

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Anyone who is familiar with the major organizations in their area probably has observed firsthand how dramatically the business environment has changed in recent years (Sims, 2002). These changes have had a significant impact on organizational efforts to be successful. In practically every instance organization have tried to more clearly identify and then focus on factors that impact their success (Reich, 1991; Sims, 2002). One factor that seems to be receiving more attention than any other are people who work for organizations (Reich, 1998). Human resource development thrives as an important area of research practice. Human resource development intent towards advancing a diversity of competence of workers and promoting a vigorous work philosophy in the organization to harness the competencies of employees and inordinately enhance organization effectiveness (Rao, 1987). Human resource development has progressively developed importance considering the fact that, the conventional management supposition that there existed only two essential assets, money and time is absolutely not legitimate, given that knowledge has developed into an unvaryingly imperative resource (Delahaye, 2003; Stacey, 2003). Such resources take on special relevance when dealing with labour-intensive service industries, especially, the hospitality industry, where the accomplishment of the business is contingent predominantly on the success of the synergy among the guest and the employee (Ford et al., 2012). Establishing a competitive edge via people necessitates conscientious thought to processes that perfectly influences these resources. Human resource development practices are more exact than policies; they are programs planned and put into action to enhance employee competencies, in order for employee to function efficiently and attain performance expectancies (Clardy,2008; Nilsson and Ellstrom ,2012). Human resource development practices convey a message to employees that the organization values their contribution and supports their long-term development (Bartlett,2001; Macky and Boxall, 2007). Several other authors (Boelle, 2000; Jones et al., 2014; Whitla et al., 2007) posited that, the extremely essential industry globally in the service sector is the tourism industry, where the hospitality industry is a predominant constituent. According to the World Travel and Tourism Council, in 2016, the sector supported almost 292,220 million employments internationally and produced nearly US\$7,613.3 billion, culminating into 10.2% of worldwide GDP (WTTC, 2017).

They further report an anticipation of a 2.5% rise in jobs to 381,700,000 (11.1% of GDP) by 2027. Similarly, the country report on Ghana in 2016, indicate that the total support of the sector to Ghana's economy amounted to GHC11,542.0mn (USD2,967.1mn). The report further shows that the sector supported almost 693,000 thousand jobs and its forecast to rise to 847,000 thousand (5.6% of GDP) by 2027 (WTTC, 2017). Statistics from the 2016 Budget Statement and Economic Policy of the Government of Ghana suggest that the hotel and restaurant subdivision of the service sector experience a negative growth of -4.8% although a 0.5% growth rate was projected (MOFEP, 2016). The hospitality industry encompasses different activities and purposes, including lodging, catering, and other establishments besides hotels. However, Dittmer (2002) argue that, the hotel industry represents a key segment of the hospitality industry. Several other authors (Enz, 2009; Lockyer, 2007; Poulston, 2008; Swain, 2003) deliberates that, the hotel industry is a people industry. They further indicated that employees are cogitated as the focal point of the hotel industry for the reason that, they may possibly develop a dazzling image for prompt and cozy service or taint the perfect vacation reality. Along the same lines, Cheng and Brown (1998) postulate that it is essential for the hotel industry to cultivate progressive human resource policies and practices to facilitate the attraction, retention, development and motivation of competent employees. The effective utilization of human resource is a major challenge facing the hotel industry. The hotel industry is constantly plagued with high staff turnover levels. Woods (1995) reports that staff turnover rate was projected to be a year and a half in the US. Similarly, Rowley and Purcell (2001) indicates that turnover rate ranging between 18 to 24 months are seen as usual in the UK. Along the same lines, Marco-Lajara and Úbeda-García (2013) contends that the staff turnover rate range between 60 % to 300%. The hotel industry in Ghana is characterized by 59.5% labour turnover rate (Honyenuga and Adzoyi, 2012).

1.2 Research Gap

Literature clearly shed light on several studies put forward by several authors regarding Human resource development and its significant value for the development of an organizations human resource (Bartlett,2001; Macky and Boxall, 2007; O'Connell and Lyons, 1995). Human resource development has been studied in different industries across the globe. Nevertheless, relatively fewer studies exist on human resource development in the hospitality setting (Cheng and Brown, 1998; Nankervis and Debrah, 1995; Swain, 2003). Most researches on human resource practices in the hospitality industry predominantly centers on advanced economies such as UK (Maxwell et

al., 2000; Watson et al., 2007), USA (Kalargyrou and Woods, 2011), New Zealand (Poulston, 2008), Spain (Agut et al., 2003), Germany (Langer, 2003), Australia (Davidson et al., 2010; Jago and Deery, 2004), Ireland (Baum and Szivas, 2008; Nolan et al., 2010). However, with some exceptions (Honyenuga and Adzoyi, 2012; Otu, 2013; Mensah-Ansah, 2014) negligible study exists on HR practices in the hospitality industry of West Africa not to mention the Ghanaian hospitality industry. The Association of Talent Development (ATD, 2012) offered eight developing workplace tendencies that influence human resource development and suggested several actions comprising improving employee skills, efficiently expending new technology, evolving new organizational structures and developing cultures that encourages learning and innovation. These evidently have an immense pact to do with human resource development and are very pertinent to the hotel industry in Ghana especially, as the country seeks to enhance its tourism potentials. It is in view of these that, the study sought to examine how human resource development practices can augment the competencies of employee which will invariably enhance the performance of the hotel industry in Ghana.

1.3 Objectives of the Study

The main objective is to examine how human resource can be developed to enhance the performance of the hotel industry in Ghana.

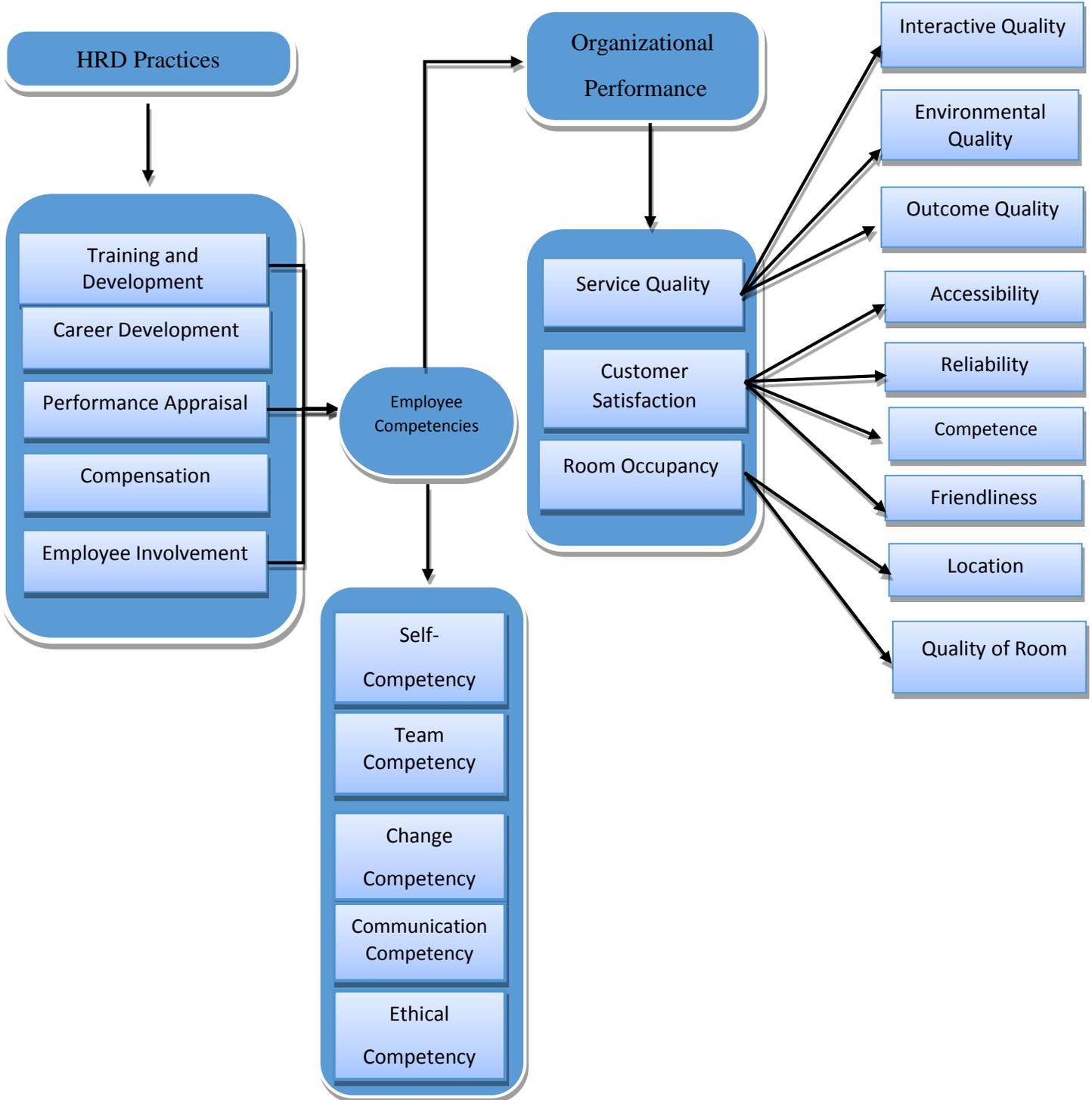
Specific objectives

1. To analyze the human resource development practices prevailing in the hotel industry.
2. To evaluate the impact of human resource development practices on employee competencies.
 - 2.1 The impact of training and development on employee competencies
 - 2.2 The impact of career development on employee competencies.
 - 2.3 The impact of performance appraisal on employee competencies
 - 2.4 The impact of compensation on employee competencies.
 - 2.5 The impact of employee involvement on employee competencies.
3. To study the impact of employee competencies on the performance of the hotel industry.
4. To study the role of employee competencies on the association between human resource development practices and organizational performance.

1.4 The Research Model

Figure 1 displays a graphical representation of the conceptual model which guides this research.

Figure 1 Conceptual Frame Work



1.5 Definitions of Constructs

1.5.1 Human Resource Development Practices

Human resource development practices are programs which are designed to be strategically oriented to organizational process for managing the development of human resources to contribute to the overall success of the organization (Werner and DeSimone, 2006, p.26). Similarly, Clardy, (2008) and Nilsson and Ellstrom (2012) posited that human resource development practices are programs planned and put into action to enhance employee competencies, in order for employee to function efficiently and attain performance expectancies. Along the same lines, Bartlett (2001) and Macky and Boxall (2007) opined that human resource development practices convey a message to the workforce that the establishment values their contribution and support their long-term development. Based on literature the following human resource development practices are considered: training and development, career development, performance appraisal, compensation and employee involvement (Rao, 1987; Riordan et al., 2005; Ruona and Gibson, 2004; Smith, 1988; Smith and Walz, 1984; Yuvaraj and Mulugeta, 2013).

Training and Development

Training and development is generally defined “as a set of formal organizational and individual practices that are designed to enhance the potential contribution of human resources to the organization” (Noe 2005; O’Dwyer and Ryan, 2002; Wentland, 2003). Swanson (2001) defines training and development as “the process of systematically developing expertise in individuals for the purpose of improving performance” (p. 304). Blackburn (1995); Bolla (2000) and Jones (2002) deliberates that training and development programs foster learning and improve competence of overall organizational members.

Career Development

According to McDaniels and Gysbers (1992) career development is the total constellation of psychological, sociological, educational, physical, economic, and chance factors that combine to shape the career of any given individual over the life span. Hall and Associates (1986) define career development as the outcomes emanating from the interaction of individual career planning and institutional career management processes. McDonald and Hite (2005) postulate that career development interventions enhance employee’s positive attitude towards the organization

Performance Appraisal

DeNisi and Pritchard (2006) posited that performance appraisal is an activity which include the assessment of individual or other level of performance to measure and improve performance that will help in attaining corporate objectives. Obisi (2011) defines performance appraisal as “any work process that entails setting work standards, evaluating employees’ actual performance in relation to these standards”. Several other authors (Armstrong ,2005; Ostroff, 1992; Young et al., 1995) emphasized that integrated human resource and performance management strategies has important impact on the commitment and attitude of employees.

Compensation

Dessler (2009) defined compensation as “all forms of pay or rewards going to employees and arising from their employment” (p. 250). DeNisi and Griffin (2001) define compensation “as a reward system that a company provide to individuals in turn for their willingness to perform various jobs and tasks within organizations”. Mayson and Barret (2006) posited that an organization’s capacity in attracting, motivating and retaining competent human resource by offering competitive remuneration and equitable rewards is connected to the organizations efficiency and development.

Employee Involvement

Employee involvement is the level of participation by members in an organization’s decision-making process and the sense of responsibility and commitment thereby engendered (Denison, 2007). Randolph (2000) and Vroom and Jago (1988) concur with the definition when they referred to employee involvement as the degree to which employees share information, knowledge, rewards and power throughout the organization. Gowen (1990), Rossler and Koelling (1993) opined that employee involvement builds individual competence, control and obligation leading to a concerted foresight, values and aspirations.

1.5.2. Employee Competencies

The concept of “competency” was first brought about by Selznick (1957), White (1959), and subsequently McClelland (1973) remarkably developed the concept of “competency” as significant predictors of employee performance and success. Boyatzis (1982) define competency as the underlying characteristic of a person that could be a motive, trait, and skill, aspect of one’s self-image or social role, or a body of knowledge which he or she uses. Similarly, Milosevic et al.

(2007) emphasized that employee competencies are an assemblage of expertise, proficiencies, and personal qualities as well experience. Along the same lines, Draganidis and Mentzas (2006) concur with this definition when they referred to competence as a combination of tacit and explicit knowledge, behaviour and skills that gives someone the potential for effectiveness in task performance. Hellriegel and Slocum (2011) identified employee's ethical competency, self-competency, diversity competency, cross country competency, team competency and change competency as the seven key competencies that affects the behaviour of individual, teams and effectiveness of an organization. Along the same lines, several authors found team competency, ethical competency, change competency, communication competency and self-competency are major competencies needed for the hospitality occupations (Hai-Yan and Baum, 2006; Sandwith, 1993; [Jauhari](#), 2006). Accordingly, the following competencies are examined: self-competency, team competency, change competency, communication competency and ethical competency.

Self - Competency

Hellriegel and Slocum (2007) defined the concept of self- competency as the overall ability to assess your strength and weaknesses, set and pursue professional goals, balance work and personal life and engage in new learning, including new and modified skills, behaviours and attitudes. Smith (1968) assert that self –competency is the general feeling of an individual as proficient, effectual and decisive. This view appears to be supported by White (1959) who contend that self – competence has an essentially positive intuitive and precious attribute.

Team Competency

Hellriegel and Slocum (2007) defined team competency as the ability to develop, support, facilitate and lead groups to achieve organizational goals. Cannon-Bowers et al. (1995) argued that, team competencies are a main factor for team performance in a work environment. Similarly, Cummings and Worley (2009) emphasize that effectual collaboration and cooperation ensure team efficiency in attaining group goal as well as satisfying needs of team members.

Change Competency

According to Hellriegel and Slocum (2007) change competency is the overall ability to recognize and implement needed adaptation or entirely new transformation in people, task, strategies, structures or technologies in a person's area of responsibility. This view appears to be supported by Tagiuri (1979) who stressed that this capacity gives employee's sensation of capability and a determinant of likeness and mastery. This is consistent with several author who found that the

feeling of control or mystery act as a prominent function amidst contending resources (Pearlin and Schooler, 1978; Schweiger and Ivancevitch, 1985)

Communication Competency

Hellriegel and Slocum (2007) defined communication competency as the overall ability to use all the mode of transmitting, understanding, and receiving ideas, thoughts, and feelings, including verbal, listening, and nonverbal, written, electronic, information and emotional exchanges. Spitzberg and Cupach (1989) postulate that communicative competence frequently suggests an emphasis on suitable representative conduct established in friendly and relational settings. Wiemann's (1977) developed a model of communicative competency composed of five dimensions, affiliation/ support, social relaxation, empathy, behavioral flexibility, and interaction management skills.

Ethical Competency

According to Hellriegel and Slocum (2007) ethical competency is the overall ability to incorporate values and principles that distinguish right from wrong in making decisions and choosing behaviours. Kohlberg (1964) concur with the defined when he referred to ethical competency as the ability in making moral decisions and judgments as well as to make decisions and judgments which are moral and to acting in agreement with the aforesaid judgments and decisions. This is consistent with the study of Trevino (1998) who argued that a robust moral philosophy has an important influence on the moral conduct of employees and organizational commitment.

1.5.3. Organizational Performance

Organizational performance is a complex and multidimensional concept. The potential success of an organization is contingent on its capacity to efficiently implement strategies to accomplish corporate goals (Randeree and Al Youha, 2009). Cho and Dansereau (2010) defined organizational performance as an establishment functioning compared to its objectives and purposes. Along the same lines, Zhang et al. (2008) contends that the organizational performance is the extent of success to which the organization reaches its aims.

1.6. Significance of the study

Human resource development intent towards advancing a diversity of competence of workers and promoting a vigorous work philosophy in the organization to harness the competencies of employees and inordinately enhance organization effectiveness. Swanson and Holton (2009) argue that human resource development practices enhance the capacity of employees for improvement

in organizational efficiency. Employee competencies on the other hand provides potential for effectiveness in task performance (Draganidis and Mentzas, 2006). This study will be of significance to stakeholders, policy makers, government, academia and the general public. The findings of the study will help stakeholders and management of hotels in adopting properly and well-articulated human resource development practices which will help improve the expertise and skills of employees, improve employee competencies to determine the effectiveness of organization performance. This study will further serve as a guide and provides insight for future research regarding human resource development and related field for academia. The study will also contribute to knowledge by contributing to the scarce number of previous studies that have focused on the important function of employee competencies in the human resource development and organizational performance linkage literature in the hotel industry.

1.7. Structure of the Study

This thesis consists of five chapters. The first chapter which introduces the study has been devoted to the background of the study, the research gaps and the objectives of the study. The chapter gives a description of the conceptual framework that guides the study and defines the study constructs. The chapter further indicates the significance of the study.

Chapter two reviews relevant literature concerning the definitions of human resource development, their key concepts and underlying theories. This chapter discusses performance indicators for the hotel industry as well as the dimensions of the various performance indicators. Moreover, this chapter discusses the hypothesis developed for the study.

Chapter three elucidates and discusses methodological issues essential for guiding the study. This chapter covers different topics; types of research paradigms and designs, the research methods selected, the research instrument and measurement of variables used in the study. The chapter also discusses sampling procedures, sample and sample size criteria, research instrument and measurements of variables, the data analysis techniques used, statistical analysis for testing the research model, common methods bias and their controlling techniques and finally ethical considerations.

Chapters four presents the results of the data analysis for study. This chapter covers different topics; descriptive analysis and normality statistics, reliability of scales and confirmatory factor analysis, discriminant analysis. The chapter also discusses correlation analysis, structural equation

modeling, mediation analysis, reports the results of the estimation and modeling process and fit indices and finally testing of research hypothesis and objectives

Chapter five reviews and summarizes findings obtained from the preceding data analysis chapters to draw a broad conclusion for the study. Furthermore, this chapter provides theoretical and empirical implications, and proposes guidelines for future study.

