

## **ROLE OF EMPLOYEE'S SATISFACTION, REWARD AND COMPENSATION IN HUMAN RESOURCE PRACTICES: INSIGHTS FROM INDIAN HOTEL INDUSTRY**

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### **ABSTRACT**

The human resource management practices have an important role in the tourism and hospitality industry. To achieve the goal of a service with a smile, employee's satisfaction is an utmost priority of the organizations. And, also the employee's performance is dependent on multiple factors such as appraisal, merit based system of rewarding employees, providing employee benefits, such as childcare, flextime, and compensation. Thus, this paper aims to analyses the role of employee's satisfaction, reward and compensation in HRM practices in hotel industry. For this purpose, primary data have been gathered of 483 employees/employers from 25 selected hotels from New Delhi, India. To analyze the data, Chi-Square test and One Way ANOVA have been used. The study concludes that, hotels with high star rating have adopted the HRM practices related to employee's satisfaction, reward and compensation where as small hotels often ignore these methods.

**KEYWORDS:** Hotel Industry, Compensation and Reward, HRM practices, Employee's satisfaction, New Delhi, India

### **INTRODUCTION**

The Human Resource Management practices includes many components that may be strategically employed to enhance and maintain organizational. To get the best outcomes from human resources, a variety of techniques are used, such as fitting the recruiting and selection process to the needs of the firm, training and staffing the personnel to their satisfaction, incentives and remuneration. Seven HRM strategies have been put out by Pfeffer (1998) and are anticipated to improve organizational performance. The practices proposed by Pfeffer are "employment security, selective hiring of new personnel, Self-managed teams and decentralization of decision making as the basic principles of organizational design, comparatively high compensation contingent on organizational performance, extensive training, reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels, intensive sharing of financial and performance information throughout the organization." However, Qureshi et al. (2010) divide HRM methods into five categories: employee engagement, performance assessment systems, career planning systems, and systems for selection and training. As a result, the following HRM practices are taken into account for this study's objectives: hiring, training, performance reviews, career planning, job description, employee involvement, and remuneration.

Employee productivity and, ultimately, organizational success, are greatly impacted by employee satisfaction. The degree of employee satisfaction is influenced by a variety of elements, including working conditions, job security, performance reviews, relationships with supervisors, teamwork, and employee collaboration, among others. The reward and compensation helps in improving employee's performance. Different sorts of rewards and compensation exist, some of which are monetary where employees receive financial incentives in the form of cash, bonuses, etc. Some others are non-monetary where incentives in the form of compliments, appreciation prizes, and certificates. Compensation is a system of rewards that a business offers to people in exchange for their willingness to carry out different professions and duties inside companies. Employees need to get fair and appropriate rewards in order for them to feel appreciated and that their contributions to the company

are being recognized (Fisher, 2004). Additionally, if employees receive rewards for their work, they will be more driven to do so (Mira, Choong, & Thim, 2019). Additionally, if managers don't acknowledge workers' outstanding work, they'll be less inspired to work hard and organizations won't be able to meet their needs. As a result, employees may contemplate leaving the company rather than sticking around for a longer amount of time. The ability motivation and opportunities hypothesis (Appelbaum et al, 2000) views performance evaluation as a motivating element that encourages people to meet their goals to the fullest extent possible. Additionally, previous research (Chuang, Jackson, & Jiang, 2016; Kampkötter, 2017) have shown that engaging in HR tasks boosts work satisfaction.

To increase an organization's production, incentive and compensation strategies must be used. This study uses data from New Delhi, India to investigate the influence of employee happiness, reward, and compensation in HRM practices in the hotel business. The tourist and hospitality sectors are expanding swiftly on a worldwide scale, taking a sizable chunk of the economy and opening up new job opportunities (Singh & Kumar, 2022). With over a million workers and a 6.8% GDP share, it is one of India's largest and fastest-growing sectors (IEBF, 2022). The predominant business model in this sector is still small, family-owned firms, with a few global chains and massive franchises as exceptions (Chand & Katou, 2007). HRM techniques are essential in this labor-intensive sector. This causes difficulties on several levels (Solnet and Hood, 2008). It might be challenging to use HRM approaches to market a business in this field since people in this profession frequently adhere to regional customs. As a nation or region gets more underdeveloped or backward, these challenges become more challenging. The management of employees is a crucial challenge in the hotel sector (Enz, 2009; Riley, 2018).

## **LITERATURE REVIEW**

It has been found that HRM practices have an effect on employee performance and competitive advantage of an organization (Guest, 2002; Wright et al., 2003; Qureshi et al., 2010) and Various investigative studies have shown that certain orientations in HRM practices are a fundamental way for firms to be able to influence the level of human capital (Lepak and Snell, 2002; Youndt and Snell, 2004; Wright et al, 2007). Organizations are putting HRM policies and systems in place to capitalize on the potential strength of their workforce and maintain a competitive edge. Meanwhile, Abdullah et al. (2009) highlighted that training and development, team work, performance appraisal and human resources planning have direct effect on business performance. The comprehensive approach to HRM practices will boost employee' satisfaction and dedication towards the organisation, which will afterwards result in outstanding individual and team performance. Tabiu and Nora (2013) points out that maintaining resource management system in organization have enhanced the performance of the employees. They have observed a positive relation between the human resource management practices and employee performance. Furthermore, observing the effect of the human resource management system on employee performance, Hassan (2016) considers human resource practices as the best practice to achieve goals and create a competitive edge for the organization. Nataraja, and Alamri (2016) as well talk about the stepwise human resource management practices like recruitment and selection, training and development etcetera that must be followed by organizations to boost the performance of the employees. Similarly, Cania (2014) categorically maintains that an organization can select the right people in right place for a successful work environment using a human resource management system. Furthermore, Guest (2017) suggested that managers must implement the right policies in the organizations for achieving maximum productivity from employees and pay attention after they intend to indicate human resource practices to avoid any error that can cause a disappointment. Mayson and Barret, (2006) suggests that a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked directly to firm performance and growth while study observed that the compensation system used for the salespeople has significant effects on individual salesperson performance and sales organization effectiveness. As

a result, in today's fiercely competitive business world, many organizations are looking for creative compensation plans that are directly related to raising organizational performance. Hughes & Rog (2008) in their study observed how practices related to talent development and management can have implications for engagement within hospitality organizations. Karatepe & Olugbade (2009) demonstrates in their study that job resources, support in terms of developmental needs of hotel employees have effect on employee engagement which is validated by this study. Chami-Malaeb (2013) studied how talent development practices serve as drivers of commitment and engagements which furthers the result of the study.

Shakeel and Iodhi (2015) highlights the positive and significant relationship among the human resource management system and employee performance. Based on their study, Agyare et al. (2016) inferred that when employees receive an appraisal for their performance, it amplifies their motivation for better performance and achieving organizational goals whereas employees who do not receive any form of reward, they feel languid and remain dissatisfied. Due to the poor performance appraisal, the employees' productivity is very low as opposed to the employees receiving performance appraisal who achieve their set goals and remain in the organization for longer periods. Commenting on the efficient working of the organization, Kompkotter (2014) wrote that good performance appraisal motivate the employees while the employees get demotivated if the appraisal is not in accordance with the performance. Good performance appraisal boosts good behavior in an organization such as organization citizenship behavior for environment, reduces absence and retain in the organization for longer time period ensuring the effective and efficient working of the organization.

Saks (2006) calls knowing how to increase employee's engagements is critical to ensure desirable outcomes necessary for hospitality and tourism industry such as job satisfaction, organizational commitment, and organizational citizenship behavior. Rig, Sydnor, Nicely & Day (2014) studied employee engagement in the context of hospitality and tourism and offers significant insights into the role of the employee engagements, as well as the demographics and organizational characteristics that influence employee engagement. Due to the decentralized duties and rules in the current economy, it is crucial to empower employees. They hypothesized that empowered individuals will be more engaged in their work and highly driven to perform better. (Gill et al, 2017; Hanaysha & Tahir, 2016). However, there are more aspects that need further study that affect employee engagement in the context of hospitality and tourism. Abbas Al-Refaie's (2015) study is mainly focused on employee satisfaction. His study's conclusions emphasize the significance of staff satisfaction and its relationship to customer satisfaction and service excellence. In order to achieve high levels of customer satisfaction and hotel performance, the staff should be trained on how to provide high quality service. As a result, hotel management is urged to adopt effective approaches and policies that guarantee a working environment that effectively results in satisfied employees.

Robinson, Perryman, and Hayday (2004), this type of two-way relationship and collective exchange between employer and employee is reflective of engagement. Saks (2006) In his work, Saks (2006; based on the SET) emphasized rewards as a prerequisite of employee engagement. Employers who put in a lot of effort and contribute value to the company may also be generous and give awards, extending the mutually beneficial relationship. According to Armstrong and Murlis (2007) defined reward management as "the Formulation and implementation of strategies and policies that aim to reward fairly equitably and consistently in Accordance with their value to the organization". They contend that rewarding employees for their performance and the value they add to a team or organization should be the main objective of reward management because doing so inspires workers and increases their loyalty and engagement to the company. Rewards that are fair and equal for employees can show a better level of engagement. Amare Werku Ijigu (2015) examined the relationship between the tiers of human resource management systems in an organization, such as hiring and training, performance, appraisal, etc. According to his research, training and development, performance reviews, and compensation packages are all positioned to be explosively and

appreciatively associated with the dependent variable job satisfaction, despite recruitment and selection having a weaker correlation measure than other variables.

## METHODOLOGY

This study evaluates the use of HRM practices in satisfaction, reward and compensation in the Hotel industry in India. For this purpose, a sample of 483 employees and employers have been collected from 25 Hotels from Delhi state of India. A structured questionnaire has been used to collect data from the employees and employer by personal visit to the Hotels, telephonic interviews and online methods. Along with the data of demographic details of the employees, such as gender, category, religion and marital status, and category of the Hotel, questions regarding employee's satisfaction, reward and compensation in the particular hotels, have been obtained. A total of 40 variables have been identified regarding employee's satisfaction, reward and compensation. Nominal variables have been obtained using questionnaire where '1' stand for 'Yes' and '2' for 'No' to know the details of recruitment process. Also, a 5-point Likert scale was used where '1' stands for 'Not at all' and '5' stands for extremely high to rate the effectiveness of the employee's satisfaction, reward and compensation by the HR team, employees and the employers. The data collection was conducted in the period from January to March 2022. The paper uses Chi-Square test, ANOVA test. Table-1 shows the demographic characteristics of the sample which includes employees/employers Gender, Caster and Star category of the Hotel.

**TABLE-1: DEMOGRAPHIC DETAILS OF THE SAMPLE**

		No. of employees / employer	Percent
Star category of the hotel	1 Star	5	1.0
	2 Star	7	1.4
	3 Star	21	4.3
	4 Star without alcohol	12	2.5
	4 Star with alcohol	51	10.6
	5 Star deluxe	231	47.8
	5 Star with alcohol	156	32.3
	Total	483	100.0
Sex	Male	267	55.3
	Female	216	44.7
	Total	483	100.0
Caste	Scheduled Tribe	8	1.7
	Scheduled Caste	60	12.4
	Other Backward Classes	169	35.0
	General	246	50.9
	Total	483	100.0

The demographic structure included Category of the Hotel, and gender and Caste of the employees and employers. The details suggest that in total of 25 Hotels, 483 employees and employers are surveyed in which 55.3 % are male workers whereas, 44.7 % are female workers. Out of 483 employees, 47.8 % employees are from 5 Star deluxe hotel, 32.3 % are from 5 Star with alcohol hotel, 10.6 % employees are from 4 Star with alcohol hotel and 2.5 % of employees are from 4 Star without alcohol hotel. This descriptive data suggests employees belongs to different social groups. In total employees, 50.9 % are from general category, 35.0 % are from other backward caste, and only 12.4 % and 1.7 % are from Schedule caste and schedule tribes respectively.

**RESULTS AND ANALYSIS****RESULTS OF *CHI-SQUARE* TEST**

Based on the response gathered from 483 employees and employers to assess the level of employee's satisfaction and compensation policy & reward system in hotel industry. A Chi-Square analysis have been done using star category of the hotels as independent variable and other significant category variables. It has been found that 5-star category hotels are utilizing competitive employee benefit practices, such as childcare, flextime, job sharing, vacation/sick time, time-off provisions and health plan alternatives whereas 1-star and 2-star hotels have very weak competitive employee benefit practices, while remaining 3 Star and 4 Star have moderate level of utilizing competitive employee benefit practices (See Table-2).

**TABLE-2: EMPLOYEE'S SATISFACTION AND CATEGORY OF THE HOTELS**

		Organization has competitive employee benefit practices		Total
		Yes	No	
Star Category of the Hotel	1 Star	2 (40.00 %)	3 (60.00 %)	5 (100 %)
	2 Star	5 (71.40 %)	2 (28.60 %)	7 (100 %)
	3 Star	7 (33.33 %)	14 (66.67 %)	21 (100 %)
	4 Star without alcohol	4 (33.30 %)	8 (66.70 %)	12 (100 %)
	4 Star with alcohol	31 (60.80 %)	20 (39.20 %)	51 (100 %)
	5 Star deluxe	231 (100.0 %)	0 (00.00 %)	231 (100 %)
	5 Star with alcohol	156 (100.0 %)	0 (00.00 %)	156 (100 %)
Total		440 (91.10 %)	43 (8.90 %)	483 (100 %)

In regard to the compensation policy, it has been found that almost all Star category hotels have stated that they have an effective compensation policy. But, it is worth mentioning that the 5-star hotels have compensation strategy to attract retain and motivate employees whereas 1-star and 2-star hotels have low capacity to attract retain and motivate employees through compensation policy. Which ultimately suggest that 1-star and 2-star hotels have less effective compensation policy (See Table-3).

**TABLE-3: COMPENSATION POLICY AND CATEGORY OF THE HOTELS**

		Explicit, detailed and communicated employee compensation policy			Organization has the capacity for compensation strategy to attract, retain and motivate employees		
		Yes	No	Total	Yes	No	Total
Star Category of the Hotel	1 Star	4 (80.00 %)	1 (20.00 %)	5 (100 %)	1 (20.00 %)	4 (80.00 %)	5 (100 %)
	2 Star	7 (100.0 %)	0 (0.00 %)	7 (100 %)	2 (28.60 %)	5 (71.40 %)	7 (100 %)
	3 Star	21 (100.0 %)	0 (0.00 %)	21 (100 %)	18 (85.73 %)	3 (14.37 %)	21 (100 %)
	4 Star without alcohol	9 (75.00 %)	3 (25.00 %)	12 (100 %)	4 (33.30 %)	8 (66.70 %)	12 (100 %)
	4 Star with alcohol	50 (98.00 %)	1 (2.00 %)	51 (100 %)	38 (74.50 %)	13 (25.50 %)	51 (100 %)
	5 Star deluxe	231 (100.0 %)	0 (00.00 %)	231 (100 %)	230 (99.60 %)	1 (04.00 %)	231 (100 %)
	5 Star with alcohol	156 (100.0 %)	0 (00.00 %)	156 (100 %)	156 (100.0 %)	0 (00.00 %)	156 (100 %)

Total	478 (99.00 %)	5 (1.00 %)	483 (100 %)	449 (93.00 %)	34 (7.00 %)	483 (100 %)
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The employee's appraisal has been an effective tool to increase productivity of employees. It has been found that appraisal and employee's positive attitude and performance have direct, significant and positive linkages where the place of work or the star category of hotels is almost ineffective (see Table-4). In regard to the reward system and its impact of employee's performance, it has been found that 5-star and 4-star category hotels have a strong pay for performance based system of rewarding their employees. Whereas 1-star and 2-star hotels have very weak HRM practices for rewarding employees. Although all category of hotels has claimed to provide a special pay-for-knowledge system, e.g., payment for increased development of employee knowledge, skills, abilities and/or responsibility (see Table-5)

**TABLE-4: REWARD SYSTEM AND CATEGORY OF THE HOTELS**

		Performance appraisals impact employee's behavior and results		Total
		Yes	No	
Star Category of the Hotel	1 Star	3 (60.00 %)	2 (40.00 %)	5 (100 %)
	2 Star	6 (85.70 %)	1 (14.30 %)	7 (100 %)
	3 Star	15 (71.40 %)	6 (28.60 %)	21 (100 %)
	4 Star without alcohol	6 (50.00 %)	6 (50.00 %)	12 (100 %)
	4 Star with alcohol	41 (80.40 %)	10 (19.60 %)	51 (100 %)
	5 Star deluxe	230 (99.60 %)	1 (00.40 %)	231 (100 %)
	5 Star with alcohol	156 (100.0 %)	0 (00.00 %)	156 (100 %)
Total		457 (94.60 %)	26 (5.40 %)	483 (100 %)

**TABLE-5: REWARD SYSTEM AND CATEGORY OF THE HOTELS**

		Organization has special pay-for-knowledge system			Organization has a pay-for-performance system		
		Yes	No	Total	Yes	No	Total
Star Category of the Hotel	1 Star	3 (60.00 %)	2 (40.00 %)	5 (100 %)	1 (20.00 %)	4 (80.00 %)	5 (100 %)
	2 Star	3 (42.90 %)	4 (57.10 %)	7 (100 %)	4 (57.10 %)	3 (42.90 %)	7 (100 %)
	3 Star	6 (28.60 %)	15 (71.40 %)	21 (100 %)	21 (100.0 %)	0 (0.00 %)	21 (100 %)
	4 Star without alcohol	10 (83.30 %)	2 (17.70 %)	12 (100 %)	6 (50.00 %)	6 (50.00 %)	12 (100 %)
	4 Star with alcohol	30 (58.80 %)	21 (41.20 %)	51 (100 %)	43 (84.30 %)	8 (15.70 %)	51 (100 %)
	5 Star deluxe	231 (100.0 %)	0 (00.00 %)	231 (100 %)	231 (100.0 %)	0 (00.00 %)	231 (100 %)
	5 Star with alcohol	156 (100.0 %)	0 (00.00 %)	156 (100 %)	156 (100.0 %)	0 (00.00 %)	156 (100 %)
Total		439 (90.90 %)	44 (10.10 %)	483 (100 %)	462 (95.70 %)	21 (4.30 %)	483 (100 %)

**RESULT OF ANOVA TEST**

A One Way ANOVA test has been used to identify the significant difference between the HR department, employees, other departments perceptions about the effectiveness of the compensation

system, employees benefit programs and star category of the hotel. It has been found that there is significant mean difference between the star category of hotels as determined by One-way ANOVA for HR department ( $F=21.892$ ,  $P=.00$  &  $F=28.565$ ,  $P=.00$ ), for other departments ( $F=55.183$ ,  $P=.00$  &  $F=22.058$ ,  $P=.00$ ) and for employees ( $F=49.633$ ,  $P=.00$  &  $F=21.071$ ,  $P=.00$ ), as the significance value is less than .05 for all variables regarding compensation programs and employees benefit respectively. The multiple comparisons table shows which groups differed from each other. For this purpose, the Tuckey post Hoc test has been conducted. We can see from the Table-7 that Hotels of 1-Star category have significant difference with other hotels in employee's perception regarding effectiveness of recruitment process. The table-6 is indicating that there is significant difference among the different category of hotels and their effectiveness of the employee benefit programs. The 1-star category hotels have no significant difference with 2-star, 3-star and 4-star hotels without alcohol hotels (significance values are 0.724, 0.087, 0.148 respectively), but it has significance difference with 4-star with alcohol, 5-star deluxe and 5-star with alcohol. Same description is valid for 2-star and 3-star hotels as well (SeeTable-7).

**TABLE-6: RESULTS OF ONE WAY ANOVA TEST**

Independent Variable	Dependent Variable	F- value	Significance Value
Star Category of the Hotel	On a scale of one to five (five being the highest and one being lowest), how do you think the Human Resources department would rate the effectiveness of the compensation system?	21.892	.000
	On a scale of one to five (five being the highest and one being lowest), how do you think your internal clients (other departments and employees) would rate the effectiveness of the compensation system?	55.183	.000
	On a scale of one to five (five being the highest and one being lowest), how do you think the employees would rate the effectiveness of the compensation system?	49.633	.000
	On a scale of one to five (five being the highest and one being lowest), how do you think the Human Resources department would rate the effectiveness of employee benefits programs?	28.565	.000
	On a scale of one to five (five being the highest and one being lowest), how do you think department heads would rate the effectiveness of the employee benefits programs?	22.058	.000
	On a scale of one to five (five being the highest and one being lowest), how do you think the employees would rate the effectiveness of the employee benefits programs?	21.071	.000

*At significance level of 0.05*

**TABLE-6: MULTIPLE COMPARISONS TUCKEY POST-HOC TEST, EFFECTIVENESS OF EMPLOYEES BENEFIT PROGRAMS AND STAR CATEGORY OF HOTELS**

Dependent Variable	(I) Star category of the hotel		Mean Difference (I-J)	Std. Error	Sig.
On a scale of one to five (five being the highest and one being lowest), how do you think the employees would rate the effectiveness of the employee benefits programs?	1-star	2-star	-.543	.354	.724
		3-star	-.829	.301	.087
		4 without alcohol	-.817	.322	.148
		4 with alcohol	-1.341*	.283	.000
		5 deluxe	-2.752*	.273	.000
		5 with alcohol	-2.400*	.275	.000
	2-star	1-star	.543	.354	.724
		3-star	-.286	.264	.933
		4 without alcohol	-.274	.287	.964
		4 with alcohol	-.798*	.244	.019
		5 deluxe	-2.209*	.232	.000
		5 with alcohol	-1.857*	.233	.000
	3-star	1-star	.829	.301	.087
		2-star	.286	.264	.933
		4 without alcohol	.012	.219	1.000
		4 with alcohol	-.513*	.157	.020
		5 deluxe	-1.924*	.138	.000
		5 with alcohol	-1.571*	.140	.000
	4 without alcohol	1-star	.817	.322	.148
		2-star	.274	.287	.964
		3-star	-.012	.219	1.000
		4 with alcohol	-.525	.194	.099
		5 deluxe	-1.936*	.179	.000
		5 with alcohol	-1.583*	.181	.000
	4 with alcohol	1-star	1.341*	.283	.000
		2-star	.798*	.244	.019
		3-star	.513*	.157	.020
		4 without alcohol	.525	.194	.099
		5 deluxe	-1.411*	.094	.000
		5 with alcohol	-1.059*	.097	.000
	5 deluxe	1-star	2.752*	.273	.000
		2-star	2.209*	.232	.000
		3-star	1.924*	.138	.000
		4 without alcohol	1.936*	.179	.000
		4 with alcohol	1.411*	.094	.000
		5 with alcohol	.352*	.063	.000
	5 with alcohol	1-star	2.400*	.275	.000
		2-star	1.857*	.233	.000
		3-star	1.571*	.140	.000
		4 without alcohol	1.583*	.181	.000
		4 with alcohol	1.059*	.097	.000



		5 deluxe	-.352*	.063	.000
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\* The mean difference is significant at the 0.05 level.

## DISCUSSION

According to the study's findings, training and development are highly and favorably associated with job satisfaction, whereas recruitment and selection have a moderate but favorable relationship with it. Additionally, it demonstrates the significant and positive correlations between compensation and job happiness as well as the strong and positive identification of performance evaluation with job satisfaction. Presbitero (2017) inferred that there are high levels of employee performance after positive change in reward management. The reason behind such improvement in the employee performance is the motivation that comes with the allocation of positive rewards. Any form of appraisal pushes the employee to put hard work and thus achieving set goals for the organization. Further, the author suggest that the rewards can serve as the positive reinforcement for future work performance.

The paper deals with the role of employee's satisfaction, reward and compensation system in hotel industry by measuring the current state of employee's satisfaction, compensation policies and HRM practices of rewarding employees through performance appraisal in Indian hotels. The data gathered from 483 employees and employers from 25 selected Hotels of New Delhi which contains 55 percent male and 45 percent female employees. In the analysis of the data, it has been found that star category of the hotels has direct association with the compensation policies, reward management system and employee's job satisfaction hotel industry. The results of Chi-square test among the factors implied that low category of Hotels often neglected the standard HRM practices used to enhance performance of employees by rewarding them for their additional effort. It has also been found the compensation policy has been stated by almost all the hotels but it's less effective in low star rating hotels. A direct association between employee's performance and merit based appraisal has been found. The ANOVA test result shows that employees, HR department and other departments are satisfied with the compensation policies of the hotels in the high rated hotels whereas low level of employee's satisfaction can be found in 1 Star or 2 Star hotels.

This study supports Abdullah et al. (2009) regarding training and development, team work, performance appraisal and human resources planning's direct effect on business performance, Tabiu and Nora (2013) regarding maintaining resource management system in organization for enhanced the performance of the employees, Mayson and Barret, (2006) regarding firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards, Karatepe & Olugbade (2009) regarding job resources, support in terms of developmental needs of hotel employees having effect on employee engagement, Shakeel and lodhi (2015) regarding positive and significant relationship among the human resource management system and employee performance, Agyare et al. (2016) regarding employees receive an appraisal for their performance for increased motivation for better performance and achieving organizational goals, Kompkotter (2014) regarding good performance appraisal motivate the employees while the employees get demotivated if the appraisal is not in accordance with the performance, Saks (2006) regarding increase in employee's engagements is critical to ensure desirable outcomes necessary for hospitality and tourism industry such as job satisfaction, organizational commitment, and organizational citizenship behavior, and Rig, Sydnor, Nicely & Day (2014) regarding employee engagement in the context of hospitality and tourism and offers significant insights into the role of the employee engagements, as well as the demographics and organizational characteristics that influence employee engagement.

This study does not directly support Robinson, Perryman, and Hayday (2004) regarding type of two-way relationship and collective exchange between employer and employee is reflective of engagement, Saks (2006) regarding rewards as a prerequisite of employee engagement, Armstrong and Murlis (2007) regarding formulation and implementation of strategies and policies to reward fairly

equitably and consistently in accordance with their value to the organization, and Amare Werku Ijigu (2015) regarding relationship between the tiers of human resource management systems in an organization, such as hiring and training, performance, appraisal, etc.

## CONCLUSION

Based on the above discussion, it can be concluded that the small hotels or low rating hotels should utilize standard HRM practices to enhance the reward management system. It is evident from the critical review of the available literature and also been found by the study that of a standard HRM methods of performance appraisal, merit based system of rewarding employees, providing employee benefits, such as childcare, flextime, job sharing, vacation/sick time, time-off provisions and health plan alternatives have direct linkages with performance of the employees. This will ultimately help in profitability and sustainability of the hotels in the long run. Thus, it is crucial for hotels to adopt standard HRM practices in this industry.

## IMPLICATIONS

The paper has theoretical implications regarding the role of employee's satisfaction, reward and compensation in human resource practices in hotel industry which are consistent with the service industry. As like any other service sector hotel industry also requires robust system of human resource management as success is largely dependent on the human resource itself. As previous studies Abdullah et al. (2009), Tabiu and Nora (2013), Mayson and Barret, (2006), Karatepe & Olugbade (2009), Shakeel and Iodhi (2015), Agyare et al. (2016), Kompkotter (2014), Saks (2006) and Rig, Sydnor, Nicely & Day (2014) have examined various aspects pertaining to the employees' training, satisfaction, reward, compensation and they have found positive relationships among these variables.

The practical implications are confined to hotel industry as this study has limitation of being in hotel industry and in a limited geographical area i.e. Delhi. The training and development are highly and positively associated with job satisfaction, whereas recruitment and selection have a moderate but favorable relationship with it which is consistent with the previous studies regarding relationship among these variables. Compensation and job happiness has strong and positive identification of performance evaluation with job satisfaction which is based on the responses of employees taken during fieldwork and are consistent with the theoretical framework considering these variables.

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