

Strategic Human Resources Management and Organizational Effectiveness in Hospitality Settings

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Utilizing a contingency perspective, we model the influence of a set of strategic human resource practices referred to as high performance work systems (HPWS) on organizational effectiveness in the hospitality industry. Adopting a multi-stakeholder lens, organizational effectiveness is conceptualized as resulting from a causal sequence of events leading from HPWS to work engagement, employee turnover, customer service experiences, and financial performance. Our model emphasizes job resources as a linking mechanism between HPWS, supervisory support, and organizational effectiveness. We also question the assumed functional nature of involuntary turnover while providing new insights for practitioners hoping to combat the industry's turnover culture.

INTRODUCTION

“If the employees come first, then they're happy... A motivated employee treats the customer well. The customer is happy so they keep coming back, which pleases the shareholders. It's not one of the enduring Green mysteries of all time, it is just the way it works.” - Herb Kelleher, Founder Southwest Airlines (Freiberg & Freiberg, 1998)

The above quote summarizes the underlying philosophy and the logic wherein organizational leaders consider their employees as their top priority. Such “employee-centered” organizations assume there will be a long-term “spill-over” effect of employee attitudes and behaviors on customer satisfaction and, in turn, on their firm’s financial performance. This link is especially critical in the hospitality industry, where the quality of interactions at the frontline employee-customer interface is one of the most important determinants of organizational success (Bowen & Schneider, 1988; Lin & Liu, 2016). This philosophy also conveys the underlying rationale and motivation behind a set of strategic human resources management (SHRM) practices commonly referred to as high performance work systems (HPWS; see Boxall, 2012).

An influential body of research in this domain has shown that greater use of HPWS is associated with a range of positive organizational outcomes, such as labor productivity (e.g. Datta, Guthrie, & Wright, 2005), reduced voluntary turnover rates (e.g., Batt, 2002; Guthrie, 2001) and financial performance (e.g.,

Huselid, 1995; Takeuchi, Lepak, Wang, & Takeuchi, 2007). Research indicates that HPWS indirectly affect firm performance by influencing abilities, motivation and opportunities (Jiang, Lepak, Hu & Baer, 2012). This paper extends this work by proposing a conceptual framework modeling the underlying mechanism through which HPWS affects a multidimensional measure of organizational effectiveness in the hospitality sector.

More specifically, in this paper we make three important contributions. First, we explore the proverbial black box between HPWS and organizational level outcomes, an endeavor of both theoretical and practical significance. From a practitioner perspective, an understanding of the relationship between HPWS, employee perceptions and experiences, and organizational outcomes can help organizations develop more efficacious HR policies and practices. Theoretically, while there is growing interest in this topic, much remains unknown about the mediating mechanisms linking HPWS with firm performance.

Second, as pointed out by scholars (e.g. Lin & Liu, 2016; Wadhwa, 2012), although there is a growing interest in understanding the application and mechanisms underlying HPWS in the service industry, the extant literature is disproportionately informed by studies of the manufacturing sector (e.g. Datta, et al., 2005; Guthrie, 2001; Liao & Subramony, 2008; Subramony, 2009). Moreover, the new generation of studies that have shifted the lens on the service sector, have mostly focused on industries such as retail (e.g. Chuang & Liao, 2010), banking (Liao, Toya, Lepak, & Hong, 2009), or movie theaters (e.g. Boxall, Ang, & Bartram, 2011). The employee-customer interactions in such settings are generally of a shorter duration and fairly standardized compared to hospitality settings where service experiences depend on complex face-to-face interactions between employees and customers. A recent review of the SHRM research in the field of hospitality also draws attention to the paucity of literature exploring the implications of HPWS in such settings (Madera, Dawson, Guchait, & Belarmino, 2017). Madera et al. point out a number of gaps in the hospitality literature including a lack of organizational-level scholarship and a failure to peek inside the “black box” and study complete conceptual models laying out causal linkages. Our goal is to help address this significant gap.

Consistent with a contingency perspective, we suggest that the nature of the hospitality setting may influence the manner in which HPWS affects outcomes and therefore the type of constructs needed in causal models. More precisely, our proposed model explores how the characteristics specific to the hospitality industry may influence the underlying psychological and motivational mechanisms through which HPWS impact various organizational outcomes. Labor-intensive work processes, level of interdependence between workers (Bowen & Schneider, 1988), and the level of emotional regulation required of employees (Hochschild, 1983), are some important differences that distinguish hospitality from other settings. Involvement of customers as co-producers of the service delivery process further contributes to the complexity of this sector (Raub & Liao, 2012). Given these significant differences, generalizing findings drawn from other settings to the hospitality sector is problematic.

Third, past research treats performance somewhat narrowly, typically restricting outcomes to operational or financial outcomes (Way & Johnson, 2005). Drawing upon the service profit chain model (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994), the framework presented here employs a multidimensional concept of organizational effectiveness. Invoking multiple organizational stakeholders (i.e., employees, firms, customers, owners), effectiveness is conceptualized in terms of employee engagement at work, employee turnover, customer experiences of service performance, and financial performance.

We next discuss the relevant research streams supporting our conceptual model, followed by a discussion of the resulting propositions. The final section highlights theoretical and practical implications of the current work.

THEORETICAL FOUNDATION

In this section, the theoretical frameworks underpinning our model are discussed. We begin with a summary of the extant HPWS literature, followed by a discussion of the job demands resource (JD-R) framework, which serves as the grounding framework for the mediating relationships in the model.

High Performance Work Systems (HPWS)

More often than not, the theoretical framework that scholars in the field of SHRM have utilized to support their arguments is the resource-based view (RBV) of the firm. RBV emphasizes exploiting a firm's internal strengths to gain a competitive advantage. Thus, in line with Barney's (1991) work, if a firm's human resources have qualities that are valuable, rare, difficult to imitate, and substitute, they can be a source of sustained competitive advantage. Consequently, SHRM advocates the importance of a firm's human resource practices and policies as a conduit to help create competitive advantage via their impact on employees.

An argument made in the SHRM literature is that the impact of human resource practices on both the individual as well as the organization is better understood by examining bundles of these practices (Lepak, et al., 2006). These bundles, frequently referred to as HPWS, are described as "internally consistent and reinforcing to achieve some overarching results" (Lepak et al., 2006, p.221). Multiple and mutually reinforcing HR practices in these systems have a synergistic and thereby a significantly stronger impact than just the sum of the effects of the individual HR practices (Combs, Liu, Hall and Ketchen, 2006; Subramony, 2009).

The bundles of practices that constitute HPWS collectively contribute to employee skills, ability, motivation, and empowerment (Guthrie, et al., 2009). While specific practices may differ across various bundles, they generally include a combination of rigorous staffing and selection procedures, employee empowerment practices such as self-managed teams and flexible job design, significant investments in training and development, incentives, above-market pay, systematic multi-source feedback, and employment security (Batt 2002; Guthrie, 2001). These HR bundles are believed to optimize organizational performance by way of a twofold process. First, they enhance employees' human capital by developing their knowledge, skills, and abilities (KSA) along with empowering them to use these KSAs towards achieving organizational objectives (Becker & Husilid, 1998). Second, by reducing departmental barriers, these HR systems also contribute to social capital by creating a culture and social structure that is conducive to communication, knowledge sharing, and resource exchange (Evans & Davis, 2005). Thus, in firms using this management approach, employees are more pivotal "because such a firm is employee-centered by design; information and decision-making making power are dispersed throughout the organization, with employees at all levels taking on greater responsibility for its operation and success" (Guthrie, 2001, p.181).

Using such HR systems for blue-collar workers in manufacturing settings may be more exceptional and impactful compared to using them for professional or managerial staff because while the latter is frequently exposed to these systems, the former group traditionally operates under more of a control-oriented management system (Guthrie, 2001). Drawing from the RBV perspective, Batt (2002) also argues that these systems are the "price of entry" for managing higher-end professional, and do not necessarily provide any specific competitive advantage since they are less likely to be valuable, rare, or hard to imitate (Batt 2002, p.590). However, when it comes to lower level employees, such as blue-collar workers in manufacturing, the use of HPWS becomes a more exceptional case. Given this typical scenario, it is likely that manufacturing-utilizing HPWS for blue-collar employees will be viewed as progressive and 'employers of choice'. The same logic can be applied to the hospitality industry, particularly to casual dining chains and motels that employ control-based HR systems to manage their frontline employees with an aim to standardize customer experience (Cheng-Hua, Shyh-Jer, & Shih-Chien, 2009). In contrast, the use of employee-centered HR practices utilized in an HPWS are less commonly used and, as such, offer the potential for a differentiated labor market advantage.

Job-Demands Resource (JD-R) Framework

The growing field of positive organizational behavior focuses on strengths and virtues that promote employee well-being and flourishing and, in turn, improved performance at the work place. Along with the development of the HPWS literature, there has been a parallel renewed interest in understanding the role of job resources in work motivational processes (Schaufeli & Salanova, 2007). By incorporating dual processes operating simultaneously, the JD-R framework helps explain how a combination of stressful

and motivational characteristics of the job and work environment influences employee well-being (Bakker & Demerouti, 2008). This framework provides a more balanced and comprehensive view of the work environment by integrating the positive organizational behavior (POB) concept of work engagement found in the original JD-R model of burnout developed by Maslach (1982).

One of the core concepts of the modified JD-R framework is engagement, defined as “a positive, fulfilling, affective-motivational state of work-related well-being” and which is negatively related to burnout (Bakker, Schaufeli, Leiter, & Taris, 2008, p.188). It is characterized by vigor (high level of energy at work, resilience, and persistence), dedication (enthusiasm, identification, pride, challenge) and absorption (happy immersion in one’s work) (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). Conceptualizing engagement as a psychological state when “people employ and express themselves physically, cognitively, and emotionally during role performances”, Kahn (1990, p.694) found three psychological conditions that most contributed to engagement at work: psychological meaningfulness, safety, and availability. Employees are often more engaged when working in an environment offering psychological meaningfulness and safety.

Schaufeli and Bakker (2004, p.294) questioned the assumption that a lower level of burnout is indicative of high engagement. Instead, these scholars asserted that burnout and engagement are independent, rather than mutually exclusive states. In other words, while job demands as well as lack of resources predict burnout, increase in engagement is associated only with availability of job-related resources. Indeed, further examination has indicated that burnout and engagement have different antecedents and consequences. Job resources could be viewed as meaningful employee experiences that relate to the physical, social, or organizational aspects of their work design. Such resources, in turn, may facilitate achievement of work goals, and stimulate personal growth and development while reducing job demands (Demerouti, 2001). It is important to note that job resources are important not only because they regulate the effect of job demands, but also because of their motivational characteristics.

Drawing from the work of Kahn (1990) and the JD-R framework as proposed by Schaufeli and Bakker (2004), we conceptualize employee engagement as a psychological state that has emotional, cognitive, and behavioral components and is related to, but different from, other similar constructs such as job involvement, organizational commitment, etc. While we recognize the role of job demands and potential burnout associated with frontline jobs in the hospitality industry, we focus on the motivational aspect of these jobs. As such, the focus is on job resources and their influence on employee engagement. Job resources refer to intrinsic and extrinsic motivational characteristics of the job itself that serve as resources for those performing these jobs.

In the next section, we draw upon these theoretical underpinnings to propose a series of research propositions.

RESEARCH PROPOSITIONS

HPWS and Employee Engagement at Work: Mediating Role of Job Resources

Drawing from the JD-R framework, the availability of job resources is associated with employee engagement at work (Schaufeli & Bakker, 2004). As indicated earlier, these resources constitute meaningful employee experiences related to the physical, emotional, cognitive, social, or organizational aspects of work design. These, in turn, may facilitate achievement of work goals, and stimulate growth and development while reducing job demands (Demerouti 2001).

Organizational HR practices that provide autonomy and felt competence should increase meaningful experiences at work (Frederickson, 2004). These experiences, in turn, may act as job resources and contribute to work engagement (Bakker & Demerouti, 2008). Thus, organizational HR policies and practices can have a large effect on how organizational members experience and make sense of their work context. This process of sense-making involves attributing meaning and thereby developing experiential-based perceptions about the goals of the organization, how one is expected to perform day-to-day activities at work, and the kind of behaviors that get rewarded and supported in a particular setting. As

examined by, HPWS can be an important source shaping these perceptions (Takeuchi, Chen, and Lepak (2009)).

Involvement, commitment, and collaboration are cornerstones of HPWS and, therefore, such systems will likely contribute to employee experiences of autonomy and job control (Jensen, Patel, & Smith, 2011). For instance, while specific practices in each bundle may differ, they generally include a rigorous staffing system which may convey to employees that the organization cares about the quality of its employees (Takeuchi et al., 2009) and that they are among the select few having the “right stuff” to join the organization. When combined with consistent training and development opportunities, this is likely to equip employees with KSAs and self-efficacy to deal with different situations encountered at work, thereby contributing to their sense of competence. Likewise, merit-based incentives such as internal promotion opportunities, above market and skill-based pay, recognitions such as ‘employee of the month’, etc. foster a sense of achievement, significance, and motivation.

Further, HR practices that emphasize job designs such as self-managed teams, allow for autonomy and latitude in decision-making surrounding day-to-day tasks at work along with providing learning opportunities. These practices should contribute to experiences of empowerment and psychological meaningfulness. Such job designs may also contribute to experiences of job resources by creating an organizational structure and culture that facilitates creation of intra-organizational networks. These social networks may help promote a sense of social connections and support. Thus, in the hospitality setting, HPWS bundles designed to foster competence, autonomy, and empowerment, should facilitate experiences of job resources, and, in turn, work engagement, by fostering a sense of meaningfulness (see Kahn 1990).

HPWS would also contribute to minimizing the instances of emotional regulations that are very typical in hospitality settings characterized by frequent and intense interactions between employees and frontline customers (Hochschild, 1983). For instance, management practices such as discretion in one’s work, soliciting employee feedback to improve quality of service, and appropriately rewarding employees to endorse relevant behaviors is likely to foster empowerment. Consequently, such practices would serve as job resources that mitigate the negative effects of emotional regulation. Additionally, HR practices such as frequent employee feedback and information sharing are also likely to convey performance related information as well as the “what” and “how” of one’s job. This, in turn, is likely to reduce the element of unpredictability associated with hospitality frontline jobs that are often imbued with frequent and extended -- but erratic -- customer interactions. This will have the effect of enhancing psychological meaningfulness and safety. Such identification with one’s work should also facilitate a feeling of authenticity even when engaged in emotional regulation (Ashforth and Humphrey, 1993). Finally, effective training and re-training which, for example, explicitly discusses and provides behavioral models of how to deal with difficult customer encounters should further enhance experiences of empowerment and consequently, reduce instances of emotional regulation.

HPWS may also contribute to the perceptions of availability of job resources by facilitating an integration of work and family roles. This is particularly important in hospitality settings, where work occurs on a 24/7 basis. Work/life balance considerations when scheduling will also contribute to increased experiences of job resources.

HR practices discussed above should tend to be particularly “visible” and salient in establishments such as restaurants and motels because of their small size (Takeuchi et al., 2009, p.6). This visibility in turn, positively contributes to the strength of these HR systems because it facilitates communication of unambiguous messages to organizational members.

In sum, HR practice bundles found within a HPWS are strong candidates for increasing employee experiences of job resources that should lead to employee engagement at work. This suggests the following proposition:

Proposition 1. HPWS will increase employee engagement by positively contributing to employee experiences of job resources at work.

HPWS and Job Resources: The Moderating Role of Supportive Supervision

Organizational research has highlighted the crucial role played by supervisors in determining employees' job-related outcomes (O'Driscoll & Beehr, 1994). Supervisors structure employees' immediate work environment and impact employees' perceptions of the work climate at large. Immediate supervisors are not only an important source of information and resources (feedback, training, etc.) but are also the prime source of socio-political support. Supervisors who are supportive are perceived as having a concern for employees' feelings, encourage them to voice their concern and provide positive feedback (Deci & Ryan, 1987). Drawing from Deci and Ryan's (1987) work, we conceptualize a supportive supervisor as one who provides coaching and guidance, sets clear expectations, is available when needed, is open to feedback and opinion, cares about employees, and treats them with respect.

In relatively smaller service establishments such as restaurants and motels, frontline managers are often the most salient individuals. Becker and Huselid (2006) emphasize the role of these line managers in influencing human resources management strategy. It has been suggested that these line managers are much more than simply 'robotic conformists' when it comes to implementing people management practices (e.g. Purcell & Hutchinson, 2007). Consequently, if these managers vary significantly in how they implement HR practices, then the reactions these practices evoke in employees may also be very different even within the same organization. Therefore, while HPWS policies and practices such as promoting empowerment, work life balance, etc., may contribute to employee experiences of autonomy and reduction of work- family conflict, their mere existence may be a necessary, but not sufficient condition to achieve these employee outcomes (Allen, 2001). Implementation of most of these practices is at the discretion of one's immediate supervisor (Beehr, Farmer, Glazer, Gudanowski & Nair, 2003). This would be especially true in smaller hospitality settings (e.g., restaurants) where such practices may not have been formalized, leaving much to individual interpretation.

Moreover, drawing from the theory of situational strength (Mischel, 1977) and the work of Bowen and Ostroff (2004), one could argue that if a line manager's behavior signals an endorsement of an organization's HR practices, then it creates a "strong situation" which sends unambiguous messages to the employees regarding expected behavior (Bowen & Ostroff, 2004). On the other hand, if the supervisor's behavior is incompatible with the intended message of the HR practices, then it creates a "weak situation" which may affect both the direction and strength of the relationship between HPWS and employee behavior.

Finally, as indicated earlier, a unit's work climate, as perceived by the employees, mediates the relationship between HPWS and employees' attitudes and behavior (Takeuchi et. al., 2009). Given the emotionally demanding nature of jobs in the hospitality industry, supervisory support is an important determinant of the strength of the relationship between HR practices and employees' experiences of these practices as job resources at work. Those who perceive their supervisor as supportive are likely to experience a stronger sense of psychological safety (May, Gilson, & Harter, 2004) and more likely to characterize their jobs as providing autonomy, information sharing, flexibility, open and timely communication, etc. In fact, supportive supervision has been found to help frontline employees cope more effectively with any perceived role conflict and the resulting emotional dissonance associated with their jobs (Karatape, 2010). Building on the above discussion, we argue that immediate supervisors are an important source that shape employee attributions, and that supportive supervisors may strengthen the relationship between HPWS and job resources. This leads us to the following proposition:

Proposition 2. Supervisory support will moderate the effect of HPWS on job resources, such that the positive impact of HPWS on job resources is magnified when supervisory support is high.

The Relationship between Employee Engagement and Turnover (Voluntary and Involuntary)

The relationship between engagement and various employee attitudes and behaviors has generated a lot of attention among both practitioners and researchers (see Halbesleben & Wheeler, 2008). Intuitively, if an employee is not excited or energized about his/her job, then it is very likely that this individual is staying with the organization because of continuance organizational commitment and would quit if and when a

better alternative becomes available. On the other hand, engaged employees identify with and are dedicated to their jobs (Halbesleben & Wheeler, 2008). Such employees are also likely to experience affective commitment toward their employers, thereby reducing employee turnover (see Meyer & Allen, 1991; Rhoades, Eisenberger, & Armeli, 2001).

Engaged employees are also less likely to harbor quit intentions because of the availability of resources at their disposal (De Lange, et al., 2008). They may believe that they would have to start all over again if they change jobs. This is consistent with the conservation of resources theory, which emphasizes that individuals are very sensitive to the loss of resources and are focused on preventing losses (Hobfoll & Freedy, 1993). In fact, empirical studies have shown that work engagement is a strong predictor of voluntary turnover (e.g., Halbesleben & Wheeler, 2008; Korunka et al., 2009).

The above information is consistent with the link between job resources and engagement proposed earlier. Hurley and Estelami (2007) also found that resources, including availability of tools and methods, training, communication and feedback, significantly influenced voluntary turnover. Part-time employees may be particularly sensitive to the quality of their work environment compared to their full-time counterparts because these employees are more likely to experience lower levels of affective organizational commitment and consequently are more likely to quit due to lower work quality (Hunt & Morgan, 1994). This may be especially true of the hospitality industry where the dominant source of labor is part-time employees who experience frequent and intense employee-customer interactions. Based on the above discussion, the following is proposed:

Proposition 3a: Employee engagement will be negatively related to voluntary turnover.

While voluntary turnover reflects an incidence when an employee typically departs the organization on his/her own volition, involuntary turnover refers to instances where the employer terminates the relationship. One could argue that employees who are excited about work and take pride in their job are less likely to engage in behaviors that might cause a dismissal. On the other hand, non-engaged employees may be more likely to exhibit negative behaviors or poor performance because of their indifferent attitude toward their job. Consistent with this argument, research has indicated that employees who are low on engagement are also likely to be low on both in-role and extra-role performance (Bakker & Demerouti, 2008; Chung & Angeline, 2010). A higher frequency of such behaviors could result in a greater probability of involuntary turnover. This leads to the following proposition:

Proposition 3b: Employee engagement will be negatively related to involuntary turnover.

Employee Engagement and Customer Experiences of Service Performance

In the service industry, the quality of interactions between frontline employees and their customers plays perhaps the most central role in customers' overall experience. Therefore, it is not surprising that research has found a strong association between reliable, helpful, and responsive employees, and overall customer satisfaction (Borucki & Burke, 1999; Chuang & Liao, 2010; Liao & Chuang, 2004).

Engaged employees who are full of energy and enthusiasm, are resilient, and who take pride in and are absorbed in their work are more likely to be courteous and responsive toward their customers, therefore increasing positive customer evaluations. Engaged workers are also likely to be more creative, more productive, and more likely to engage in extra-role behaviors (Bakker & Demerouti, 2008; Chung & Angeline, 2010). Additionally, engaged employees also tend to be more knowledgeable about service offerings and more aware of customer needs (Liao, et al., 2009). Because of the above, engaged employees are more likely to be received well by the recipients of their service affecting customer assessments of service performance. Thus, the following is proposed:

Proposition 4. Employee engagement will be positively related to customer experiences of service performance.

Employee Turnover and Customer Experiences of Service Performance

Extant research suggests that involuntary and voluntary turnover should be treated separately as the two are distinct in terms of both antecedents and consequences (Shaw et al., 1998). As such, we treat the two types of turnover separately.

A service sector company with a well-developed HPWS is very likely to have a variety of resources dedicated to helping employees gain mastery over firm-specific knowledge, procedures, and routines. Consequently, retaining these employees equipped with firm-specific skills and knowledge is crucial to a company's human capital resources. Over and above this human capital, it has been suggested that HPWS alter the organizational social structure by facilitating the development of intra-organizational networks (by way of cross-functional teams, job rotation etc.) (Evan & Davis, 2005). In such settings, employees may serve as non-redundant network links, which means that voluntary turnover would also result in the loss of social capital. These human and social capital losses are likely to reflect negatively in the customer-employee interaction. Those employees who have been very effective at their job and have been retained over a longer period of time not only have acquired well-established routines but they also possess tacit (by way of experiential and vicarious learning) and propositional (by way of regular training and feedback) knowledge surrounding their job. These employees are therefore more likely to engage in the type of customer-employee interactions resulting in enhancing customer experiences of service performance compared to their newly hired counterparts who are relatively low on both human and social capital. Thus, the following is proposed:

Proposition 5a. Voluntary turnover will be negatively related with customer evaluation of service performance.

Conventional wisdom suggests that involuntary turnover is considered functional for the organization because it is assumed that it generally results in removing those employees who do not positively contribute to organizational effectiveness. However, recent research (e.g., Hancock et al., 2013) questions this assumption. In the context of the service industry, this type of turnover may be functional in situations where frontline employees are engaged in intense and non-routine customer-employee interactions (assuming valid measures of performance). However, if interactions with customers are fairly standardized, uniform, and "scripted" in nature, then the effects of differences in employees' KSA levels will be reduced. As such, even in cases of employer initiated involuntary turnover, the disruption to organizational routines associated with employee turnover may outweigh any potential gains associated with KSA increases through replacement. Loss of employees may result in replacement of experienced employees with newer employees who are less familiar with the routines at work. This in turn may negatively affect both the effectiveness and the efficiency of customer-employee interactions. Thus, involuntary turnover may have a differential effect on the customer experiences of service performance depending upon the nature of the customer-employee interactions.

Proposition 5b. The relationship between involuntary turnover and customer evaluation of service performance will be moderated by the nature of customer-employee interactions, such that in the case of varied and novel customer-employee interaction, the relationship will be positive whereas in the case of more standardized interaction, it will be neutral to negative.

Customer Experiences of Service Performance and Financial Performance

Extant literature has found that perceptions of work climate impact customer satisfaction and a unit's financial performance (e.g., Borucki & Burke, 1999). Employees who perceive their work climate as one characterized by "concern for employees" are likely to experience a sense of psychological safety and meaningfulness. These experiences have also been found to be associated with work engagement (May et al., 2004). Thus, it is not surprising that engaged workers have a positive effect on measures of financial performance (Xanthopolou, Bakker, Demerouti, & Schaufeli, 2009). As indicated earlier, work engagement has been found to correlate with OCB or extra-role performance (Bakker & Demerouti,

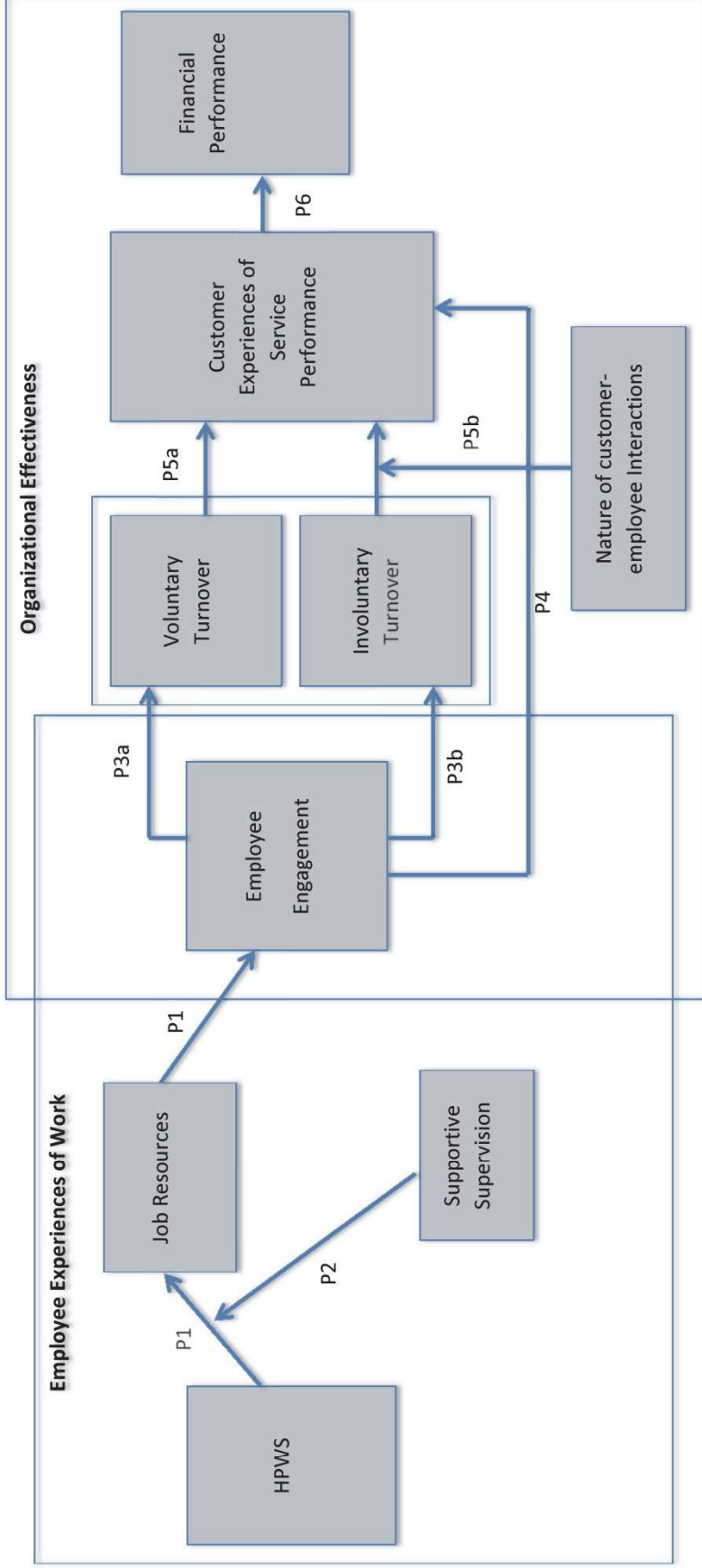
2008) and, as such, may also be connected with enhanced service performance. Evidence also suggests that service performance affects superior market performance (Chuang & Liao, 2010).

The link between customer satisfaction and financial performance also informs and guides management practice as evidenced by the fact that companies are willing to invest time and money in finding ways to increase customer satisfaction (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). Interestingly, research shows the link between service performance and financial performance is stronger for independently owned hotels relative to hotels that are part of a larger chain. This could be because in independent hotels, behaviors and customer interactions are less scripted allowing for more creativity and discretion on the part of front-line employees. Satisfied, engaged employees who are able and willing to “think on their feet” to please customers would likely deliver higher levels of service performance. Customers, in turn, may reciprocate by way of loyalty and repeat business. These customers may not only provide repeat business opportunities but may also act as ambassadors for the business in question. Indeed, work engagement has been found to be a good predictor of customer loyalty (Salanova, Agut, & Peiro, 2005.) Thus, positive customer experiences of service performance should eventually contribute to the financial performance. This leads to the final proposition.

Proposition 6. Positive customer experiences of service performance will contribute to financial performance.

Grounded in the theoretical frameworks, Figure 1 provides an integrated conceptual model of the relationships proposed via propositions 1 through 6 in this manuscript.

FIGURE 1
HIWS AND ORGANIZATIONAL EFFECTIVENESS IN THE HOSPITALITY INDUSTRY: AN INTEGRATED MODEL



DISCUSSION AND IMPLICATIONS FOR RESEARCH AND PRACTICE

Grounded in theoretical arguments, our proposed model brings to the forefront the important role of employee experiences of HPWS as the mediating link between HPWS and organizational level outcomes in hospitality settings. Having a better understanding of how HPWS affects various organizational outcomes via employee experiences can better inform researchers and practitioners on developing appropriate HR practices that comprise these HR systems. Additionally, by illuminating the mechanisms linking HR practices and organizational effectiveness in hospitality settings, the proposed model and its propositions also integrate employee experiences into SHRM research, an area that has been neglected in the extant research, particularly in the context of hospitality settings.

By utilizing the broader concept of organizational effectiveness to measure firm performance, this paper also responds to the call made by Way and Johnson (2005). Given the multidimensional nature of organizational performance, we use a broad outcomes measure, one that addresses the interests of the various stakeholders in the hospitality industry including the employer, frontline employees, customers and the firm.

Additionally, the model suggests the central role that the frontline managers in hospitality settings may play. Establishments such as motels and restaurants, even when part of a chain, are generally characterized by largely informal structures in which frontline managers are vested with autonomy and decision making latitude when it comes to managing employees on a day-to-day basis. Further, as discussed earlier, a majority of the employee population is likely to be non-permanent hourly employees. HR practices in such work environments tend to be tightly meshed with the perceptions of supervisory support. This support becomes even more crucial in this industry given the job demands and need for emotional regulation. Gerhart (2005) emphasizes the role of supervisory support as an important determinant of employee relations and recommends that this construct needs to be an integral component of the SHRM paradigm. As indicated earlier, Becker and Huselid (2006) have also called for bringing the role of line managers to the forefront of SHRM research. This model answers this call by suggesting the crucial role played by the frontline managers in influencing employee experiences of HPWS.

The linkages suggested in the depicted model, if supported, would have significant implications for the practitioners as well. When hospitality employee experiences of HR practices are so tightly meshed with supervisory support and frontline managers, then effective selection and development of these managers is crucial to ensure positive employee experiences. Effective orientation, training, and information sharing would ensure that these managers have an in-depth understanding of the organizational HR practices and realize the importance of consistently communicating and implementing the HR practices to reduce the gap between intended and actual practices.

Since the hospitality industry suffers from high rates of both involuntary and voluntary turnover, the proposed model may have another important practical implications (Cho, Woods, Jang, & Erdem, 2006). Given the fact that the hourly workers constitute such an important component of the workforce in the industry, it may be worthwhile to find ways to increase the experiences of work engagement of this group. The potential for HPWS to effect engagement via job resources may help combat the “turnover culture” in the hospitality industry (Iverson & Deery, 1997, p.79). The development of a robust HPWS may be particularly impactful if adopted in a system-wide, strategic fashion. On a related note, our model reiterates that the hospitality industry may benefit from investing in the hourly workers/ part time employees, rather than treating them as an easily replaceable commodity. For example, Starbucks offering full tuition reimbursement to its Baristas who work for an average of twenty hours per week is an example of one such investment—an investment that may have a positive ROI.

Finally, consistent with a contingency perspective, the proposed model and its depicted linkages suggest a causal sequence of events connecting HPWS with employee and organizational outcomes in hospitality settings. While much remains to be done, we hope that the proposed research model advances understanding of the underlying mechanisms connecting HRM with organizational outcomes and also encourages further exploration in this domain.

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