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An Empirical Study on Relationship between Training Outcomes and Employee Involvement Creating Organizational Growth in Hotel Industry

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Abstract: Indian hotels are dealing with many complex challenges and human resources management have great influence on their success. Managers and leaders' appropriate strategic steps will create strong motivation in employees. Moreover, this will increase employees' involvement and make them more effective in their job, which may ultimately leads to the growth and development of organization. In this context, the current research paper investigates the relationship among perceived training service quality, employee involvement, and organizational growth and development in hotel service industry of India. In the current study, 484 hotel employees were surveyed to investigate the existence of complex relationship among the mentioned human factors. Structural equation modeling approach was taken as the tools for analyzing these empirical evidences.

Key Words: Training Service Quality, Employee Involvement, Organizational Growth, Structural Equation Model, Hotel Industry

JEL Classification Codes: M54, C39

INTRODUCTION

Managing human resources involves a complex process of designing policies, practices and procedures of organisations for recruiting, motivating, developing and retaining employees (Schneider, 1994). While there

are many skill sets that are transferable between different industry types, different industries also require different skill sets. It is therefore reasonable to assume that different approaches may be necessary to satisfy, retain and motivate employees with these different skill sets. Till now in our country, limited research attention has been paid to industry differences and how they might moderate the degree of employee satisfaction leading to organizational development. Developing and retaining satisfied employees in the service sector like hotel industry, can provide a positive link between the organisation and customers through higher perceived service quality and customer satisfaction. With this in mind, the current research study tried to make an investigation linking employee training outcomes with employee involvement, leading to organizational growth and development.

There is at the end of the day only one thing that differentiates one company from another – its people. Not the product, not service establishments, not the process, not secret ingredients; ultimately any of these can be duplicated. So we must give tremendous value on the integration of people with organizational objectives, equipment and processes. Involvement however is more than just the exchange of information. It is the gradual but radical delegation of control to those closest to the process itself. Self-managed teams, cell-based manufacture, autonomous work groups, high performance work systems, are all examples of true involvement.

Employees take ownership of their jobs and work harder to implement strategies that they helped establish. Increased employee productivity across industries, even for low-skilled employees that do routine tasks (Jones, Kalmi, & Kauhanen, 2010).

Sustaining an entire employee involvement process is no easy task. It would require the work of highly trained internal or external consultants with expertise in assessment, training, management education, and evaluation. A formal process involves manager and employee training, support from the highest levels, and the application of specific measures to increase employee participation. These can include: quality circles, self-directed/self-managed work teams, gain sharing programs, employee ownership, problem solving teams, and cross-functional task-forces.

Growth is something for which most companies endeavor, regardless of their size. Small firms want to get big, big firms want to get bigger. Undeniably, companies have to grow at least a bit every year in order to accommodate the increased expenses that develop over time. With the passage of time, salaries increase and the costs of employment benefits rise as well along with the rise in infrastructure and production cost. It is not always possible to pass along these increased costs to customers and clients in the form of higher prices. Consequently, growth must occur if the business wishes to keep up.

In the above context, the current research paper aims at analyzing the relationship between employee training outcomes with employee involvement leading to hotels' growth.

LITERATURE REVIEW

Training is a part of the human resource development, along with the other human resources-activities such as recruitment, selection and compensation. The role of human resource department is to improve the organization's effectiveness by providing employees with knowledge, skills and attitudes that will improve their current or future job performance. In order to implement the right training methods, the training specialist should be aware of the pros and cons and effectiveness of each training method. Besides, for

evaluating training effectiveness, measurement should be done according to the models. “Training” refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein & Ford, 2002). Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for purposes of personal growth. However, it is often difficult to ascertain whether a specific research study addresses training, development, or both. In the remainder of this review, we use the term “training” to refer to both training and development efforts.

Involving the collaboration of company management and union representatives is becoming prevalent in unionized environments. If the organization is traditional, old developed and firmly in place, and its technology is independent, repetitive task and simple, then suggestion involvement is appropriate but if the organization is new, complex knowledge work, interdependent work, then the management has to be involved more. Because involvement is not universally good for the organization, it depends on the type of organization (Edward E Lawler, 1988). Employee involvement is a blend of many concepts and has developed out of many predecessors. Employee involvement process do not always share the same method, and can include indirect and relatively modest scope technique such as suggestion boxes and employee opinion surveys. Other techniques and processes are more direct and large in scope.

Mark. D. Hanna, W. Rocky. Newman & Pamela Johnson (2000) in their research uses data from 349 employee involvement (EI) team projects to explore the relationships between process type, operational performance, employee involvement, and environmental performance. They investigated the stated goals and outcomes of EI team projects and relationships among these. For repetitive manufacturing processes in particular, they find strong relationships between the operational goals and outcomes of teams and the positive environmental impact outcome. Managers who understand this will take over steps to leverage their operational improvement systems for environmental gains. On such concept on employee involvement, Mark Fenton-O’ Creevy (2001) identified middle managers’ attitudes to be no more negative than those of senior managers. As hypothesized, managers’ intentions to support employee involvement were found to be inversely related to recent managerial job loss and positively related to managers’ experience of employee involvement. Contrary to expectations, the study revealed a positive relationship between recent delay ring and intentions to support the involvement of employees. The study also reveals a complex curvilinear relationship between managers’ perceptions of their own empowerment and their attitudes to employee involvement. The article draws out a number of implications for practice. Employees integrated into the business have more positive feeling about themselves and about their work. In his research Carrie R Leana, Roger S. Ahlbrandt & Accdrey J Murrel (1992) examined differences in perceptions and attitudes regarding work, the union, and preferences for decision-making structures among three groups: participants and nonparticipants in an employee involvement program, and employees who had volunteered for the program but had not yet had the opportunity to participate. Results indicated that the volunteers generally had the most positive attitudes toward their work and union; participants showed the greatest disparity between their perceived and desired levels of influence. Participants also viewed employee involvement as the best structure for decision making on some work issues; nonparticipants favored collective bargaining. Based on the data from a survey of 180 manufacturing companies by Hongyi Sun (2000), it is found that EI is positively correlated with total quality management (TQM) enablers and improvements in business performance; EI positively influences the contribution of TQM to the improvement of business performance; EI is marginally related to ISO registration; and EI has no effect on the contribution of ISO

9000 registration. Employee involvement not only influences the improvement of business performance, simultaneously it helps in reducing cost to the company. If pollution is a cost to the competitor company and to the own company, then one organization can win if it can lower its pollution control cost. (D. Keith Denton, 1999). In his study on Dow Chemical, he found that, involvement is essential to improving pollution control. Controlling these costs requires people to think about it a lot. Everyone must accept ownership for pollution. Additionally, the extent of benefit derived out of employee involvement programme may be differentiated based on the type of involvement. Whether the involvement is psychological or it is task assigned. Jone L. Pearce (1993) his study investigated differences in the psychological involvement and task assignments of labor-contractor and employee engineers and the effects of the contractors on the attitudes of their employee co-workers. Findings partly supported the hypothesis that supervisors shift interdependent tasks to employees when contractors are present in their work groups. However, employees were not found to have greater quasi-moral involvement than contractors. In addition, the presence of contractor co-workers was associated with employee reports of lower organizational trustworthiness, as expected. Greater breadth and depth of employee involvement and participation practices are associated with higher levels of organizational commitment and job satisfaction (Annette Cox, Stefan Zagelmeyer & Mick Marchington, 2006).

The success and failure of an organization depends on how well they are managed. It is imperative that companies look at the necessity of understanding and developing organization development programs. In today's global economy, the need for the development of internal equity is now more important than ever before. When you understand the historical perspective of OD, you can understand the reasons behind the research involved and why it has developed a strong importance in today's work environment and what it may do for organizations in the future (Wei S. Meyer, 2011). So a continuous research on the effectiveness of Organization Development is needed to show that it is a legitimate field of study and has important implications to organizations around the world.

Keeping all the past literatures, the following hypothesis was formulated.

H₁: *Training outcomes creates more degree of employee involvement in workplace giving better performance and growth rate of hotels*

METHODS AND DESIGN

The study was mainly survey based and exploratory in nature. The sources of data were mainly primary and collected through one tailor-made questionnaire. The data for the study were collected through a structured questionnaire from 484 hotel employees covering all parts of the country, India during the year of 2017. While choosing an employee, the method of purposive sampling was followed and the respondents were approached personally. A questionnaire for employee survey was designed keeping the broad parameters in mind, which was pre-tested before finalization. The data were collected for perceived training service quality and employee involvement, in a 7-point Likert scale, ranging from one indicating strongly unfavorable response category to seven indicating strongly favorable response category. The questionnaire containing all the items related to service quality (Parasuraman, A, Zeithaml, V A and Berry, L L, 1988; Chun-Fang Chiang, Ki-Joon Back, Deborah D. Canter, 2005) and employee involvement (Thomas & Velthouse, 1990 and Lawler, 1986) was developed with minor modifications, which was used for employee survey and

administered keeping the broad objectives in mind. The data collected through measurement instrument were entered into SPSS data sheet for further processing. Cross tabulations were made to understand the underlying relationships among the variable under study keeping the broad objectives in mind. Finally, for structural equation modeling purpose, Amos-17 software package was used. Structural models were developed and tested on the basis of Confirmatory Factor Analysis (CFA), after studying measurement models.

RESULTS AND DISCUSSION

The formulated hypothesis taken earlier was tested through structural equation model as shown in figure 1.

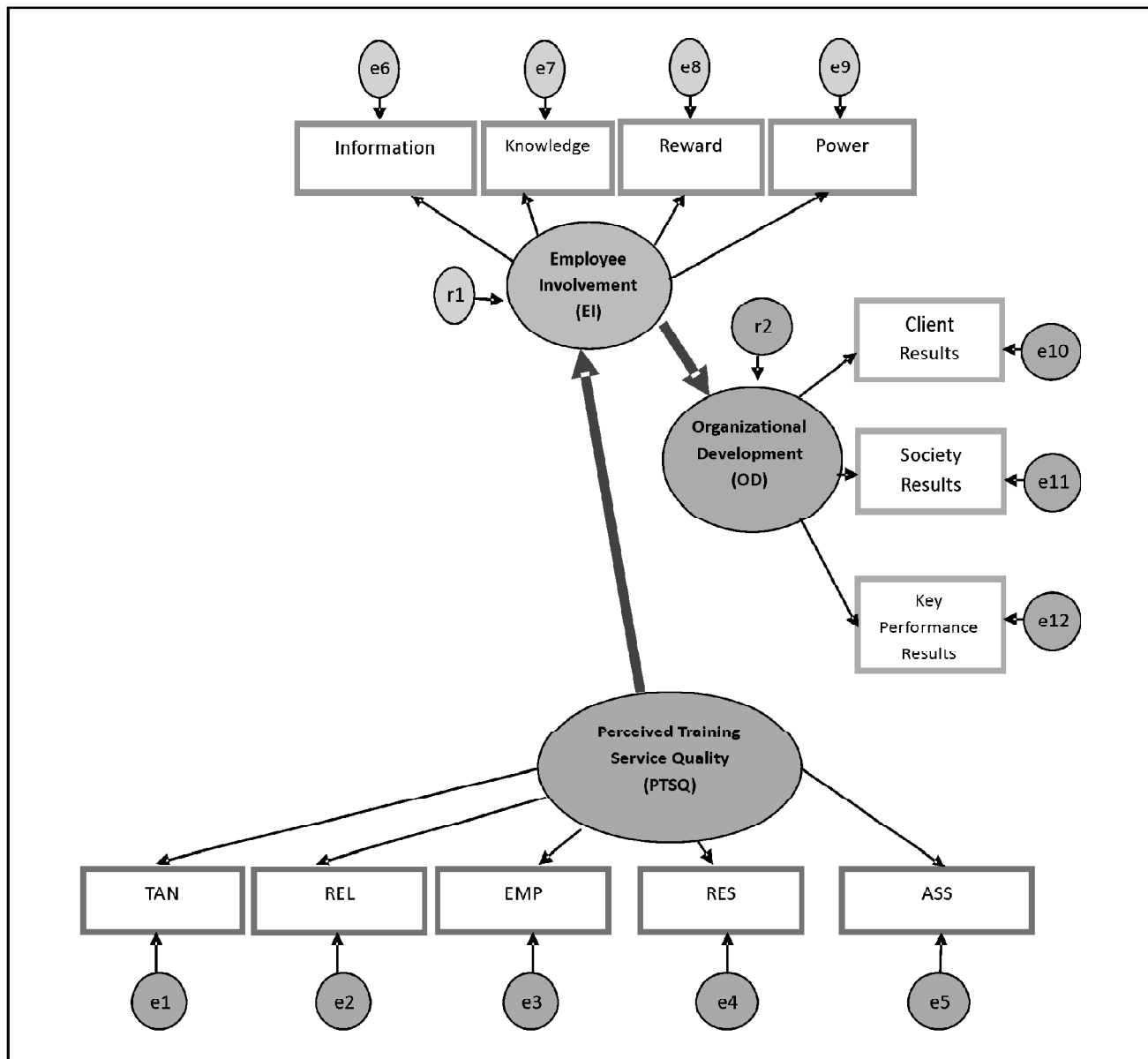


Figure 1: Structural Equation Model linking PTSQ , EI and OD

After identifying all the unobserved latent variables and observed variables, path diagrams were drawn and analyzed for all data collected from hotel employees by the help of Amos software package. Figure 1, is the SEM of hotel employee attitudes and there are three extracted latent variables. The observed variables, named by their respective derived dimensions is the average values of concerned items within each sub-construct, which ultimately indicates three master constructs.

Here it is seen from fig 1 and model results that, for each factor, one factor loading is fixed to 1. This is needed to give the latent factor an interpretable scale (Hox J J and Bechger T M, 1998). If we do not fix one factor loading to 1, the scale of the latent factor is undetermined. For each latent factor, we can estimate the loadings given a fixed variance for the latent factor, which standardizes the scale of the factor to a Z-score, or we can estimate the factor variance given at least one fixed loading. Since the loadings are a function of the variance of the latent factor, and the variance of the latent factor is a function of the loadings, we cannot simultaneously estimate unique values for all of these. Thus, one solution here is to fix the variance of all factors to 1, and estimate all factor loadings.

Table 1
Relative Fit Indices of Goodness of Fit

<i>Indices</i>	<i>Values</i>
Normed fit index (NFI)	0.963
Relative fit index (RFI)	0.950
Incremental fit index (IFI)	0.981
Tucker Lewis index (TLI)	0.971
Comparative fit index (CFI)	0.944
Root mean square error of approximation (RMSEA)	0.0745

Table 1 represents some indicators of test of relative fit of both of the models. From this table it is observed that the tests on the goodness of fit are satisfactory. As the cutoff values for fit indices are magic 0.90 (Hair *et al.*, 2009), all of the relative indices mentioned above for the data collected fulfill this criteria. Again the root mean square error of approximation (RMSEA) has a value of 0.0745, which is comparatively low and therefore is quite good. The cutoff value for this statistical measure is 0.08 and a well fitted model should have this RMSEA value of below the cutoff value.

Hence, from SEM analysis it was interpreted that the formulated hypothesis got accepted.

Managerial Implications and Conclusion

Specifically, the purpose of this study was to determine the affects of perceived training service quality on employee involvement leading to organizational development in hotel industry. This study addressed several issues in the work environment as they relate to hotel industry of India; the emerging service sector. Previous studies involved analysis on components of this research and in different business settings. In reviewing other studies for this analysis, there appeared to be an absence of discussion when describing the relationships between training, employee involvement, and organizational development with the companies in large manufacturing and service sectors with different types of employee cadres and functional

departments. The derived outcome of this study may encourage hotel managers and policy makers to give training a higher importance. Training quality as perceived by hotel employees is a direct antecedent or determinant of employee involvement, which may ultimately lead to organizational growth.

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