

ROLE OF HRM STRATEGIES IN EMPLOYEE RETENTION IN THE HOTEL AND HOSPITALITY INDUSTRIES

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ABSTRACT

In the hospitality industry, it all depends on the people, and people working in the hospitality industry need to be different and have specified characteristics compared to other industries. They are the company's face and hospitality industry completely relies on the talent of their employees. So, organizational productivity is closely tied to employees' motivation. Retention is the process of developing and implementing practices that reward and supports employees. Retention of the key employees is critical to long term health and success of any organization. It ensures better satisfaction, increased product sales, effective succession planning and deeply embedded organizational knowledge and learning. High turnover is harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers. Therefore, keeping in mind the all matters- salary, wage administration, training, corporate social responsibility and job satisfaction specially these matters in context of Hotel and Hospitality industries; the employee retention is being studied and researched.

Key Words: HRM Strategies, Wage Administration, Training, Corporate Social Responsibility, Employee Retention

1. INTRODUCTION:

Hospitality is the act of kindness in welcoming and looking after the basic needs of customers or strangers, mainly in relation to food, drink and accommodation. A contemporary explanation of Hospitality refers to the relationship process between a customer and a host. When we talk about the “Hospitality Industry”, we are referring to the companies or organizations which provide food and/or drink and/or accommodation to people who are “away from home”. The word hotel is derived from the French word “hot’e” meaning host. A hotel is an establishment that provides paid lodging on a short term basis. Hotel operations vary in size, function, cost etc.

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new employee, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully

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trained. That is why it is very important to understand the role of key factors in employee retention. The present study empirically tests the role of various components and Job Satisfaction in Organization Commitment and its impact on the Employee Retention.

It is identified a set of employee attitudes and behaviors affecting the quality of interaction between an organization's employees and its customers. Characteristics include being helpful, kind, sociable, and possessing a cooperative personality. Service orientation involves personality traits that make some people more service-oriented than others. The individual and organizational arrangement perspectives of service orientation might have effects on behavioral, performance, and job attitudes and the intentional outcomes for employees. Identification and measurement of the traits of service orientation has become increasingly important given the recent growth in the service industry. There is increasing use of the 39-item bio-data scale to measure self-perceptions of subjects own levels of service orientation. It is asserted that the bio-data scale approach has advantages compared to other scales, including its behavioral basis and short length. The bio-data scale incorporates seven subscales including sociability, desire to make a good impression on others, agreeableness, resistance to stress, need for achievement, responsibility, and life satisfaction. We discuss each subscale next.

2. LITERATURE REVIEW:

As we know organizations are “a structured social system consisting of groups and individuals working together to meet some agreed – upon objectives” (Greenberg, 2011, pp.33); so it's very essential for the retention of the employees. Gabriele, (2010) used time-series techniques to estimate the long-run relationship between real wages, job satisfaction and productivity in the Mexican Tourism. The finding shows that job satisfaction and productivity depends positively on real wages. Regarding employee welfare or CSR within companies or work-life balance; Karatepe, (2008) examined the effects of negative affectivity (NA) and positive affectivity (PA) on work family conflict and family work conflict and the effects of both directions of conflict on marital satisfaction and job satisfaction or turnover intentions or in the long way employee retention. Carlos Pestana Barros, (2005) discusses, by means of data envelopment analysis, the efficiency of individual hotel belonging to Portuguese state owned chain, Pousadas de Portugal, which is managed by the enterprise, ENATUR. By identifying the efficient hotels in a sample, the slacks in inputs and outputs of the inefficient hotels and the peer group of efficient hotels, the data envelopment analysis stands out as one of the most promising techniques to aid the improvement of efficiency. Managerial implications arising from this study are considered. Job satisfaction is simply defined as the affective orientation that an employee has towards his or her work. In other words, it is an effective reaction to a job that results from the comparison of perceived outcomes with those that are desired (Kam, 1998). Job Satisfaction is the degree to which employees enjoy their jobs (McCloskey and McCain, 1987). Carr and Kazanowsky (1994) successfully showed that inadequate salary was very legated to employees' dissatisfaction. And recent studies showed that a participative (democratic) management style was mostly preferred by today's managers to increase their employees' job satisfaction (Dogan and Ibicioglu, 2004; Knoop, 1991). Moreover the relationships between job satisfaction and many variables such as motivation, stress, salary, promotion, role conflict, distributive and procedural justice, role ambiguity, autonomy, workload, leadership style, educational level, emotional intelligence are still being analyzed in different fields as an attractive and important subject of management literature (Ross and Reskin, 1992; Agho et al., 1993; Stordeur

et al., 2001; Chu et al., 2003; Kafetsios and Zampetakis, 2008). A detailed review of academic literature, reference books, journals articles, review of the secondary literature from the library, review of materials available in the internet, companies data, data from various hotels for comparative studies, other information from various sources regarding people management, recruitment, retention are used for the research. It also includes for parallel help of research purpose to study Herzberg's Two factor theory, McClelland's Theory of Needs and Hackman & Oldham's Job Characteristics Model for the current research on Hotel and Hospitality industries.

3. EMERGENCE OF RESEARCH PROBLEM:

- Retaining of employees increases the productivity of the organization in long run and which subsequently brings a positive impact towards overall employees performance as a group resulting job satisfaction, job enrichment and job enlargement.
- Retaining Employees through employee welfare and CSR activities which directly or indirectly affect them and help the organization.
- When an organization decided to take strong decisions dealing with salary, wage administration, training etc. the employees might feel that they might not belong to the organization if the process of the said practices continues directly or indirectly affecting the employees. And to understand employee retention and its causes.

3.1 Need for this Study :

This study aimed to examine the impact of salary, wage administration, training, corporate social responsibilities, job satisfaction and employees' retention in the hotel industry. According to Get Les McKeown's employee retention is defined as "effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Also of concern are the costs of employee turnover including hiring costs; productivity loss." So employee retention refers to the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic e.g. a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period. However many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than outcome. In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs, loss of talent and organizational knowledge. By implementing lessons learned from key organizational behaviour concepts employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case. Employers can seek "positive turnover" whereby they aim to maintain only those employees who they consider to be high performers. Therefore for the interest of the industry; it is necessary to examine the topic with proper research works in the context of Hotel and Hospitality Industries.

3.2 Scope of Research:

This study provides a review of employee retention in organizational basis on Hotel and Hospitality sectors towards employee's performance linked with salary, wage administration, training, corporate social responsibility, job satisfaction etc. The scopes of this research are to examine how the independent variables are affecting by the dependent variable in hospitality industry. This report attempts to present a snapshot of organizational activities and what are the effecting reasons towards

the employees' retention in Hotel and Hospitality industries. The scope of this research is broad and attempts to address all issues involved in most influential factors, such as communication, employee development, leadership style, procedural justice, tolerance, salary, wage administration, training, CSR, job satisfaction etc. for employees' performance, job satisfaction and retention in hospitality industry.

3.3 Research Objective:

The purpose of this research is to identify and examine the relationship between the organizational factors of salary, wage administration, training, Corporate Social Responsibilities, communication, employees development, leadership style, procedural justice factors of communication, employees' development; resulting job satisfaction and hence the employees' retention; therefore the maximum performance in hospitality industry and an attempt to find solutions and provide recommendations for the research issues keeping in view Hotel and Hospitality industries.

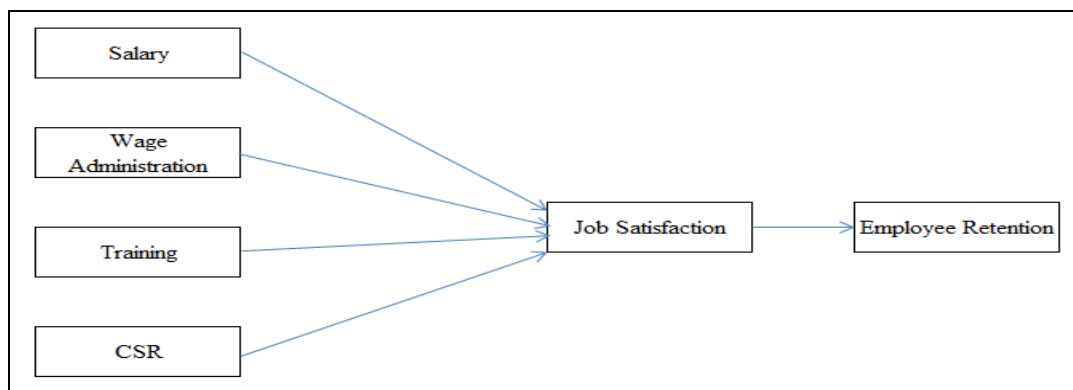
3.4 Specific Objectives:

- i) To examine the effect of salary structure on job satisfaction in hotel industry.
- ii) To determine whether wage administration has influence on job satisfaction.
- iii) To examine the effect of training on job satisfaction.
- iv) To see if CSR has impact on job satisfaction in hotel industry.
- v) To examine the effect of job satisfaction on employee retention.
- vi) To assess the impact of HRM strategies (i.e. salary, wage administration, training, CSR) on employee retention through job satisfaction in the hotel and hospitality industries.

3.5 Research Hypotheses:

- H₁: Salary structure positively influences the job satisfaction.
H₂: The better is the wage administration, higher will be job satisfaction.
H₃: There is a positive and significant effect of training on job satisfaction.
H₄: There is a positive and significant impact of CSR on job satisfaction.
H₅: Job satisfaction positively influences the employee retention.

Figure 1: Conceptual framework



4. RESEARCH METHODOLOGY:

The research employs both the qualitative and quantitative methods. The qualitative approach, and data collected by using document study technique (the document study/analysis is the form of qualitative research in which document is interpreted by researcher to give meaning around assessment topic). The questionnaires in this research are in both close-ended and open format. The Likert scale format is a choice from strongly disagree to strongly agree of the statement. It is a pleasant simple way in order to get the specific opinion as well as easy to construct the multiple-item measures. In addition, it is also quick, easy and efficient to obtain the information from the respondent. Open ended gives the broad spectrum of the subject title. Questionnaire will be one of the best and convenient tools in order to obtain information from respondents. Hence, intensity questions were designed so that the quantitative data that will be collected are more reliable and related. Besides, for this survey, non-probability sampling has been used. It means the selections of the respondents are not choosing with the aim of being statistically representatives of the population. Remembering at the time of research that "Research is a process of steps used to collect and analyze information to increase our understanding of a topic or issue" - Creswell. So the methodology is a systematic investigation into existing or new knowledge. It is used to establish or confirm facts, reaffirm the results of previous work, solve new existing problems.

4.1 Population and Sample size:

The sample unit consists of all types of hospitality professionals from various sectors of hospitality in various units/ hotels or hospitality sectors. In this study, total 413 responses were received and the respondents were from the different departments such front office, sales and marketing, HR, Admin & Finance etc (see Table 2). The sample consists of 301 (73%) male and 112 (27%) female employees. The majority of employees were from food & Beverage services (136 respondents) followed by Sales and Marketing (88 respondents).

Table 1: Gender Composition of the Respondents

Option	No. of Respondents	Percentage
Male	301	72.88
Female	112	27.12
Total	413	100

Figure 2: Age of the Respondents

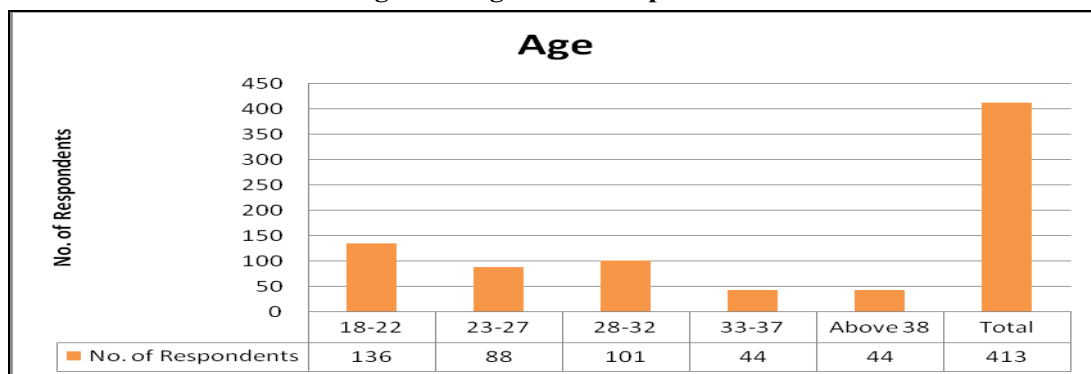


Table 2: Table Showing Departments of the Respondents

Option	No. of Respondents	Percentage
F&B-Production	36	8.73
F&B-Service	136	32.93
Front Office	36	8.72
Housekeeping	44	10.65
Sales and Marketing	88	21.31
Admin & Finance	20	4.84
Human Resource	9	2.18
Others	44	10.65
Total	413	100

4.2 Research Instrument:

The survey instrument (questionnaire) developed based on an extensive review of the literature and studied definitions; questioned were anchored 5-point likert scale. Thus for empirical data, web-based and paper-pencil questionnaires has been distributed to all hierarchical levels. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from the respondents. These are often designed for statistical analysis of the responses. It was invented by Sir Francis Galton. The questionnaire consisted of three sections. The first section contained questions regarding demographic characteristics of the respondents such as gender, age, education, and job profile and department affiliation. Main survey questions, comprising 20 items, were asked in second and third sections. In the second section, questions were related to HRM strategies (Salary, wage administration, training, CSR) and job satisfaction. Questions related to employee retention were asked in the last section.

4.3 Techniques used for Data Analysis :

To examine the reliability of the empirical data, consistency analysis was done using Cronbach's alpha method. And to test the hypothesis, structural equation modeling is used. According to Hair et al. (2011) and Rezaei (2015) using the SEM technique for parameter assessment and hypothesis testing for causal model is an advantage over other techniques like Regression.

5. RESULTS OF THE STUDY:

The results of the questionnaires are being analyzed. The objective of this section is to analyze and interprets the data collected in the research. This research presents the quantitative research as well as qualitative findings of the research investigating the impact of salary, training, wage administration, Corporate Social Responsibilities in other words employee welfare etc. towards job satisfaction which leads to employee retention. The reliability test of each construct in the questionnaire shows a Cronbach's alpha (α) between 0.611 and 0.830, which shows that the internal

consistency of all constructs in the questionnaire are reliable. Cronbach's α of 0.6 and above is acceptable (Malhotra & Dash, 2010), where scale between 0 (no internal reliability) and 1 (greatest reliability) is present (Bryman & Bell, 2011).

Kaiser-Meyer-Olkin was used to determine the sufficiency of the sample size, and Bartlett test of sphericity was applied to calculate the meaningfulness of the correlation matrix. Results indicate a decent KMO value (0.837) with Bartlett's test significant, indicating that the sample size was adequate for applying factor analysis. Then, the exploratory factor analysis was performed with maximum probability approach to identify the rate of loading of variables recognized in the component, and Varimax orthogonal approach was used to interpret the variables.

Table 3: Results of KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.837
Bartlett's Test of Sphericity	Approx. Chi-Square	1.562E3
	df	321
	Sig.	0.000

Table 4: Measurement Model Summary

Components	Scale Item	Factor Loading	AVE	CR	Cronbach's α
Salary	SL1	0.657	0.74	0.81	0.611
	SL2	0.687			
	SL3	0.751			
Wage Administration	WA1	0.641	0.78	0.85	0.728
	WA2	0.681			
	WA3	0.792			
Training	TR1	0.677	0.83	0.84	0.763
	TR2	0.567			
	TR3	0.715			
CSR	CSR1	0.628	0.79	0.81	0.693
	CSR2	0.671			
	CSR3	0.783			
Job Satisfaction	JS1	0.792	0.77	0.83	0.830
	JS2	0.782			
	JS3	0.639			
	JS4	0.722			
	JS5	0.653			
	JS6	0.659			
Employee Retention	ER1	0.668	0.82	0.83	0.688
	ER2	0.712			

Note: CR= Composite Reliability

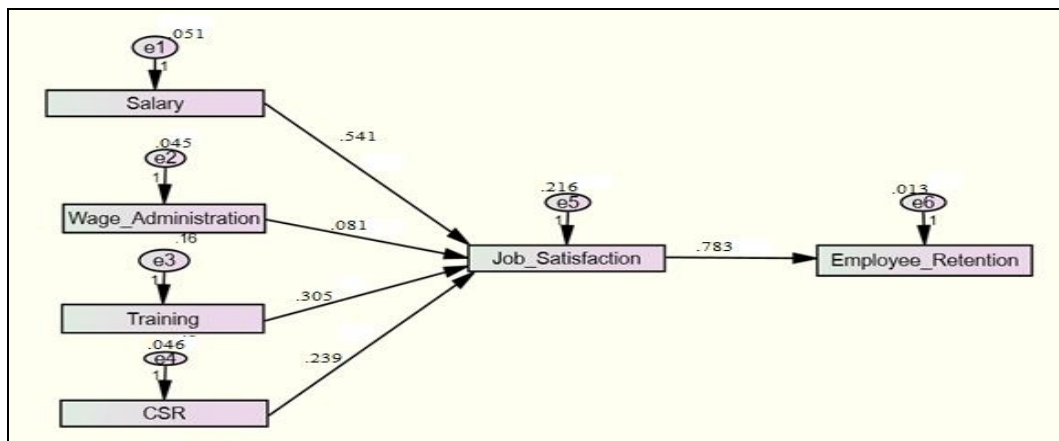
Subsequently, the confirmatory factor analysis was used, to verify the fitness of factors achieved during the explanatory factor analysis. The fitness indexes are as follows: Chi square index, goodness of fit index (GFI), comparative fit index (CFI), normed fit index (NFI), non-normed fit index (NNFI), incremental fit index (IFI), adjusted goodness of fit index (AGFI), root mean square error of approximation (RMSEA) and root mean square residual (RMR). However, if CFI, GFI, NFI, NNFI, IFI, RFI and AGFI are higher than 0.90, and RMSEA and RMR are less than 0.50, it proves a desirable and appropriate fitness (Alexopoulos and Kalaitzidis, 2004). All the fit indices found to be well within the cut-off values.

Results of SEM shows that all path coefficient positive and significant at p-value less than 0.05. This, indicate that salary, wage administration, training, CSR has positive influence on job satisfaction and consequently job satisfaction influences the employee retention. Therefore, all five hypotheses were supported.

Table 5: Regression Weights: (Path coefficient)

Target		Components	Estimate	S.E.	C.R.	P
Job Satisfaction	<---	Salary	.541	.051	10.82	***
Job Satisfaction	<---	Wage Administration	.081	.045	1.80	.043
Job Satisfaction	<---	Training	.305	.016	19.06	***
Job Satisfaction	<---	CSR	.239	.046	5.20	.004
Employee Retention	<---	Job Satisfaction	.783	.216	3.63	.001

Figure 3: SEM Result



6. FINDINGS & CONCLUSION :

The hospitality industry has a well-document problem with turnover, satisfaction and therefore retention. The results of the test of this model found that the described parameters e.g. salary, wage administration, training, C.S.R. have roles to play in determining employee's intention to job satisfaction both directly and indirectly which has a direct impact on retention in the hotel industry .The mentioned parameters directly impact job satisfaction and organizational commitment among

non-managerial hotel workers as well as managers. These employees are most likely to have a direct impact on the overall satisfaction in and around the organization and loyalty which is an important contributor to profitability in the hospitality industry and which help to retain the human resources. As the Indian economy becomes increasingly service oriented it is important that we identify barriers to productivity and profitability, particularly in high service industries such as hospitality. Based on the work done and with the analysis of data; it is founded that most employees of the group understand the goals of the group; employees are agree that their needs and satisfied with compensation compared with other hotels in the same areas. Most of them i.e. 85.4% are satisfied with the recognition for individual contribution but there are scopes to improve the satisfaction level. Maximum of them agree about the promotions scopes. Though few employees are in neutral position and few are disagree with the job security, many or maximum of them are agree with the stability and job security at Hotels or hospitality units. Although there are positive remarks both agree and strongly agree are the respondent focus group i.e. the employees of the different employees of the group in parameters like reward for their contribution at hotel, incentives and bonus they get, payroll policies, training & manpower development, opportunities to use and develop their skills and career improvement, additional facilities regarding equipment, technologies, tools, satisfied with the work atmosphere, safety measurement, leave policy, work life balance, contribution of the group towards society, family, environments etc. related CSR, relationship between senior & junior, corporate strategy & communication clarity; there are scopes of improvements of the satisfaction level of employees in terms of (i) present benefits (ii) present compensation (iii) work life balance (iv) relation with superior/manager as an individual (v) training to improve job performances (vi) cooperation from management in terms of operation (vii) relation between employees and other employees in the same department or with other departments understanding of business strategy at the lower employee level (viii) membership program (ix) corporate social responsibility; though the maximum numbers of the employees are happy with the situations in terms of the related components of the questionnaire.

2. RECOMMENDATIONS:

- Quick and prompt action should be taken for the areas found in employee feedback that need to be improved.
- Training and manpower development are useful for the employees as they feel that the training should be a continuous process and it should focus more on their technical and soft skills.
- In spite of the hotel providing many benefits to the employees and though they are very happy with the leave policy of the group company; there are few who are not happy with the benefits plan. Areas of dissatisfaction require further analysis and remedial measures are to be taken.
- Few employees feel that there should be a balance of work between personal and professional life. This kind of stress can be reduced by encouraging fun related activities in the hotel.
- Few employees feel about their performance evaluation comparing with fellow employees; this can be abridged by making its clear about the policies and procedures
- Team leads should give them a feedback for every fifteen days so that they can assess themselves and work on their weakness to convert them into strengths.
- In order to retain employees; administration has to review in salary structures time to time.

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