



A CONCEPTUAL FRAMEWORK FOR MEASURING INNOVATIVE HUMAN RESOURCES PRACTICES IN LUXURY AND UPSCALE HOTELS IN SINGAPORE

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Abstract

Many hotels have adapted new innovative processes in order to differentiate themselves from their competitors and to increase their value to both their guest and staff. One of the departments within the hotels that is vital to the success of the organisation and have done so is that of the human resources department. They have centred their innovative methodologies on refining practices such as recruitment, training, welfare, performance appraisal, staff development, organisational culture, job design and structure, and leadership. The objective of these innovative practices are not only to develop staff and corporate citizenship, but also to retain talent, develop new skills and abilities, and to attract more workers to join their organisations in order to ensure organisational success. This paper highlights the different classifications of innovative measures taken by the human resources departments, and looks the different perspectives, objectives and measurements from both the human resources management and the staff. Essentially, it seeks to establish whether the agenda of both parties are in-sync and are contributing to the success and performance of the organisation.

Keywords: Innovation, Human Resource, Performance & Hotels.

1. Introduction

The Singapore hotel industry is faced with a mammoth issue with regards to its human resources practices and processes. The increase in the number of hotels and room capacity, compounded with the rise in the tourism has weighed heavily on the operational needs of the hotel organisation and indirectly impacting the human resources that support the operations of these organisations. The total number of hotels in Singapore has increased from 243 to 422 from 2008 to 2017 (Singapore Tourism Board, 2019). The number of hotel rooms has also increased over the years. In 2008, the number of hotels rooms in Singapore totalled 39,376 and according to Singapore Tourism Board (2019), this number is set to rise by about 73% to about 69,735 by the end of 2019 (Hardasmalani, 2016). In terms of visitorship, the number of arrivals has also increased. In 2007, Singapore saw a total of 10.3 million visitors (Singapore Tourism Board, 2019), however this number has increased to 18.5 million in 2018 (Singapore Tourism Board, 2019). Although the length of stay has declined slightly from 4 days in 2009 to 3.4 days in 2017 (Singapore Tourism Board, 2019), it has been postulated that some tourist might be seeking non-hotel alternative accommodations. From the overall trend, there is definitely a steady positive increase in the occupancies in the hotel sector. In 2008, the room occupancy in Singapore was 80.5%; by 2017, occupancies were 84.6% (Singapore Tourism Board, 2019). However, despite the growth in the hotel sector with prospective career

opportunities, human resources managers are seeing a decline of people joining the hospitality industry, compounded with the high attrition associated with the hospitality workforce.

The decline and high attrition associated with the hospitality line in Singapore has been due to many reasons, namely, the change in policies from the Ministry of Manpower from using foreign labour, the change in attitude of workers (current employees and prospective students) towards the industry, due to long hours of work, lower status of work, and financial remuneration (Pizam, 1982). This decline in the manpower does also have a ripple effect within the organisation. Low morale, longer working hours to cover the lack of staffing, lower commitment toward the organisations are some of the behavioural manifestation as cited by Kang and Gould (2002).

Many hotel operators have noted that these manifestations stem from the human resources department within the hotel, which deals directly with employee relations, recruitment, hiring, training and welfare. Therefore, many hotels have or intend to adapt innovative human resources measures to counteract the decline in their employees, and increase the wellness and corporate citizenship of their existing staff.

2. Objective of the Study

One of the objectives of the report is to examine the various types of human resources innovations that have been implemented by the Singapore luxury and upscale hotels in coping with the matters of employee citizenship, retention, and the attraction of newer employees. Another objective of this study would be to postulate the best methodology to measure in understanding both management and staff's perspectives so as to grant insight as to which innovations most benefit the performance of the organisation as a whole.

3. Research Questions

It is the intent of this study to answer the following questions with regards to organisational performance vis-à-vis current human resources innovations measures taken by luxury and upscale hotel properties:

- Q1: What forms of human resource innovative processes and practices are best adopted by luxury and upscale hospitality organisations?
- Q2: How do management and employees view these forms of innovations?
- Q3: Are these different perspectives in-sync and how do they affect the (employee) performance of the organisation?

These questions are directed to luxury and upscale properties in Singapore. Most luxury and upscale properties in Singapore are the predominant establishments with an association to multi-national chain operators. According to the Singapore Tourism Board (2019), the percentage number of rooms in comparison between multi-national chain operators and small, medium hospitality enterprises are about 71% to 29% respectively. Moreover, as cited by Jacob, Tintore, Aguilo and Bravo (2003), Orfila-Sintes, Crespi-Caldera and Martinex-Ros (2005) and Sorensen (2007), innovation occurrence are generally more active in larger and predominantly chain-multi-national organizations due to their economies of scale, in terms of market power, firm size and financial ability. These companies are generally research and development companies. Hence, this study will focus on these multi-national chain establishments.

4. Literature Review

4.1 Classifications of Innovations in the Hospitality Industry

Through the years, many academias have been trying to categorise innovation in the hospitality line. Two major forms of classifications have emerged. One methodology is to look at innovation from the perspective of whether it is (1) product-related, (2) market-related, (3) process-related or (4) organisational-related (de Brentani, 2001). In terms of product-related, this would be the physical manifestation of the product, i.e., the features of the product. As for market-related, this would be how organisations have innovated according to how the market is, through a better increased understanding of their customers, their desires and needs and wants. This could be looking at newer, uncontested and virgin markets, including the organisations' responsiveness (Edgett, 1994) and the business viability context (de Bretani & Ragot, 1996). Regarding process-related innovations, most service and hospitality firms concentrate in this aspect. Generally, process innovations covers a blanket of activities ranging from employee involvement (de Bretani, 2001), proficient development, process management (Atuahene-Gima, 1996), launch preparation, and effective communications (Leiponen, 2006). As for organisational-related innovations, this implies the creation of better synergies between the internal departments, for example the establishment's marketing, management and financial department and their use of resources (Johnes and Storey, 1998).

Another classification by which researchers have categorised innovation would be by (1) Personnel, (2) Social, (3) Structural, (4) Procurement, (5) Marketing (Barney, 1991; de Bretani, 2001; Hubner, 2002). However, Pikkematt and Weiermair (2004) added an additional class i.e. the (6) Process. These innovations are similar to the above, earlier classification with a slight deviation i.e. where Process innovation would be considered as both product and service innovation. Personnel and Social innovation in this case would imply the development of staff capabilities and resources and Social innovation would be process innovation as compared to the former classification. Structural innovation would be the innovations taken at an organisational level. Marketing innovation is also similar to the former categorisation. Lastly, Procurement innovation would look at the matters of operational innovation, i.e. such as logistics management, Just-In-Time management, which is usually not evident and prominent in the service and hospitality industry, as the delivery and consumption of service is at the same time, and service is intangible in nature.

4.2 Innovation Success and Strategies in the Hospitality Establishment

There are many ways by which success is defined from how innovation is handled. According to Storey and Easingwood (1998), success is not measured from one perspective but by many means. Examples cited by Griffin and Page (1996), Montoya-Weiss and Calantone, (1994) and Storey and Easingwood (1999), successes can range from better sales revenue, higher profitability, greater market share, better image and enhance brand loyalty from guest etc. However, it was noted by Storey and Easingwood (1998), that success in one area does not imply a success in another area. Therefore, there could be lost opportunities and areas, when one area reaps better gains. It was also highlighted that, most companies prefer to base their success performance on revenue making, production figures or other quantifiable measurable, over that of subjective values, such as customer satisfaction, employee well-being (Griffin and Page, 1996; Montoya-Weiss and Calantone, 1994). The reason for this would be the translation of success being pegged to the of a direct company performance indicator.

Earlier, Barney (1991), de Bretani (2001) and Hubner (2002), highlighted the tactical innovative categorisation areas that firms could take action on, however, there are also macro-level strategies that establishment can take on as well. These strategies are varied and are based on the different outlooks of different researchers and academia. There are several types of

general strategies that establishments can concentrate on. Teece, Pisano and Shuen (1997) mentioned that the two basic strategy, i.e. one emphasizing on the exploitation of market power and the other focusing on efficiency.

The strategic framework on the dominance of market power highlights the views of Porter (1980) and his approaches to comprehending competitive forces. These forces, i.e. entry barriers, threats to substitution, bargaining power of buyers, bargaining power of supplier and the rivalry among industry incumbents help an establishment to position itself in the industry and how it can defend itself against competitors in relation to its position, suppliers and distributors.

The other latter framework takes the strategic approach of emphasising efficiency. This aspect takes the perspective from a resource-based angle. This approach looks at organisations with superior systems and structures. Due to their better use of resources, they are able to offer better quality services and products. This approach is also more inward-looking as compared to the former strategic. Teece (1982) highlighted that for organisations to utilise this strategy, they must (1) identify the firm's unique resources, (2) decide which of the resources are best able to perform to the success of the company and lastly, (3) decide whether the results are effectively utilised. This form of strategic direction also allows the development of new capabilities (Wernerfelt, 1984). Shuen (1994) cited that if resources are being utilised, then 'assets' as such skills acquisition, the management of knowledge and know-hows, learning must be supported. In addition, Itami and Roehl (1987) also highlighted that these 'assets' can be of both the tangible and intangible means and has the highest potential of contribution to the organisation.

Therefore from the above, Goffin and Mitchell (2010) have managed to combine both innovation and the market power and efficiency (resource-based) strategies into a holistic development funnel, which Wheelwright and Clark (1992) terms as the process of idea generation, selection and implementation. This development funnel is also known as 'Innovation Pentathlon Framework', highlighted below.

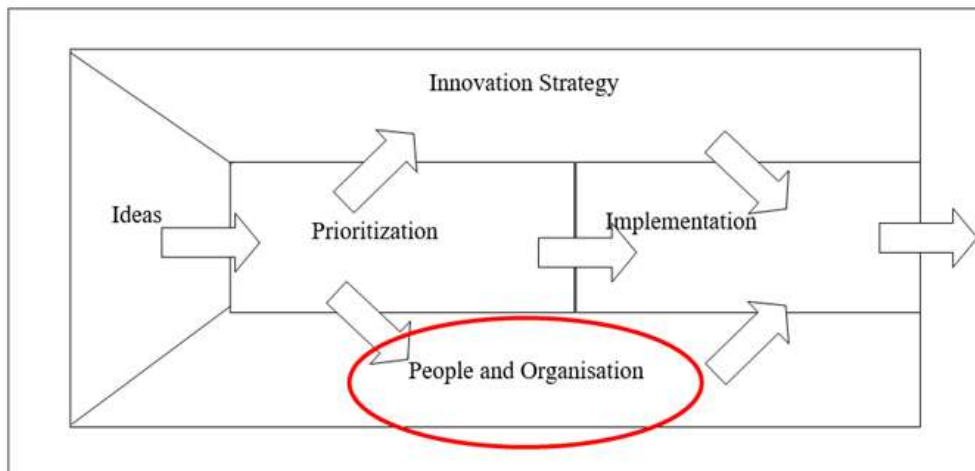


Figure 1: The Innovation Pentathlon Framework (Goffin & Mitchell, 2010)

As seen above there are five elements of innovation management highlighted in the Figure 1, namely (1) Innovation Strategy, (2) Ideas, (3) Prioritization, (4) Implementation, (5) People and Organisation. Each of these areas does have an impact on the way innovation is managed. For the element of Innovation Strategy – this is the development and implementation of an innovative strategy that requires management to focus on. For the element of Ideas – this is the raw material for innovation and these ideas can be harnessed from both the internal and

external organisation. The element of Prioritization – this implies the process by which the best ideas are chosen for development. This requires the right tools to analyse the risk and the returns (profits, performance) on the individual ideas. As for Implementation – this looks at the efficiency by which the innovation is put in place and developed. This can be achieved by having cross-functional teams, and obtaining feedback. The final element is People and Organisation. This aspect looks at the issues concerning the management of human resources. This will include the matters of selection, hiring, training, job design, leadership and the creation of a supportive organisational structure. Included in this area is also the concern of organisational culture and corporate citizenship (Goffin & Mitchell, 2010).

The Pentathlon Framework, when expanded, will also encompass the strategy of the market power. Figure 2 shows how the external environment can influence and affect the framework of innovation management.

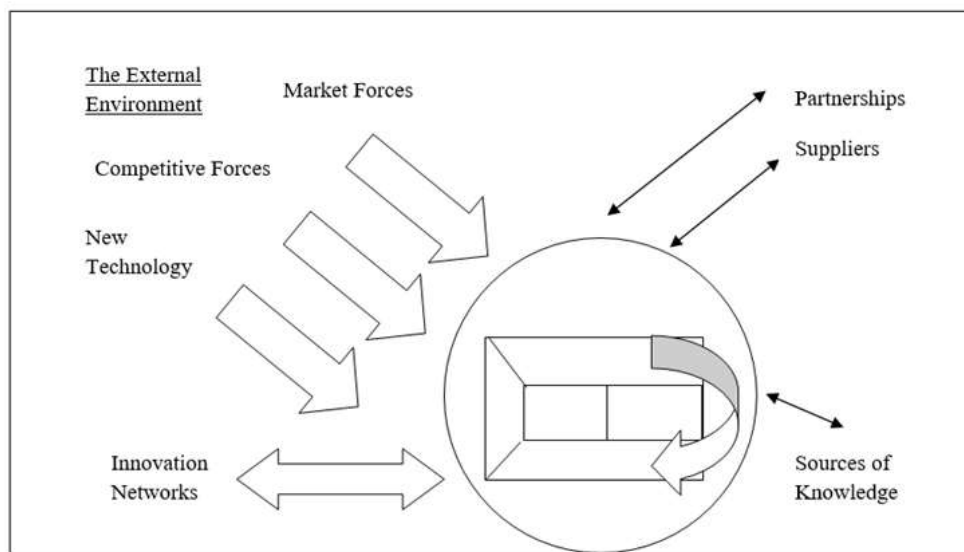


Figure 2: The Innovation Pentathlon Framework in Macro External Environment Context (Goffin & Mitchell, 2010)

Taking the Pentathlon Framework into context, human resources processes and practices fall under the element of People and Organisation. This has been highlighted in Figure 1 (as shown encircled). The following segment's intent is to review these human resources practices and processes.

4.3 The Role of Human Resources Practices in the Context of Innovation in a Hospitality Environment

Seven general human resources practices that have consistently led to an organisation's success in its primary activities are namely, selection, training, appraisal and staff development, culture, job design and structure, and lastly, leadership. (Delaney & Huselid, 1996). In order to achieve the above seven general human resources practices, organisations take a holistic and macro-approach called the Customer Oriented strategy. A Customer Oriented strategy is one which is centred on the organisation's employees to ensure that they have the right skills and abilities to deliver the best service delivery to the guest. Hartline, Maxham & McKee (2000) mentioned that management can support such a strategy through formalization, empowerment and behaviour-based evaluations. In order to be successful in a hospitality environment, formalization should be low, so that staff will have the ability to respond accordingly to the

different needs of the guest. As for empowerment, there needs to be greater autonomy given to the employees to make the right decision (Argyris, 1998). Chebat and Kollias (2000) mentioned that in the hospitality industry, empowerment is a definite necessity and is unavoidable amongst staff. Finally for behaviour-based evaluations, service staff's contributions should be looked at from the perspective from the customer-related aspect (i.e. service-related skills and qualities), rather than from a specific work-related quantum / outcome (i.e. the number of guest served in a day or how efficient or fast the service-encounter was).

5. Hypotheses of the Model

As the aim of this study to look at human resources innovative practices affecting the organisation's performance, several hypotheses can be raised from the above literature reviews.

H1: As hotels' key performance is in the area of customer service, most of their innovations will be from a human resource (service and process) perspective, rather than on product.

Unlike the manufacturing industry where the emphasis on a physical product, the hospitality industry is one that sell both a product (the physical room) and a service element (the transaction between the guest and the staff). As products are being more segmented and commoditised, most hotels are leveraging on their service element to distinguish themselves against their competitors. Innovations that have sprung up with the last decade would be the service innovations such as Ritz Carlton's service motto of 'Ladies and gentlemen, serving ladies and gentlemen...' (Michelli, 2008) or Four Seasons' Philosophy in Service (Sharp, 2009).

H2: The management and the staff both recognise innovation as a means of performance for the organisation and innovate for the betterment of the organisation.

Hospitality management and staff should have a common goal to innovate for the betterment of the organisation in its performance. However, the objectives for the innovation might be divergent between the staff and the management. Staff might look at the innovation as a form of self-expression, have a personal agenda to innovate, or even as a commitment to his peers. However, the impetus to innovate for management might not on a personal level. Therefore, the ability to understand the individual's personal reasons, would grant management better insights to the needs and desires of their employees.

H3: An innovative hospitality environment creates an environment where there is more corporate citizenship, and a decline in turnover and an increase in the hiring of staff.

As mentioned in the introduction, the Singapore hotels are facing a dearth in recruitment and a high attrition in the hospitality workforce. Many employees are leaving the hospitality trade and joining other industries. At the hotel property level, the purpose of innovation in the human resource context is not only to ensure that it contributes to the performance of the organisation against its competitors, but also to ensure that its human resources goals are also met. These objectives are to create an environment where staff are motivated to perform, to keep turnover at a minimum, and be the first-choice employer to potential employees. Ideally, with innovation, hospitality organisations would see an increase in corporate citizenship among its employees and a decrease in turnover.

As mentioned earlier, there are many definitions to the terms of success and performance in the hospitality industry, namely financial, guest satisfaction etc. Given that this study looks at innovation from the human resources' perspectives, the key performance indicator and terminology for functional success will be defined by the organisation's employee satisfaction.

6. Conceptual Framework

The conceptual framework of this study is shown in Figure 3. This model will differentiate the employees' actual perception of innovative ideas given from the employers using a satisfaction / success index within the human resources practices framework i.e. using the seven factors of selection, training, appraisal and staff development, culture, job design and structure, and leadership as highlighted in Figure 3, under the box of 'Service / Process (specific HR) Innovation'.

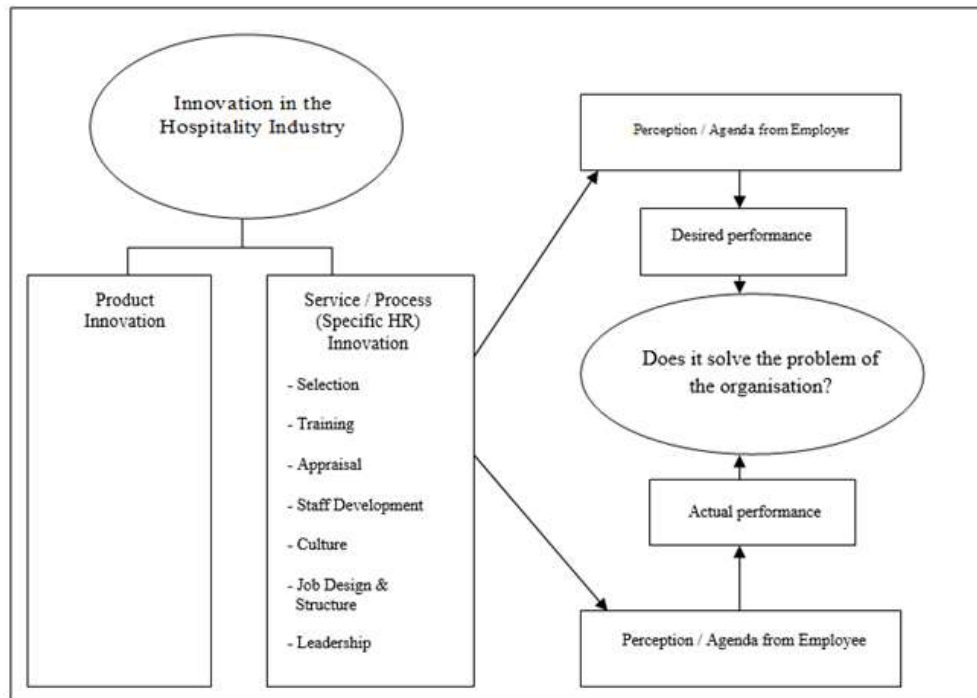


Figure 3: The conceptual framework

7. Methodology

As discussed, this study will look at the effects of human resources innovations on an organisation's performance from different points of view. This study can utilise surveys administered to both the human resources department managers, as well as rank-and-file and supervisory employees. Furthermore, as the research approach will be deductive with the aim of validating the proposed model (Finn, Elliott-White & Walton, 2000), both qualitative and quantitative question should be used.

Surveys should be administered to human resources and hotel management administrators to obtain the forms of innovations that they utilise in their properties. By doing so, the objective of seeking whether a hotel prefers product or services / process (human resources) and the specific type of human resource innovation can be obtained (i.e. selection, training, development of culture, etc.). Similarly, surveys should also be used on the supervisory staff and their rank-and-file employees. The objective of this survey is to look at the actual and desired performance indicators from the innovative human resources practice by both the different parties, i.e. management and staff. Verbatim from the outcome can then be applied back to the human resources department to evaluate the success of the innovations.

Purposeful sampling should be conducted for all departments within the hotels for employees to ensure equal representation (Maxwell, 2013). These employees should be staff that have been in

the organisation for an extended period of employment and are well-aware of the innovative measures that have been taken place in the hotel. Similarly, this sampling process has to be applied to the human resources executives, who implemented their innovative practices, in order to obtain a measurement for comparison.

In order to validate the common innovations used in the hospitality industry, it would be advisable to have a panel of hotel administrators and corporate officers (General Managers, Resident Managers, Executive Assistant Managers and Corporate Human Resources Directors).

A pre-test should also be conducted in one luxury or upscale hotel. This pre-test will ensure that the survey is viable and feasible within the framework of the study.

As this study is limited to luxury and upscale chain properties in Singapore, all hotels fitting the said category can be invited to participate. This is to ensure greater robustness in the data collected. A study can be administered in collaboration with the Singapore Tourism Board and the Standards, Productivity and Innovations Board, and through the respective general managers of each hospitality establishment.

8. Limitations

There are several limitations to this study. Firstly, it is centred only on the multi-national corporation luxury and upscale hotel chains. By doing this, it will give a narrow insight on the innovative human resources practices within the hotel sector in Singapore.

Another limitation would be the knowledge of the employee on the innovative human practices of the organisation. Employees who have no experiences with the hospitality organisation might not be able to judge and comment on innovation practices and would take such practices as the given norm with an organisation. Moreover, as each department is subjected to different forms of human resources practices, for example training in the operational departments might be more hands-on as compared to an administrative officer, there could be greater biasness in terms of innovation in these operational departments. Knowledge, being subjective, will be dependent on the employee to gauge their innovativeness within the hotel. Furthermore, employees exposed to the same amount of innovative practices can have different perceptions of innovativeness due to their sense of variability.

9. Conclusion

Innovation practices within the human resources framework is vital to the hospitality industry especially within the luxury and upscale market. Employees in these segment market hotels form the backbone for the expeditors of hospitality services. These staff are in turned driven by good human resources practices that provide the necessary skills and knowledge and motivation to consistently perform their operational task, in meeting the expectations of guest from these hotel segments. With the progression of time, innovation is needed not only to match the changing needs of the guest, but also to enhance and monitor those of the staff.

Hence, the conceptual framework proposed in this study with allow hospitality organisations to match employees' perception of the innovativeness of human resources practices to that of the management in terms of selection, training, appraisal, self-development, organisational culture, job design and organisational leadership. These human resources practice will undoubtedly impact the staff's well-being and performance, and in turn affect the hotel's organisational health and long-term performance.

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