comparatively of dissimilar organizational structures.

## Literature Review

### HRM policies and practices in the hospitality industry

It is the view of Armstrong (2009) that human resources practices can make a direct impact on employees’ characteristics such as engagement, commitment, morale, motivation and skill. If employees have these characteristics it is probable that organisational performance in terms of productivity, quality and delivery of high levels of customer service will improve, thereby improving financial results as reflected in Figure 1

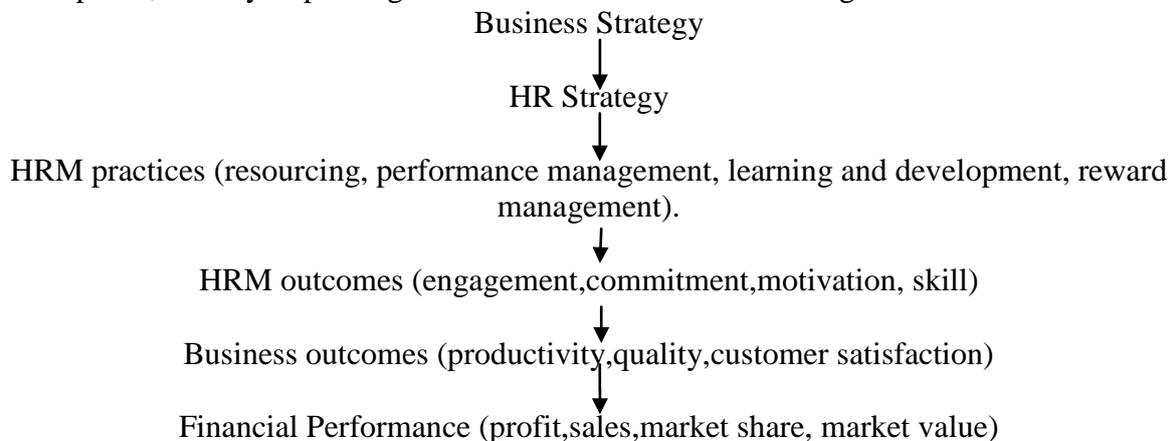


Figure 1: Impact of HRM on organisational performance, Armstrong (2009):143

Figure 1 clearly highlights the direct relationship between human resource management outcomes and business outcomes. Similar studies have confirmed the impact of human resources practices on business performance. Some of these studies were able to draw correlation between the increased quality of human resources practices and increased business success. For instance, in a case study by Nickson (2000) of Bridge in the World, a travel agency in the United States, attracting and retaining good staff was a big challenge. The company’s profit margins were being eroded because of a hemorrhage in staff, with 40 % leaving within 15 months of starting. With the introduction of a new incentive scheme and a Bridge in the World sabbatical, the threshold on sales bonuses was raised. The company’s annual staff turnover rate reduced to 32%, well below the sector’s average. In addition, company profits increased.

In another study by Woods (1989) in the United States as well, annual staff turnover in the hotel sector was running at 51.7% for front line employees. This was attributed to low pay and limited employee development programs (Woods, 1989). In such circumstances the challenge is for managers to recruit and retain well motivated employees. Armstrong (2003) supports the notion that organisations are able to attract and retain the most capable staff through offering pay and benefit packages that are more attractive than those of their competitors. The hotel environment is dynamic and highly competitive such that competitive advantage is needed. In such cases it is important that managers ensure human resources alignment. Human resources alignment is a vital process that advances organizational accountability. By defining, maintaining and assessing human resources management goals

and measures, communicating them throughout the organization and using the information to make management decisions, organizations are able to ensure that the management of human resources contributes to mission accomplishment and that managers are held accountable for their human resources. In addition, Fuller (1998), Armstrong (2007) and Bratton (2007) all affirmed the need to align employee needs with the organizational demands. There is need to have an attempt to accommodate employee concerns e.g. flexibility about taking time off, a better workplace design in order to make it conducive for work. Alignment of human resources needs with company objectives also facilitated openness. Schuler and Jackson (1999) suggested that in order to facilitate openness, organisations need to make the relevant information available to employees. Such a policy is worthwhile, since it is a critical part of attaining successful job person fit. In addition the employee is empowered and this boosts the morale of the employee. "Employee empowerment is an essential managerial means that can be used to obtain competitive advantages from human resources in the new millennium", (Yeh- Yun Lin, 2002 p 533). Holp (1994) also postulated that empowered employees are happier and more productive in the workplace as they fulfil self-actualisation needs. On the other hand, working with a workforce not well trained can compromise service quality. A key aspect of the choices within the staffing activity or any other human resources activity is that different choices stimulate different role behaviours which have negative or positive effects towards service excellence. It is therefore important to be able to attract, develop and retain high quality employees. (Popescu 2012) suggested that even in the future, the trend for hospitality industries will focus on talent management. Thus recognition of talent from employees, harnessing and developing it could also result in service excellence. Therefore hotels should empower employees so that they are motivated to act on its vision and objectives.

### **Methodology**

A sample of employees and managers were purposively selected from two hotels in Gaborone. The first hotel, called A in this study, is a five star establishment that offers full service and is located out of town in a quiet neighborhood. The second hotel referred to as B, is a two star graded facility that offers limited service, is located in the middle of town and is in close proximity to a public transport parking facility. The two hotels have different markets and activity. Hotel A caters for a high end type of market. The hotel also has a casino and a conference center. Whilst Hotel B also has a casino it serves a low income to medium income type of market. Open and closed ended questions were administered to selected employees in questionnaire-interview sessions. The questions addressed common practices and policies associated with human resource issues such as working conditions and policy formulation. In addition, interviews were held with five managers at the respective hotels and each interview lasted about twenty to thirty minutes.

### **Results**

Twenty five questionnaires were distributed to employees at Hotel A and 24 to employees at Hotel B. Of the 59 dispatched questionnaires only 29 questionnaires were successfully completed, giving a response rate of 72.5%. Interviews were held with five managers each from the hotels.

The data showed that the majority of the respondents (40 %), were aged between 26-30 for both managers and employees. Those aged 31-35 years represented 31% of the respondents. The age ranges of 20-25 and 36-40 both were represented by 14% of the respondents. Those aged 41+ comprised of 6.8% of the sample. Finally, 8.2% of the respondents did not respond to this question in particular. The results generally indicate that most of the respondents were below 40 years, corresponding to a study by World Travel and

Tourism Council (WTTC, 2000) which also realized that the hospitality industry employed a large number of young employees.

The majority of the respondents (58 %), from both hotels were at supervisory positions. These were mainly kitchen chefs (35%), restaurant supervisors (13 %) and senior stores persons (10 %). In addition the sample comprised of lower level employees that is, waiters (40%) and cashiers (2%). The five managers interviewed were mainly food and beverage managers (40%), Executive Chefs (40%) and a Restaurant Manager (20%) from Hotel A.

### **Company Policies on working hours**

Whilst fifty seven percent of the employees in Hotel A disagreed to the question that the HR policies at their hotel for working hours was designed in a way that favored both employees and the company, A higher percentage (80%) from hotel B was noted. Upon further probe in one of the open ended questions, a number of employees (18%) from Hotel B expressed dissatisfaction with the long hours they worked, noting that they did not receive compensation for the extra effort they expended. Some indicated that the sub policies on working hours worked to the favour of the company. For instance one waiter indicated that *'we work longer shifts at times, but it seems this is good for the company as they make profits from the people we serve. We do not even receive extra pay for such hours'*. One other respondent, a cashier, indicated that this was even worse during busy periods *'when we leave very late in the evening after making sure that we have balanced our cash floats'*. In contrast, responses from management showed that 43 % of those in Hotel A and 40% of those in Hotel B strongly agreed that company policies were designed in a way that favored the employees and the company.

### **Employee Effort**

The evidence from the survey showed that support of employee efforts by management was not prioritized as 53 % of the employees in Hotel A indicated that management did not support their efforts while 70% of the employees in Hotel B indicated the same. However from the management survey, 79 % agreed that they supported employee efforts while 21 % were not in favour of supporting employee efforts. Upon further interviews some of the employees suggested that their own goals, attitudes and perceptions could be maximized by getting recognition for best performance (10%), striking balance between personal and business aspects (3%), avoiding personal interests on the job (2%) and increased communication between management and employees (2%).

### **Policy Formulation and Communication**

The study revealed that 60 % of the employees from Hotel A were involved in policy formulation of the organizations while only 43% of the employees from Hotel B were involved. According to Baron et al. (1999) employees must be involved in the formulation of strategic goals of the organization if long run effectiveness is expected. Seventy two percent of the managers agreed that company policies were well communicated to employees, 14% were not sure while 14% disagreed. Managers, mostly from Hotel A indicated that they continuously communicated with their subordinates through e- mails and on notice boards. Other managers went on to suggest that employees were always encouraged to approach management on their concerns, either personal or business related.

In contrast, 80% of employees from Hotel B argued that policies were not properly communicated. In interviews, some of the employees (78%) indicated that though open, communication was mainly top to bottom and they did not have a word about work related issues. In addition most employees mentioned that most policies were kept confidential by

senior managers. Most of the employees further went on to indicate that agreements between management and employees were not always honored and employees felt that they were not able to express their views openly. On the contrary 70% of the managers in hotel A indicated that agreements between them and employees were always honored, they had open door policies, and employees were able to express their views openly. In addition through the interviews, 60% of the managers in Hotel A indicated that they ensured a system of continuous feedback with their employees and always informed their employees of changes in policies.

Generally employees from both hotels felt dissatisfied as they perceived that the policies were very much biased towards company goals thus leading to poor employee morale. Armstrong, (2000), postulated that in order to be able to achieve competitive advantage, it is imperative that company policies be designed and implemented in a way that favors both the employees and the company. In addition Douglas et al., (1999) reiterated that failure to satisfy employees can lead to sabotage, absenteeism, and negligence or compromised service delivery that could disrupt the achievement of service excellence. Furthermore company policies should ensure that employee efforts are supported by management. In order to achieve competitive advantage there is need for changing attitudes, values, beliefs, employer-employee relationships and ways of doing things within an organisation.

### **Reward system and Motivation**

The study revealed that 72% of the employees from both hotels were not happy with the reward system. Sixty percent of the managers agreed that the reward system was fair while 40 % disagreed. Most of the employees felt that only the managers decided how much one will get and when. According to Douglas et al., (1992) compensation and benefits are part of a total compensation system. Remuneration involves all forms of pay or rewards given to employees and arising from theory environment. These can be direct benefits e.g. wages, salaries, commissions, bonuses or indirect payments such as medical aid. In Hotel B there was no reference used for awarding grades and there was no formal policy in place for employee benefits such as work related insurance and compensation. In addition 25% of the employees indicated that they got recognition when deserved, 35% of the employees were not sure, while 40 % indicated that they did not get recognition when they deserved it. However upon further interviews, the managers from Hotel A, reiterated that they gave employees food allowances, transport allowances and uniform allowances, this in part a recognition that employees are valuable. Managers from Hotel B indicated that they do not give their employees staff uniforms and were not really vigilant in rewarding employees. Stoner (1991) emphasized the importance of remunerating employees adequately. There is therefore need to recognize employee efforts to have better results.

### **Conclusion**

Generally the current HRM policies and practices at the two hotels were not thorough (well effective) as they were not bringing about the best performance from the employees. It emerged that most employees expressed poor motivation and low morale. However it was noted that the HRM policies and practices of Hotel A are more established than those of Hotel B, most probably because it is more established and caters to a more sensitive market that relies more on excellent service; notwithstanding the fact that Hotel B needs to improve on most of its HRM policies and practices, especially those associated with reward and recognition. HRM policies and practices that could be adopted by Hotel B for instance could include a fair rewards system and recognition of employee efforts. In addition, employees must be empowered to contribute towards policy formulation and decision making.

Although this study has highlighted some of the shortfalls of existing human resource practices by two hotels in Botswana, it is important that future research establish empirical links between employee performance and policy. It could also be useful if comparative analyses are also undertaken amongst other hotels in the vicinity to note if such outcomes are attributable to organizational design and size.

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