

# International Journal of Research in Human Resource Management



E-ISSN: 2663-3361  
P-ISSN: 2663-3213  
IJRHRM 2025; 7(2): 164-173  
Impact Factor (RJIF): 6.16  
[www.humanresourcejournal.com](http://www.humanresourcejournal.com)  
Received: 15-06-2025  
Accepted: 18-07-2025

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## Optimizing service excellence: The impact of human resource management on customer satisfaction in Canada's hospitality industry

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DOI: <https://doi.org/10.33545/26633213.2025.v7.i2b.342>

### Abstract

This study examines how various HRM strategies impact service effectiveness, customer satisfaction, and economic performance in the Canadian hotel industry. Within the very contested hotel sector, HRM strategies like as recruiting, staffing, training, performance evaluations, job structure, and compensation are becoming more and more important for attaining service excellence and improving the guest experience. A quantitative method was used to gather information from 250 Canadians. Four hypothesized relationships between customer satisfaction, service effectiveness, organizational performance, and HRM methods were evaluated using structural equation modeling (SEM). Customer happiness and service quality have been shown to increase significantly with HRM efforts. An important part of providing efficient service is making sure customers are happy, which in turn affects how the company runs. In order to improve service delivery and keep a competitive edge in the hotel business, the poll found that good HR procedures are crucial. Legislators and hotel managers may utilize this study's findings to better align internal management systems along with customer-focused goals.

**Keywords:** Canadian hotel industry, competitive advantage, human resource management, strategies practices, service efficiency, customer satisfaction, organizational performance, performance metrics.

### Introduction

The goal of delivering outstanding guest experiences is what propels the dynamic and changing hotel business. The management of human resources was crucial to attracting and keeping top personnel. In an industry where the level of happiness felt by customers is proportional to the caliber of the service they get, it is crucial to hire and retain competent workers. (Ren, 2023) <sup>[21]</sup>. The hospitality sector has seen dramatic transformation in recent years, particularly in the areas of service quality and customer response. (Mokhtar & Sjahrudin, 2019) <sup>[15]</sup>. Human Resources (HR) is essential to companies' success in providing high-quality services since it manages the system of employee interactions. (Abdul *et al.*, 2018) <sup>[1]</sup>. To provide consistently high-quality service within the hospitality sector, HR managers now closely monitor their HR policies and procedures. The underlying understanding that having staff is critical to providing top-notch services is the bedrock of this choice. (Rahman *et al.*, 2019) <sup>[20]</sup>. Professionals in charge of human resources in the hotel sector are increasingly focusing on HR procedures to ensure employees get excellent service. What ultimately led to this decision is the realization that having employees is essential for delivering excellent service. (Surucu & Sesen, 2019) <sup>[24]</sup>.

In 2016, the number of hotels in Canada was around 8,178. (Willie *et al.*, 2017) <sup>[28]</sup>. With about 304,000 staff members, these hotels provide a total of more than 447,586 rooms. The hotel sector in Canada brought in \$18.4 billion from accommodation and \$17 billion from value-added services in 2015. Donations of \$3.6 billion were made to state and municipal governments, with an additional \$8.1 billion going to the federal government. (Prud'homme & Raymond, 2016) <sup>[19]</sup>. When it comes to Canadian luxury hotels, five stars is the gold standard. Still, with so much competition, service quality must take center stage as a differentiator. Research has shown that five-star hotels throughout the globe suffer from lower levels of performance, competitiveness, and service quality when it comes to

techniques for managing human resources. (Hewagama *et al.*, 2020) <sup>[11]</sup>. Methods of human resource management and regulations are highly correlated with the performance of Canada's fast growing hotel business. (Wu *et al.*, 2021) <sup>[28]</sup>. It was concluded that more efficient employee pay is required given the state of HRM procedures in the workplace today. (Sun *et al.*, 2019) <sup>[24]</sup>, include pay, benefits, training, job stability, status acknowledgment, and many practices that affect how well employment relationships operate in the workplace. (Lin *et al.*, 2021) <sup>[14]</sup> The term "pay" refers to the monetary benefits, tangible services, and incentives that workers get from their employment connection. Due to its significant impact on the national economy and its recent meteoric rise, the hotel business has emerged as a key player in the service sector. This market places a premium on customer engagement and satisfaction. (Bijaya Bikram Shah & Prakash Shrestha, 2022) <sup>[8]</sup>. Making clients happy and loyal via service delivery is crucial. A highly productive workforce is essential if a business is to consistently provide first-rate services to its customers. The hotel industry's human resources initiatives' track records of success need investigation. Examining HRM techniques in Canada through the prisms of customer happiness, productivity, and service quality can help shed light on how these tactics have affected the hotel industry. Recent empirical research by Davydova, Cherevychna, and Grechko (2025) <sup>[30]</sup> substantiates this, demonstrating that structured HR practices-such as recruitment, training, and motivation-directly affect employee engagement and customer loyalty in hotel and restaurant environments. Wilson (2025) <sup>[31]</sup> reinforces this perspective, highlighting that operational efficiency and visitor happiness are influenced by staff empowerment, adaptive leadership, and investment in employee training, particularly when integrated with contemporary technological systems.

The rest of the parts are structured like this: Part 2 lays out the theory behind the project, reviews the literature on HRM tactics, and elucidates the link between happy guests, excellent service, and bottom-line profits for hotels. In Section 3, the inquiry's technique is explained. Section 4 conducts a thorough analysis of the statistical data and evaluation. Lastly, Section 5 ends with.

## Literature Review and Hypothesis development'

### 'Relationship between Human Resource Management Strategies practices and Service efficiency'

Every contemporary organization must have human resource management procedures. These procedures include a wide range of topics, begin with the person's job, and continue throughout their career. Workers are essential in the cutthroat, quick-paced hotel sector. (Singh, 2021) <sup>[21]</sup> sought to provide a fundamental overview of HRM topics with an emphasis on hospitality-related applications. Human resource management strategies, service excellence, and guest happiness were the foci of this study. (Chand, 2010) <sup>[9]</sup> studied the research on HRM and its impact on hotel efficiency, patron satisfaction, and service excellence. Results were based on a survey of 52 hotels throughout India. Results show that HRM strategies boost productivity, quality of service, and customer satisfaction. Profitability might rise if the study's findings hold true and better customer response leads to the creation of consumer value. (Bijaya Bikram Shah & Prakash Shrestha, 2022) <sup>[8]</sup>

Researched the role of HRM in the hospitality sector, specifically looking at how to make guests feel special via top-notch service. The survey was filled out by 315 hotel managers and staff from different establishments in Nepal. Compensation and service quality, on the other hand, did not correlate. Recruiting and training techniques, service quality, customer contentment, and performance management all showed favorable correlations in the findings. To better understand how HR policies and procedures affect hotel service quality, this qualitative research. (Khassawneh & Mohammad, 2021) <sup>[13]</sup> Shown how HR practices substantially improve service quality. The study offers a strong model for both a precise definition of quality of service and the relationship between HR practices and quality of service. Additionally, it offers a variety of HR strategies that hotels may employ to differentiate themselves from the competition. Vovk & Vovk (2024) <sup>[32]</sup> executed a mixed-methods study involving 500 hospitality employees, demonstrating that sustainable personnel management practices-such as green training, employee involvement, and ethical HR policies-were significantly correlated with enhanced service efficiency, employee engagement, and organizational performance. Their structural equation modeling confirms that sustainable HR policies enhance service results in hotel environments. A study conducted in late 2024 in Jakarta by Christin *et al.* revealed that strategic HRM practices, when coupled with ethical leadership, markedly enhance service quality and guest satisfaction, with intellectual capital and sustainable competitive advantage serving as mediators-highlighting the direct correlation between intentional HRM strategies and service efficiency. This leads us to the following hypothesis:

**Hypothesis 1:** 'Human Resource Management Strategies Practices has a positive and significant impact on Service Quality'

### 'Relationship between Human Resource Management Strategies practices and Customer Satisfaction'

(Najam *et al.*, 2020) <sup>[16]</sup> looked into how HR management practices affect customer satisfaction, with a particular emphasis on how job satisfaction along with procedural fairness affect employees. In Pakistan, work satisfaction considerably moderates the link between paramedical personnel and patient data, whereas procedural fairness mediates it. The results throw light on how to boost happiness in the workplace and delight customers. (Wikhamn, 2019) <sup>[27]</sup> discovered that long-term HR strategies are necessary for the connection between innovation and happy customers. According to the study's findings, hotels that implement sustainable HR practices saw an uptick in both innovation and customer happiness. (Badre, 2021) <sup>[7]</sup> shown that HRM practices including salary, performance evaluations, incentives, and recognition had a greater influence on employee satisfaction than training and development. According to the study's findings, effective human resource management practices are crucial to building a profitable business. (Papademetriou *et al.*, 2023) <sup>[17]</sup> shown the robust correlation between organizational effectiveness and patron contentment, and the need of incorporating HRM strategies based on service quality benchmarks to boost patron satisfaction. Furthermore, the study emphasizes the robust relationship between HRM practices and the achievement of corporate

goals.(Hussein *et al.*, 2023) <sup>[12]</sup> shown that customers' impressions of service quality are favorably affected by staff performances. Employee happiness, service behavior, and service quality are the end goals of any well-designed human resource management plan. This implies that:

**Hypothesis 2:** 'Human Resource Management Strategies Practices has a positive and significant impact on Customer Satisfaction'.

#### **'Relationship between Service efficiency and Customer Satisfaction'**

The billion-dollar hospitality business consists of transportation, event preparation, hotel management, and tourist services. A company's performance and reputation are greatly affected by its capacity to meet client satisfaction and provide exceptional services. To maintain a competitive edge, it is necessary to provide services that really operate. Finding out how service quality impacts hotel customers' pleasure is the main goal of this research. In terms of service efficiency, all four aspects-empathy, responsiveness, certainty, and tangibleness-correlate positively with customer satisfaction, with the exception of dependability. (Ali *et al.*, 2021) <sup>[3-4]</sup>. (Syariful & Untung, 2020) <sup>[26]</sup> shown that customer satisfaction is directly correlated to product quality rather than service quality. Most hotels are trying to up their game in terms of quality to stay ahead of the competition. The hotel's services are all carefully crafted to guarantee that visitors enjoy their stay. Making sure customers are satisfied and taking their special demands into consideration could fall within the purview of a hotel's service department.(Anwar, 2016) <sup>[6]</sup>. Providing outstanding customer service is crucial to succeeding in today's competitive business since it increases client happiness. Consequently, the hotel's expansion industry is dependent on customer evaluations of service quality.(Ali, B. J., & Anwar, 2021) <sup>[3-4]</sup>. In order to ensure customer happiness and foster loyalty, hotels need to provide competitive service. (Anwar, K., & Louis, 2017) <sup>[5]</sup>. The statistics show that happy customers are the direct outcome of effective service. (Safi & Alagha, 2020) <sup>[22]</sup>. Recent empirical studies enhance this comprehension: Nafei *et al.* (2025) <sup>[34]</sup> examined the influence of robotic service quality (RSQ) in five-star hotels in Egypt, demonstrating that the integration of automation with personalization, efficiency, and precision markedly improves purchase intention and customer satisfaction. Moreover, Chen *et al.* (2025) <sup>[35]</sup> conducted a Sustainability study on smart hotels, analyzing online reviews from 42 establishments. They found that while smart technologies fulfill guest expectations, factors such as check-in wait times, staff competence and attitude, and breakfast quality significantly influence customer satisfaction. Their findings indicate that best customer happiness occurs when technical efficiency is harmonized with human contact. These studies affirm that service efficiency, whether facilitated by frontline personnel or effective technological systems, is a crucial determinant of guest pleasure in contemporary hospitality. Additionally, the following theory was put forward.

**Hypothesis 3:** 'Service Quality has a positive and significant impact on Customer Satisfaction'.

#### **'Relationship between Customer Satisfaction and Organizational Performance'**

(Ahsan *et al.*, 2019) <sup>[2]</sup> looked into the Bangladeshi hotel

business to find out what factors contribute to good service, happy guests, and repeat business. One hundred visitors, all of whom were self-employed, were given a survey. John Pearson the data was analyzed using correlational analysis. The results offer hotel management a competitive advantage by showing a link between high-quality service and satisfied, returning guests. (El-Adly, 2019) <sup>[10]</sup> used structural equation modeling to examine the connection between happy customers, value perception, and hotel loyalty. Price, quality, transaction, and self-gratification are the five hedonic components that significantly impact customer happiness and loyalty. Just because you have good looks doesn't mean fame and fortune will follow. Loyalty impacts customer satisfaction. (Priyo *et al.*, 2019) <sup>[18]</sup> investigated the Indonesian hotel industry to identify the ties that bind satisfied customers to excellent service and repeated business. In a quantitative fashion, 182 visitors to the hotel were surveyed. Results show that customer happiness significantly affects service efficiency, which positively affects customer happiness and loyalty. Recent empirical research offers additional corroboration: Al-Kharabsheh (2024) <sup>[36]</sup> analyzed CRM dimensions (customer focus, organizational support, knowledge management, and CRM technologies) in Jordanian hotels, demonstrating that robust CRM practices elevate customer satisfaction, subsequently improving organizational performance through enhanced relationships and reputation. A 2024 study conducted in Kashmir by Salanta and Raina, published in Emerald's Journal of Hospitality & Tourism Insights, employed structural equation modeling on matched guest-employee survey data (n = 270) and revealed that customer relationship management (CRM) practices, when moderated by guest engagement, significantly enhance satisfaction and loyalty, thereby linking CRM and operational performance through engagement. Another theory that has been confirmed is this one:

**Hypothesis 4:** 'Customer Satisfaction has a positive and significant impact on Organizational Performance'.

#### **Conceptual Model**

An academic framework is provided by "Impact of Human Resource Management Strategies Practices on Service efficiency, Customer Satisfaction, and Organizational Performance in the Canadian Hotel Industry" to explain the strategic connection between ESR outcomes and HRM internal procedures. As per the concept, hotels may start providing better service by implementing effective HRM practices. Creating a motivated and competent team that can continue to provide high-quality services is possible via tactics such as quality circles, pay plans, training and development, job design, and workforce planning. It stands to reason that enhancing service efficiency would lead to higher customer satisfaction (H3), as customers appreciate reliable, quick, and caring service.

In addition, the model's findings indicate a robust correlation between HRM approaches and satisfied customers (H2), which may indicate that a service culture that enhances visitors' perceptions and experiences might be fostered by HRM tactics that prioritize workers. Three important metrics may be used to evaluate an organization's performance: customer happiness, sales growth, and market competitiveness. A crucial intermediary between internal HR expenditure and external business consequences, as the

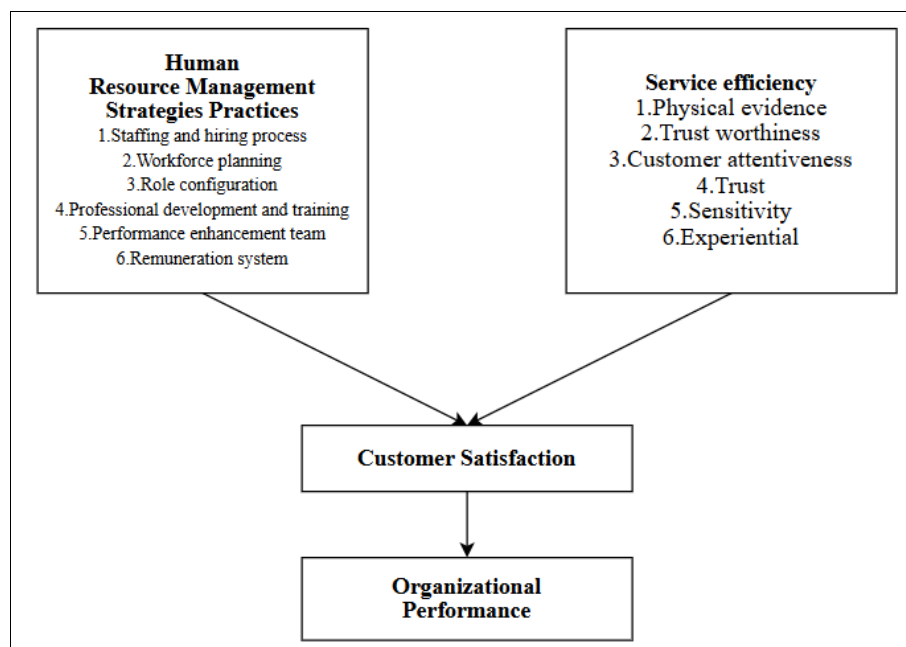
theory sees it, is customer satisfaction. An in-depth understanding of how internal operational excellence affects the long-term prosperity of hospitality establishments by looking at the conceptual framework's explanation of the interconnected roles of service quality and human resource management styles, and customer happiness. Figure 1 as its basis, the paper's theoretical framework.

## Methodology

### Sampling and data collection

This quantitative study set out to look at the connection between several HRM procedures and client satisfaction, profitability, and service efficacy in Canada's hotel business. The 280 respondents who made up the representative sample were surveyed in a thorough and organized manner, guaranteeing statistical reliability and validity. For this purpose, we administered a standardized questionnaire that

included Likert-scale items. We tested a number of variables, including how participants felt about HRM methods, organizational performance, service quality, and customer satisfaction. To ensure its accessibility and broad participation, the online poll was disseminated via fintech lending platforms, Google Forms, and email. The survey may include both closed-and open-ended questions. The study variables have been selected with care, and the questions have been developed accordingly, to elicit useful information. This research used reliability analysis, factor loadings, and descriptive statistics to evaluate the dataset. The "Statistical Package for the Social Sciences," or SPSS, was used to analyze the data that took place. Using the Evaluation of Moment Structures, structural equation modeling (SEM) may assess the interplay and hypothesized relationships among the important variables (AMOS).



**Fig 1:** Conceptual framework of the study

### Measure development

After a thorough literature search, operationalization measures for the components were built on top of verified and well-established scales. All components were measured using multi-item scales. Means, standard deviations, skewness, kurtosis, normality, and coding errors were tested as part of the basic descriptive analysis run on the data. The next step in determining reliability was to do a confirmatory factor analysis (CFA) using LISREL 8.52. Table 1 contains a complete inventory of all goods that have been previously owned. The following individuals were given the deed to the property. In the realm of functional human resource management, at 4:09 PM on March 29, 2010, We evaluated 27 popular HRM strategies using a Likert-type scale, where 1 means "strongly disagree" and 5 means "extremely agree" (for details, see the first part of Table I). This scale incorporates all six of the HRM approaches that were determined to be crucial in the research. In the first section, we go into RS, the regulations for internal promotions, recruiting based on merit, the importance of worker experience and multiskilling, standard terms and conditions, and providing all workers with consistent status. It also

details internal improvements. Secondly, there should be official workforce planning (WP), opportunities for professional development, a positive company culture, and participation from many departments. Thirdly, there's role configuration (RC), which encompasses concepts like cross-cultural work design, flexible job descriptions, collaborative activities, and learning organizations. Education and growth cooperation, a need-based training standards, learning organizations, and professional development and training (PDT) make up the last component. Quality circles, goal-setting, frequent attitude surveys, and holding production and service workers accountable for their performance are all parts of Performance Enhancement Teams (PET), the sixth component. Gratitude, social recognition, official assessments, non-monetary incentives, a compensation plan that takes into account the employee's market expertise, and the company's performance make up the sixth item on the list. Item convergent validity and p-values less than 0.01, substantiated by strong loadings on their respective constructs (0.81-0.86).

The Cronbach's alpha scores demonstrate the dependability, which are displayed in Table 1. Aspects related to people's



perceptions of the service's quality are assessed using the services offered in this study. For the sake of brevity, we eliminated fifteen of SERVQUAL's twenty-two questions. With the exception of the sensory dimension, which got two extra questions, each of the five dimensions was assessed using three independent exams. Finding the index score for the construct was the next stage, which included averaging the components. We further reduced the route coefficient and error variance by considering According to the structural equation model, the index score is a single signal. This was done after accounting for the predicted score reliability and variability. Here are a few samples of seven-point assessments for service quality categories: "1 very strongly disagrees" and "5 very agree." Following the

assessment, the items were evaluated using 5-point Likert scales required revisions. The findings demonstrated a satisfactory model match. Because all items had substantial loadings on the associated concepts Convergent validity was shown adequately at the 0.01 level. According to Table 1, the dependability levels of Cronbach's alpha are higher than the minimal threshold of 0.7. Customer happiness in order to gauge consumer happiness, this study made use of three metrics developed for earlier studies. Tabulated in Table 1 are the three determinants of our service strategy: The amount of time guests stay at our hotel, their level of contentment, and the caliber of our services. From "1 very strongly disagree" to "5 very agree," that was the scale we used to rate each issue. So

**Table 1:** Measures, validity and reliability of variables under study

|       | <b>Human Resource Management Strategies practices [ in connection with customer satisfaction, service effectiveness, and organizational performance] Fit statistics:<br/><math>X^2= 952.986</math>; <math>P &lt; 0.01</math>; <math>RMSEA = 0.043</math>; <math>NNFI = 0.94</math>; <math>GFI = 0.96</math><br/>Every metric is significant at <math>p &lt; 0.01</math>.</b> |                   |
|-------|--|-------------------|
|       | <b>Human Resource Management Strategies Practices</b>  | <b>Cronbach a</b> |
|       | <b>Staffing and hiring process</b>   | 0.849             |
| SHP1  | Unified terms and conditions   |                   |
| SHP 2 | Equal status for all employees   |                   |
| SHP 3 | Policy of promoting from within  |                   |
| SHP 4 | Criteria for employment testing  |                   |
| SHP 5 | Incorporation of merit in the selection process  |                   |
| SHP 6 | Cross-training and experience development  |                   |
|       | <b>Workforce planning</b>  | 0.785             |
| WP1   | Strategic workforce planning   |                   |
| WP 2  | Organizational culture   |                   |
| WP 3  | Professional development planning  |                   |
| WP 4  | Engagement of all departments  |                   |
|       | <b>Role configuration</b>  | 0.853             |
| RC1   | Adaptable job descriptions   |                   |
| RC2   | Creation of a learning organization  |                   |
| RC3   | Cross-cultural role structuring  |                   |
| RC4   | Collaborative teamwork   |                   |
|       | <b>Professional development and training</b>   | 0.863             |
| PDT1  | Training and development based on identified needs   |                   |
| PDT2  | Structured on boarding system  |                   |
| PDT3  | Cultivation of a learning organization   |                   |
| PDT4  | Systematic training and development programs   |                   |
|       | <b>Performance enhancement team</b>  | 0.845             |
| PET1  | Employee participation in goal setting   |                   |
| PET2  | Employees in production and service are responsible for their work.  |                   |
| PET3  | Participation of employees in teams dedicated to quality improvement   |                   |
| PET4  | Frequent use of attitude surveys   |                   |
|       | <b>Remuneration system</b>   | 0.848             |
| RS1   | Workers were updated on corporate performance and market circumstances.  |                   |
| RS2   | Incorporation of merit-based components in compensation packages   |                   |
| RS3   | Formal performance appraisals for all employees  |                   |
| RS4   | Non-financial rewards  |                   |
| RS5   | Social recognition and appreciation  |                   |
|       | <b>Service efficiency</b>  |                   |
|       | Service efficiency (SQ) fit statistics: $X^2=211.004$ ; $p < 0.01$ ; $RMSEA = 0.064$<br>$NFI = 0.927$ ; $GFI = 0.906$ All measures are significant at $p < 0.01$   |                   |
|       | <b>Physical evidence</b>   | 0.815             |
| PE1   | This hotel is equipped with the latest technology and amenities  |                   |
| PE2   | The physical facilities of this hotel are aesthetically pleasing   |                   |
| PE3   | The hotel's staff are neatly dressed and present a professional appearance   |                   |
|       | <b>Trust worthiness</b>  | 0.836             |
| TW1   | This hotel delivers on its commitments within the promised time frame  |                   |
| TW2   | The hotel maintains accurate records   |                   |
| TW3   | This hotel offers services when it says it will.   |                   |

|      |  |       |
|------|--|-------|
|      | <b>Customer attentiveness</b>  | 0.755 |
| CA1  | This hotel clearly communicates when services will be provided                       |       |
| CA 2 | The hotel staff is constantly available to help guests.                              |       |
| CA3  | When a guest wants anything, the hotel staff responds right away.                    |       |
|      | <b>Trust</b>   | 0.898 |
| T1   | I have faith in the staff at this hotel.   |       |
| T2   | The staff at the hotel is knowledgeable and prepared to help guests.                 |       |
| T3   | The hotel's employees receive sufficient support to perform their jobs effectively   |       |
|      | <b>Sensitivity</b>   | 0.857 |
| SE1  | The staffs at the property are aware of my demands.                                  |       |
| SE2  | This hotel really wants what's best for me.  |       |
| SE3  | The hotel operates during hours that are convenient for all customers                |       |
|      | <b>Experiential</b>  | 0.886 |
| E1   | This hotel offers delicious meals that are well presented.                           |       |
| E2   | The hotel's food is consistently fresh, with remarkable visual and aromatic appeal   |       |
|      | <b>Customer satisfaction</b>   | 0.768 |
| CS1  | The level of satisfaction customers experience when choosing to patronize this hotel |       |
| CS2  | The degree to which a client is happy with the services they received                |       |
| CS3  | The extent to which the client views the delivery method                             |       |
|      | <b>Organizational Performance</b>  | 0.853 |
| OP1  | Profitability in connection with the goals of company divisions                      |       |
| OP2  | Hotel business profitability in relation to the industry average                     |       |
| OP3  | Market share in relation to the goals of the business unit                           |       |
| OP4  | Sales volume in relation to business unit objectives                                 |       |
| OP5  | Overall performance assessment compared to the hotel industry average                |       |

Based on good fit indices and internal consistency, research assessed the validity and reliability of constructs for customer happiness, service quality, organizational performance, and human resource management strategies practices. At  $p < 0.01$ , the measurement model demonstrated an excellent match for Human Resource Management Strategies practices, with  $\chi^2 = 952.986$ , RMSEA = 0.043, GFI = 0.96, and NNFI = 0.94. There were six components to the Human Resource Management Strategies design: Staffing and hiring process (Cronbach's  $\alpha = 0.849$ ), Workforce planning ( $\alpha = 0.785$ ), Role configuration ( $\alpha = 0.853$ ), Professional development and training ( $\alpha = 0.863$ ), Performance enhancement team ( $\alpha = 0.845$ ), and Remuneration system ( $\alpha = 0.848$ ). These dimensions' capture practices like merit-based selection, formal career planning, flexible job structures, need-based training, staff involvement in quality, and performance-linked pay all showing high internal consistency.

The Service efficiency measurement model also showed good fit ( $\chi^2 = 211.004$ , RMSEA = 0.064, GFI = 0.906, NFI = 0.927;  $p < 0.01$ ). The service quality construct had six

dimensions with high reliability: Physical evidence ( $\alpha = 0.815$ ), Trustworthiness ( $\alpha = 0.836$ ), Customer attentiveness ( $\alpha = 0.755$ ), Trust ( $\alpha = 0.898$ ), Sensitivity ( $\alpha = 0.857$ ), and Experiential ( $\alpha = 0.886$ ). These products touched on the look of facilities, reliability, timeliness of service, employee skills, individualized attention, and quality of food emphasizing overall service quality assessment.

Customer satisfaction was assessed by three items and had high internal consistency ( $\alpha = 0.768$ ). It reflected the levels of satisfaction with the decision to go to the hotel, the feelings towards the received service, and perceptions of the quality-of-service practices. Organizational Performance was measured by five items on profitability, market share, volume of sales, and overall performance vis-a-vis the industry standard. With a Cronbach's alpha of 0.853, this construct exhibited great dependability as well. In general, the hypothesised model's measuring scales proved to be internally consistent and valid, with all constructs exhibiting good reliability ( $\alpha > 0.75$ ), sufficient model fit, and  $p < 0.01$  significance.

**Table 2:** 'Means, standard deviations and correlation matrix used in hypothesized model of Human Resource Management Strategies practices, Service efficiency, customer satisfaction and Organizational Performance'

| Variable                                       | Mean   | SD      | Human Resource Management Strategies | Service efficiency | Customer Satisfaction | Organizational Performance |
|--|--------|---------|--------------------------------------|--------------------|-----------------------|----------------------------|
| Human Resource Management Strategies Practices | 3.6736 | 0.84589 | 1                                    |                    |                       |                            |
| Service efficiency                             | 3.7344 | 0.86160 | .683**                               | 1                  |                       |                            |
| Customer Satisfaction                          | 3.9170 | 0.75939 | .628**                               | .841**             | 1                     |                            |
| Organizational Performance                     | 3.5840 | 0.87119 | .675**                               | .810**             | .768**                | 1                          |

Table 2 shows the Findings from descriptive statistics and the correlation matrix indicate a high degree of interdependence among the study variables. With mean scores of 3.67 (standard deviation = 0.85), 3.58 (standard deviation = 0.87), 3.92 (standard deviation = 0.76), and 3.73 (standard deviation = 0.86), the following practices in performance of the organization and strategy for human

resource management, client contentment, and service efficiency were all deemed to execute well. Service efficiency ( $r = 0.683$ ,  $p < 0.01$ ) and organizational performance ( $r = 0.675$ ,  $p < 0.01$ ) were both impacted by HRM practices, as seen by the significant positive connections between all the variables. With correlations of 0.810 and 0.841, respectively, and p-values less than 0.01

for both variables, the significance of service efficiency was shown. Table 2 shows the finally, the strong association between Customer Satisfaction and Organizational Performance ( $r = 0.768$ ,  $p < 0.01$ ) confirmed the model's

expected relationships.

### 'Empirical results and discussion'

**Table 3:** Standardized measurement coefficients and t-values resulting from CFA

|                                       | Human Resource Management<br>Strategies practices | Service<br>efficiency | customer<br>satisfaction | Organizational<br>Performance |
|---------------------------------------|---|-----------------------|--------------------------|-------------------------------|
| Cronbach a                            | 0.82  | 0.884                 | 0.768                    | 0.853                         |
| Compound dependability                | 0.849   | 0.854                 | 0.728                    | 0.84                          |
| Extracted average variance            | 0.66  | 0.748                 | 0.728                    | 0.709                         |
| Item abbreviation                     |   |                       |                          |                               |
| Staffing and hiring process           | 0.715(10.63)                                      |                       |                          |                               |
| Workforce planning                    | 0.668(9.93)                                       |                       |                          |                               |
| Role configuration                    | 0.745(11.04)                                      |                       |                          |                               |
| Professional development and training | 0.66(9.81)  |                       |                          |                               |
| Performance enhancement team          | 0.674(10.01)                                      |                       |                          |                               |
| Remuneration system                   | 0.5(7.4)  |                       |                          |                               |
| Physical evidence                     |   | 0.844(14.63)          |                          |                               |
| Trust worthiness                      |   | 0.791(14.24)          |                          |                               |
| Customer attentiveness                |   | 0.744(13.03)          |                          |                               |
| Trust                                 |   | 0.684(11.71)          |                          |                               |
| Experiential                          |   | 0.677(11.59)          |                          |                               |
| CS1                                   |   |                       | 0.762(12.47)             |                               |
| CS2                                   |   |                       | 0.631(9.49)              |                               |
| CS3                                   |   |                       | 0.792(11.93)             |                               |
| OP1                                   |   |                       |                          | 0.838(14.98)                  |
| OP2                                   |   |                       |                          | 0.772(12.97)                  |
| OP3                                   |   |                       |                          | 0.61(9.84)                    |
| OP4                                   |   |                       |                          | 0.591(9.42)                   |
| OP5                                   |   |                       |                          | 0.738(12.23)                  |

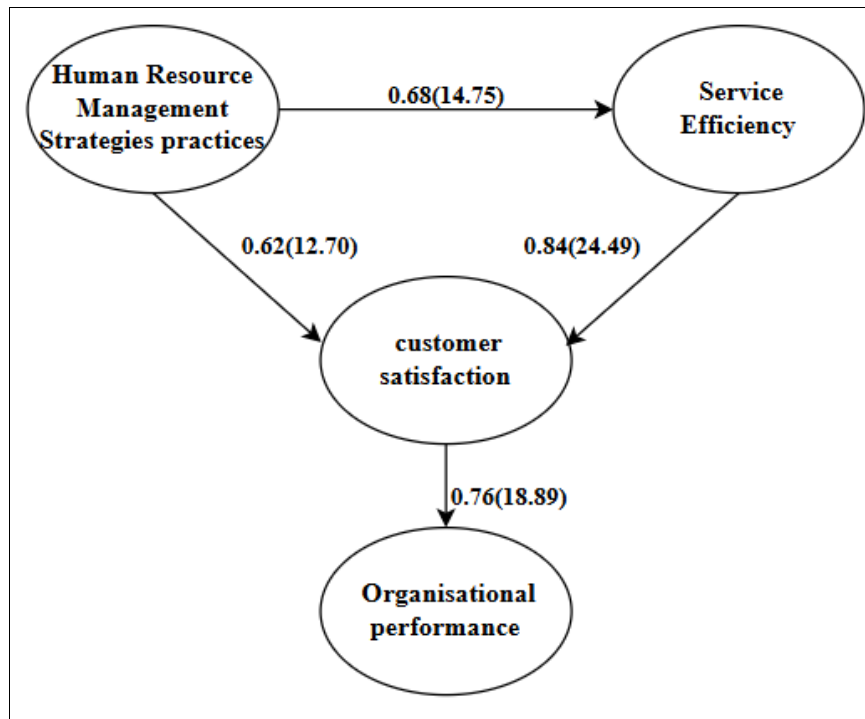
$\chi^2=145.852$ ,  $df=140$  ( $p < 0.01$ ),  $GFI=0.943$ ,  $CFI=0.99$ ,  $NFI=0.943$ ,  $PNFI=0.772$ ,  $RMSEA=0.13$ ; t- Parentheses surround the values. They're all important 2 ( $p < 0.01$ ).

Tables 2 and 3 present the results used for analysis. All four of the latent constructs Organizational Performance, Customer Satisfaction, Service Efficiency, and Human Resource Management Strategies and Practices show good levels of validity and reliability in the confirmatory factor analysis results. With values of 0.824 for Service Efficiency, 0.768 for Customer Satisfaction, 0.853 for Organizational Performance, and 0.82 for Human Resource Management Strategies practices, all constructs demonstrate good internal consistency, surpassing the generally accepted cut-off point of 0.70. Similarly, convergent validity is confirmed by composite reliability (CR) measurements that fall above the 0.70 standard, ranging from 0.728 to 0.854. Similarly, all constructs have good average variance extracted (AVE) measures, with values such as 0.748 for service efficiency along with 0.709 for organizational performance.

For the construct Human Resource Management Strategies Practices, standardized factor loadings fall between 0.500 to 0.745 with related t-values varying from 7.40 (Remuneration system 6) to 11.04 (Role configuration 3). Table 3 shows that all of the t-values are greater than 5.0 and significant at  $p < 0.01$ . This supports that every item significantly adds up to capture the Human Resource Management Strategies construct. Likewise, Service

efficiency items like Physical evidence 1 (0.844,  $t = 14.63$ ) and Trust worthiness 2 (0.791,  $t = 14.24$ ) also have high and significant factor loadings, reflecting high item validity. The lowest loading in this case is Experiential 6 (0.677,  $t = 11.59$ ), still statistically significant the results indicated in Table 3 supporting the Supporting Hypotheses 3.

For Customer Satisfaction, factor loadings are also high and significant, with values such as 0.762 ( $t = 12.47$ ) for CS1 and 0.792 ( $t = 11.93$ ) for CS3, affirming the reliability of this measurement model. The Organizational Performance construct also possesses high item loadings between 0.591 (OP4,  $t = 9.42$ ) and 0.838 (OP1,  $t = 14.98$ ), reflecting a strong measurement structure. All t-values are above the 1.96 cut off, illustrating that all observed variables are statistically related to their corresponding latent constructs. Maximum likelihood estimates for the various parameters of the overall fit in the model are given in Figure 2. The total model fit statistics also attest to the validity of the CFA model:  $\chi^2 = 145.852$ ,  $df = 140$ ,  $p < 0.01$ , with the fit indices of  $GFI = 0.943$ ,  $CFI = 0.99$ , and  $NFI = 0.943$  suggesting a satisfactory model fit. Though  $RMSEA = 0.13$  is somewhat higher than the suggested value, the large factor loadings and significant t-values attest to the stability of the measurement model.



**Fig 2: Structural Equation Modelling**

The findings corroborated this theory. By raising the path loadings to positive levels, the assumed causal linkages between the latent variables were shown. Supporting Hypotheses 1 and 2 is the evidence that HRM practices make customers happier and service efficiency higher (coefficient = 0.62;  $t = 12.70$ ;  $p < 0.01$ ). A major factor influencing customer satisfaction was the perceived effectiveness of the services. Earlier in Hypothesis 3, it was stated that customer contentment is favourably affected by service efficiency (coefficient = 0.84;  $t = 24.49$ ;  $p < 0.000$ ). Support for Hypothesis 4 was shown by the finding that customer satisfaction had an improvement in the performance of the organization (coefficient = 0.76;  $t = 18.89$ ;  $p < 0.01$ ). Methods used in human resource management greatly increase productivity in a company. According to the research, the correlation between HRM practices as seen by customers and business goals is impacted by customer satisfaction and service quality. The results support Hypothesis 4, which posits that HRM practices and efficient service are very advantageous, when taking into account the association between happy customers and successful enterprises.

### Discussion

In Canada's hotel industry, results demonstrated a robust correlation between HRM practices, happy customers, effective service, and business expansion. The majority of guests were pleased with the hotels' performance, service quality, overall happiness, and HRM policies and procedures. According to the findings, HRM and keeping service standards high go hand in hand, and an effective HRM strategy relies on service efficiency. Strong HR departments that place a high priority on employee engagement and training are likely to be found in hotels that consistently provide exceptional service. Customer satisfaction is a crucial metric for evaluating the effectiveness of HRM strategies and services. This implies that happy patrons are more likely to encourage hotels to

adopt employee-centric HRM procedures, not only because they think the services are better. The practice of ensuring customer happiness encourages ongoing improvements to internal management systems and service delivery. Customer satisfaction has also been shown to be significantly positively impacted by organizational performance, indicating that well-run hotels are more likely to meet the demands of guests and provide excellent service. Investing in quality improvement, staff training, and operational excellence may help hotels boost customer satisfaction when they have a strong organizational foundation. According to the general pattern of outcomes, improvements in one area such as HRM strategies or service effectiveness have a beneficial knock-on impact on other areas, eventually strengthening the hotel's competitive position. The significance of hotel managers seeing organizational performance, customer happiness, service effectiveness, along with human resource management strategies as interrelated strategic elements rather than separate jobs is highlighted by these findings. Long-term success along with sustainable expansion in the highly competitive hotel industry may be supported by cultivating excellence in several connected areas.

### Conclusion

The researchers in this study set out to examine the Canadian hotel industry's human resource management strategies in connection to three key performance indicators: organizational effectiveness, service effectiveness, and customer satisfaction. Developing efficient techniques of staff management is greatly influenced by operational excellence, as shown by the positive and huge impact of service efficiency on HRM practices. Customer satisfaction greatly enhances service efficiency and HRM strategy, as shown by the interdependence of guest experiences on ERP systems. Guests are more likely to have memorable stays at hotels with strong management since Customer satisfaction and corporate success are closely related. A favourable



perception of HRM strategies, efficient service, happy customers, and successful organizations was expressed by respondents, according to descriptive data. When looking at all of the criteria, customer satisfaction had the highest mean score. The measuring model was further supported by the fact that each concept showed high levels of Internal consistency and convergent validity in the tests for dependability and validity. According to the findings, HRM strategies may increase organizational performance by increasing customer satisfaction, which in turn boosts service efficiency indicators. An HRM plan that puts the needs of the staff first will help a hotel succeed in the long run by ensuring that guests are always happy with the service they get. Better customer retention and overall higher-quality service are the results, giving you the upper hand in the market. Given that the study demonstrates that a deliberate investment in HRM techniques will boost customer happiness, service effectiveness, along with organizational performance in the hospitality sector right away, its conclusions have significant ramifications for policymakers and hotel management.

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