

Internal labour markets in the UK hotel industry

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Abstract This paper reports a study of how internal labour markets, operating in UK hotels that are part of a multi-national hotel chain, impact on a range of organisational outcomes. The study examines the effects of three main dimensions of internal labour markets: job security, training, and opportunities for advancement; on the key organisational outcomes of job satisfaction, organisational commitment, and intention to leave, together with employee attitudes to work environment, co-workers, supervisor, guests, leadership, communication and organisational goal achievement. A range of human resource management actions in the operation of the hotel's internal labour market is discussed. The paper concludes that the operation of an internal labour market, underpinned by effective human resource policies and actions, is associated with high levels of work commitment and job satisfaction together with reduced intention to leave. Internal labour markets are also significantly associated with other employee attitudes, particularly in relation to the work environment, achieving organisational goals and communication.

Keywords Human resource management; internal labour markets; job satisfaction; organisational commitment; employee attitudes; hotels.

Introduction

Employment from the 1960s through to the mid 1980s saw a growth in low wage jobs that far outstripped that of other industrial economies (Bluestone and Harrison, 1998). In measuring the quality of jobs, two schools of thought exist, one based on neo-Fordist and the other on post-Fordist approaches. The neo-Fordist approach has argued that job quality, mainly measured by material rewards and pace of work, declined as a response to changing economic conditions in the 1980s and early 1990s. In this period job security and internal labour markets (ILMs) also declined as business downsized, outsourced production, and increased the use of part-time and casual workers. Changes in job security and the operation of ILMs continued through the 1990s, with the effects being felt mainly by white-collar workers (Handel, 2005). The post-Fordist approach has argued that job quality increased through improved information flows and greater worker participation in the conduct of work. Measures of job quality under the post-Fordist approach include intrinsic rewards, such as autonomy, more challenging work, teamwork, and a move towards less physical work (Handel, 2005).

However, advocates of both neo-Fordist and post-Fordist approaches may have overstated changes in the workplace, as worker perceptions of the quality of their jobs remained stable over the period (Handel, 2005). Research by Wright and Dwyer (2003) has suggested that job creation from the mid 1990s onwards was clustered at the lower and higher extremes of the wage spectrum. Measuring the quality of jobs in terms of wages, Wright and Dwyer (2003) have argued that lower paid jobs, mainly in service provision, along with higher paid jobs, mainly in areas such as information technology, represented a polarisation of job growth during this period. Moreover, the

distribution of jobs in service provision and information technology, based on wages, represents the lowest and highest quintile in Wright and Dwyer's (2003) scale.

Staff retention and motivation have long been issues for Human Resource Managers. Maintaining a stable and competitive workforce has been a key element of the role of management and has resulted in the preoccupation of both managers and management academics, with diverse solutions proposed to achieve an effective balance (Jago and Deery, 2004). The adoption of 'quick-fix' remedies has been tempting for those searching for answers to the problems associated with a dissatisfied and unstable workforce. However, quick-fix remedies have tended to address surface issues only, and have often been found wanting when long-term solutions to organisational issues are required (Jago and Deery, 2004). Surface approaches have tended to contain little that is new or innovative, with minimal attention given to the careful examination of concepts, structures, and policies already in place, together with new ways in which they can be re-energised. It follows then that approaches that are able to guide the innovation of processes should be investigated vigorously by organisations.

Worthy of such investigation is the development and subsequent management of internal labour markets (ILMs) as a strategic management tool. Past studies by labour market researchers have confirmed the value of the components of an ILM, yet to date the implementation of the internal labour market concept as a human resource management strategy has been under-utilised or ignored by management and academic community alike (Grimshaw and Rubery, 1998). Research on ILMs developed during the 1970s, with Doeringer and Piore (1971: 1-2) defining an Internal Labour Market as "an administrative unit, such as a manufacturing plant, within which the pricing and allocation of labour is governed by a set of administrative rules and procedures." Key features of ILMs were restricted entry to employment, accompanied by clear lines of promotion. Wages were regulated by procedures that aimed to minimise market forces. Job security was ensured through organisational rules and norms, and training was usually on-the-job, and firm-specific (Osterman, 1982, p 350).

Literature relating to ILMs, however, soon documented that different types of ILMs were both possible and effective, in theory and in practice. The ILM approach was developed and consolidated throughout the 1970s and 1980s, due to a number of international comparative studies. However, despite development, ILM studies have not achieved the goal of becoming a dominant paradigm for the economic interpretation of labour markets (Creedy and Whitfield, 1988).

During the 1990s, the rise of "contingent labour" (Kunda, Barley and Evans, 2002), a term applied to a wide range of short-term employment arrangements including part-time work, temporary employment, contracting, and outsourcing, was one of the major transformations that challenged the ILM concept (Osterman, 1999; Osterman, Kochan, Locke and Piore, 2001). Changes in technology, organisational forms, and globalisation have all contributed to the re-defining of the kinds of knowledge and experience, and by association workers, that are valued by today's markets and organisations (Reich, 1991). With workers acquiring skills and knowledge that are no longer firm specific, it has been argued that the old formula for value – the gradual acquisition of firm specific skills within an ILM – has become obsolete (Camuffo, 2002). However, the presence or absence of an ILM has an important impact on the stability of an organisation's workforce (Jago and Deery, 2004). Therefore, it is argued that a traditionally low-wage sector, such as the hotel industry, that experienced high rates of labour turnover, would benefit from the

provision of further research and investigation of the strengths and weaknesses of ILMs.

A valuable insight into ILMs in the hotel industry was provided by Simms, Hales, and Riley (1988). These authors have investigated the management practices of hiring standards, recruitment and selection procedures, scope of points of entry, extent of on-the-job training, restrictiveness of promotion criteria, and the extent of appraisal schemes. Their research findings identified unfixed criteria, and unspecified standards related to the aforementioned areas, as the major contributors to what they argued were “by and large, weak” (Simms, *et al.*, 1988: 6) ILMs within the hotel industry. However, the reported lack of effectiveness of ILMs in the hotel industry is not necessarily due to deficiencies in ILMs *per se*; instead, it has been argued that hotel managers “lack a strategic focus for the management of staff and, therefore, have not used their ILMs well” (Jago and Deery, 2004: 121). Simms, Hales, and Riley (1988) have suggested that a weak or unstable ILM correlates with a disjuncture between employee expectations of promotional opportunity, job satisfaction and working hours, and the actuality of these work components. A weak ILM has also been linked to employees experiencing lower levels of job satisfaction and organisational commitment, resulting in a dissatisfied workforce with greater intention to leave (Jago and Deery, 2004).

An additional determinant predicted to have a role in an individual’s decision to leave an organisation is that of a turnover culture (Iverson and Deery, 1997). Researchers of turnover culture within the hotel sector have argued that the industry is characterised in terms of high turnover rates, a part-time and casual workforce, and an absence of an effective internal labour market; that is, low job security, limited promotional opportunity and little career development, together with low wages and low skill levels (Iverson and Deery, 1997). Iverson and Deery (1997) have argued that in order to stop the spread of turnover cultures, and promote a culture of permanent employment and retention, the key is a strategy of improving communication channels; such as reducing role conflict, and addressing both work and social issues of groups. This involves both internal and external coherence, and can be referred to as Strategic Human Resource Management (SHRM) which is integral to overcoming barriers associated with the use of functional flexibility within the hotel industry’s workforce. This strategy is consistent with Simms *et al.*, (1988) who have argued that the majority of hospitality organisations fail to promote the perception of long term commitment to their employees through a lack of formalised management procedures, such as performance appraisals and appropriate personnel policies and practices. Research by Iverson and Deery (1997) has also suggested that the development of career paths within hotels would also assist in reducing employee turnover.

Research in the Singapore hotel industry has found that internal labour markets help to promote employee commitment (Debra, 1994). Woods and Macauley (1989) have noted that hotels and restaurants which have developed supervisory and management career path programs, along with a ‘hire-from-within’ policy, have reduced turnover. Denvir and McMahon (1992), in their study of turnover within the London hotel industry, have reported that hotels which spend considerably more time and money on their induction programs retain their employees longer at both the operational and management levels, compared with hotels which spend little on their programs. While these studies add to the understanding of ILMs in hospitality, none were conducted on a global scale, and appear focused on retention rather than on establishing employee perceptions of, and attitudes towards, their work. Despite this, such findings support the argument that the development of an internal labour market

would provide a constant supply of trained and qualified workers, which would therefore lead to higher retention of employees (Chompookum and Derr, 2004; Iverson and Deery, 1997; Jago and Deery, 2004).

It has been suggested that the key to employee commitment may lie within job satisfaction. Researchers have found that job satisfaction is affected by routinisation, role conflict, and promotional opportunity (Iverson and Deery, 1997; Rogers, Clow and Kash, 1994; Simons, 1995). It has been argued that a strategy to increase job satisfaction, and therefore reduce employee turnover, should provide greater variety and therefore quality in employees' work; career development and promotional opportunities; thus reducing the potential role conflict of tasks (Debra, 1994; Iverson and Deery, 1997; Jago and Deery, 2004). As the key elements of an effective ILM are training, promotional opportunities, job security, pay and custom, it can therefore be argued that existing ILM concepts are worthy of revision, and are relevant to today's organisations.

The Global Hotel Chain

One organisation which actively utilises ILM concepts is Merico¹. Merico is one of the largest and most profitable hotel chains in the world, employing over 154,000 employees, with an annual turnover in excess of US \$4 billion in 2002. One of the organisation's strengths has been its use of International Human Resource Management (IHRM) strategies in order to provide consistency of jobs within the multi-national corporation (MNC). Merico uses the balanced scorecard approach to guide the operational practices of the business using the following four dimensions; a focus on employee satisfaction, customer satisfaction, revenue and owner relations (Kaplan and Norton, 1992). The philosophy of the organisation is to take care of employees who then in turn provide service to the guests. Keeping employees motivated, whilst having them providing exceptional service, were viewed as important outcomes of IHRM strategies. The IHRM strategies include training, recruitment and selection, performance management linked to career paths, and proactive retention programs. To this end Merico's use of an ILM was not an informed choice as such, that is one to be used as a strategy in and of itself, but rather an outcome of a combination of existing IHRM strategies. However, the use of internal promotion, communicated as 'growing the company from within', combined with proactive retention strategies, indicate the *strategic use* of an ILM despite the organisation's failure to explicitly label it as such.

Training within Merico is standardised internationally and delivered by Human Resource Managers² (HRMs) who form regional training cadres. The cadres act not only as facilitators of the training programs but also serve to spread and reinforce the organisational culture. The culture is promoted as a large 'family', with Merico family members still heading the company, thus creating a unique form of organisational kinship among employees (McPhail, 2004). The organisational culture is presented strongly in the training programs, which are delivered at all levels within Merico, with an emphasis on supervisory and management levels. At these levels training focuses on the delivery of 'on property' training based on effective Merico management and employee focused leadership. On-property training is designed not only to provide

¹ Merico is a pseudonym used as a requirement of the organisation to protect confidentiality.

² One of the authors was an HRM and training cadre member within Merico providing an 'insider' perspective to the organisation's operations.

position specific skills but also to encourage cross-training and multi-skilling, leading to improved quality of jobs and greater variety in employees' work.

Management training also includes instruction in the use and application of Merico's performance management system. The system includes annual appraisals with six monthly reviews, relying heavily on management by objectives (MBO). During the performance appraisals employees are asked to specify potential career paths, their perceived readiness in respect of career progression, and the additional development they believe they require to reach their next desired position. This 'person-in-the-pocket' approach to succession planning is conducted internationally and supports the internal recruitment strategy used by Merico. Merico's strong ILM strategy with regard to recruitment and selection has led to suggestions of a 'closed shop' from some competitors.

The recruitment and selection strategies reinforce the strong ILM within Merico. Merico has an HRM policy of advertising all positions internally for a minimum of 30 days before external recruitment commences. National strategies are used for line level positions; for example, in Australia all vacancies are faxed to each of the other six hotels for display on the employee notice board. Applications are made via internal vacancy forms held by the HRMs. Management positions are advertised internationally via an internal job vacancy software program used by Merico. The list of all internationally available positions is updated and reviewed fortnightly and is also displayed on the employee notice board. The HRM Department arranges for applications for international positions, including interviews, and for successful applicants ultimately transfers and expatriation. All international positions are posted for a period of up to three months before external candidates are considered.

Another form of training available for employees is the opportunity for membership of a 'pre-opening' team. This entails the employee travelling, usually within their region, to assist a hotel which is newly built or acquired and preparing to be opened as a Merico hotel. The assignment is usually of three months duration. Employees are given the opportunity to implement Merico systems, operations, and train new recruits until the hotel is open and running. After this the employees return to their original positions. Certain internal status is gained from completing such assignments while providing excellent developmental opportunities for the employee and strengthening the quality of jobs.

Job security is another important factor in strong ILMs (Jago and Deery, 2004). In a traditionally low paid industry, characterised by high turnover, Merico has impressive retention rates. Again, this could be attributed to HRM strategies which encourage an extended length of service from employees. For becoming 'a part of the family' employees are rewarded incrementally for each year of service they remain with the company, heightening the familial ties and associated obligations. Merico provides length of service awards and celebrates, through international video news casts, employees who reach 10, 15, 20 and 25 years of service. Merico begins this solicitation of long service from the beginning of an employee's employment. The first 60 days are considered critical and a well developed induction and orientation program is in place to socialise and retain employees at this early phase of their employment. Clearly these strategies are working at Merico, with 54 percent of employees having more than 3 years service, and more than 40 percent with more than five years service.

Wages are not considered to be either a motivating or de-motivating factor in either the recruitment or retention of employees. Merico HRMs emphasise and focus on the opportunities offered through membership of the organisation. Merico relies on

award level payments, where they exist, and are considered as offering “average” remuneration in the marketplace. With extensive training, career opportunities and job security, Merico demonstrates the use of the elements of a strong ILM. In fact the transfer and spread of the organisational culture and values are reliant upon the ILMs success. Merico’s hotels in the UK are operated in accordance with the organisation’s global approach to managing its properties.

Research design and data collection instrument

Data collection

Data were collected from six hotels operated by Merico in the UK, using a company generated questionnaire circulated to employees as part of an annual employee survey. Completion of the questionnaire was voluntary and anonymous, resulting in 1792 completed questionnaires from Merico’s UK hotels, a response rate of 80.3%.

Questions used in the instrument captured data relating to job category, gender and length of service, together with a series of 58 questions designed to tap employee attitudes about a range of issues including role congruence and communication, leadership, commitment and job satisfaction. Each of the 58 questions invited participants to indicate their response on a five-point interval scale anchored at 1 = strongly agree to 5 = strongly disagree. Responses were reversed during the data coding process in order to facilitate comparison with established measures of organisational commitment and job satisfaction. Questionnaires also contained measures of the key ILM constructs: job security, training and opportunities for advancement.

Developing an adapted measure of organisational commitment

Questionnaire items designed to measure organisational commitment closely matched the items of the original Organisational Commitment Questionnaire (OCQ) (Mowday, Steers and Porter, 1979; Porter, Steers, Mowday and Boulian, 1974) and were considered to be proxies for the original items. Only complete responses were considered, missing values being excluded, resulting in 1162 responses for the OCQ.

Factor analysis of the 1162 completed responses was conducted to ascertain the similarity of the adapted *OCQ* measures with the original OCQ. Results of the rotated factor matrix showed a similar factor structure to the original OCQ, while reliability testing of the 15 items of the adapted *OCQ*, utilising Cronbach’s alpha (Cronbach, 1951), showed a reliability coefficient of .88. This was consistent with the .90 originally reported for the OCQ (Porter, *et al.*, 1974) and .92 reported in a study of bus industry employees in Australia (Fisher, 1990).

Developing an adapted measure of job satisfaction

Questionnaire items designed to measure job satisfaction closely matched the items of the original 20 question short-form of the Minnesota Satisfaction Questionnaire (MSQ) (Weiss, Dawis, England and Lofquist, 1967) and were considered to be proxies for the original items. Only complete responses were considered, missing values being excluded, resulting in 603 responses for the MSQ.

Factor analysis of the 603 complete responses was conducted to ascertain the factor structure of the adapted *MSQ*. Results of the rotated factor matrix showed a similar

factor structure to that of the original MSQ. Reliability testing for the 20 items of the adapted overall measure of the *MSQ*, utilising Cronbach's alpha (Cronbach, 1951), showed reliability of .88, identical with the reliability coefficient of .88 that was originally reported for the MSQ (Weiss, et al., 1967).

Developing a measure of intention to leave

Three questionnaire items measured the propensity of employees to leave Merico, capturing intention to leave in the short, medium and long term. These items were combined in a composite variable *INTENTION TO LEAVE*. A total of 1162 complete responses were analysed. Reliability testing for the 3 items of the adapted overall measure of *INTENTION TO LEAVE*, utilising Cronbach's alpha (Cronbach, 1951), showed reliability of .88.

Internal labour market variables

The data collection instrument contained a number of clearly articulated questions about three key ILM variables, namely job security, training, and opportunities for promotion. These key ILM variables, *JOB SECURITY*, *TRAINING* and *PROMOTION OPPORTUNITIES* were selected as independent variables through which the key issues of commitment, job satisfaction and intention to leave could be studied.

Other measures of employee attitudes

In addition to the three ILM measures, organisational commitment, job satisfaction and intention to leave discussed above, the remainder of the 58 items contained in the questionnaire contained measures of employee perceptions and attitudes towards a range of organisational factors. Organisational factors included: the local work environment (*WORKENV*); co-workers (*PEOPLE*); leadership provided by supervisor(s) (*SUPERVISOR*); service provided by the hotel to guests (*GUESTS*); leadership provided by senior management (*LEADERSHIP*); communication and sharing of information (*COMMUNICATION*); and, achievement of organisational outcomes or goals (*GOALS*). Questions within each measure were aggregated into a composite variable of the organisational factor that they represented. Reliability testing for the measures, utilising Cronbach's alpha (Cronbach, 1951), showed reliability of *WORKENV* .76, *PEOPLE* .68, *SUPERVISOR* .88, *GUESTS* .75, *LEADERSHIP* .65, *COMMUNICATION* .83, and *GOALS* .83.

Data analysis

Initial analysis

Initially, questions relating to job category, gender and length of service were analysed in order to determine any significant differences in the means of each in respect of the ILM variables. Analysis was conducted using a series of independent T-tests to establish potential significant differences. The only significant difference noted was in job category, specifically between General Associate employees and Supervisors. The T-test statistics for each of the ILM variables based on job category were: *SECURITY* ($t(1128) = 4.15, p < .001$); *TRAINING* ($t(1091) = 362.17, p < .05$); and *PROMOTION* ($t(1091) = 4.67, p < .001$). In view of the significant differences between

General Associates and Supervisors, it was determined that separate analyses be conducted on the impact of ILM variables on the attitudes and perceptions of employees, as indicated by the measures discussed above.

Analysis of ILM variables with organisational constructs

General Associates – Initial analysis consisted of the correlations between the ILM variables and all other variables representing employee attitudes. All correlations were significant ($p < .001$). In order to establish the importance of the relationships between the ILM variables of job security, opportunities for promotion and training on the key constructs of organisational commitment, job satisfaction and intention to leave, together with the other measures of employee attitudes, separate regression analyses for General Associates and Supervisors were carried out for each measure. Results of the analysis for General Associates and Supervisors are shown in Tables 1 and 2 below.

Table 1 shows the correlation matrix and regression analysis of ILM variables with employee attitudes for General Associates. The purpose of the analysis was to ascertain the impact of ILM variables on organisational factors. The correlation matrix indicates that each of the ILM variables is significantly correlated ($p < .001$) with organisational commitment (*OCQ*), job satisfaction (*MSQ*) and turnover (*INTENTION TO LEAVE*). The correlation coefficients for the variable relating to opportunities for advancement (*PROMOTION*) show a high correlation with both organisational commitment (*OCQ*) and job satisfaction (*MSQ*). Opportunities for advancement (*PROMOTION*) also recorded the highest negative correlation with turnover (*INTENTION TO LEAVE*), indicating that perceptions of promotion opportunities may be the most important ILM variable in minimising turnover.

The correlation matrix also shows significant relationships between the ILM variables and all other measures of employee attitudes. Overall, the highest coefficients for all ILM variables were recorded in respect of employee attitudes towards the work environment (*WORKENV*). Opportunities for training (*TRAINING*) and advancement (*PROMOTION*) were also correlated to a reasonably high level with General Associate attitudes towards supervisors (*SUPERVISOR*). Correlations between ILM variables and communication (*COMMUNICATE*), and goal achievement (*GOALS*) was also correlated to a reasonably high level.

The regression model in respect of General Associates shows the standardised Beta coefficients together with multiple R and R square. ILM variables are designated as independent variables. Anova was used to determine whether Multiple R was significantly different from zero. With the ILM variables *SECURITY*, *TRAINING* and *PROMOTION* designated as independent variables, F values for the dependent variables were: *OCQ* $F(3,469) = 123.10, p < .001$; *MSQ* $F(3,317) = 166.99, p < .001$; *INTENT TO LEAVE* $F(3,546) = 40.67, p < .001$; *WORKENV* $F(3,741) = 229.39, p < .001$; *CO-WORKERS* $F(3,818) = 112.02, p < .001$; *SUPERVISOR* $F(3,402) = 92.07, p < .001$; *GUESTS* $F(3,829) = 63.94, p < .001$; *LEADERSHIP* $F(3,792) = 82.31, p < .001$; *COMMUNICATE* $F(3,783) = 82.31, p < .001$; and *GOALS* $F(3,726) = 188.82, p < .001$.

Beta coefficients are reported in order to compare the relative importance of the predictors. In the case of General Associates, all Beta coefficients are significant ($p < .001$) with the exception of job security (*SECURITY*) and training (*TRAINING*) on turnover (*INTENTION TO LEAVE*). For General Associates, the ILM construct of *PROMOTION* is the most important predictor for each of the dependent variables of *OCQ*, *MSQ* and *INTENTION TO LEAVE*. The regression model shows multiple R to

be significant for each of these dependent variables ($p < .001$). In terms of the *OCQ* and *MSQ*, R square indicated that a large amount (44% and 61% respectively) of the variation of the model was derived from the ILM variables *JOB SECURITY*, *TRAINING* and *PROMOTION OPPORTUNITIES*. As suggested by previous research (Debra, 1994; Iverson and Deery, 1997; Jago and Deery, 2004), the impact of the ILM variables is greatest in respect of job satisfaction than the other dependent variables, reinforcing the importance of job satisfaction as an organisational outcome. Turnover (*INTENTION TO LEAVE*) make the smallest contribution to the regression model, with reduced levels of significance ($p < .01$).

Regression analysis confirms that for the other measures of employee attitudes, the work environment (*WORKENV*), communication (*COMMUNICATE*), and organisational outcomes (*GOALS*) made the largest contribution to the model. Attitudes of General Associates towards guests (*GUESTS*) contribute least to the model.

Supervisors - Table 2 shows the correlation matrix and regression analysis of ILM variables with employee attitudes for Supervisors. As with General Associates, the purpose of the analysis was to ascertain the impact of ILM variables on organisational factors. The correlation matrix indicates that each of the ILM variables is significantly correlated ($p < .001$) with organisational commitment (*OCQ*), job satisfaction (*MSQ*) and turnover (*INTENTION TO LEAVE*). The correlation coefficients for the variable relating to opportunities for advancement (*PROMOTION*) indicate that this variable has the greatest impact on both organisational commitment (*OCQ*) and job satisfaction (*MSQ*), with training (*TRAINING*) also having a major impact. As with General Associates, opportunities for advancement (*PROMOTION*) also show the highest negative correlation with turnover (*INTENTION TO LEAVE*), indicating that perceptions of promotion opportunities are also the most important ILM variable in minimising turnover for Supervisors.

The correlation matrix also shows significant relationships ($p < .001$) between the ILM variables and all other measures of employee attitudes. The highest coefficients for all ILM variables were recorded in respect of employee attitudes towards the work environment (*WORKENV*). Correlations between ILM variables and communication (*COMMUNICATE*), and goal achievement (*GOALS*) was also correlated to a reasonably high level. Coefficients representing attitudes of Supervisors to their supervisors (line managers and senior managers) were also reasonably high.

The regression model in respect of Supervisors shows the standardised Beta coefficients together with multiple R and R square. ILM variables are designated as independent variables. Again, Anova was used to determine whether Multiple R was significantly different from zero. With the ILM variables *SECURITY*, *TRAINING* and *PROMOTION* designated as independent variables, F values for the dependent variables were: *OCQ* $F(3,271) = 82.97, p < .001$; *MSQ* $F(3,197) = 122.14, p < .001$; *INTENT TO LEAVE* $F(3,306) = 42.64, p < .001$; *WORKENV* $F(3,386) = 133.91, p < .001$; *CO-WORKERS* $F(3,412) = 48.08, p < .001$; *SUPERVISOR* $F(3,225) = 56.85, p < .001$; *GUESTS* $F(3,416) = 29.45, p < .001$; *LEADERSHIP* $F(3,388) = 47.23, p < .001$; *COMMUNICATE* $F(3,406) = 107.14, p < .001$; and *GOALS* $F(3,384) = 76.96, p < .001$.

As with General Associates, Beta coefficients are reported in order to compare the relative importance of the predictors. Beta coefficients for Supervisors shows that most are significant ($p < .001$) with the exception of job security (*SECURITY*) and guests (*GUESTS*) and turnover (*INTENTION TO LEAVE*) which are not significant. Job security (*SECURITY*) and attitudes towards management (*SUPERVISOR*) are significant at a reduced level ($p < .001$). For Supervisors, the ILM construct of

Table 1: Correlation matrix and multiple regression analysis of ILM variables with employee attitudes for General Associates

Construct	<i>OCQ</i>	<i>MSQ</i>	<i>INTENTION TO LEAVE</i>	<i>WORKENV</i>	<i>CO-WORKERS</i>	<i>SUPERVISOR</i>	<i>GUESTS</i>	<i>LEADERSHIP</i>	<i>COMMUNICATE</i>	<i>GOALS</i>
Correlations										
<i>SECURITY</i>	.47**	.53**	-.27**	.55**	.33**	.38**	.26**	.37**	.44**	.48**
<i>TRAINING</i>	.44**	.58**	-.23**	.47**	.43**	.50**	.33**	.32**	.55**	.52**
<i>PROMOTION</i>	.59**	.64**	-.40**	.57**	.44**	.54**	.33**	.42**	.46**	.53**
Regression										
<i>SECURITY</i>	.23**	.28**	-.12*	.33**	.10**	.13**	.10**	.20**	.21**	.26**
<i>TRAINING</i>	.22**	.36**	-.08*	.23**	.30**	.33**	.25**	.17**	.40**	.30**
<i>PROMOTION</i>	.39**	.39**	-.31**	.33**	.28**	.36**	.21**	.27**	.20**	.30**
<i>Multiple R</i>	.66**	.78**	.43**	.69**	.54**	.64**	.43**	.48**	.64**	.66**
<i>R²</i>	.44	.61	.17	.48	.29	.40	.18	.23	.40	.44

* $p < .01$ ** $p < .001$

Table 2: Correlation matrix and multiple regression analysis of ILM variables with employee attitudes for Supervisors

Construct	<i>OCQ</i>	<i>MSQ</i>	<i>INTENTION TO LEAVE</i>	<i>WORKENV</i>	<i>CO-WORKERS</i>	<i>SUPERVISOR</i>	<i>GUESTS</i>	<i>LEADERSHIP</i>	<i>COMMUNICATE</i>	<i>GOALS</i>
Correlations										
<i>SECURITY</i>	.42**	.49**	-.25**	.55**	.36**	.40**	.27**	.32**	.45**	.45**
<i>TRAINING</i>	.49**	.65**	-.37**	.45**	.36**	.53**	.33**	.38**	.56**	.49**
<i>PROMOTION</i>	.60**	.64**	-.47**	.58**	.41**	.52**	.33**	.43**	.47**	.48**
Regression										
<i>SECURITY</i>	.13*	.19**	-.02	.35**	.16**	.15*	.08	.11**	.20**	.23**
<i>TRAINING</i>	.29**	.45**	-.38**	.22**	.21**	.35**	.22**	.24**	.40**	.31**
<i>PROMOTION</i>	.48**	.41**	-.47**	.37**	.30**	.37**	.25**	.32**	.27**	.28**
<i>Multiple R</i>	.69**	.80**	.54**	.71**	.51**	.66**	.42**	.51**	.66**	.61**
<i>R²</i>	.47	.65	.29	.51	.25	.42	.17	.26	.44	.37

* $p < .01$ ** $p < .001$

PROMOTION is the most important predictor for each of the dependent variables of *OCQ*, *MSQ* and *INTENTION TO LEAVE*, closely followed by training (*TRAINING*). The regression model shows multiple R to be significant for each of these dependent variables ($p < .001$). In terms of the *OCQ* and *MSQ*, R square indicated that a large amount (47% and 65% respectively) of the variation of the model is derived from the ILM variables *JOB SECURITY*, *TRAINING* and *PROMOTION OPPORTUNITIES*. As suggested by previous research (Debra, 1994; Iverson and Deery, 1997; Jago and Deery, 2004), the impact of the ILM variables is greatest in respect of job satisfaction than the other dependent variables, reinforcing the importance of job satisfaction as an organisational outcome. As discussed above, turnover (*INTENTION TO LEAVE*) and job security (*SECURITY*) are not significant.

As with General Associates, regression analysis confirms that for the other measures of employee attitudes, the work environment (*WORKENV*), communication (*COMMUNICATE*), and organisational outcomes (*GOALS*) make the largest contribution to the model. Attitudes of General Associates towards guests (*GUESTS*) contribute least to the model.

Discussion

This study has described and discussed Merico's approach to managing a global hotel business; achieving high levels of job satisfaction and commitment, while minimising turnover, through the use of ILM's. The research also extends previous ILM research (Debra, 1994; Iverson and Deery, 1997; Jago and Deery, 2004; McPhail and Fisher, 2007), by considering the impact of employee attitudes on a range of important organisational issues (eg work environment, communication, co-workers, supervisors) which have traditionally not been considered through the lens of key ILM variables; training, job security and opportunities for advancement.

The findings highlight that the ILM variable representing opportunities for advancement is the most important predictor of commitment and job satisfaction for both General Associates and Supervisors. Opportunities for advancement also have the greatest impact on turnover (ie the propensity to retain staff) of the three ILM variables.

The question is why would this be, and why would job security be the least important ILM variable? It could be said that in Merico, where there is an emphasis placed on training and promotion opportunities, that job security becomes less of a concern for employees. HRM strategies within Merico that value length of service may also decrease the importance of job security as an element of the ILM. Despite this it is important to note that all of the ILM elements contribute to job satisfaction, commitment, reduced turnover and a range of other key attitudes such as the work environment, communication and goal orientation.

Results confirm previous research that job satisfaction is the strongest outcome from the ILM variables, as suggested by the literature (Iverson and Deery, 1997; Rogers, et al., 1994; Simons, 1995). Job satisfaction is considered the key to employee commitment. Increased job satisfaction in Merico may also have acted to decrease concerns about job security for employees and therefore reduced turnover.

What is clear is that strong HRM strategies exist within Merico. The strategies include; length of service recognition, internal recruitment policies, extensive internal training, international training opportunities, career paths and promotion programs, performance appraisals and self development planning, succession planning, clear corporate culture and lengthy induction and orientation for new recruits. All of these

strategies have contributed to the creation of an effective ILM within the organisation. It has been shown in this research that Merico's use of strong internal promotion programs and extensive training opportunities has led to strong correlations with key employee attitudes as demonstrated by increased job satisfaction, organisational commitment and reduced turnover.

Conclusion

Although the organisation does not espouse the use of ILMs as a strategic choice, it clearly uses ILMs in this way. Contrary to the findings of Jago and Deery (2004), Merico has demonstrated that through HRM policies and practices their ILM has led to increased job satisfaction and decreased turnover in a traditionally volatile industry. Contradicting the findings of Simms *et al.* (1998), Merico has deliberately and methodically applied a strategic focus to developing a comprehensive ILM, thus creating increased job satisfaction and a stable workforce.

Implications for HRM include the importance of developing and maintaining training and promotion opportunities as critical elements, and potentially reducing concerns about job security for employees. IHRM practitioners should also be aware of regional biases in the ILM elements enabling them to focus resources on the specific element of most importance to employees in different areas. Opportunities for future research include a comparative study of hotels in the UK and other countries.

To conclude, the contribution of this research has been to demonstrate that HRM practices can enhance a range of key employee attitudes as demonstrated through Merico. Merico, with its strategic use of a strong internal labour market, has minimised the importance of wages as a key issue for employees. Merico's success in using an effective internal labour market to achieve a stable and satisfied work force is demonstrated through increased job satisfaction, organisational commitment and other key attitudes, together with reduced employee turnover.

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