
Empowering Employees: Strategic HR Management for Organizational Excellence

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Abstract:

This study investigates the relationship between strategic human resource management (SHRM), employee engagement, employee empowerment, and organizational excellence within the context of Hannah Hotel Syariah, a Syariah-compliant hospitality business. Utilizing a quantitative research design, data were collected from 50 employees through an online questionnaire and analyzed using Structural Equation Modeling (SEM) with SmartPLS 3.0. The results reveal that SHRM has a significant positive impact on both employee engagement and organizational excellence, with employee engagement playing a critical mediating role between SHRM and organizational outcomes. However, employee empowerment did not have a direct or indirect effect on organizational excellence in this context. These findings highlight the importance of engagement strategies aligned with organizational and religious values in achieving long-term success. The study concludes that SHRM practices that focus on enhancing employee engagement can improve both employee satisfaction and the overall performance of Syariah-compliant organizations.

Keywords: Strategic Human Resource Management, Employee Engagement, Employee Empowerment, Organizational Excellence

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1. Introduction

In the evolving landscape of modern organizations, strategic human resource management (SHRM) has emerged as a critical tool for enhancing organizational performance by empowering employees. SHRM involves aligning HR practices with business objectives to foster employee engagement, autonomy, and participation, ultimately driving organizational excellence (McKinsey, 2023; Betterworks, 2023). The empowerment of employees—facilitated through tailored leadership, continuous learning programs, and agile management practices—plays a pivotal role in creating a motivated workforce that contributes to sustainable growth (Gartner, 2023; HRM Guide, 2023). Moreover, research emphasizes that organizations that effectively manage talent and create empowering environments through strategic HR initiatives achieve higher levels of productivity, innovation, and employee satisfaction (McKinsey, 2023; Gartner, 2023).

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When applying the concepts of employee engagement at Hannah Hotel Syariah, the unique cultural and operational context of the hospitality industry becomes central to the study. Employee engagement in this setting is particularly significant, as engaged staff directly influence guest satisfaction, service quality, and the overall reputation of the hotel (Singh et al., 2024). In a Syariah hotel, where services align with Islamic principles, the focus on aligning employee behavior with the hotel's values becomes even more crucial. Leadership plays a pivotal role in fostering an inclusive and engaging work environment by promoting autonomy, supporting continuous learning, and ensuring alignment with both business goals and religious principles (Schaufeli, 2023). Personalized engagement strategies, such as recognizing individual contributions and offering professional development, are essential in this context to reduce turnover and enhance service excellence. Furthermore, given the hospitality industry's reliance on emotional labor, fostering a positive work environment that ensures psychological well-being and motivates employees is essential for long-term success (Olsen et al., 2023). Through strategic HR practices tailored to the unique values of Syariah-based service, Hannah Hotel can enhance employee engagement, resulting in higher customer satisfaction and improved organizational performance.

The primary issue at Hannah Hotel Syariah revolves around maintaining high levels of employee engagement in a hospitality setting that adheres to both service excellence and Syariah principles. In the competitive hospitality industry, employee turnover and disengagement can pose significant challenges, particularly as hotels rely heavily on staff to create positive guest experiences (Singh et al., 2024). Balancing the emotional demands of hospitality with religious compliance creates additional complexity, where employees need to align their personal motivations with both professional roles and organizational values. Engaged employees are essential for ensuring seamless guest interactions and high service standards, yet the challenge lies in sustaining motivation, providing growth opportunities, and fostering alignment between individual roles and the hotel's Islamic values (Schaufeli, 2023). Additionally, with the growing trend of remote work affecting employee expectations even in service industries, Hannah Hotel faces the dual challenge of enhancing both well-being and performance through personalized engagement strategies (Olsen et al., 2023). Addressing these issues through strategic HR practices will be critical to achieving sustainable operational excellence.

The research gap for employee engagement in a Syariah-compliant hotel like Hannah Hotel Syariah stems from the limited exploration of how Islamic values intersect with modern engagement strategies within hospitality settings. While previous studies have extensively examined the role of leadership, human resource development (HRD) practices, and organizational commitment in boosting engagement (Almaaitah et al., 2017; Saks, 2019), there is a notable lack of research on how Syariah-based ethical principles influence employee motivation and commitment, particularly in maintaining service quality (Sandhya & Sulphrey, 2021). Moreover, while the effects of job satisfaction and work engagement have been well-documented in general hospitality contexts (Khalil et al., 2021), the specific dynamics of engagement in a religiously-guided service environment remain underexplored. Addressing this gap

can help identify whether conventional HR practices need adaptation to align with Islamic values and enhance engagement outcomes in Syariah-compliant hotels.

The primary objective of this research is to explore the relationship between employee engagement, strategic HR practices, and Islamic values within the context of Hannah Hotel Syariah. Specifically, the study aims to understand how Syariah-compliant principles influence employee motivation, engagement, and commitment, and whether these values enhance or challenge conventional engagement strategies commonly used in the hospitality industry. By focusing on these dynamics, the research seeks to develop tailored HR strategies that align with both religious and professional standards to improve service quality, employee retention, and overall organizational performance (Sandhya & Sulphrey, 2021; Saks, 2019). Additionally, the study aims to identify specific leadership behaviors and HR practices that can foster engagement and reduce turnover in a religious service environment, ultimately contributing to sustainable hotel operations (Khalil et al., 2021).

2. Theoretical Background

Organizational Excellence

Organizational excellence refers to an organization's ability to consistently outperform competitors by optimizing processes, fostering a culture of innovation, and aligning employee efforts with strategic objectives. It is not just about operational efficiency but also about building a resilient, adaptable, and engaged workforce that can navigate the complexities of modern business environments (Katzenbach & Smith, 2023). Empowering employees plays a pivotal role in achieving organizational excellence, as empowered individuals tend to demonstrate higher engagement, creativity, and commitment to organizational goals (Turner, 2023). SHRM is essential in this process, as it directly influences organizational culture and employee behavior by promoting leadership development, enhancing employee capabilities through continuous learning, and fostering a sense of autonomy and responsibility (Ahmed, 2023; Malik, 2023). The integration of these elements results in a dynamic environment where employees can contribute effectively to long-term organizational success (Johnson et al., 2023).

Hypothesis 1: Strategic HR Management has a significant effect on Organizational Excellence

Hypothesis 2: Employee Empowerment has a significant effect on Organizational Excellence

Hypothesis 3: Employee Engagement has a significant effect on Organizational Excellence

Strategic HR Management

Strategic human resource management (SHRM) plays a crucial role in aligning human resources with an organization's strategic objectives to drive sustainable growth. It focuses on fostering organizational agility, developing leadership, and ensuring that employees are empowered to contribute meaningfully to business goals (David, 2023). By integrating predictive analytics, SHRM enables proactive workforce planning, identifying skill gaps, and aligning talent with evolving market demands (Akter et al., 2023). Additionally, modern SHRM emphasizes the importance of agility and flexibility in HR practices, promoting cross-functional collaboration and using technology to enhance employee engagement and leadership development (Wang et al., 2022; Parajuli et al., 2023). In today's business environment, SHRM must also address challenges such as remote work, shifting workforce expectations, and technological advancements. Organizations that adopt agile HR frameworks, invest in employee upskilling, and leverage artificial intelligence for talent management are better positioned to achieve long-term success (Haque, 2023). SHRM's ability to balance efficiency with innovation allows businesses to remain competitive and adaptable in an ever-changing market.

Hypothesis 4: Strategic HR Management has a significant effect on Employee Empowerment

Hypothesis 5: Strategic HR Management has a significant effect on Employee Engagement

Employee Empowerment

Employee empowerment plays a crucial role in fostering a motivated and high-performing workforce by granting employees the autonomy, resources, and trust needed to take initiative and make decisions. Empowered employees tend to exhibit higher levels of engagement, creativity, and job satisfaction, which in turn enhances organizational outcomes (Murray & Holmes, 2023). Empowerment involves more than just delegation; it includes offering support, access to relevant tools, and fostering a sense of ownership over one's work. This creates an environment where employees are more likely to take proactive actions that align with organizational goals, improving productivity and reducing turnover (Qatawneh, 2023). Incorporating empowerment as a strategic human resource management (SHRM) practice also ensures that employees feel valued, leading to stronger emotional connections with their organizations. Studies have shown that empowered employees demonstrate greater commitment, reducing their intention to leave and enhancing workforce sustainability, particularly in dynamic industries (Haque, 2023). By empowering employees through structured frameworks and continuous feedback, organizations not only boost individual performance but also create a more resilient and adaptable workforce ready to navigate complex business challenges (David, 2023).

Hypothesis 6: Strategic HR Management has a significant effect on Organizational Excellence through Employee Empowerment.

Employee Engagement

Employee engagement is a critical driver of organizational success, reflecting the emotional, cognitive, and behavioral commitment of employees toward their work. It is characterized by vigor, dedication, and absorption, which collectively enhance employee performance, innovation, and retention (Singh et al., 2024). Engaged employees tend to exhibit higher levels of motivation, productivity, and alignment with organizational values, contributing to better team dynamics and overall organizational effectiveness. Recent studies emphasize the importance of leadership in fostering engagement, showing that engaging leadership positively influences employee well-being by satisfying core psychological needs such as autonomy, competence, and relatedness (Schaufeli, 2023). This fulfillment leads to increased motivation and stronger organizational commitment, which are essential in today's dynamic work environments. Furthermore, organizations that promote engagement through structured human resource practices—such as regular feedback and skill development—create a culture where employees strive toward shared goals, even in remote or hybrid settings (Olsen et al., 2023; Amano et al., 2021). With organizations increasingly facing the challenges of remote work, fostering employee engagement has become even more crucial. Personalized HR strategies, which consider employee profiles and specific engagement dimensions, are recommended to maintain high levels of engagement and mitigate burnout (Singh et al., 2024). These strategies ensure that employees feel connected to their roles, enabling them to thrive and contribute meaningfully to organizational outcomes.

Hypothesis 7: Strategic HR Management has a significant effect on Organizational Excellence through Employee Engagement.

The following is the framework in this study:

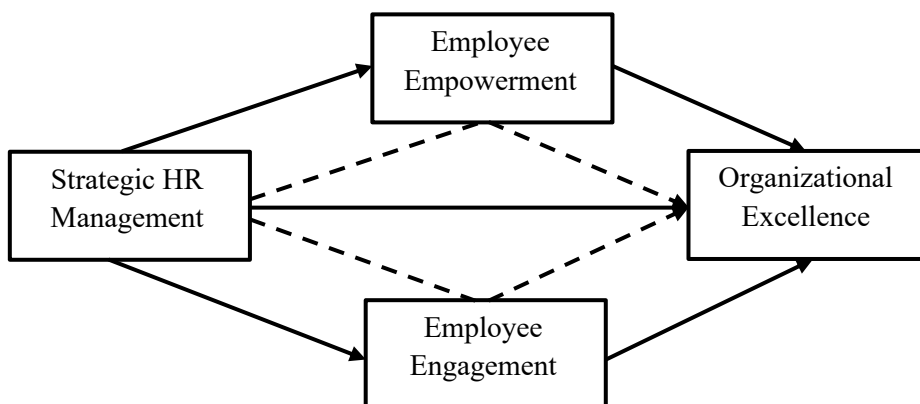


Figure 1. Research Framework

3. Methodology

The research methodology of this study employs a quantitative design using the saturated sample technique, targeting all 50 employees of Hannah Hotel Syariah. A saturated sample, also known as a census, is used when the entire population is relatively small, ensuring that all available individuals are included in the study, thus enhancing the comprehensiveness of the data. The data collection tool utilized is an online questionnaire, which is distributed to all employees to gather responses on variables related to employee engagement, strategic HR practices, and Syariah-based values. The questionnaire is designed to measure these constructs through a series of Likert-scale questions, ensuring reliability and validity. The data will be analyzed using Structural Equation Modeling (SEM) with the Smart PLS software, allowing the researcher to assess the relationships between variables and test the proposed hypotheses. This analysis will help determine the impact of strategic HR management practices and Islamic values on employee engagement and organizational performance in the Syariah-compliant hospitality context.

4. Empirical Findings/Result

Instrument Test

Validity test

In this study, data testing was conducted using the SmartPLS 3.0 program, employing the Structural Equation Modeling (SEM) method, which included validity testing, reliability testing, structural model evaluation, and hypothesis testing. The validity of the instruments was assessed through convergent validity and discriminant validity, with convergent validity determined by an outer loading value greater than 0.7 and an Average Variance Extracted (AVE) exceeding 0.5 (Ghozali & Latan, 2021). Initial results indicated that several indicators had outer loading values below the acceptable threshold of 0.7, requiring their removal from the model. After eliminating these invalid indicators, the subsequent SEM-PLS analysis showed that all remaining indicators met the required outer loading value criteria, confirming their validity and allowing the study to proceed with further testing. These results demonstrated that the indicators across each variable achieved high validity, as reflected in the revised outer loading results.

The data analysis in this study also included evaluations of AVE and discriminant validity to confirm the constructs' validity. The AVE results indicated that Organizational Excellence (0.689), Strategic HR Practices (0.703), Employee Empowerment (0.755), and Employee Engagement (0.661) all exceeded the threshold of 0.5, indicating good convergent validity and confirming that these constructs explain more than half of the variance of their indicators. Additionally, the discriminant validity assessment, based on cross-loading values, revealed that each construct's correlation with its respective indicators was greater than with other constructs, ensuring sufficient discriminant validity. The results were further supported by the square root of the AVE values, which were higher than the correlations between constructs, affirming that all latent constructs possess high

validity and are suitable for this research on organizational excellence at Hannah Hotel Syariah.

Reliability Test

The reliability test in this study employed Composite Reliability to assess the trustworthiness of the measurement instruments for each variable. The results, as presented in Table 1, indicated that all variables—Organizational Excellence (0.912), Strategic HR Practices (0.899), Employee Empowerment (0.934), and Employee Engagement (0.920)—exceeded the acceptable threshold of 0.6, confirming their reliability. These findings suggest that the measurement instruments used in this study are dependable and effective for evaluating the respective constructs within the of organizational excellence at Hannah Hotel Syariah.

Table 1. Reliability Test Results

Variable	Reliability Value	Standard	Information
organizational excellence	0.912	0,6	Reliable
Strategic HR Practices	0.889		Reliable
Employee Empowerment	0.934		Reliable
Employee Engagement	0.920		Reliable

Source: Data processing from SmartPLS 3.0 (2024)

Hypothesis Testing Results

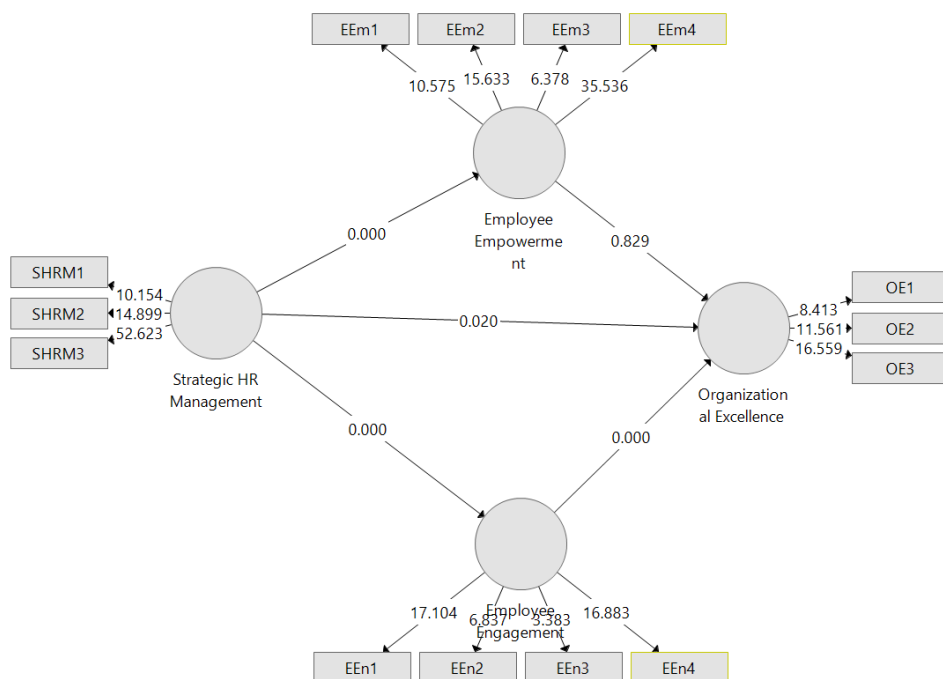


Figure 2. Bootstrapping

Direct Effect**Table 2. Direct effect**

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Employee Empowerment -> Organizational Excellence	0,029	0,024	0,133	0,216	0,829
Employee Engagement -> Organizational Excellence	0,668	0,670	0,123	5,424	0,000
Strategic HR Management -> Employee Empowerment	0,685	0,698	0,054	12,705	0,000
Strategic HR Management -> Employee Engagement	0,743	0,753	0,043	17,214	0,000
Strategic HR Management -> Organizational Excellence	0,218	0,220	0,094	2,325	0,020

The results of the direct effect analysis, as presented in Table 2, provide key insights into the relationships between the variables studied. Firstly, the impact of Employee Empowerment on Organizational Excellence was found to be insignificant, as indicated by a low T-Statistic of 0.216 and a P-Value of 0.829, suggesting that employee empowerment does not have a direct, statistically significant effect on organizational excellence in this context. Conversely, Employee Engagement had a highly significant positive effect on Organizational Excellence, with a strong path coefficient (0.668), a T-Statistic of 5.424, and a P-Value of 0.000, highlighting the critical role of employee engagement in driving organizational success.

Furthermore, SHRM showed significant positive impacts on both Employee Empowerment and Employee Engagement, with T-Statistics of 12.705 and 17.214, respectively, and P-Values of 0.000 in both cases. These results demonstrate that strategic HR management is a crucial factor in enhancing employee empowerment and engagement. Finally, Strategic HR Management also exhibited a significant positive effect on Organizational Excellence, with a path coefficient of 0.218, a T-Statistic of 2.325, and a P-Value of 0.020, confirming its role in improving overall organizational performance, albeit to a lesser extent compared to its influence on employee engagement.

Indirect Effect**Table 2. Indirect Effect**

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Strategic HR Management -> Employee Empowerment -> Organizational Excellence	0,020	0,015	0,092	0,213	0,832
Strategic HR Management -> Employee Engagement -> Organizational Excellence	0,496	0,504	0,093	5,326	0,000

The results of the indirect effect analysis provide further insights into the mediated relationships between the variables. Firstly, the path from SHRM to Organizational Excellence through Employee Empowerment was found to be statistically insignificant, as indicated by a low T-Statistic of 0.213 and a P-Value of 0.832. This

suggests that employee empowerment does not mediate the relationship between SHRM and organizational excellence in a meaningful way within this context.

In contrast, the indirect effect of SHRM on Organizational Excellence through Employee Engagement was highly significant, with a strong path coefficient of 0.496, a T-Statistic of 5.326, and a P-Value of 0.000. These results indicate that Employee Engagement plays a critical mediating role in the relationship between strategic HR management and organizational excellence, emphasizing that improving employee engagement is a key mechanism through which strategic HR practices can enhance organizational performance. This finding underscores the importance of focusing on engagement strategies as a primary avenue for achieving excellence in organizational outcomes.

5. Discussion

The results of this research show that employee engagement is vital to improving the organization as a whole, especially in the context of the Syariah Hotel. The positive effect of SHRM on employee engagement and, consequently, organizational performance is consistent with other research, which has indicated that the adoption of appropriate HR strategies is the determinant of employee motivation, production, and success of the organization at large (Albrecht et al., 2015). In particular, including employee engagement as a mediating variable demonstrates the need for its consideration as a bridge between strategic HR practices and attaining better organizational performance. Consequently, such studies support the findings of Saks (2019), which noted that people involved in organizations tend to become more committed and effective, thus enhancing the organization's overall performance.

On the other hand, disempowerment remarks and their correlation with organizational growth substantively do not agree with the rest of the approach, which mentions the possibility of empowerment improving job performance and even loyalty towards the employer (Fernandez & Moldogaziev, 2015). The discrepancy is particularly justified due to the cultural and operational features of Syariah-compliant hospitality regarding religious jobs and employee loyalty as other organization drivers.

Working around this realization, the results highlight the importance of employee engagement in intervening with SHRM and organizational excellence. This is congruent with Bakker and Demerouti's (2008) job demands-resources model because it suggests that when employees are satisfied with their responsibilities and are adequately supplied with resources, they tend to flourish and work towards the betterment of the organization. Therefore, engagement generation through strategic HR measures is an essential perspective for companies competing for consistency.

6. Conclusions

To conclude, this research shows that employee engagement is critical to promoting organizational excellence at Hannah Hotel Syariah because it has been established

that SHRM influences employee engagement and performance significantly. The findings indicate that the employee empowerment construct by itself may not have any significant direct correlation with organizational excellence. However, employee engagement firmly mediates the relationship by enhancing the effect of SHRM on the organization's performance. Such findings highlight the necessity of engagement strategies revolving around both the organization's core business and its that would propel the organization and individual performance over time. So, SHRM is critical to the school's success since it will increase employee satisfaction and improve the hotel's overall management.

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