Abstract

Employee commitment to the organisation is one of the major tools for building organisational capabilities towards gaining competitive advantage and effectiveness over others in any industry. However, this requires effective human resource management practices, thereby leading to favourable and enhanced organisational outcomes. This study seeks to examine the impact of three human resource management practices including: performance management, compensation system, and teamwork, on employee organisational commitment. To proffer a solution to the aforementioned objective, paper and pen data collection was done for 312 employees in six selected guesthouses in south-west Nigeria. SPSS and structural equation modelling (SEM) were used for analysing the data collected. The outcomes revealed positive and statistical significant effect of human resource management practices on the employee organisational commitment. This study concludes that, performance management, compensation system and teamwork play major role in boosting the employees’ organisational commitment in the study sector.

Keywords: Performance management, compensation system, teamwork, organisational commitment, hospitality sector.
1. Introduction

Today's competitive work environment requires dynamism in organisational activities in order to enable firms to gain, grow and sustain competitive advantage in the long run. Competitive advantage and sustainability of any organisation depends largely on the capabilities of the human resources involved in the day-to-day activities and their management. However, effective management of human capital will lead to workforce commitment. According to Ghorbanhosseini (2013), committed and loyal workers are major and paramount tools in an organisation to increase profitability and improve quality service. Dhar (2015) achieve better organisational and personnel performance while Wei, Han and Hsu (2010) showed sustainable competitive advantage Tang and Tang (2012). Karim and Rehman (2012) opine that, employees with higher level of commitment towards their organisation are harmonious, loyal, responsible and productive towards organisational advancement. Similarly, significant contributions towards organisational growth and development can be attained from workers who possess a strong commitment to their organisations.

The importance of employees' commitment cannot be over-emphasised in the sense that, it has great advantage for both the employer and employees. Azeem and Akhtar (2014) argue that the commitment of an employee to his/her organisation, fosters belongingness and intrinsic rewards amongst others, while the employer will be able to attain organisational goals and objectives, reduction in cost of replacement, little expenses on training and minimum level of employee turnover. To an extent, human resource management practices had received the attention of scholars from the angle of individuality such as performance management (Ligon, Graham, Edwards, Osburn and Hunter, 2015), compensation system (Alice and Lu, 2014), training and development (Agogue, Poierel, Pineau, Hohde and Cassotti, 2014). Gabriel, Cheshin, Moran, and Kleef (2016) suggested that researchers should embrace the bundle of human resource management practices rather than individual practices in order to be able to establish the complementary and overlapping effects of these practices over one another and hence better individual and organisational performances. However, Kepes and Delery (2007) had earlier advocated for synergy in human resource management practices for enhancement of work-related outcomes.

Noe, Hollenbeck, Gerhart and Wright (2000), Kusluvan, Kusluvan, Ilhan, Buyruk (2010) claim that, management of human resources comprises all practices, policies and systems that impact the attitude, behaviour and performance of employees in service producing organisations. The World Travel and Tourism Council (WTTC) identified tourism and hospitality as the main sector in the service producing industry among the global employers of labour with a higher employment rate above that of both auto-manufacturing and chemical manufacturing industries across all regions of the world (World Travel & Tourism Council, 2013). According to Lu, Chen, Huang and Chien (2015), a distinct set of human resource management practices should be embraced, especially in service producing firms, because the turnover rate and cost of personnel in the service producing industry are almost double that of the manufacturing industry. However, it is imperative for service producing firms to implement human resource management strategies in order to achieve the organisational goals and objectives. This is applicable to hospitality firms.

Solnet, Kralj and Baum (2013) advocated for more scholarly research on human resources management in the tourism industry; the work observed an alarming dearth of studies in the tourism industry, especially in emerging economies such as Nigeria. However, Zampoukos and Loannides (2015) stated that hospitality sector is the most visible component of the economy of tourism industry; it is labour intensive in nature Serafini and Szamosi (2015), and requires skilled and knowledgeable human power for it to deliver (Kusluvan, Kusluvan, Ilhan and Buyruk, 2010). In Ghosh and Gurunathan (2015) it was found that individual human resource practice is less effective on employees compared with the bundle of human resource management practices such as compensation, growth opportunity amongst others, which are more positively impactful on the employee job outcomes.
In the earlier work of Combs, Liu, Hall and Ketchen (2006), the necessity for bundles of specific human resource management practices that will be suitable for service producing firms was advocated for, because little attention has been given to this sector as far as research is concerned in the field of human resources management practices. Furthermore, various studies such as Collins and Smith (2006), Huselid (1995), Sun, Aryee and Law (2007) have observed different measures of human resources management practices including training, recruitment and selection, job description, communication, employee security, internal career opportunities, incentive pay, and teamwork and so on. However, Cooke and Saini (2010), Thite Wilkinson and Shah (2012) found that most of these studies neglected the aspect of the employees, and centred majorly on the perspective of the management and senior human resource managers. Responding to the aforementioned gaps, this research seeks to identify the impact of human resource management practices on the employee organisational commitment in six (6) functioning University guesthouses in Nigeria. The theoretical model is depicted in Figure 1.

![Figure 1. Theoretical model](image)

**Source: Researchers, (2017)**

### 2. Literature review

Armstrong (2010) defined management of human resources as an organisational unique approach towards planning and making decision as regards employment, policies, strategy, recruitment practices, development, training, compensation, performance management, etc., which corroborate with other corporate strategies and other organisational functions. Jiang, Lepak, Hu, and Baer (2012) identified compensation and performance management amongst others as the major means of getting the best out of employee job performance. According to Aryantoa Fontanab and Afiffc (2015), human resource management practices are activities and patterns embraced by the management for the purpose of managing human resources that will result in achievement of the organisational set objective optimally. In achieving the optimum result through human resources, the management should be aligned with the company’s strategies (Snell and Bohlander, 2010). Studies on human resource management focus mainly on how human capital can contribute to organisations’ productivity and growth sustenance. It requires adequate management and motivation in order to get the best out of them. The Vroom Expectancy theory of 1964 argues that the employee will exert extra effort when he or she is confident that reward for such effort will be able to satisfy his or her personal goals. However, this study is based on the expectancy theory of Vroom (1964).
2.1. Organisational commitment

According to Mowday, Steers and Porter (2013), the most widely used or accepted definition of organisational commitment is the identification of an individual involvement in an organisational activities on a continuous basis, which reveals the alignment of such an individual's personal goals and objectives with that of the organisation. In Masrek, Osman, Ibrahim and Mansor (2015), organisational commitment has been described as an identification of an employee or group of employees with an organisation, its goals and with readiness to continue to serve such organisation. In the opinion of Abdullah and Ramay (2012), employees’ organisational commitment should be a major concern of the management, not only because it is directly linked with employees’ job satisfaction, but also as a major determinant of organisational productivity, profitability and competitiveness. In addition, Ghorbanhosseini (2013) argued that employee commitment increases profitability, service quality and management performances, while it decreases job abandonment and ineffectiveness among workers.

Hanaysha (2016) reckoned that frequent examination of employees’ commitment towards organisational goals and objective is very essential in order for the organisations to be able to combat any issue or challenge at any point in time, and also to ensure continuous employees’ loyalty to the organisation. In Greenberg and Baron (2003), organisational commitment has to do with the intensity of employees’ dedication to their organisations. Similarly, Rashid, Sambasivan and Johari (2003) stated that employees that are committed are those ones that at any point in time are loyal, prompt at work, protect the interest of the organisation, exert energy and share the organisational goals and objectives. In addition, Sriekaningsih and Setyadi (2015) described organisational commitment as a situation whereby an employee favours his/her organisational goals and objectives with the readiness to remain as member or part of the organization over a long period of time. In addition, organisational commitment is a physiological attachment of an employee or group of employees to an organisation.

2.2. Teamwork

According to Hanaysha (2016), teamwork has been identified as one of the major topics in organisational behaviour and has received researchers’ and practitioners’ continuous attention. Froebel and Marchington (2005) advocated for teamwork in the workplace, as it enhances smooth running of organisational activities, and can be used as a strategy for organisation to build and improve on their employee capabilities. It promotes organisational effectiveness and increases productivity. O oko (2013) defined teamwork as a situation whereby a group of people work together towards the achievement of a common goal. In addition, Faraj and Sproull (2000) stated that employee that works together with others as a team member, has greater potential to be more productive when compared with others working individually. Dhurup, Surujlal and Kabongo (2016) identified three major aspect of teamwork definition as: (i) interaction among different individuals (ii) group efforts and (iii) interdependence

Greenberg and Baron (2003) defined teamwork as the group of small number of persons with corresponding expertise that are devoted to a common purpose, approach and goals for which they are equally accountable. This will result in a harmonious and supportive working environment that promotes the achievements of common goals through sharing of capabilities, knowledge and skills. Hanaysha (2016) asserted that teamwork not only promotes employees’ organisational commitment but also increases their productivity; it is also a platform for knowledge sharing among team members. In the same vein, Gallie, Zhou, Felstead and Green (2009) found that teamwork promotes employees’ organisational commitment and increases their productivity. Zincirkiran, Emhan and Yasar (2015) found a positive influence of teamwork on organisational commitment among the health workers in Turkey. According to Okoo (2013), teamwork promotes employee’s empowerment and development, increases employee’s commitment and reduces stress.

2.3. Performance management

In Gruman and Saks (2011), performance management has been identified as one of the critical aspects of effectiveness in an organisation. It is a major process through which the task is accomplished, and also the means of managing human resources (Pulakos, 2009). He further argued that some employees attributed their better performances to the performance management processes embraced by their organisation. In the work of Aguinis and Pierce (2008), the performance management system is broader than performance appraisal. It involves identification, measuring and development of employee’s performance through a cycle of planning, evaluation and monitoring. Sharma, Sharma and Agarwal (2016) argued that performance management in the workplace does not essentially depend on how it is being done (i.e. its content), but relies on the perceptions of the employees on how it is being done. In the work of Waeyenberg, Decramer, Desmidt, and Audenaert (2016), effectiveness of performance management can be achieved when the employees perceived that the planning, evaluation and monitoring of their performances is internally consistent and vertically aligned with the organisational strategic goals. Performance management was also found to boost both commitment and satisfaction of employees in the workplace (Aguinis, 2013).

2.4. Compensation system

Compensation can be regarded as an instrument employed by management towards safeguarding the existence of the organisation for the purpose of achieving its objectives. In Rizal, Idrus, Djumahir and Mintarti (2014), compensation was defined as a mechanism for encouraging and motivating employees for the purpose of achieving organisational goals and objectives. According to Kee, Ahmad and Abdullah (2016), compensation is one of the strategies of human resource management for achieving organisational goals, towards sustaining the growth of the organisation. Munap, Mohd and Abdul (2013) had earlier identified compensation as a tool for attracting, motivating, retaining and gaining commitment of high-performers in the workplace. Similarly, Milkovich and Newman (2005) described compensation as a major activity of an organisation that must be adequately controlled and geared towards gaining employees’ positive work attitude and behaviour.

Nawab and Bhatti (2011) described compensation system as a means of impacting positively on employees in order to gain their commitment towards the improvement of the organisational productivity. They further argued that an organisation with better and adequate compensation system boosts employees’ job satisfaction and reduces both intention and actual turnover of the employees. In Alamelu, Surulivel, Motha, Amudha and Selvabaskar (2015), compensation packages were found to be a part of the major boosters of positive employee behaviour in the workplace, such as organisational commitment. The study carried out by Conway and Briner (2012) on investigating the effect of collective organisational commitment on unit level performance revealed that fair pay, autonomy at work, suitable career path and fairness in the distribution of reward, amongst others, will lead to high employee organisational commitment.

3. Methodology

The main purpose of this study is to examine the relationship between human resource management practices (teamwork, performance management, compensation system) and organisational commitment among the employees in selected Nigerian hospitality sectors. To achieve this objective, a survey instrument was used for data gathering. Six (6) functioning University guesthouses in southwest region of Nigeria were approached and were willing to participate in the study. The target population for this study consists of 312 employees working in the six functioning university guesthouses. The measuring instruments were taken from the academic literature. Teamwork was measured using a scale comprising seven (7) items of Shanahan, Best, Finch, and Sutton (2007). The measuring instrument for performance management was adapted from Decramer, Smolders and Vanderstraeten (2013). The construct of teamwork was measured using seven items of

Shanahan, Best, Finch and Sutton (2007). The organisational commitment was measured using Allen and Meyer (1990). The evidence of the acceptable value for the reliability of the aforementioned measuring instruments was obtained through Cronbach alpha, after it was subjected to the scrutiny of experts in the field. All these measuring instruments were on a five-point Likert scale ranging from 1 ‘strongly disagree’ to 5 ‘strongly agree’.

4. Data analysis

A total of 312 pen and paper questionnaires were distributed among the employees of these selected guesthouses cutting across all departments; 35 of the questionnaires were excluded as a result of missing data. A total of 277 were found appropriate and usable for the analysis, thus representing approximately 89% response rate. The analysis of demographic variables revealed that 154 (55.6%) of the respondents were male while 123 (44.4%) were female. The age analysis of the respondents is as follows: 18–25, 26–35, 36–45, 46 and above, corresponding to 131 (47.3%), 84 (30.3%), 39 (14.1%), 23 (8.3%) respectively. Analysis of the highest level of respondents’ educational qualification data further revealed that 44 (15.9%) have a senior school certificate, 24 (8.7%) have ordinary national diploma (ond)/vocational certificate, 157 (56.7%) have bachelor/higher national certificate (HND), while 52 (18.7%) are postgraduate degrees holder. The tenure of service data analysis showed that 40 (14.4%) are below one year, 97 (35.1%) have been working for three years, 89 (32.1%) have worked for five years and 51 (18.4%) have worked for more than five years with the organisation.

Structural equation modelling (SEM) was used for reliability and validity tests. Table 1 depicts the outcomes of the measuring instrument reliability test; however, the measuring instrument was found reliable because the Cronbach alpha result for all the constructs exceeded the 0.70 minimum value (Cronbach, 1951). Confirmatory Factor Analysis (CFA) was done on all the items to ascertain the construct validity for adequate measurement without mixing items of the constructs under study, and at the same time, to support convergent validity. The findings of the factor loading for the CFA were between 0.446 and 0.874 as used in Naik and Bisht (2014).

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<tr>
<th>Table 1. Reliability test outcomes</th>
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<td>No Variables</td>
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<tr>
<td>1 Teamwork</td>
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<td>2 Performance management</td>
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<td>3 Compensation system</td>
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<td>4 Organisational commitment</td>
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Source: Researchers, 2017

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<tr>
<th>Table 2. Multiple linear regression analysis</th>
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<td>Variables</td>
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<td>Teamwork</td>
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<td>Performance management</td>
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<td>Compensation system</td>
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\[ R = 0.897 \]
\[ R^2 = 0.80 \]
\[ F_{(4, 978)} = 296.431 \]
\[ p = 0.00 \]

Source: Researcher, 2017

According to Table 2, the three independent variables (teamwork, performance management and compensation system) in the model predicted the dependent variable (organisation commitment) based on the ANOVA outcome \( F_{(4, 978)} = 296.431, p < 0.05 \). Sequel to standard regression analysis, the degree of the model, predicting the dependent variable was \( R = 0.897 \). The variance of the model’s degree of explaining the dependent variable was estimated as \( R^2 = 0.80 \). Based on these outcomes, it
can be concluded that, there is a greater impact of the independent variables on the dependent variable. The value of $\beta$ (Beta) as shown in Table 2 depicts the predictive power of the independent variables on the dependent variable. For instance, compensation system carries the highest $\beta$ value of 1.320 followed by performance management and teamwork.

5. Conclusion

The purpose of this study was to establish the impact of human resource management practices (teamwork, performance management and compensation system) on the organisational commitment of the employees in selected functioning university guesthouses in south-west Nigeria. The outcome showed a positive impact of these independent variables on the dependent variable. These findings are in line with some previous studies, such as Alamelu, Surulivel, Motha, Amudha and Selvabaskar (2015), Munap, Mohd, and Abdul (2013), Nawab and Bhatti (2011), Cornway and Briner (2012), who conducted a compensation system and employees’ organisational commitment. In the same vein, Aguinis and Pierce (2008) found positive impact of performance management on organisational commitment. Finally, in this study, it was found that teamwork has a positive impact on the employees’ organisational commitment. This is consistent with the findings in the work of Gallie, Zhou, Felstead and Green (2009), Okoo (2013), Zincirkiran, Emhan and Yasar (2015).

The study population was limited to only the employees working in the selected university guesthouses. The future research can replicate the study in other segments of the hospitality industry, other service industries, manufacturing industry, etc., to verify if the findings can be generalised. Longitudinal studies can also be coupled with qualitative method of data gathering to ensure more robust outcomes. Furthermore, other independent or dependent constructs can be engaged in this study to establish their various effects on one another.

References


