

Human Resource Management Practices on Food and Beverage Performance a Conceptual Framework for the Jordan Hotel Industry

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Abstract

This study reviews the human resource management practices of food and beverage services. The performance is measured by the turnover rate for managerial and non-managerial employees, labor productivity, and its return on assets. This paper aims to review existing literature on HRM practices in the F&B departments of hotels analyzing, the impacts of the framework of HRM practices. This paper discusses the HRM practices model, and explains Cho's HRM item's framework of HRM practices in the area of F&B and its application to Jordanian hotels. The conceptual model suggests applications of the HRM practices in the F&B department and encourages hotels to improve its management to better satisfy their employees.

Keywords: Human resource management practices; Food and beverage services; Performance; Hotel industry; Jordan

Introduction

Human resource management departments of food and beverage services are often criticized for being a cost center [1-3]. This criticism is raised for an unclear reason to see the results of employee management and the difficult outcomes of human resource management efforts. Human resource outcomes are generally measured with intangible factors such as employee satisfaction, customer satisfaction, and customer complaints. Therefore, the results of these measurements are often too indistinct to see the impact on the bottom line. A rapid changing business environment featuring a tight labor market, changing customer demands, and increasing competition, has been a challenge for many of today's hotels [1,3-5]. Moreover, rapidly changing technologies make it easier to share information and to replicate competitors' strategies and work practices [6-10]. To address these challenges, scholars and academicians have emphasized the use of competitive strategies [1,8], that account for core competencies and capabilities with human resources. The emphasis of human resources to improve food and beverage performance has become stronger [2,5], not only because they cannot be easily imitated by competitors, but because they provide an effectively fast response to market demands [11-13]. Furthermore, several academicians have asserted that human resource management is increasingly more important to the food and beverage service performance under such labels as, hotel capabilities, high performance work systems, process management, and high performance teams [1,14].

Becker and Gerhart [15] argued that human resource management decisions influence hotel performance by either improving hotel efficiency or increasing business revenues. According to previous studies, human resource management practices contribute to improving F&B performance including turnover rate [13,16], labor productivity [17-20], asset and equity return, and profit margin [21-23]. Numerous studies on the impact of human resource management on hotel performance have been conducted while, at the same time, dealing with many different industries [12,24-26]. However, Cappelli and Neumark [27] stated that there is an advantage of studying within a single industry. Such a limited population, they argued, ensures that a measured hotel performance is comparable across observations, that measured hotels' performance is similar across observations. Ichniowski et al. [28] supported the advantage of studying within a

single industry by suggesting the measurement of hotels' performance. Human resource practices, and control variables were more precise when a study focused on a practical industry. They also added that the automatic controls for factors differ among industries. Despite the hospitality industry's unique feature of labor intensity, only a few studies have investigated the impact of human resource practices on food and beverage performance such as decreased turnover rates, increased labor productivity, and increased profit margin within the industry. Those few studies, moreover, examined the impact of only a single human resource management practice on hotel performance [29-31]. Thus, the purpose of this study is to identify the items that affect employee performance in F&B departments. First, this paper presents a brief review of the literature regarding human resource practices of the food and beverage performance. Secondly, it outlines the paper model followed by the conclusion of the paper.

Human resource management practices framework

For the last decade, researchers have emphasized the effects of human resource management practices on hotel performance. Siguaw and Enz [2], Wang et al. [3], Waller [5], Huselid [12], Huselid and Becker [13], Becker and Gerhart [15], Cho and Poister [32] and Delery and Doty [33] have argued for the best practices known as innovative human resource management practices where, some HRM practices are always better than others, therefore, all hotels are encouraged to adopt these practices. The adoption of best practices has resulted in lowered costs, increased revenues, and the creation of a more effective human resource management.

Bartel [34] explain that hotel management introduced a formal training program from 1981 to 1986 which showed productivity

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improvement by at least 20%. Terpstra and Rozell [35] analyzed data from 201 hotels regarding the use of five staffing practices to examine, whether using more of these practices had higher department levels of profitability and sales growth. Samples collected from four different types of department were used. The five staffing practices were the existence of measuring system for ROI of recruiting source, measuring the validity of pre-employment tests, structured and standardized interviews, intelligence tests and biographical information blanks and weighted application blanks tests. They found a significantly positive relationship between the level on implementation of the five staffing practices and financial performance, this included an annual profit and profit growth across all the industries [1]. Based on the aforementioned studies, it may be concluded that there is a positive relationship between human resource management practices and hotel management performance. Furthermore, the effectiveness of the implementation of HRM practices varies by industry while a few studies have been conducted within a single industry.

Figure 1 shows a Human Resource Management Practices model used in food and Beverage Services.

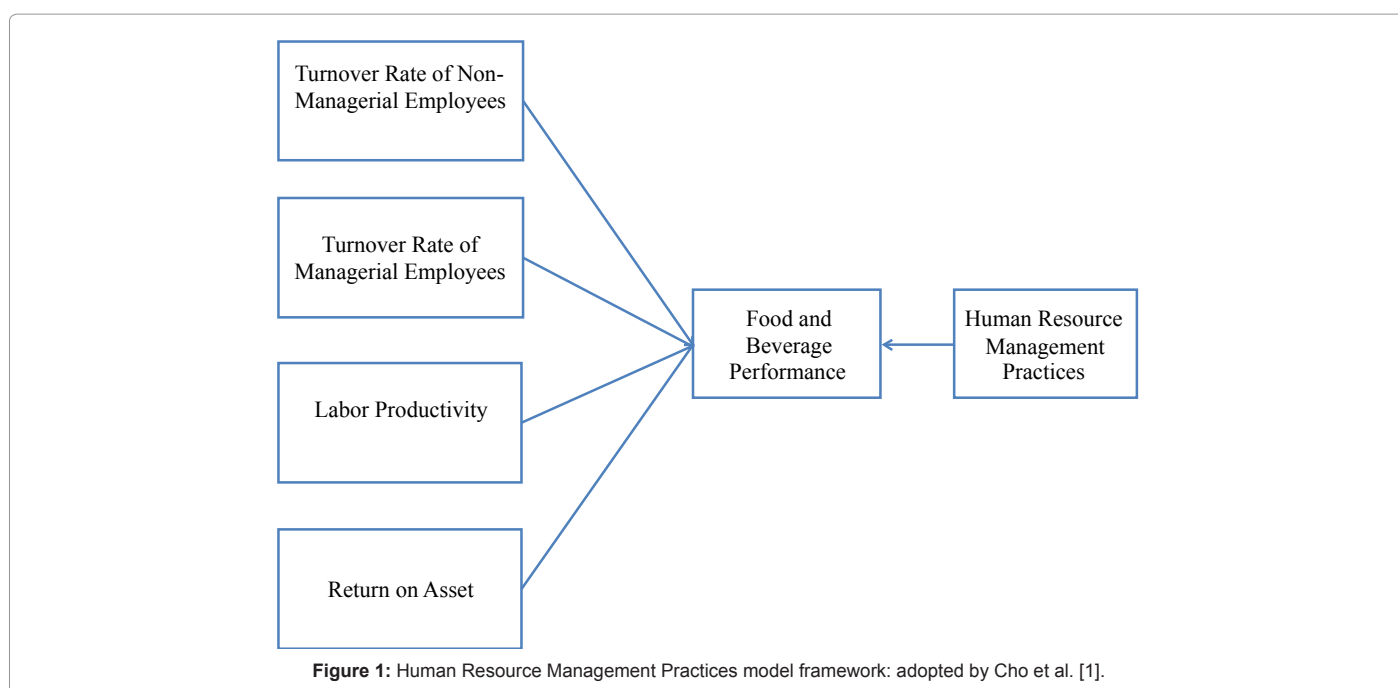
Wang et al. [3], Becker and Gerhart [15] and Karatepe [31] explained that hotel management organizational performance is a largely used terminology to describe improvements on a firm's bottom line performance influenced by the management of human resource practices. It can cover from employee turnover rates to all changes in the market shares. Organizational performance is a complex and multidimensional concept. One area of organizational performance such as, employee turnover rates or profit margin is not enough to represent the whole picture of organizational performance. Cho et al. [1] mentioned that the high turnover rate is one of the most important issues in the hospitality industry. With a spanned turnover rate from 32%-300% [36], he investigated the relationship between the HRM practices and turnover rate of non-managerial employees. The turnover rate of managerial employees, labor productivity, asset returns used the variance independent variables by controlling the number of employees significantly. Woods [37] reported that turnover

for managers could be up to 50,000 US dollars. Ebbin [38] provided four reasons for decreasing turnover rate, developing a motivated workplace by training, offering competitive compensation, showing workers that they are respected and valued, and providing rewards tied to performance.

A number of academic researchers have investigated the influence of human resource management on monetary and non-monetary hotel organizational goals [1,13,35]. Appelbaum [39] classified measures of organizational performance, influenced by human resource management, into two categories, monetary and non-monetary. Monetary measures are divided as financial performance and labor costs including revenue growth, profit margin, and market valuation. Non-monetary measures include employee trusts, intrinsic rewards, organizational commitments, job satisfaction, and employee stress. Dyer and Reeves [40] proposed four types of measures for hotel organizational performance affected by human resource management; human resource outcomes (turnover, absenteeism, and job satisfaction), organizational outcomes (productivity, quality and service), financial accounting outcomes (assets return, equity returns, and profitability), and capital market outcomes (stock price, growth, and returns) [1,37,41].

Conclusion

The primary purpose of this study was to review the impact of human resource management practices on organizational performance in hotel food and beverage departments in the Jordanian hotel industry. The study literature showed that some of the human resource management practices had significant effects on the turnover rate of non-managerial employees. It can generally be contested that there are some items to explain Cho's HRM practices model. Firstly, the employee directly gains a level of food and beverage performance from the HRM practices explained with the following four items; turnover rate of non-managerial employees, turnover rate of managerial employees, labor productivity, and asset returns. When they perceive higher job performance, they ultimately turn to employee satisfaction



of specific HRM practices provided by the F&B department. Secondly, employees may have higher performance levels. The application of this model by hotels can bring success for employees of the food and beverage departments in order to achieve higher job performance which has a direct effect on employee turnover rates. This paper is only conceptual, whereas, future studies may incorporate empirical data that will be collected from F&B departments in selected hotels in Jordan.

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