Is Service Quality Going to Integrate Human Resource Management Practices (HRMPS) and Customer Satisfaction in Hotel Industry?

A. J. Bambale and K. Goni

Abstract—This paper represents a conceptual analysis and development of a theoretical model for investigating the strength of service delivery as a mediating variable on the relationship between human resources management practices and customer satisfaction. The study would employ questionnaire survey to gather data for testing hypotheses. The proposed survey study would draw sample from customers of hotels located in Kano metropolis, Nigeria. The proposed study has the potential for creating a new knowledge and improvement of professional practice in the hospitality industry.

Index Terms—Human resource management practices, service quality, customer satisfaction, hospitality industry

I. INTRODUCTION

Customer satisfaction is an important concept in marketing mainly due to the impact it has on some important organizational outcomes such as customer loyalty and profitability [1], [2]. Customer satisfaction refers to the customer's overall evaluation of the performance of a service [3]. It was also defined as the customer fulfillment response, which is an evaluation as well as an emotion-based response to a service [4]. Customer satisfaction is important to the survival of any business, especially those operating in highly competitive markets and industries where close substitute products and services exist and repeat patronage is only guaranteed when the customer is satisfied at the first encounter with the business [5]. Satisfied customers are usually retained and probably remain loyal to the firms and dissatisfied customers seek for other firms that could offer them services or products that will satisfy their needs and aspirations [6]. Therefore, customers are supposed to be satisfied when given product or service creates utility (satisfaction). Different scholars realized that with improvement of customer satisfaction a firm will find customers that are more loyal [7], [8].

Customer satisfaction is the collective outcome of the customer’s perception, evaluation, and psychological reaction to the consumption experience with a product or service [9]. Studies posit that customer satisfaction leads to repeat purchase, loyalty, retention, positive word of mouth and increases long term profitability for the organization and customer [10]. A satisfied customer might become a repeat buyer and his overall satisfaction has a strong positive effect on customer loyalty intentions [11]. A non-satisfied customer would prefer to buy the product or service elsewhere [12]. Moreover, a satisfied customer spreads positive words-of-mouth and also becomes a loyal customer [13]. I therefore follows that positive word-of-mouth is a good predictor of new customers to business [14].

Service quality has become a major area of attention for researchers and professionals because of its huge impact on performance of firms. For example [15] argued that customers prefer and value companies that provide high service quality. Customers judge service quality relative to what they want by comparing their perceptions of service experiences with their expectations of what the service performance should be. Therefore, service quality is a key to the survival to all service organizations. Service quality is the extent to which a service meets customers’ needs or expectations [16]. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs [16]-[18]. Defined service quality as the difference between customer expectations of ‘what they want’ and their perceptions of ‘what they get’. Service quality can thus be defined as the difference between customer expectations of service and perceived service. [19] Argued that definition of service quality by [17], seems to be the most useful. Importantly, [20] redefined SERVQUAL in terms of five dimensions including: (1) Tangibles: “the appearance of physical facilities, equipment’s, personnel”; (2) Reliability: “the ability to perform the promised service dependably and accurately”; (3) Responsiveness: “the willingness to help customers and to provide prompt service”; (4) Assurance: “the knowledge and courtesy of employees and their ability to inspire trust and confidence”; and (5) Empathy: “the caring, individualized attention the firm provides its customers”.

Human resource management practices (HRMPS) is defined as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and survival of the organization and its members [21]. These practices are also conceptualized as a set of internally consistent practices designed and implemented to ensure that an organization’s human capital contributes to its achievement [22], [23]. Literature reveals that HRMPS have direct or indirect link to positive financial outcome, organizational outcome or client satisfaction and human resource outcome [24]. Also, customer satisfaction is found to be positively affected by service quality [25], [26].

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essence, service quality is a prominent determinant and benchmark of customer satisfaction [27], [28]. Similarly, some studies that recently started to explore the relationship between human resource management practices and customer satisfaction have found significant positive effects [29], [1], [2]. Recently, [30] argued that it is important to explore empirically how significant HRMPs are in making customers of service organizations including hotels and banks become satisfied with the service provided by employees.

Because of the ever critical importance of customer satisfaction on organizational outcomes including customer delight and business performance [31], [32] more studies are needed to find factors that would enhance customer satisfaction. Therefore, this study proposes an integrated model that may contribute toward higher customer satisfaction. This study would examine the impact of human resource management practices on customer satisfaction through service quality. Literature did not show any evidence of customer satisfaction research that integrated human resource practices and service quality at the same time. Knowledge of these integrated relationships would provide new theoretical development in understanding how human resource strategies could be used to better impact on customer satisfaction in service industry.

II. LITERATURE REVIEW

HRM practices are defined as a set of internally consistent policies and practices designed and implemented to ensure that a firm’s human capital contributes to the achievement of its business objectives [22]. Human resource management practices are also conceptualized those activities of management directed towards ensuring employee commitment and productivity to achieve sustainable competitive advantage for the firm [33]. In this study, six different HRMPs including results-oriented appraisal, clear job description, employment security, internal mobility, extensive training, and selective staffing would be considered.


Human resource management practices could play important role in improving and sustaining customer satisfaction. It was argued that implementation of human resource strategies specially designed for employee-customer relations and contact could positively affect customer satisfaction through service effectiveness [34]. Similarly, [30] stated that one of the outcomes of an effective HRM practices is generation and sustenance of a committed workforce both towards the organization and the job. A few empirical studies exist in the literature that examined the relationship between HRMPs and customer satisfaction. Results revealed that HRMPs have positive significant influence on customer satisfaction [2], [35]. [35] argued that HRMPs of an organization have a significant influence in making employees committed to exhibit the kind of attitudes and behavior that are needed to support and implement the competitive strategies of the organization. It is a well-accepted proposition in management literature that it is the change of attitudes and behaviors of employees that lead to customer satisfaction especially in service organizations [30].

Furthermore, studies showed that behavior-based employee evaluations (i.e. performance appraisal) elicit employee performance that is consistent with customer expectation, thus resulting in customer satisfaction [20], [36]. Also, training develops customer oriented-attitudes and values influenced among employees, which eventually create a sort of behavior in the employees which is valued by the customer to a greater extent resulting in customer satisfaction [37]. Collectively, high-performance human resource practices, such as selective staffing, provision of job security, extensive training, promotion from within (internal mobility), results-oriented appraisal, and clear job description demonstrate an organization’s intention to establish a long-term exchange relationship with its employees [38]. It was also argued that human resource management practices foster employees’ shared perceptions of a supportive organizational environment that motivates discretionary behaviors that contribute to organizational performance [38]. Thus, human resource practices would be capable of establishing same relationship between contact employees and hotel customers, signaling that HRMPs could stimulate positive reactions that could enhance customer satisfaction.

B. Human Resource Management Practices and Service Quality

Generally, performance in organizations depends on its human resource. Consequently, HRM is argued to be a big factor that plays a critical role in maintaining business success [39]. Similarly, [40] argued that employee behavior and attitudes can determine the success or failure of organizational plans no matter how well constructed. Precisely, HRMPs play an important role in affecting service delivery and subsequently organizational performance [41]-[43]. Also important to current study, [44] conducted a study on the training and development program of New Castle Hotels, UK and found that it has significant positive effect on job performance of its employees. Precisely, [45] found out that training, which is a key human resource management practice in organizations enhance the skills and capabilities of employees. Thus, effective HR management in organizations is a prerequisite for quality service [46]. Another study conducted by [47] in Pakistan found that commitment, training and development of employees enhance service quality. Additionally, studying the relationship between HRM practices and service performance among 316 employees of Taiwan hotel industry revealed that HRM practices affect innovation, organizational commitment and service performance [48].

C. Service Quality and Customer Satisfaction

Several studies on the relationship between service quality and customer satisfaction in different countries and industries were conducted. Studies in Indian context that examined the influence of service quality on customer satisfaction among 300 respondents in Indian banking industry [49], and 369 retail outlet customers [50] showed that increase in service quality can satisfy and develop customer satisfaction. Also in the Malaysian banking sector,
studies conducted to find the relationship between service quality and customer satisfaction showed that service quality dimension significantly affects customer satisfaction [51], [52]. In Pakistan banking sector, different studies established that service quality has a significant impact on customer satisfaction in e-banking [53] and all other banking operations in Pakistan [54].

In a different context, [55] conducted a survey of hotels in Bangalore to examine the impact of service quality on customer satisfaction. Results showed that service quality significantly affects customer satisfaction. Also in the Kingdom of Saudi Arabia (KSA), [56] conducted a study to examine the effects of service quality on customer satisfaction. The service quality and customer satisfaction studies conducted in African context including Kenya, Ghana and Ethiopia [57]-[59] have all demonstrated significant positive relationship. Specifically, in Nigerian context, [60] using a sample of 384 customers from Nigerian banks demonstrated that service quality dimensions including tangibility, reliability, responsiveness, confidence, and communication have positive relationship with customer satisfaction.

D. Service Quality as a Mediator between HRMPs and Customer Satisfaction

The social exchange theory [61] argues that perception of good treatment from one party creates obsession to reciprocate in kind to the other party. In line with this theory, workers may consider the fair and result-based reward system; well-designed performance appraisal; focused and well-designed career management; quality training programmes, and well-designed recruitment system as special and deliberate attempts by management to help employees both achieve organizational and personal goals. Accordingly, service employee would be obliged to deliver quality service if the organization he/she works for has effective and functioning HRMPs, thus leading customer satisfaction.

E. Theoretical Framework

The expectation disconfirmation theory [62] would be used to underpin relationships in the proposed model of this current study.

III. Method

A. Participants

The data for this study would be collected from customer contact employees of hotels in Kano. This may be a better way, particularly for a service industry like the hotel industry, where customer feedback may be difficult to gather, particularly in an unbiased form. It was found that employee perceptions of customer satisfaction are a very good proxy for actual customer satisfaction [63]. In addition, [64] found a strong correlation between customer attitudes about service quality and branch employees’ perceptions of the quality of service customers received.

B. Measures

1) Customer satisfaction

This study shall use the [8] customer satisfaction 4-item instrument to measure the customer satisfaction construct. The instrument was found to be reliable in the New Zealand banking context with Cronbach alpha of 0.88 [65]. The items would be modified to suit the hotel context. This instrument would be measured using a 4 Likert’s type scale ranging from “1” strongly disagree to “5” strongly agree. Example of items for measuring this construct include “overall customers are satisfied with the services offered by this hotel”, and “overall customers are satisfied with this hotel”.

2) Service quality

This study shall adopt the 26-item lodging quality index (LQI) developed by [66] on the basis of the SERVQUAL instrument [20]. The LQI scale measures service quality in lodging organizations such as hotels along five dimensions, namely tangibility, reliability, responsiveness, confidence and communication. The SERVQUAL scale forms the foundation on which all other works have been built [20]. However, SERVQUAL’s original scale shouldn’t be kept in all contexts, as it is better to adapt it or even transform it according to the industry’s specific context where the research is taking place [19]. Evidence from a research conducted by [67] in Kenyan hotel industry revealed individual Cronbach’s alpha for the LQI five service-quality dimensions as 0.920 for tangibles, 0.811 for reliability, 0.828 for responsiveness, 0.854 for confidence and 0.849 for communication. Sample items include “the hotel rooms are
pleasant and attractive (for tangibility dimension), “guestrooms are always ready as promised (for reliability dimension), “employees respond promptly to customers’ requests (for responsiveness dimension)”, employees treat customers with respect (for confidence dimension)”, hotel employees try to find out customers’ particular needs (for communication dimension). All items would be measured using a 5 Likert’s type scale ranging from “1” strongly disagree to “5” strongly agree.

3) HRM practices

HRM practices would be measured using the instrument developed by [38]. The instrument has 6 dimensions and 21 items. The 6 dimensions are results-oriented appraisal, clear job description, employment security, internal mobility, extensive training, and selective staffing. Sample items for the six dimensions of HRM practices include “performance is more often measured with objective quantifiable results”, “the duties in this job are clearly defined”, and “employees in this job can be expected to stay with this hotel for as long as they wish for” for results-oriented appraisal, clear job description and employment security dimensions. Other sample items include “great effort is taken to select the right person, extensive training programs are provided for individuals in customer contact”, and “employees have opportunities for upward mobility” for selective staffing and extensive training dimensions. This instrument would be measured using a 5 Likert’s type scale ranging from “1” strongly disagree to “5” strongly agree. Internal scale reliability for HRM practices as established by [38] were 0.70 for results-oriented appraisal, 0.70 for clear job description 0.55 for employment security, 0.78 for internal mobility, 0.79 for extensive training and finally 0.75 for selective staffing.

IV. CONCLUSION

This study is an attempt to test the mediating role of quality service delivery on the relationship between human resources management practices and customer satisfaction in the hospitality industry. Principally, the study has both practical and theoretical significance. For the first time this study will investigate the mediating role of quality service delivery on the relationship between human resources management practices and customer satisfaction. In addition, the outcome of the study would further demonstrate the importance of practicing “result oriented HRM practices” in influencing customer contact employees to deliver quality service and consequently influencing customer satisfaction in the hospitality industry. Specifically, it will show how HRMPs including extensive training, results-oriented appraisal, clear job description, employment security, internal mobility, extensive training and selective staffing trigger hotel staff to deliver quality service to customers. Results of the study will give insight into how hotels can improve their HRMPs to achieve quality service for customer satisfaction. Also, for academics and future researchers, the outcome of the study will serve as basis for conception of future studies regarding the scope of the current study.

REFERENCES


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