

ASSESSING THE EMPLOYEES' PERFORMANCE IN THE HOTEL INDUSTRY

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Abstract

Purpose – The main objective of this paper is to try to evaluate the employees' work performance and to give an answer to the research question: how good the people, who work in the hotel industry in Croatia, are at what they do. The purpose of this paper is to maintain and improve the hotel industry competitiveness in the context of human capital.

Design – The research relies on the primary data as well as on the quantitative methods.

Methodology – In order to achieve both the aim and the purpose of the research, numerous scientific methods have been applied, among which the method of questioning while the method of descriptive statistics forms the basis. The employees' survey (N=452) was carried out along the Adriatic coast in the summer season of 2018.

Approach – In order to gain more insight into the work performance of every worker, the self-assessment method has been used. This method measures the employees' work performance and is based on the data about how the workers assess their work performance themselves and also what they think how their guests, their co-workers and their supervisors would assess their work performance.

Findings – Research results show that 87.39% of the employees in the hotel industry believe that they know their job well, while 12.61% of the employees or even every eighth worker is not good enough at what he does. From the total number of people who are good at what they do, 220 of them or 48.67% are confident enough at what they do while 175 of them mostly agree with the statement that they are good at their work. Therefore, the fact that 49.43% of the work force is much less productive is not surprising. 17.03% of the employees have shown to be highly productive and 33.63% have shown average work force productivity.

The originality of the research – The results obtained may be very important for managers in both the hospitality industry and the hotel sector, so they could stay focused on the employees' performance in order to improve the employees' productivity.

Keywords hotel industry, work performance, productivity, competitiveness

INTRODUCTION

The development of the hotel industry has been fast and dynamic which *in continuo* demands providing dynamic stability on the local, national and global market of the hotel industry as well as the markets related to them. The previous statement is also true for the labour force market of the hotel industry. The importance of human resources in the hotel industry and the development of tourism have grown proportionally. The specifics of the labour economy in the hotel industry could be observed through five large groups of problems: 1) the problem of finding the right number of workers 2) the problem of fluctuation 3) the problem of selecting and recruitment the workers 4) the problem of the employees' satisfaction and 5) the problem of workers' knowledge management. Although all of these problems are to a greater or lesser extent present today, it can be said that their importance in particular periods signified the gradual development of the labour market in the hotel industry. The human resources and the labour market make

one of the fourteen indexes pillars of the travel and tourism competitiveness. Here Croatia's results are poor. The pillar of human resources consists of nine indexes which place Croatia on the 85th position with the indexes of 4.4 (max 7). The education of the employees (106) and hiring and firing practices (124) represent the areas which must be improved urgently.

The connection between the hotel industry competitiveness and its productivity is obvious. Three basic factors for increasing productivity of the employees are: 1) education 2) nutrition 3) the availability of labour force. In the developed economies the extent of staff training and the development of the employees' skills are listed as the fourth factor. . The best way to improve productivity in the hotel industry is connected to human resource issues. Poorly trained or poorly educated employees may not be a good buy even at low wages (Heizer & Render, 2004:304). Therefore, more and more companies train their employees and help them develop their full potential. In 2018, corporations estimated spending around 366.2 billion U.S. dollars on corporate training initiatives worldwide which is 48.44% more than in 2009. According to some estimates between 20% and 30% of the American employees do not have the necessary skills for the job they do. Also, people who work in the Croatian hotel industry are very often not qualified for the particular job so that improving labour productivity becomes one of more important and challenging aspects of managing hotels and restaurant business (Sampan, 2018). Accordingly, in this work we have tried to give the answer to the research question: how good the people who work in the hotel industry in Croatia are at what they do.

1. THEORETICAL BACKGROUND AND RESEARCH PROBLEM

Negative migration flow and the lack of labour force on the market can seriously threaten the competitive ability of the Croatian hotel industry. It is about quantitative as well as qualitative lack of labour force. The hotel industry employs not only the "permanent seasonal workers" (5,030), it also employs students, and very often even the work force from abroad and on the other side the Croatians are leaving the country. Very often the people who are not trained for the work in the hotel industry are hired. This reduces and can significantly decrease the competitive ability of the Croatian hotel industry even in the future. Scarcity of human capital is reducing the competitive ability of Croatian hotel industry on micro and macro level. In this way the competitiveness of the whole Croatian economy is being reduced because Croatia depends on tourism three times more than EU. Therefore, arises the question of the development and significance of human resources in the hotel industry. One of the most challenging issues in the hotel industry nowadays is to attract and retain the best employees, as these employees can directly contribute to the competitive advantage of the organization (Law & Tam, 2008). In the labour-intensive hotel industry, the employees play an important role in providing quality services to guests and the employees' knowledge of keeping a high level of guest satisfaction would thus be a key issue to help generate on-going business (Storey, 2018:5).

It is proved by the fact that the development of the human capital is a question imposed in the present day world hotel industry. The same will be found in the centre of interest of tourist and hotel management (*Esichaikul & Baum, 1998; Connolly & McGing, 2006, Vujić, 2008, Tepšić 2012*) and the management of human capital in every business system becomes more different than it is today (Vujić, 2010). The human capital is a key and differentiating element that can help in developing permanent competitive advantages (*Canizares & Lopez-Guzman, 2010, Črnjar, 2013*). Therefore, it is not strange that the leading hoteliers point out that successful hotels invest in their people (*Littlejohn, & Watson, 2004*). Past studies say that investing in HC increases ROI for the firm, thus leading to various benefits such as increased sales and productivity, higher job satisfaction and higher retention (*Kessler & Lulfesmann, 2002; Enz, 2009:581; Erickson & McCall, 2012*). According to Inanda (2016:807) quality of work life plays a key role in increasing the productivity, especially, in the hotel industry. Quality of work life factors, job satisfaction, organizational commitment and team spirit are recognized as an important factor in organizational productivity and performance (*Koonmee, 2010*).

Needs assessment is a process for identifying what knowledge, skills and abilities are needed to move hotel industry forward (*Mitchell & Gamlem, 2017:185*). According to Auginis (2013:2) performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Performance management systems are key tools of Human Resource Management that can be used to transform people's talent and motivation into a strategic business advantage. Performance management is important, both for the employees and the hotel industry organization. Effective performance management (*Marting & Whiting, 2016:144*): 1) is strategic with a focus on long-term issues, 2) is future focused, 3) aligns the effort of individuals and teams with the goals the organization is trying to achieve, 4) ensures individuals and teams know what is expected of them, 5) ensures feedback on achievement is provided, 6) ensures a developmental approach is taken to individuals' skills and capabilities.

Koopmans et al (2013:6) develop a generic and short questionnaire to measure work performance at the individual level (Individual Work Performance Questionnaire - IWPQ). They identified three-dimensional conceptual framework in which individual work performance consisted of task performance, contextual performance, and counterproductive work behaviour. Employee participation is very important element for successful performance evaluation systems. The employees have to play significant roles and participate in everything from writing job descriptions and identifying their own goals and standards to assessing how well they have performed (*Grote, 2002*).

2. SAMPLE AND METHODOLOGY

The data has been collected with the help of the survey on a sample of 452 employees in the hotel industry. The survey applied for the assessment of the employees' working performance consists of 9 questions. The research was carried out in the hotels along the Adriatic in the summer season in 2018. 179 or 39.61% of the employees surveyed were male and 273 or 60, 39% were female. The average age of the surveyed was 30.73 years ($SD=10, 4$). The youngest surveyed employee was 17 years old and the oldest 60. 222 or

49.12% of them have worked in the place of their residence while 230 or 50.88% of them worked outside their place of residence. As for the educational structure of the employees, the most of them, 136 or 30.08%, have three-year secondary education and 75 or 16.59% of them have high education. The percentage of highly educated is significantly higher than in the research conducted in the hotel industry in Croatia by Maškarić in 2002. In her survey only 10.9 % were highly educated employees and even 16.7% of those with elementary school. In my survey 21 or 4.65% of the employees have finished only elementary school. The data collected in this work is similar to the data obtained by others in the hotel industry. E.g. there were between 15 and 17% of the employees with high education on the Balearic Islands in Spain (Ramos, et al, 2004). In the study about a province in Portugal (Lopez-Guzman, et al, 2009) this percentage is 14 and Esichaikul and Baum (1998) point out in their study that only 15% of Thai tourist workers are highly educated.

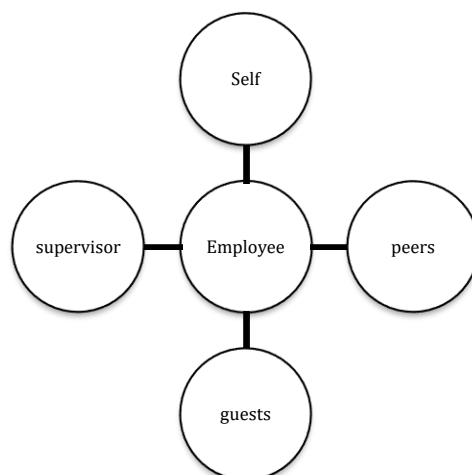
According to the type of the work contract, the employees have been classified into following groups (cf. table 1).

Table 1: The type of the employees' contract in the hotel industry

<i>Type of contract</i>	<i>Count</i>	<i>Cumulative - Count</i>	<i>Percent</i>	<i>Cumulative - Percent</i>
Full-time	91	91	20,13	20,13
Part-time (full-time schedule)	308	399	68,14	88,27
Part-time (less than full-time schedule)	9	408	1,99	90,26
Civil contracts, students	33	441	7,30	97,56
Self-employment	2	443	0,44	98,01
Independent contractors - Cash paid job	7	450	1,54	99,55
Others	2	452	0,44	100,00
Missing	0	452	0,00	100,00

Table 1 shows that the highest number of the employees had the part-time contract and every fifth employee or 91 of them the full-time. The surveyed employees were supposed to say if they agreed with certain statements and give marks from 1 to 5 according to Likert's scale. The statements *I know my job well* and *I am interested in this job* were used to assess the employees' working performance. They gave marks from 1 to 5 to themselves and also gave marks they think their guests, colleges and superiors would give them. In the analysis of the gathered data the statistic methods of descriptive and inferential statistics have been used. The collected data have been analysed by *Statistica* program. The item *I know my job well* can be associated with Koopmans et al (2013) task performance scale and the item *I am interested in this job*, with Koopmans contextual performance. The counterproductive behaviour is not subject to this work. The employees' work performance in the hotel industry was measured by self-assessment and also what they think how their guests, colleagues and superiors would assess their work performance. This way every employee in the hotel industry can take significant part in 360-degree assessment. 360-degree method gives information about employees' performance collected from a full circle of stakeholders (subordinates, peers, supervisors, and customers).

Figure 1: Stakeholders in 360-degrees appraisal in the hotel industry



Almost all the Fortune 500 companies use multisource feedback (McShane & Von Glinov, 2010:150). However, this is still not a widespread practice. CIPD Employee Outlook Survey 2015 reports that only 19% of employees report getting feedback from people other than their manager (Martin & Whiting, 2016:151). We chose this approach because self-assessment has practical advantages such as low costs and ease of collection despite the fact that self-evaluation has lower correlation with objective performance than managerial evaluation (Jaramillo et al. 2005). Only 10% of employees feel that their company's performance evaluation system helps them enhance their performance (Pulakos, 2004). In this way managers can improve effectiveness of performance appraisals in labour intensive hotel industry. This is very important because labour expenses in the hotel industry are often the biggest expense item on the profit and loss statement.

3. RESEARCH RESULTS AND DISCUSSION

In the knowledge-driven economy, the knowledge of its workforce is the greatest value a company has. Knowledge management process includes: 1) knowledge acquisition – by hiring individuals or acquiring entire companies when employees learn from external sources and experimentation; 2) knowledge sharing – distributing knowledge to others across the organization; 3) knowledge use – applying knowledge in ways that add value to the organization and its stakeholders. According to Voegeli (2015) particularly in the hotel industry, knowledge holds a high value because in the service industry there are plenty of places where knowledge is stored or needed for a hotel to perform at its optimum. Fully integrated knowledge management system includes: 1) Financial Data (Business Intelligence), 2) Repository for best practice (cases / knowledge assets / lessons learned), 3) Library of knowledge (e.g. Policy / Manuals / Standards / training material), 4) Guest (Sales) Data Base and 5) Guest Service Data Base (preferences / likings).

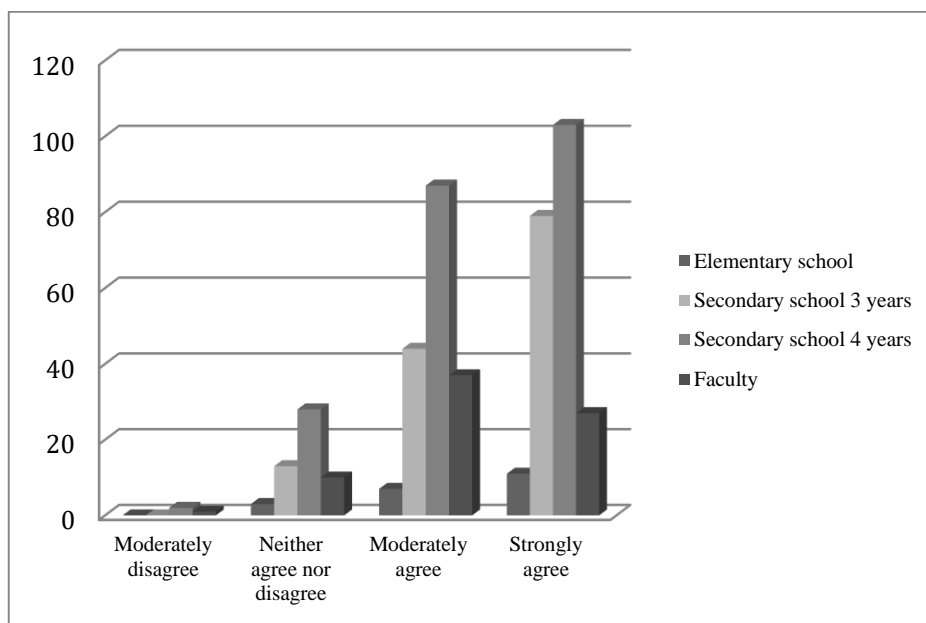
Since lots of people who work in the hotel industry are actually not trained for the job, the surveyed had to answer if they agreed with the statement *I know my job well* (cf. table 2).

Table 2: The degree of agreeing with the statement I know my job very well

	Count	Cumulative - Count	Percent	Cumulative - Percent
Moderately disagree	3	3	0,66	0,66
Neither agree nor disagree	54	57	11,94	12,61
Moderately agree	175	232	38,71	51,32
Strongly agree	220	452	48,67 know my job well.	100,00
Missing	0	452	0,00	100,00

Table 2 shows that 87.39% of employees in the hotel industry presumably know their job well and 12.61% or every eighth doesn't do his job well. From the total number of those who claim that they know their job well, 220 or 48.67% of them totally agree with the statement and 175 or 37.81 % of them mostly agree with the statement. This information refers to the fact that the possibilities to improve working success in the hotel industry are significant. Regarding sex structure there is no significant difference between male and female workers. 47.98% of women and 49.72% of men agree completely with the statement that they know their job and only 14.28% of women and 10.05% of men say that they don't know their job well. The remaining 37.72% of women and 40.22% of men mostly agree with the given statement. The arithmetic mean of the degree of agreeing with the statement I know my job well is 4.35 (SD=0,71) bearing in mind that not a single employee said that he or she didn't agree at all with the statement I know my job well. Only three of them said that they moderately disagree. Sixty percent of the employees who are older than 50 or 56.1% of them strongly agree with the statement that they know their job well from which we can conclude that older employees know their job better. The surveyed employees, who work in the place of their residence, show better knowledge of the job than the employees who work in the place of their habitual residence. The connection between education and knowledge is shown in figure 2.

Figure 2: **Connection of education and the degree of agreeing with the statement I know my job well**



The biggest, absolute and relative degree of agreeing with the stipulated statement is shown by the employees who have three-year or four-year secondary education. This information refers to the fact that many employees, who are highly educated, due to inconvenient market situation, have found jobs in the hotel industry as a temporary solution. Regarding the work contract, 93.40% of the surveyed employees who have full-time contract absolutely or mostly agree with the statement and 86.36% of surveyed employees with part-time (full-time schedule) contract absolutely or mostly agree with the given statement while 13.6% of the employees with part-time (full-time schedule) contract say that they mostly disagree with the fact or are neutral. The self-assessment method based on the employee's grade (from 1 to 5) has been applied to make estimates of their work success. This valuation of work success has been based on four questions: 1) how would you assess your work success in the preceding period? 2) What do you think, how would your guests assess your work success? 3) What do you think, how would your colleagues assess your work success? 4) How would your supervisor assess your work success? The results are given in Table 3.

Table 3: **The results of employees' work success assessment in the hotel industry**

	Valid N	Mean	Minimum	Maximum	Std.Dev.
Self	452	4,17	1,00	5,00	0,72
Quests	452	4,25	2,00	5,00	0,66
Peers	452	4,11	1,00	5,00	0,78
Supervisor	452	4,07	1,00	5,00	0,78

Table 3 shows that the surveyed employees think that they would get the best grades for their work from their guests (4.25) and the worst from their supervisors (4.07). Total average grade is 4.15 (SD=0.73) but the grades given to the employees by their supervisors and colleagues are lower (4.11). The employees gave themselves mark 4.17 which is 0.2 index points more than the total average mark.

In order to insure scientific objectivity, the obtained results concerning the productivity of workers in the hotel industry in the Republic of Croatia will be shown as: 1) high productivity- this stratum is made from the employees who assessed their work with the highest mark and thought that all the other participants (guests, work colleagues and supervisors) would assess their work success with the highest mark too 2) moderate productivity- this stratum is made from the employees who assessed their work with a grade lower than five and thought that all the other participants (guests, work colleagues and supervisors) would assess their work success with the same mark 3) low productivity- this stratum is made from the employees who assessed their work with a mark which differed from the mark they thought other participants (guests, work colleagues, supervisors) would give them.

Accordingly, the following results are obtained (cf. table 4).

Table 4: Work productivity in the hotel industry of the Republic of Croatia

	Count	Cumulative – Count	Percent	Cumulative – Percent
High productivity	77	77	17,03	17,03
Normal productivity	152	229	33,62	50,66
Low productivity	223	452	49,33	100,00
Missing	0	452	0,00	100,00

Table 4 shows that 17.03% of employees declared that they showed high work productivity and 33.63% of them declared that they showed moderate (normal) work productivity. 49.34% of employees said that they showed low work productivity.

Besides knowing the job, the important factor in being successful at work regarding the employees' productivity is motivation or how interested the employees are in what they do. Accordingly, the employees gave marks for *I am interested in this job* (cf. table 5).

Table 5: The degree of agreeing degree with the statement *I am interested in this job*

	Count	Cumulative – Count	Percent	Cumulative – Percent
Strongly disagree	19	19	4,203	4,20
Moderately disagree	19	38	4,203	8,40
Neither agree nor disagree	79	117	17,47	25,88
Moderately agree	152	269	33,62	59,51
Strongly agree	183	452	40,48	100,00
Missing	0	452	0,00000	100,00

Table 5 shows that out of the total number of the surveyed employees, 74.12% of them declared that they were interested in the job they did (strongly agree and moderately agree). This leads us to the conclusion that the employees' motivation, their promotion and permanent education are key determinants in management decision making in the hotel industry. Since a higher percentage of the employees, 87.39%, think that they know their job well, one part of the employees should be let not to reduce the competitive ability of Croatian hotel industry.

CONCLUSION

The results of the research show that every eighth employee in the hotel industry in the Republic of Croatia thought that they didn't know their job well and every fourth was not interested in the job that he or she was doing. Likewise, every second employee in the hotel industry is achieving low work productivity which points to the importance of the departments of human potential in the hotel industry. Managers in the hotel industry can raise the productivity through hiring productive people, designing the workplace, improving employee scheduling and task planning, developing a productive company culture, developing a productive organizational climate, management by objectives, job design (or redesign), positive reinforcement and the development of trust.

The present day crisis in the hotel industry, as well as in the whole society, should not move attention from human resource management and human capital because tourism has already shown the power of its fast recovery after the great economic crisis in 2008. Crisis pass and the employees who have the knowledge for a certain job in the hotel industry and who show interest in their job should be kept, so that the Croatian hotel industry could continue the tendency to grow and raise the level of competitiveness on the global tourism market. The obtained results show that, besides acquiring the needed number of workers, management in the hotel industry should be oriented towards the employees' motivation, their promotion and permanent education as well as firing all those who do not contribute to the realization of the company goal in the hotel industry. At the same time this is the best way to raise the average competitive index of human resources and labour market above the global standard. In the future researches more attention should be paid to the mediated effect of the employees' attitude towards work, job commitment and work productivity in the hotel industry having in mind their work contracts.

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