

Company performance improvement: implementation of service culture through human capital in hospitality industry

Rian Andriani^{1✉}, Purwadhi², Disman³

^{1,2}Universitas Adhirajasa Reswara Sanjaya

³Universitas Pendidikan Indonesia

Abstract

The process of improving service productivity in the hotel industry is of course caused by several fundamentally important factors, including corporate culture and employee human resources factors. A good organizational culture should have the core characteristics of being firmly supported, well-managed, and shared as a whole. Problems commonly faced by employees are related to how to proactively adapt to the company culture so that conflicts do not occur. The research instrument was a questionnaire distributed to 192 hotel employees in West Java, Indonesia. This research aims to conclude whether human capital can mediate the influence of service culture by increasing company performance. The research method used is a simple regression analysis using SPSS and Amos as a calculation tool. The results show that human capital can mediate the influence between service culture and increased company performance in the hotel industry.

Key words: Company performance; hospitality industry; human capital; service culture

INTRODUCTION

Human resources is still an important topic that is interesting to research in various companies including the hotel industry because it relates to individual and organizational performance. Hotels are business management companies dedicated to providing facilities to the everyone. Services provided include lodging, food and beverage services, and others (Jarboui et al., 2015). The organization of the hotel business must be based on the concept and function of management, namely planning which includes the vision, mission, goals of strategies, policies, procedures, and hotel rules (Noerchoidah & Harjanti, 2019). Organizing includes organizational culture, staffing, delegation. Actuating includes direction, leadership, motivation and communication, and control which includes a hotel management information system (Sainaghi & Baggio, 2014). Based on several previous studies on hotel employees in West Java, it was found that employee performance was very important in realizing organizational goals so that it needed to be maintained and developed along with the development of the demands of the world of work (Harahap, 2017; Putri, 2016).

The process of improving service productivity in the hotel industry must be attributed to several basic factors, including the company's cultural factors (Andriani et al., 2019) and employee human resources (Melián-González and Bulchand-Gidumal, 2016). A modern work culture needs to be created to anticipate changes in guest needs and desires that can be carried (Valentine et al., 2011) through increased employee involvement in the decision-making process, implementing high service standards, and improving internal communication and external. Every industry certainly has differences in values, norms, and expectations, which shape culture (Francis & D'Annunzio-Green, 2005). Employees are still a top priority faced by companies, so maximizing performance is a major challenge for every organization including the hotel industry (Andriani & Disman, 2020).

A great culture has core organizational values. These values must be strictly adhered to, well managed and widely accepted by the community (Gebauer et al., 2006). The more employees who accept core values, identify with their level of importance and feel bound by them, the stronger the culture. Each company as a whole has its own unique culture. Organizational culture is the product of all company characters. Whether it is success or failure, it starts with employees. The problem employees usually face is how to proactively change to the company tradition to avoid conflicts (Andriani, Disman, et al., 2019).

Culture of organization has a decisive impact on the success or failure of a company in establishing employee performance (Lytle & Timmerman, 2006). Culture of organization also has a helpful effect on the company's economic performance (Martin, 2015). Organizational culture is defined as the behavior of members in an organization, and is a form of understanding the organization's vision, mission, and strategy. Organizational culture on the company also has shortcomings. Organizational cultural failure is the inability or non-implementation of norms, values, assumptions, ideas, or organizational ethics by members of an organization, which possibly will have a unhelpful effect on the company.

Employees such as human capital are important assets in a company (Andriani, 2014; Andriani & Disman, 2019; Siregar & Kartika, 2020). Employees as planners, executors and even controllers always play an active role in achieving the company's goals at work. The requirements of human resources include abilities, skills, skills, personality, attitudes, and behavior (Karatop et al., 2015).

METHODS

This research uses descriptive quantitative method using simple linear regression analysis, the calculation tool used is SPSS and Amos. Of the 250 questionnaires that were distributed, 192 questionnaires were successfully collected and fit for processing. The samples are employees of 3-star hotels in West Java, Indonesia. Model testing uses Confirmatory Factor Analysis (CFA) as well as testing the validity and reliability of research instruments. Then after a fit model is produced, an analysis will be done using the Product of Coefficient Strategy: Single Mediation Model - The Normal Theory Approach (Baron & Kenny, 1986; Preacher & Hayes, 2004).

RESULTS AND DISCUSSION

In this research, to verify the proposed instruments and models, a measurement model testing stage was carried out using Confirmatory Factor Analysis (CFA).

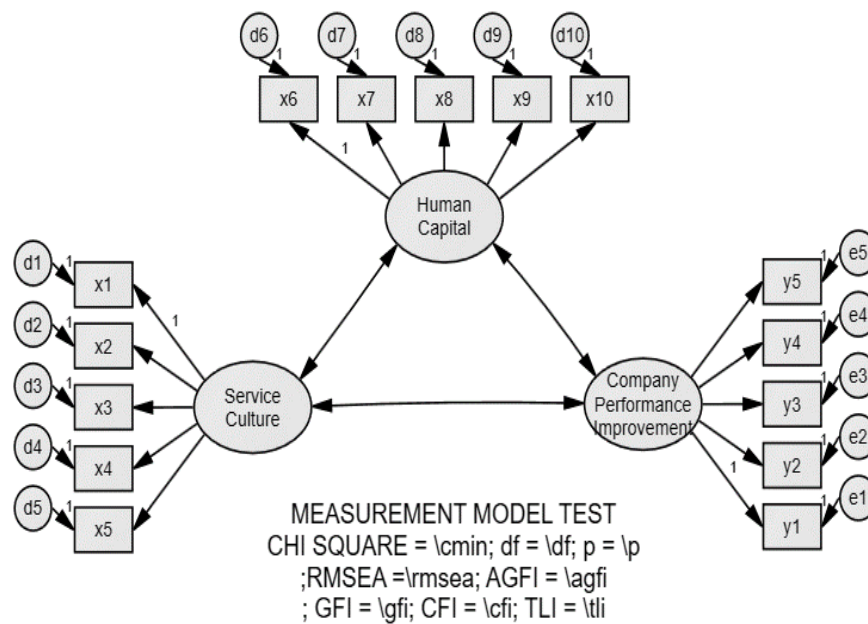


Figure 1.
Measurement model test (non-invalid items)

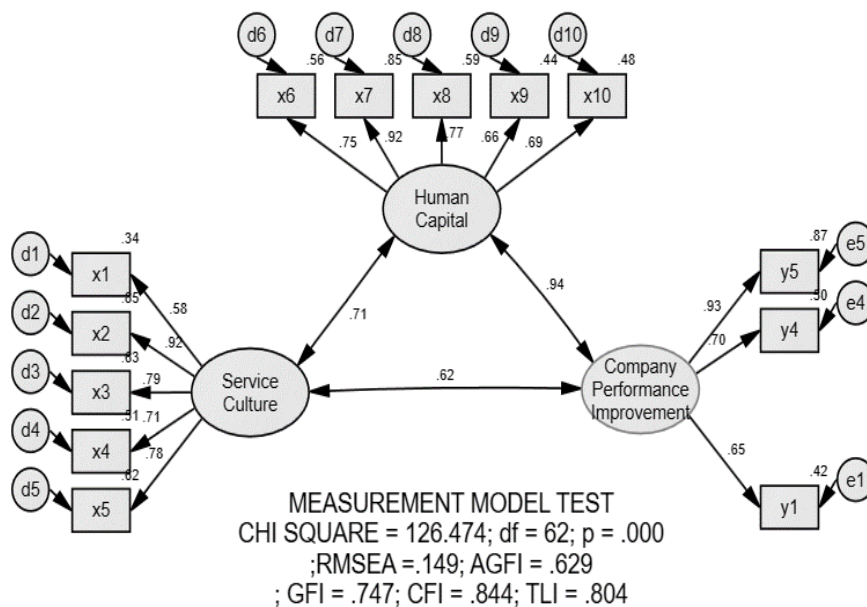


Figure 2.
Measurement model test

Figure 3 shows the model measurement test, without input invalid items (items about y2 and y3). Therefore, the calculated value of Chi-square is 126.474, df = 62, p-value = 0.000, Root Mean Square Error of Approximate (RMSEA) = 0.149, AGFI = 0.629; GFI = 0.747; CFI = 0.844, TLI = 0.804. According to the model measurement test results related to the validity and reliability of the instruments in each project in the study, summary of the test result as exposed in Table 1.

Table 1.
Summary of Validity and Reliability Test Results
(Company Performance Improvement Questionnaire)

Questionnaire	Item Number	Invalid Item Number*	Alpha Coefficient**
SC Scale	1 - 5	-	0,836
HC Scale	6 - 10	-	0,822
CPI Sclae	11 - 15	12,13	0,673

*The Estimate of Standardized Regression Weight <0.50

**Testing is done after an invalid item has been dropped

Table 1 above is a summary of the results of the validity test using CFA and reliability using SPSS v 23. For the variable X (Service Culture) and the variable M (Human Capital) items, the research questions are all included in the valid category and each has an alpha coefficient of 0.836 and 0.822 both of these results fall into the category of very high-reliability values. Whereas for the variable Y (Company Performance Improvement) 2 items are invalid, as for the value of the negative coefficient of 0.673 (high category).

Several researches have proven the research association among human principal and implementation, including: (Arokiasamy, 2009; Batjargal, 2005; Bontis et al., 2007; Crook et al., 2011; Kimouche et al., 2010; Kimura, 2005; Lanari et al., 2017; Shrader & Siegel, 2007; Skaggs & Youndt, 2004; Stiles & Kulvisaechna, 2003), in addition to service culture and performance (Appiah-Adu & Singh, 1999; Beitelspacher et al., 2011; Hyde & Davies, 2004; Kernaghan, 1994; Yasir, 2018). This research provides something new, namely placing human capital as a mediating variable between the influence of service culture and improving company performance. In addition, this research was conducted in the hotel industry, which is a pioneer in the development of tourism in Indonesia. Besides that, the novelty of the research compared to the previous research is that this research is the first research that makes human capital variable as a variable that mediates between service culture variables with the improvement of company performance and conducted in the hotel industry.

According to the research results, the application of the service culture related to human capital performance is as follows: First, the recruitment process is carried out to choose the suitable human capitals required by the recent business, just like the company must choose the seed, it will be invited to work together to achieve the company's goals (Brouthers, etc., 1995). The recruitment process is important in a company, to get employees who are by the criteria needed in a company so that they can recruit employees who have good productivity in the company (Boswell et al., 2003; Patterson et al., 2004). The availability of a skilled and skilled workforce greatly determines the success that the company wants to achieve, because no matter how sophisticated the technology applied will continue to use human power as its driving force (Choi Heh & Choi Seung, 2006; Krott et al., 2014; Ramachandran, 2000).

Secondly, each employee's monthly reports, evaluations and performance evaluations, containing hotel work, documentation, and processes such as commercial reports and credit checks (Al-Najjar & Kalaf, 2012; Bonn & Forbringer, 1992; Valarie A. Zeithaml, Leonard L. Berry, 2011). This is also supported by the added value possessed by human capital in carrying out its duties and work. A company will have a different company performance on the management of different people, meaning that the reports, evaluations, and reviews of performance produced by each employee will be different between one employee and another (Chi & Gursoy, 2009; Eisenberger et al., 1990; Harter et al., 2002; Lynch et al., 1999; Mayer & Gavin, 2005). Different employees in processing the same assets will produce different jobs. In this case, all assets owned by the company will not affect the progress of the company without human capital that can manage and create added value for the company (Davenport et al., 1998; Edvinsson & Sullivan, 1996; Pike et al., 2005; Pulic, 2000).

Third, maintain all hotel facilities on a regular basis so that can create value to achieve the company's goals. This can be achieved by regularly providing training and developing worker skills (Hall et al., 1994; Jones, TO and Sasser, 1995; Quinn et al., 1996). A long-term service-oriented culture will bring the company to be ready to face all the problems that will occur in the future. Professional skills and attitudes show that these two criteria are directly related to the results determined by the skills and knowledge possessed by the employee, to be utilized in an operational system that supports professional attitudes in the problem-solving process faced (Quinn et al., 1996; Salvatore T. March *, 1964).

The existence of the hotel to date can be attributed to many things, namely the quality of human resources that contribute their energy to hotel goals, sharp insight from the executive management team, core values that are firmly held in every step of the hotel business, and of course, significant trust gained from guests, clients, and work partners. Human capital is a corporate asset, human resources are trained using a "down-to-earth" philosophy when answering the needs of hotel guests, and focusing on corporate strategy. This philosophy and focus empower human capital to always meet the requirements of hotel guests and exceed their expectations (Curtis et al., 1988; Knights et al., 1992; Krechovská & Procházková, 2014; Mcvea & Freeman, 2005; Quélin & Duhamel, 2003; Wiley, 2011; Zuckerman, 2000).

CONCLUSION

The results of this study show that the impact of service culture and company performance on the hotel industry can be adjusted by human capital. In addition, service culture has a positive effect on human capital, and individual capital also has a positive effect on company implementation. This study implies that researchers recommend that researchers use more expanding populations and research samples are also applied to other types of hospitality industries. Besides, research can also be done on the depth of research content by adding variables that are strongly related to company performance.

REFERENCES

- Al-Najjar, S. M., & Kalaf, K. H. (2012). Designing a Balanced Scorecard to Measure a Bank's Performance: A Case Study. *International Journal of Business Administration*, 3(4), 44–53. <https://doi.org/10.5430/ijba.v3n4p44>
- Andriani, R., Disman, Ahman, E., Yuniarsih, T., & Santoso, B. (2019). Polychronic Behaviors: The Role Of Job Residency and Education Level. *International Journal of Entrepreneurship*, 23(3), 1–5. <https://www.abacademies.org/articles/Polychronic-behaviors-the-role-of-job-residency-and-education-level-1939-4675-23-3-297.pdf>
- Andriani, R., & Disman, D. (2020). Polychronicity in the Hotel Industry in Bandung City. In *Advances in Business, Management and Entrepreneurship*. Taylor & Francis Group.
- Baron, R. M., & Kenny, D. a. (1986). The Moderator-Mediator Variable Distinction in Social The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology*, 51(6), 1173–1182. <https://doi.org/10.1037/0022-3514.51.6.1173>
- Bonn, M. A., & Forbringer, L. R. (1992). Reducing turnover in the hospitality industry: an overview of recruitment, selection and retention. *International Journal of Hospitality Management*, 11(1), 47–63. [https://doi.org/10.1016/0278-4319\(92\)90035-T](https://doi.org/10.1016/0278-4319(92)90035-T)
- Boswell, W. R., Roehling, M. V., LePine, M. A., & Moynihan, L. M. (2003). Individual job-choice decisions and the impact of job attributes and recruitment practices: A longitudinal field study. *Human Resource Management*, 42(1), 23–37. <https://doi.org/10.1002/hrm.10062>
- Choi Heh, J., & Choi Seung, L. (2006). F-3 The Study on the Family Precepts of the Rich Chois in KyoungJoo. *経営行動科学学会年次大会 : 発表論文集*, 63(9), 138–154.
- Curtis, B., Krasner, H., & Iscoe, N. (1988). A field study of the software design process for large systems. *Communications of the ACM*, 31(11), 1268–1287. <https://doi.org/10.1145/50087.50089>
- Davenport, T. H., Long, D. W. De, & Beers, M. C. (1998). Successful Knowledge Management Projects (citation wrong). *Sloan Managementl Review*, 93(5), 487–493. <https://doi.org/10.1016/j.ygeno.2009.01.004>
- Edvinsson, L., & Sullivan, P. (1996). Developing a model for managing intellectual capital. *European Management Journal*, 14(4), 356–364. [https://doi.org/10.1016/0263-2373\(96\)00022-9](https://doi.org/10.1016/0263-2373(96)00022-9)
- Francis, H., & D'Annunzio-Green, N. (2005). HRM and the pursuit of a service culture: Managerial encounters with competing discourses. *Employee Relations*, 27(1), 71–85. <https://doi.org/10.1108/01425450510569319>

- Harahap, Z. (2017). Pengaruh Peran Kepemimpinan, Komunikasi dan Kompensasi terhadap Kepuasan Kerja serta implikasinya pada kinerja karyawan yang dimoderasi oleh Keterikatan Kerja Karyawan. (survey pada hotel bintang 4 dan 5 di Jawa Barat). Universitas Pasundan.
- Jarboui, S., Guetat, H., & Boujelbène, Y. (2015). Evaluation of hotels performance and corporate governance mechanisms: Empirical evidence from the Tunisian context. *Journal of Hospitality and Tourism Management*, 25, 30–37. <https://doi.org/10.1016/j.jhtm.2015.08.002>
- Knights, D., Morgan, G., & Knights, D. (1992). Corporate Strategy , Organizations , Subjectivity : A Critique. *Organisation Studies*, 12(2), 251–273.
- Krechovská, M., & Procházková, P. T. (2014). Sustainability and its integration into corporate governance focusing on corporate performance management and reporting. *Procedia Engineering*, 69, 1144–1151. <https://doi.org/10.1016/j.proeng.2014.03.103>
- Krott, M., Bader, A., Schusser, C., Devkota, R., Maryudi, A., Giessen, L., & Aurenhammer, H. (2014). Actor-centred power: The driving force in decentralised community based forest governance. *Forest Policy and Economics*, 49, 34–42. <https://doi.org/10.1016/j.forpol.2013.04.012>
- Mcvea, J. F., & Freeman, R. E. (2005). A names-and-faces approach to stakeholder management how focusing on stakeholders as individuals can bring ethics and entrepreneurial strategy together. *Journal of Management Inquiry*, 14(1), 57–69. <https://doi.org/10.1177/1056492604270799>
- Noerchoidah, & Harjanti, D. (2019). EXPLORING THE RELATIONSHIP BETWEEN PROCEDURAL JUSTICE AND INNOVATIVE WORK BEHAVIOR IN HOSPITALITY INDUSTRY. *Jurnal Manajemen Dan Kewirausahaan*, 21(1), 21–31. <https://doi.org/10.9744/jmk.21.1.21>
- Patterson, M., Warr, P., & West, M. (2004). *Organizational Climate and Company Productivity the Role of Employee Affect and Employee Level.pdf*. The London School of Economic and Political Science, 626.
- Pike, S., Fernström, L., & Roos, G. (2005). Intellectual capital. *Journal of Intellectual Capital*, 6(4), 489–509. <https://doi.org/10.1108/14691930510628780>
- Preacher, K. J., & Hayes, A. F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, Instruments, and Computers*, 36(4), 717–731. <https://doi.org/10.3758/BF03206553>
- Pulic, A. (2000). VAICTM – An accounting tool for intellectual capital management. *International Journal Technology Management*, 20(5/6/7/8), 702–714.
- Putri, G. F. (2016). Pengaruh mutasi kerja terhadap kinerja karyawan operasional di vito cihampelas hotel bandung. Sekolah Tinggi Pariwisata Bandung.
- Quélin, B., & Duhamel, F. (2003). Bringing together strategic outsourcing and corporate strategy: Outsourcing motives and risks. *European Management Journal*, 21(5), 647–661. [https://doi.org/10.1016/S0263-2373\(03\)00113-0](https://doi.org/10.1016/S0263-2373(03)00113-0)
- Quinn, B., Anderson, P., Finkelstein, S., & Quinn, J. B. (1996). Intellect : Making the Most of the Best. *Harvard Business Review*, 74(2), 71–80.
- Ramachandran, V. S. (2000). Mirror neurons and imitation learning as the driving force behind “the great leap forward” in human evolution. *Edge.Org*, 1–7. <https://doi.org/www.edge.org/documents/archive/edge69.html>
- Sainaghi, R., & Baggio, R. (2014). Structural social capital and hotel performance: Is there a link? *International Journal of Hospitality Management*, 37, 99–110. <https://doi.org/10.1016/j.ijhm.2013.11.004>
- Salvatore T. March *, G. F. S. (1964). on Botryoid Sarcoma (Mesodermal Mixed Tumor) in the Perineal Region in Infant. *Gan No Rinsho. Japan Journal of Cancer Clinics*, 10, 501–509. [https://doi.org/10.1016/0167-9236\(94\)00041-2](https://doi.org/10.1016/0167-9236(94)00041-2)

- Valarie A. Zeithaml, Leonard L. Berry, & A. P. C. (2011). Communication Processes in the Delivery of Service Quality. *Journal of Marketing*, 52(2), 35–48.
- Valentine, S., Godkin, L., Fleischman, G. M., & Kidwell, R. (2011). Corporate Ethical Values, Group Creativity, Job Satisfaction and Turnover Intention: The Impact of Work Context on Work Response. *Journal of Business Ethics*, 98(3), 353–372. <https://doi.org/10.1007/s10551-010-0554-6>
- Wiley, J. (2011). Strategy Process Research : Focusing on Corporate Self-Renewal. *Managing*, 13, 5–14. <https://doi.org/10.1016/j.optmat.2010.09.020>
- Zuckerman, E. W. (2000). Focusing the corporate product: Securities analysts and de-diversification. *Administrative Science Quarterly*, 45, 591–619. <https://doi.org/10.2307/2667110>