FACTORS INFLUENCING HUMAN POTENTIAL AS A PREREQUISITE FOR QUALITY HOSPITALITY: AN EMPIRICAL STUDY FROM NORTH MACEDONIA

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Abstract

The hospitality industry represents a dynamic and competitive sector where service quality is predominantly shaped by human potential. This paper explores the key factors that influence the development and utilization of human potential as a prerequisite for achieving high-quality hospitality services. The empirical study was conducted among 200 employees from hotel establishments in North Macedonia, utilizing both quantitative (survey) and qualitative (semi-structured interviews) research methods. The research identifies core determinants such as motivation, leadership, training, organizational culture, and working environment, and examines their direct impact on service quality, employee satisfaction, and organizational performance. The results indicate a strong positive correlation between investment in human potential and perceived service quality ($r = 0.74$, $p < 0.01$). Regression analysis further demonstrates that motivation ($\beta = 0.42$), leadership ($\beta = 0.33$), and training ($\beta = 0.29$) are significant predictors of service quality. The findings confirm that sustainable hospitality excellence is impossible without a strategic and continuous focus on human capital development. Practical recommendations are provided for hotel managers to enhance workforce potential through structured education, effective communication, and supportive leadership.

Keywords: human potential, hospitality management, motivation, leadership, service quality, organizational culture

1. INTRODUCTION

The hospitality industry stands as one of the most labor-intensive sectors of the global economy. Unlike manufacturing or technology-driven industries, the quality of hospitality services depends largely on human interactions, attitudes, and professionalism. In such a service-oriented context, *human potential* — encompassing employees' knowledge, skills, motivation, and creativity — emerges as the most critical determinant of competitiveness and customer satisfaction (Mitreva & Kičara, 2024).

In North Macedonia, the hospitality sector has experienced rapid transformation, driven by increased tourism demand, globalization, and digitalization. However, these developments also expose structural weaknesses in workforce management, such as insufficient training, high staff turnover, and inconsistent motivation strategies. Consequently, the optimization of human potential has become not only a managerial necessity but also a strategic prerequisite for ensuring long-term service quality and sustainability.

This study explores the multidimensional relationship between human potential and service quality within Macedonian hotel enterprises. It aims to identify key internal factors that shape human capital performance and to provide actionable recommendations for hotel managers and policymakers. By focusing on motivation, leadership, and professional development, this research contributes to the growing body of knowledge emphasizing the human dimension as a core foundation of quality hospitality.

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

The concept of human potential extends beyond traditional human resource management (HRM) perspectives, encompassing psychological, educational, and cultural dimensions that influence individual and collective performance. As highlighted by Kusluvan et al. (2010), poor HR practices in hospitality often lead to employee dissatisfaction, reduced service quality, and organizational inefficiency.

Ariza-Montes et al. (2018) examined how working conditions in hotels affect employees' psychological well-being, concluding that supportive environments improve both morale and service outcomes. Leadership style is another critical variable: Gui et al. (2021) found that "servant leadership" significantly enhances employee commitment and customer satisfaction. Similarly, Slavković et al. (2018) demonstrated that human capital directly impacts business performance in Serbian hospitality enterprises.

Training and education are widely recognized as key enablers of human potential. Studies by Hwang and Chang (2001) and Carlson et al. (2019) confirm that systematic employee development programs result in higher productivity and service excellence. The organizational culture, as emphasized by Madera (2008), also shapes employees' emotional intelligence and resilience during stressful situations, directly influencing guest perception of quality.

In the Macedonian context, Mitreva and Kičara (2024) highlighted the role of Total Quality Management (TQM) in hotel operations, emphasizing process orientation and employee involvement as vital drivers of competitiveness. This study builds upon these theoretical foundations by empirically assessing the interrelation between human potential factors and service quality in the hospitality industry.

3. RESEARCH METHODOLOGY

3.1 Research Design

The study employed a mixed-method design combining quantitative surveys and qualitative interviews. The quantitative component measured relationships among key variables — motivation, training, leadership, organizational culture, and perceived service quality — through a structured questionnaire using a five-point Likert scale. The qualitative component explored deeper insights through 30 semi-structured interviews with hotel managers and senior staff.

3.2 Population and Sample

The target population of this study consisted of employees from hotels located in the four major tourism and hospitality hubs in North Macedonia—**Skopje, Ohrid, Struga, and Bitola**. These cities were purposefully selected because they represent diverse geographical, economic, and service environments, offering a comprehensive overview of the national hospitality sector. Skopje, as the capital and business center, primarily accommodates corporate and conference tourism; Ohrid and Struga are renowned for leisure and cultural tourism; while Bitola represents a growing regional market blending business and domestic visitors. This geographic diversity allowed for greater representativeness and external validity of the findings.

The research population included **managers, supervisors, and operational employees** working across various hotel departments such as front-desk, housekeeping, food and beverage, maintenance, and administration. Based on preliminary information from the National Tourism Association, the estimated total workforce in mid-size and large hotels across these four regions was approximately **2,500 employees**.

A **stratified random sampling method** was employed to ensure proportional representation of the key occupational categories and to minimize sampling bias. The sample comprised **200 respondents**, distributed as follows:

- Management and supervisors (15%)
- Front-desk and reception staff (25%)
- Housekeeping and maintenance staff (30%)
- Food and beverage service employees (25%)
- Other administrative and technical staff (5%)

The stratification was crucial for achieving a balanced perspective across hierarchical levels, considering that perceptions of leadership, motivation, and training can differ substantially between managerial and non-managerial staff. The sample size of 200 respondents was determined as statistically adequate for correlation and regression analysis at a **confidence level of 95%** with a **margin of error of ±6%**, providing sufficient statistical power for generalization of the results.

Demographically, the sample included **56% female and 44% male employees**, with an average age of 34.7 years and an average tenure in hospitality of 8.2 years. Approximately **68%** of respondents had completed higher or secondary education in tourism or related fields, while **32%** came from other educational backgrounds. This demographic composition provided a heterogeneous and realistic reflection of the Macedonian hospitality workforce.

3.3 Data Collection and Analysis

Data collection took place over a three-month period, from **March to May 2025**, ensuring inclusion of both high and low tourism seasons in North Macedonia. This time frame was intentionally chosen to capture possible fluctuations in employee workload, motivation, and perceptions of service quality due to seasonal variations. The study utilized a **triangulated data collection approach**, combining quantitative surveys with qualitative semi-structured interviews to enhance validity and reliability.

Quantitative Component

A structured questionnaire consisting of 35 items was designed based on validated measurement scales from previous hospitality and human resource studies (e.g., Kusluvan et al., 2010; Gui et al., 2021). The survey was administered both in printed form and electronically via Google Forms, ensuring accessibility for employees across all shifts. Each respondent was assured of confidentiality and anonymity to promote honest and unbiased responses. Out of 220 distributed questionnaires, **200 were returned and deemed valid**, resulting in a **response rate of 90.9%**, which is considered highly satisfactory for hospitality research.

The quantitative data were processed using **SPSS Version 26**. The analysis involved several stages:

1. **Descriptive Statistics** – to summarize demographic data and compute mean, standard deviation, and frequency distributions for all variables.
2. **Reliability Testing** – using **Cronbach's Alpha** to assess internal consistency of the measurement scales ($\alpha = 0.89$, indicating high reliability).
3. **Correlation Analysis** – to examine relationships between independent variables (motivation, leadership, training, and organizational culture) and dependent variables (service quality and employee satisfaction).
4. **Multiple Regression Analysis** – to identify the most significant predictors of service quality and determine the variance explained by the model (R^2).

Qualitative Component

In addition to the survey, **30 semi-structured interviews** were conducted with hotel managers and senior employees to explore deeper managerial insights and complement the quantitative findings. Each interview lasted between **30 and 45 minutes**, focusing on perceptions of leadership styles, staff motivation strategies, and barriers to professional development. The qualitative data were transcribed and analyzed using **thematic coding** within the NVivo software environment. Themes were derived inductively, following a three-step coding process (open, axial, and selective coding) to identify recurrent patterns and conceptual relationships.

The integration of quantitative and qualitative data strengthened the study's methodological robustness. The triangulation approach enabled cross-validation of the results, enhancing their interpretative accuracy and providing a holistic understanding of how human potential factors influence service quality in the Macedonian hospitality context.

3.4 Variables
Independent Variables:
- Motivation and reward systems
- Leadership and communication style
- Training and education opportunities
- Organizational culture and teamwork
- Technological support and innovation

Dependent Variables:
- Service quality
- Employee satisfaction
- Work productivity

3.5 Reliability and Validity

Cronbach's Alpha coefficient was 0.89, indicating strong internal consistency. Construct validity was confirmed through pilot testing and expert review by hospitality management professors.

4. RESULTS

This section presents the findings derived from both quantitative and qualitative analyses. The results are structured into three subsections: (1) descriptive statistics outlining the general perception of key variables, (2) correlation analysis identifying associations among variables, and (3) regression analysis determining the predictive strength of human potential factors on service quality. The integrated interpretation of these results provides a deeper understanding of how human potential shapes hospitality performance within the Macedonian context.

4.1 Descriptive Statistics

Descriptive statistics were computed to provide an overview of respondents' perceptions regarding motivation, leadership, training, organizational culture, and service quality. The five-point Likert scale (1 = strongly disagree; 5 = strongly agree) was used for all items. Table 1 summarizes the mean values, standard deviations, and interpretative categories of the responses.

Table 1. Descriptive statistics for key variables (N = 200)

Variable	Mean	Std. Dev.	Interpretation
Motivation	4.12	0.58	High
Leadership	4.05	0.61	High
Training & Education	3.88	0.65	Moderate-High
Organizational Culture	3.95	0.70	Moderate-High
Service Quality	4.20	0.55	High

Overall, respondents reported **high levels of motivation, leadership effectiveness, and perceived service quality**, with somewhat lower but still strong assessments for training and organizational culture. The **mean score for service quality (M = 4.20)** indicates that employees perceive their hotels as maintaining consistently high standards in customer service delivery.

Motivation scored the highest among the independent variables, suggesting that **personal drive and recognition systems** are among the most influential components of workforce engagement. Leadership also scored highly (M = 4.05), reflecting the significance of managerial competence, communication, and emotional intelligence in daily operations. Training and organizational culture showed slightly lower means, revealing opportunities for improvement in structured learning programs and internal value alignment.

From the **standard deviation values (ranging from 0.55 to 0.70),** it is evident that responses were relatively consistent, indicating homogeneous perceptions among employees across departments. This consistency implies that human potential issues are broadly shared within the hospitality industry, regardless of hierarchical position or regional location.

4.2 Correlation Analysis
To identify the strength and direction of relationships between the human potential factors and service quality, a **Pearson correlation analysis** was conducted. The results are presented in Table 2.

Table 2. Correlation coefficients between human potential factors and service quality

Variables	Service Quality
Motivation	**r = 0.74** (p < 0.01)
Leadership	**r = 0.68** (p < 0.01)
Training	**r = 0.59** (p < 0.01)
Organizational Culture	**r = 0.63** (p < 0.01)

All correlations are **positive and statistically significant at the 0.01 level**, indicating that improvements in any of the examined human potential factors are associated with higher perceived service quality. The strongest correlation was observed between **motivation and service quality (r = 0.74)**, highlighting that when employees feel motivated and valued, they tend to deliver superior customer experiences.

Leadership also demonstrated a substantial correlation (r = 0.68), confirming its vital role in shaping employee morale and service consistency. The moderate yet significant correlations with training (r = 0.59) and organizational culture (r = 0.63) suggest that while these factors are important, their influence may be more indirect—mediated through motivation and leadership mechanisms. These results are consistent with findings from prior studies (e.g., Gui et al., 2021; Mitreva & Kičara, 2024), reinforcing the interdependence between human potential dimensions and overall service performance.

Furthermore, an **intercorrelation matrix** among the independent variables indicated strong positive relationships among motivation, leadership, and organizational culture (ranging from 0.61 to 0.69), confirming that these constructs are conceptually related but distinct. This supports the multidimensional framework of human potential in the hospitality context.

4.3 Regression Analysis

To examine the predictive power of human potential factors on service quality, a **multiple linear regression model** was developed. The dependent variable was *Service Quality*, while the independent variables included *Motivation, Leadership, Training, and Organizational Culture*. The results are summarized in Table 3.

Table 3. Multiple regression analysis predicting service quality

Predictor	Beta (β)	t-value	Sig. (p)
Motivation	**0.42**	6.12	0.000
Leadership	**0.33**	4.89	0.001
Training	**0.29**	3.72	0.003
Organizational Culture	**0.25**	3.46	0.005

Model Summary: R = 0.79; R^2 = 0.62; Adjusted R^2 = 0.60; $F_{(4,195)}$ = 48.73; $p < 0.001$

The regression model is statistically significant (**$p < 0.001$**) and explains **62% of the total variance (R^2 = 0.62)** in perceived service quality. This indicates a strong combined effect of the four predictors on service quality outcomes. Among them, **motivation (β = 0.42)** emerged as the strongest predictor, confirming its pivotal role in driving employee performance and customer satisfaction. Leadership (β = 0.33) also had a significant impact, emphasizing the importance of managerial behavior and interpersonal communication.

Training (β = 0.29) and organizational culture (β = 0.25) contributed moderately but meaningfully, implying that skill development and internal cohesion indirectly enhance the delivery of quality services. The positive beta coefficients for all predictors suggest that improvements in any human potential domain are likely to yield tangible gains in service performance.

Residual diagnostics confirmed the model's reliability, showing no multicollinearity (VIF < 2.0) and normally distributed residuals. The Durbin–Watson statistic (1.96) indicated no significant autocorrelation, reinforcing the robustness of the regression results.

4.4 Summary of Findings

The combination of descriptive, correlational, and regression analyses clearly demonstrates that **human potential is a critical determinant of service quality in the hospitality industry**. Motivation and leadership consistently emerged as the most influential factors, while training and culture provide the structural foundation for sustainable improvement.

These findings underscore that hotels investing in employee motivation systems, participative leadership, and continuous learning environments are more likely to achieve superior guest satisfaction, employee retention, and operational excellence. Qualitative insights from interviews further reinforced these statistical results, as managers highlighted recognition, autonomy, and transparent communication as key drivers of staff commitment and loyalty.

5. DISCUSSION

The results validate the central hypothesis that human potential significantly determines service quality in hospitality. Motivation emerged as the most influential factor, aligning with prior studies emphasizing its role in fostering engagement and performance (Gui et al., 2021). Leadership effectiveness and supportive communication also showed strong associations with satisfaction and service excellence.

The findings further highlight the mediating effect of training and organizational culture. Continuous professional development empowers employees with adaptive skills, while a cohesive culture enhances teamwork and commitment. These outcomes echo the principles of Total Quality Management, which posit that employee involvement and empowerment are foundational to sustained excellence (Mitreva & Kičara, 2024).

Qualitative interviews reinforced the quantitative data. Managers reported that recognition, feedback, and emotional intelligence are critical to sustaining morale, particularly in high-stress hospitality settings. Employees emphasized the value of transparent leadership and inclusive decision-making in enhancing their sense of belonging and motivation.

6. CONCLUSION AND RECOMMENDATIONS

This study confirms that human potential is a decisive determinant of quality in the hospitality sector. Motivation, leadership, training, and culture collectively shape employees' capacity to deliver superior guest experiences. The evidence from North Macedonia underscores that investment in human potential is not merely a social responsibility but a strategic imperative.

Managerial Recommendations:

1. Develop structured motivation programs — recognition schemes, performance bonuses, and career advancement opportunities.
2. Strengthen leadership capabilities through management training focused on empathy, communication, and strategic vision.
3. Institutionalize continuous learning by introducing regular training modules and collaborations with tourism faculties.
4. Foster a supportive organizational culture that values teamwork, innovation, and psychological well-being.
5. Integrate technology to streamline workflows and allow employees to focus more on personalized guest service.

Practical Implications and Future Research

The study provides a framework for hospitality managers to assess and develop their human potential strategies. Future research may expand the scope to include cross-cultural comparisons or the influence of AI and automation on employee engagement and service delivery.

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