CORRELATION OF HUMAN CAPITAL AND EMPLOYEES' SATISFACTION OF HOTEL EMPLOYEES’

Helen Grace Cañete-Legorio
University of Southeastern Philippines
Email: helengrace.legorio@usep.edu.ph

ABSTRACT

The purpose of this quantitative research was to determine the correlation of human capital in relation to employees’ satisfaction, a survey questionnaire was administered to different hotels in Davao Region with 400 hotel employees, results show that human capital shows a significant relationship with employees’ satisfaction, variable on human capital have a direct significant effect on employees’ satisfaction.

Keywords: business administration, employees’ satisfaction, human capital, Philippines

INTRODUCTION

A satisfied employee is an important ingredient for successful businesses. Employee satisfaction has a big effect on business turn-over. Since human capital is given more emphasis on technological industries, and the hotel industry is not exempted. Opportunities in hotels are facing assets based on intelligence (Rudez & Mihalic, 2007). Zopiatis, Constanti, and Theocharous (2014) speculated that low employee satisfaction caused by lack of opportunity could have damaging effects on the organization. Satisfied employees make business organizations solid, responsive and flexible. Lin, Kain, and Frits (2013) address employees’ pressure on hotel industries to be more intense than those in other service industries. Business managers understand the employee’s capabilities. However, there are instances that employees’ satisfaction was not properly addressed which causes high employee turnover rates which have been one of the main concerns within the hotel industry (Tavitiyaman, Qiu Zhang & Qu, 2012).
High levels of proficiency are becoming more widely understood by individuals, groups, and nations as being necessary for security and success in the future. One of the essential parts of intellectual capital is human capital, which is a vital resource in many fields. Employees who believe they are putting in more effort than others at work but are not receiving fair treatment or compensation are likely to view their jobs negatively (Akinbobola, 2011).

Observances on employees’ satisfaction in the workplace is considered a major priority for every employer. When hotel workers feel uncomfortable with the atmosphere in the workplace, workers’ tend to radiate in the environment thus this will have an impact in workers professional attitudes and working performances, and this would greatly affect also the organizational satisfaction and loyalty of every customer (Lin & Tseng, 2013). Study of Octavia and Lubis (2017) allegedly identifies the worldwide crisis in the hotel industry labor and skill shortage (Ashton, 2018).

Human capital, represents the individual capacity of an organization signified by its employees (Bontis, 2001; Bontis & Fitz-Enz, 2002). Employees perform human capital through their competence, attitude and intellectual agility. Knowledge and skills are some of the competence, and the employees’ work components cover behavioural attitude. Knowledge and wittiness make an individual innovate the practices and think of clarifications to the issues and challenges faced (Engström, Westnes & Furdal Westnes, 2003).

The important purpose of an organization is satisfaction, this satisfaction radiates in organizations to financial growth, employees contentedness, and satisfied customer that completely affect the organization (Haider, Aamir, Hamid & Hashim, 2015). This study adds to and fills in gaps in the existing body of knowledge that addresses employee’s satisfaction in the hotel industry. This research is an extension of the study conducted by Becker, Murphy, and Spenkuch (2016) which focus on fun in the workplace, work engagement, constituent attachment and turnover among newly-hired workers, and the study conducted by Sharabati et al. (2010).

This study was conducted upon the recommendation of the study of Sharabati et al. (2010) that some organizations identify the intelligence among employees who have the capacity and capability as focal persons. All employees in an organization are included in the management plan in accordance with the organization’s strategic goals. Guthrie, Petty, and Ricceri (2006) recommend further that the study should focus on determining if there are changes in attitude and values toward satisfaction in the workplace when an employee is advanced to management. Study of Mizuuchi (2012) did not investigate relationships with satisfied employees. Thus this study will find the effect of employees’ satisfaction. The researcher decided to conduct the study dealing with the three variables as a concept of employee’s satisfaction. There were no studies conducted yet on the link of variables. This study makes it unique for it is hoping to produce a model for employee satisfaction specifically for the hotel employees’ making this study a meaningful contribution to new knowledge.

The main focus of the study was to investigate the correlation of employees’ satisfaction. Specifically, the research study seeks to attain the following objectives and hypothesis. Reflected hypothesis was the result of the study conducted by Akinbobola (2011) states human capital involvement creates positive satisfaction.

1. To assess the level of human capital in terms of the following indicators:
   1.1 learning and education;
   1.2 experience and expertise; and
   1.3 innovation and creation.
2. To establish the level of employees’ satisfaction as perceived by the respondents in terms of the following indicators:
   2.1 leadership;
   2.2 motivation;
   2.3 rewards;
   2.4 expectations;
   2.5 job organization; and
2.6 Work environment.
2.7 To determine the significant relationship between the following human capital and employees’ satisfaction;

Hypotheses will be tested at 0.05 level of significance is:
there is no significant relationship between the human capital of hotel employees’ satisfaction Davao Region

The study is anchored on the link between human capital (Sharabati et al., 2010) and employee satisfaction (Bontis, 2001). Employee’s satisfaction is increased when the feeling of belongingness of employees within the organization is respected, and employees are given challenges to fulfill themselves (Osman et al. 2015) employee’s satisfaction in the hotel industry in Asian countries are derived from organizational value while structure is more in western. Theoretical benefits of job satisfaction are transparent in human capital theories suggest several platforms in which employee satisfaction will be enhanced and the link between human capital (Sharabati et al., 2010) and employee’s satisfaction (Salanova & Kirmanen, 2010).

The idea to formulate comes from Theodore Schultz in early 1990, the way that investing in education as part of human capital brings advantages to a person (Afifiouni, 2013). The focus of human capital in the organization is to produce an interpretation that tangible resources are less important compared to the intangible ones, specifically human resources (Kulvisaechana, 2006; Odhong, Were & Omolo, 2014). The behavioural component of the employee consists of work skills and education and attitude (Lee & Way, 2010).

The first indicator in human capital is learning and education. Studies from different parts of the world investigate the impact of educational attainment as a positive contribution to the general economy’s output. Some bigger studies concluded contrasting, inconsistent and debatable results (Pritchet, 2001). Studies that investigate relevant problem which has revealed a reliably constructive connection between the workplace learning and their labor productivity and earnings (Trostel, Walker & Woolley, 2002; Patrinos & Psacharopoulos, 2002). Experience and expertise is the second indicator for human capital which is defined as personally encountered from the personal involvement of the individual. Capitalizing in people’s skills, experience and expertise are important in the service industry to be responsible for supporting the business growth. This support usually supports the organization’s intelligence to predict the opportunities and expertise to improve the effectiveness and efficiently of a business (Alvarez & Busenitz 2001).

The third indicator in human capital is innovation and creation which differs from product innovation in important ways, for this is a labor-intensive, interactive services and actual providers to the customer experience. Study of innovation in the hotel industry is a crucial issue, little is known about the determinants of change in this sector, as most innovation research has focused on manufacturing firms or knowledge-intensive services (Kamukama, Ahiauzu & Ntayi, 2010).

Employees’ satisfaction is increased when the feeling of belongingness of employees within the organization is respected, and employees are given challenges to fulfill themselves (Osman, Ing, Adis, Razli, Majid & Bujang, 2015). To improve unsatisfied employees is a big challenge in every organization Buckingham (2010). This serves as a challenge to the organizational leader to identify the different considerations that will uplift the employee’s satisfaction as well as employee’s expectations that they will receive from the organization Skaff (2012). The study of Rigg, Day and Adler (2013) was supported by Gursoy, Chi, and Karadag (2013) when it was revealed that employee’s satisfaction is vital in the service industry which includes hotel’s due to the nature of work in an organization. This was also reinforced that the nature of service is the complementation of production and consumption and service process needs to be of standard (Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010).

The study is anchored on the Human capital theory (Sharabati et al., 2010) and employees satisfaction theory (Bontis, 2001). Also the theoretical benefits of job satisfaction in human capital theories (Becker & Gerhart, 1996; Likert, 1961; McGregor, 1960; Pfeffer & Villeneuve, 1994) were also considered.
METHODOLOGY

This study utilized primary research design employing a quantitative research method. It looks at issues that have to do with the human capital of employees in relation to employees’ satisfaction and how they react to different satisfaction given by hotel managers and supervisors.

Descriptive research gives an exact picture of the status or characteristics of a situation or phenomena and it focuses on describing the variables that exist in a given situation (Johnson & Christensen, 2008). In correlation research, this determines the strength of a relationship between variables and how well the two variables are correlated. On the other hand, the study is descriptive because the data is presented in quantitative descriptions on different levels of employees’ satisfaction. In the same manner, it is correlational because the independent variable on human capital is linked with the dependent variable “employees’ satisfaction”. This quantitative descriptive research study is appropriate to identify the correlation of the variable of human capital and employees’ satisfaction in Davao Region. Descriptive-correlation defined by Detroyer et al., (2014) as the standard procedures applied in studies to meet its objectives, the description of phenomena in contrast, to determine what caused them and their value and significance. It also implies a purposive process of gathering, analysing, classifying and tabulating data.

This study was made in the different areas of Davao Region from October to December 2017 star-rated accommodation establishments identified hotels and resorts in Region XI. The region is called Southern Mindanao region in the Philippines, located in Region XI. It is further located, at the southeastern part of Mindanao, having five provinces namely: Compostela Valley, Davao del Norte, Davao del Sur, Davao Oriental and the newly created province, Davao Occidental.

The researcher chose Davao Region as a focus of the study since the region is the fastest growing region in the country and one of the largest cities in the world in terms of land area. Respondents of this study were the hotel employees in the Davao Region.

The researcher adopted and modified a survey questionnaire to fit for the study. A pilot testing was done to test the survey questionnaires. Reliability tests using the Cronbach alpha and expert validity tests were conducted to ensure the consistency and accuracy of each measure of the questionnaire. Survey questionnaires were administered in different areas Region XI.

RESULT AND DISCUSSION

The level of human capital of employees was measured through an adopted survey questionnaire with the following indicators: learning and education, experience and expertise and innovation and creation as shown in Table 1. It shows that among the indicators, experience and expertise got the lowest mean of 3.88 followed by the second indicator on learning and education with a mean of 3.90. Among the three indicators, innovation and creation received the highest mean of 3.91. There were slight differences between the results of the three observed indicators with an overall descriptive level of high reveals that the level of human capital is oftentimes manifested.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>Mean</th>
<th>Descriptive Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and Creation</td>
<td>0.62</td>
<td>3.91</td>
<td>High</td>
</tr>
<tr>
<td>Learning and Education</td>
<td>0.63</td>
<td>3.90</td>
<td>High</td>
</tr>
</tbody>
</table>
Also discloses the results of an overall mean of 3.90 with a high descriptive level, this further indicates that the extent of human capital in relation to hotel employees’ satisfaction is oftentimes manifested.

Presented in Table 4 is the level of employees’ satisfaction. This table presented six indicators observed in the study as far as the level of employees’ satisfaction is concerned. Among the six indicators, the highest indicator reveals motivation with the highest mean of 3.96. Three observed indicators show the same mean of 3.86, these are the indicators of leadership, expectations and job organization. The second lowest mean is the indicator of the work environment that reveals the second lowest mean of 3.84, the indicator on rewards reveals the lowest mean of 3.79; however, this indicator still shows a high descriptive level which manifests that the extent of hotel employees’ satisfaction is oftentimes manifested. Every indicator in the level of hotel employees’ satisfaction shows an individual descriptive level of high, thus this manifests that the level of hotel employees’ satisfaction is oftentimes manifested. An overall mean for the level of employees’ satisfaction reveals an overall mean of 3.86, this result tells that the level of hotel employees’ satisfaction is oftentimes manifested also reveals a high descriptive level.

### Table 2
**Level of Employees’ Satisfaction**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>Mean</th>
<th>Descriptive Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>0.71</td>
<td>3.96</td>
<td>High</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.61</td>
<td>3.86</td>
<td>High</td>
</tr>
<tr>
<td>Expectations</td>
<td>0.73</td>
<td>3.86</td>
<td>High</td>
</tr>
<tr>
<td>Job Organization</td>
<td>0.74</td>
<td>3.86</td>
<td>High</td>
</tr>
<tr>
<td>Work Environment</td>
<td>0.70</td>
<td>3.84</td>
<td>High</td>
</tr>
<tr>
<td>Rewards</td>
<td>0.73</td>
<td>3.79</td>
<td>High</td>
</tr>
<tr>
<td>Overall</td>
<td>0.65</td>
<td>3.86</td>
<td>High</td>
</tr>
</tbody>
</table>

### Significance on the Relationship between Human Capital with Employee Satisfaction

Exhibited in Table 5 is the correlations employees’ satisfaction between human capital, structural capital and relational capital. The data revealed the correlation between human capital and employee’s satisfaction and shows an overall correlation of $r=0.795$ and the $p$-value of is less than 0.05. This expresses that the null hypothesis
is rejected. The results of the correlation between measures clearly show that null hypothesis observed that there is no significant relationship between human capital is hereby rejected thus this shows that there is a significant relationship between the human capital of hotel employees’ satisfaction Davao Region.

Multiple Regression Analysis of the Influence of Human Capital on Employees’ Satisfaction

Featured in Table 6 is the stepwise regression analysis of the influence of human capital on employees’ satisfaction. Its purpose is to show significant predictors of hotel employees’ satisfaction. The results reveal that human capital was found to be significant predictors of hotel employees’ satisfaction.

Particularly, human capital shows to have the positive standardized beta and have the highly significant influence on hotel employees’ satisfaction with \( p \)-value < 0.000. This shows when hotel employees’ satisfaction was regressed on human capital it

<table>
<thead>
<tr>
<th>Human Capital</th>
<th>.792*</th>
<th>.777*</th>
<th>.692*</th>
<th>.712*</th>
<th>.755*</th>
<th>.706*</th>
<th>.795*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Education</td>
<td>.740*</td>
<td>.718*</td>
<td>.616*</td>
<td>.652*</td>
<td>.681*</td>
<td>.657*</td>
<td>.728*</td>
</tr>
<tr>
<td>Experience and Expertise</td>
<td>.719*</td>
<td>.731*</td>
<td>.649*</td>
<td>.671*</td>
<td>.717*</td>
<td>.652*</td>
<td>.742*</td>
</tr>
<tr>
<td>Innovation and Creation</td>
<td>.764*</td>
<td>.733*</td>
<td>.679*</td>
<td>.676*</td>
<td>.720*</td>
<td>.673*</td>
<td>.761*</td>
</tr>
</tbody>
</table>

Table 4

Multiple Regression Analysis of the Influence of Human Capital, Structural Capital and Relational Capital on Employees’ Satisfaction

<table>
<thead>
<tr>
<th>Employees’ Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Indicators)</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Human Capital</td>
</tr>
<tr>
<td>( R )</td>
</tr>
<tr>
<td>( R^2 )</td>
</tr>
<tr>
<td>( F )</td>
</tr>
<tr>
<td>( p )</td>
</tr>
</tbody>
</table>

generated an \( R^2 \) of 0.706. The ANOVA value of this regression is 70.60 significant at 0.000. It can be stated therefore that the combination of the three independent variables significantly
influenced the hotel employees’ satisfaction. The $R^2$ of 0.706 indicates that 70.4% of the variance in hotel employees’ satisfaction is attributed to human capital. This means that 29.4% of the variation in hotel employees’ satisfaction with other variables is not covered in this study.

DISCUSSION

The highest indicator in the human capital is innovation and creation. Respondents strongly believe that innovation and creation, employers creativity, coming up with new ideas, and bringing new knowledge into the company is very important. Included are: employees' keen voice, coming up with new ideas, their knowledge to the organization, and innovation to policies and programs. This results supported (Berry, Shankar, Parish, Cadwallader & Dotzel, 2006; Chen, Zhu & Yuan Xie, 2004; Kamukama, Ahiauzu & Ntayi, 2010) that these competence are necessary to the organization’s renewal to their innovation and strategy and also agrees as it reveals that these competence are necessary to the organization’s renewal to their innovation and strategy. Sadly, Alvarez and Busenitz (2001) and Bontis and Fitz-Enz (2002) notice that organization’s intelligence is needed to predict the opportunities and expertise to improve the effectiveness and efficiently of a business and the blending of competence, attitude, and creativity of an employee is a factors to be considered.

Motivation was the highest among all indicators. These results agree with the study of Agler (2013); and Saari and Judge (2004) and that employee satisfaction results in more productivity and thereby contributes to an organization’s success. Motivated employees are important to the achievement of any organization. Motivating and keeping employee’s motivation is an integral part of human resources and management within organizations is supported by Katz and Kahn,1990; Latham, 2012; Komin, 1990; and Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009 as they harmonize motivation and job satisfaction of employees who happen to differ from every organization that influences the values. Motivated employees exert quality performance that radiates to their colleagues to be more motivated to work and motivational concept on work engagement should promote optimistic ambiance that radiates to employees to be positive on their jobs. He also identified physical, cognitive and emotional tasks as the three job channels that are characterized by personal engagement behaviors as an important factor in motivation.

The test of the relationship between variables reveals a significant relationship between human capital and employees’ satisfaction which leads to rejecting the null hypothesis of the study. This implies that human capital is associated with employees’ satisfaction. Further, it implies that employees’ satisfaction has something to do with human capital. The overall result of the human capital of hotel employees in Region XI is significantly correlated with employees’ satisfaction. In a singular state, indicators such as leadership, motivation, rewards, expectations, job organization and work environment are correlated to human capital. The result supports the study of Lee and Way (2010) who averred that competence comprises skills and education, while attitude covers the behavioral component of the employees’ work.

On the other hand, these results contradict the study of Kulvisaechana (2006) as cited in Odhong et al. (2014) that human capital in organization produces an interpretation that tangible resources are less important compared to the intangible ones, specifically human resources. But this is consistent with the study of Strasdas et al. (2007) and Kozic (2012) that correlation between employees’ training and employees’ commitment in the hospitality industry is positive, which ultimately leads to providing customers with high-quality service. Every time an employee leaves the organization, he/she takes with him valuable knowledge about the company and the customers, which he often takes to competitors.
Correlation analysis showed that there was a significant and positive relationship between human capital and employees’ satisfaction as reflected. This means that the higher the level of human capital, the higher is employees’ satisfaction which connotes that the null hypothesis is rejected. This conveys further that learning and education, experience and expertise and innovation and creation are associated with employees’ satisfaction. These results are congruent to the study of Odhong et al. (2014) who asserted that in addition to academic qualification, graduates need to possess teamwork skills, good communication skills and the ability to appreciate others’ perspective to be more proficient.

The study of Lee and Way (2010) also agrees that competence comprises skills and education, while attitude covers the behavioral component of the employees’ work. These results concur with the study of Seleim et al. (2007) and Barney et al. (2001) regarding organizational learning of employees in an organization, the resource-based view of the firm also concur with the study Kraaijenbrink et al. (2010). The result of the study of Crook et al. (2011) reveals that more recently the knowledge-based is viewed to the firm. Hotel industry can innovate by offering the new benefit that revolutionizes employee’s access.

Innovations and creations create markets on new delivery of benefits and offer controllable convenience. With flexible solutions, employees can enjoy the benefits at any time and place (Berry et al., 2006). Moreover, this conveys further that learning and education, experience and expertise and innovation and creation will affect the correlations to employees’ satisfaction (da Costa Mendes et al., 2010).

This conveys further that learning and education, experience and expertise and innovation and creation are associated with employees' satisfaction. These results are congruent to the study of Odhong et al. (2014) who asserted that in addition to academic qualification, graduates need to possess teamwork skills, good communication skills and the ability to appreciate others’ perspective to be more proficient. Reed et al. (2012) said that consumer interaction translates to relational capital when a firm uses it along with its own interaction with its customers. One of the most important purposes of this study is the regression analysis determining the influence of human capital on employees’ satisfaction. The results show that the human capital is a significant influence on employees’ satisfaction. The result is significant; hence the null hypothesis of no significant influence is rejected. This supports the study of Osman et al. (2015) that employees’ satisfaction is increased when the feeling of belongingness of employees within the organization is respected and employees are given challenges to fulfill themselves. The argument of Bontis et al. (2015) in their study that simply considering human capital indicators is not the key to better performance since organizations do not own the employees though employees are vital assets of an organization, this results were evident in this study since human capital indicators learning and education and experience and expertise is reflected in the result. This also supports to the study of Ballout (2007) as they agree on the encouragement satisfaction of employee’s organization in the form of rewards such as better pay, better job security as a form of addition compensation that is considered as a magnitude in human capital.

The result is congruent to the study of Chang and Lee (2007) that behaviors are positively related to employees’ satisfaction; positive management leadership behavior led employees to be more productive and satisfied across three dimensions: intellectually, physically, and environmentally. By contrast, negative management leadership behavior will generate negative consequences.

Similarly, the result also concur with the study of Edmans (2012) as they agree on the composition of intellectual capital which is the human capital that is one of the contributors to employee’s satisfaction. He further expresses that an organizational employee needs to perform on behalf of
the organization to achieve satisfaction and an unhealthy working relationship on human capital diminishes employee’s involvement and satisfaction which may eventually lead to low employee satisfaction.

CONCLUSION

With considerations on the results of the study, conclusions are drawn in this section. The findings of this study unambiguously confirm in finding out the best predictors of employee’s satisfaction. First, the findings revealed that in terms of the employee’s satisfaction, of the three dimensions, human capital got the same highest total means. Therefore, it can be concluded that the human capital has an impact on the organization’s employees’ satisfaction. In terms of the employees’ satisfaction, among the dimensions observed motivation obtained the highest level mean score. It implies that the employees’ enjoyment and being satisfied in the workplace plays a very important role in the organization.

The results on the test of the null hypothesis stating that there is no significant relationship between human capital was rejected. Thus, human capital has an effect on the employees’ satisfaction. The null hypothesis stating that human capital does not influence perceived employees’ satisfaction was rejected.

In the theory adopted in this study, the results conforms to the study made by the Sharabati et al., 2010 on human capital, structural capital, relational capital and employees satisfaction (Bontis, 2001) as conveys in the results of the study employees’ satisfaction when organization gives support to employees.

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