

# LINKING SELECTIVE HIRING TO COMPETITIVE ADVANTAGE IN HOSPITALITY INDUSTRY

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## Abstract

Human Resource works as a strategic partner in an organization. An organisation cannot succeed without attracting and retaining the right people, on the right job, with right skills and training. This paper is intended to find out the significant relationship between Selective Hiring and Competitive Advantage in hospitality industry. The research is based on primary data collected from 500 employees working in five-star hotels of National Capital Region (NCR) & selected cities of Rajasthan. Descriptive research design was adopted in the research. Statistical techniques like Pearson correlation, Multiple Regression and f-test were employed to measure the significance and strength of the relationship between Selective Hiring and Competitive Advantage. Further, finding showed that there is a significant relationship between Selective Hiring and Competitive Advantage.

**Key Words:** Selective Hiring, Competitive Advantage, Human Resource Management.

## Introduction

The hospitality industry is a prominent sector among the flourishing service industries of the Indian Economy. They maintain the quality of manpower. The Hotels believe in “Human Factor” as a source of competitive advantage. Traditionally organisations consider financial resources, economies of scale and technology as a source of creating value. But, these resources are not adequate in today's era. In such a case, human resource practices have achieved an exceptional importance as a source of sustainable competitive advantage (Jackson and Schuler, 1995). The presence of highly skilled and quality employees gives an organisation sustainable competitive advantage over its competitors. The success of the firms is invariably depending upon the efficiency and effectiveness of its people. Consequently, recruitment and selection is very important practices of HR department that should be provided all the attention and relevance it deserves; the voyage of success is all the way depending on recruitment and selection practices of the firm (Peter, B., & David, N. 2020).

## Literature Review

Selective hiring includes recruitment and selection both. Edwin B. Flipoo (1984) “A process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization”. Therefore selective hiring is a method of recruiting and selecting the right kind of people with suitable distinctiveness at the right time, at the right place.

Research highlights that organizations can achieve sustainable competitive advantage through its people (Barney, 1991). According to (Fiorito et al., 2007) selective hiring includes numerous activities to maintain a proper match between job and job applicant, and a conscious effort is made by organisations to select best talent from the market and retain them by offering higher compensation. (Berger and Ghei, 1995), “Selecting an effective employee and hiring him is critical for the successful hotel operations”. They mentioned that an effective employee cannot work in an inefficient

organisation structure, simultaneously best organisations function poorly when staffed with ineffective workforce. Furthermore, labor turnover is increasing rapidly in hotel industry (Kennedy & Berger, 1994) hiring of employees is measured as a crucial instrument in addressing labor shortage. (Schuster, 2004) opined that selective hiring yield profits, increase organizational performance, boost employee productivity and reduce turnover. Successful hiring leads to higher productivity and economic growth (Paul & Anantharaman, 2003).

In the current study, Selective hiring may be considered as a source of competitive advantage for two important reasons. Firstly, when employees know that the company has made so much effort and invested substantial energy and money to recruit them, they may believe that the organisations value their people and are committed towards them. As a result they also reciprocate the same obligation to repay the organisation through increased commitment (Fiorito et al., 2007). Second the cautious effort of matching a job applicant with job requirement may lead to higher productivity and person-organisation fit, which may lead to greater commitment and substantially support competitive advantage (Caldwell, Chatman, & O'Reilly, 1990).

### **Objectives**

The objective of the study is to understand the Selective hiring and Competitive Advantage factors in hospitality industry and to identify the significant relationship between Selective Hiring and Competitive Advantage.

### **Hypothesis**

H01 There is no significant relationship between Selective Hiring and Competitive Advantage in Hospitality Industry.

HA1 There is a significant relationship between Selective Hiring and Competitive Advantage in Hospitality Industry.

### **Methodology**

Descriptive Research design was used for the collection of the data through structured questionnaire. The main focus of the study is to collect more and more information from the managers through structured questionnaire. The universe of the study was 500 employees of Five-Stars Hotels of National capital region (NCR) & selected cities of Rajasthan.

### **Data Analysis and Presentation**

Descriptive statistics were used to analysis the data. F-test was used to test the hypothesis. Multiple Regressions and correlation was applied to identify the effect of Selective Hiring on Competitive Advantage of the firm and to check whether the correlation between the variables is significant or not. Selective Hiring was considered as an independent variable where as Competitive Advantage was dependent variable.

Values of the correlation coefficient are always between  $-1$  and  $+1$ . Further F-test was also calculated to check the validity and level of significance. Null hypothesis acceptance and rejection depends on the p-value obtained. The test was done at  $\alpha=0.05$  level of significance.

### **Findings**

The new employees are hired in the organisations on the basis of merit as per the behavioral tests

indicated by 65.2% of the respondents. It is also found that organisations are very selective during their hiring process as they believe that it is the only way to reduce the employee turnover. They maintain high standards and utilize a variety of standardized skill and assessment programs in hiring process. A candidate has to go through multiple selection rounds. It was found that organisations mainly prefer management trainees for their jobs.

### Relationship between Selective Hiring and Competitive Advantage

According to the analysis Competitive Advantage and Selective Hiring has a positive correlation which means the extent to which selective hiring increases, competitive advantage will also increase. Pearson Correlation value which is 0.518 and significance value is 0.000 which represents that there is a statistically significant correlation between selective hiring and competitive advantage. (Refer Table 1) (Naveen and Raju, 2014) concluded that selective practices of recruitment and selection contribute towards better organizational outcomes. (Peter, B., & David, N. 2020) and several authors identified that the occurrence of skilled human resource helps organisation to have sustainable competitive advantage. Having the right kind of people at right job helps an organization to remain competitive in the market.

**Table 1: Correlation Analysis between Selective Hiring and Competitive Advantages**

Descriptive Statistics			
Dimensions	Mean	Std. Deviation	N
Competitive Advantage	3.6715	.52735	500
Selective Hiring	3.6468	.60953	500

  

Correlations			
	Dimensions	Competitive Advantage	Selective Hiring
<b>Pearson Correlation</b>	Competitive Advantage	1.000	.518
	Selective Hiring	.518	1.000
<b>Sig. (1-tailed)</b>	Competitive Advantage		.000
	Selective Hiring	.000	
<b>N</b>	Competitive Advantage	500	500
	Selective Hiring	500	500

Source: Primary Data

### Hypothesis Testing

H01 There is no significant relationship between Selective Hiring and Competitive Advantage in Hospitality Industry.

The study model to be tested was: (r=0.518, p-value<0.001)

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y=Competitive Advantage

$\beta_0$  = Constant

$X_1$  = Selective Hiring

E = Error Term

The built-in equation model for establishing competitive advantage in the regression formula therefore is  $Y=0.518X_1$ . It states that standardized competitive advantage will increase by 0.518 units with one unit increase in selective hiring. Thus results of the study indicate that selective hiring will enhance competitive advantage.

To validate the overall linear regression for this factor in the regression model F-test was calculated. Where CA is Competitive Advantage and SH is Selective Hiring.

**Table-2: Multiple Regression Analysis**

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518 <sup>a</sup>	.268	.266	.45168	.268	182.199	1	498	.000
<b>a. Predictors: (Constant), SH</b>									
<b>b. Dependent Variable: CA</b>									

Model summary explains that how much of the variation in the value of the dependent variable is explained by regression model. In the Model Summary in above table, *R Square is 0.268*, which indicates that 26.8 percentage of the variation in Competitive Advantage can be explained by variability of Selective hiring. (Refer Table 2)

**Table 3 : ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.172	1	37.172	182.199	.000 <sup>b</sup>
	Residual	101.601	498	.204		
	Total	138.773	499			
<b>a. Dependent Variable: CA</b>						
<b>b. Predictors: (Constant), SH</b>						

**Table 3** gives the value of the *F-statistic is 182.199* and its *significance level is 0.000*, this shows that the Selective Hiring statistically significantly predicts the Competitive Advantage.

**Table 4 : Coefficients**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.038	.123		16.620	.000
SH	.448	.033	.518	13.498	.000

a. Dependent Variable: CA

**Source: Primary Data**

**Table 4** shows the standard coefficients value where  **$\beta$  coefficient of SH is 0.518, t value is 13.498 and sig. value is 0.000** which means null hypothesis is rejected which indicates that there is no significant relationship between Selective Hiring and Competitive Advantage in Hospitality. The result of the study shows that Selective Hiring has a positive relationship with Competitive Advantage that could be statistically proved. These results are harmonious with the findings of previous studies by (Narang, G & Sharma, A, 2014) reported that Selective Hiring is the first step in achieving edge over competitors. Organisations follow the approach of selecting the right person for right job takes organisations towards higher growth. (Mathur, 2015) also concluded that competitive advantage can be achieved through employees by recruiting the right kind of people at right job and by engaging their efforts at the right direction.

### Conclusions

It was established that there is a significant relationship between selective hiring and competitive advantage. Selective hiring has the highest weighted mean when linked with competitive advantage of the firm. So to gain competitive advantage an organization has to focus on selective hiring, where hiring is based on matching the skills, attributes, knowledge required for the job with employee knowledge and skills that will lead towards the commitment. According to (Abdullah & Ramay, 2012) to remain committed is an obligation for the employee that always makes him responsible to perform and to stay motivated in the organization. (Pahuja.S & Garg.P, 2021) also concluded that there is a positive correlation between recruitment and competitive advantage. Selective hiring, nurturing and retaining the pool of talented employees is the at most priority of organisations to reduce the attrition rate and improve the organisation culture (Immaneni et al., n.d.). To gain maximum advantage organisations should encourage fair recruitment and selection criteria in effective and efficient manner. Thus, it is concluded that Selective Hiring leads to high level of competitive advantage in hospitality sector.

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