

Employee Retention Practices for Employees of Tourism & Hospitality Sector: An Empirical Analysis

Poonam Rehal

Research Scholar, AP Goyal Shimla University

Anil Pal Kumar

Associate Professor, Dept. of SOMC & Dean of Academics, AP Goyal Shimla University

Abstract

The study is a focus to understand about the employee retention policies used and that can be used in the future through an empirical analysis. A structured questionnaire is designed to collect the data from 252 professionals working in the hotels in Himachal Pradesh with special reference to Kangra District. The use of principal component analysis and multiple linear regression has allowed the researcher to put forward important points from the study. It is seen that the three significant factors that contributed towards causing 87% variance in the satisfaction towards employee retention includes the growth and development aspect, the policies and framework designed and propagated and lastly the working conditions available to the employees. The training and development facilities are not found to cause any significant impact. Moreover, the gender, age group and marital status of the employees are found to influence these factors to some extent.

Keywords – Employee; Retention; Hotels Employees; Tourism; Hospitality

INTRODUCTION

The tourism & hospitality sector is one of the most prominent and efficient service industry across the world. The need for the sector is beyond that of any other services for an individual. According to (Diwakar Singh 2019), Employees are the most important asset for any organization. Their contribution is immense in the profitability and growth of the company. They bring innovation and paves the way for sustainable development for the organization. This study was focussed on a literature review on employee retention. However, the abundant material makes my task very tough to assimilate and synthesize the study in a concise format. It has been termed as one of the most rapidly growing sectors in the country both in terms of revenue generation as well as employment provisions. The sector as evident from the recent statistics, shows the number of employees associated with it. They form an integral part of the service provisions and can determine the quality of the hospitality system in any country to a large extent. According to (Bilqees Ghani 2021) The study is based on past literature and peer-reviewed articles published between 2010 and 2020. The databases Web Knowledge, Emerald, Google Scholar, and Science Direct were used to find the relevant papers using the key words such as “Hospitality Industry”, “employee retention”, “employee turnover”, and “employees”. The findings of this study suggest that employee retention is contingent on employee satisfaction, which is comprised of four factors: sustainable positive work environment; sustainable growth opportunities; sustainable & effective communication; and sustainable & effective recruitment and selection practices. The paper contributes to a comprehensive review of the literature on employee retention strategies in the hospitality context. The study proposes a model for the hospitality industry to revamp its recruitment and selection practices in order to retain its employees.

The study has considered the aspect of employee retention in the tourism & hospitality sector and has attempted to answer the following research questions –

RQ1: Is employee retention a challenge in the tourism & hospitality sector of Himachal Pradesh?

RQ2: What are the factors that have an impact on the successful employee retention process in the sector?

The study would enquire about the results of these questions using an empirical analysis and would involve the use of statistical tools to provide a holistic overview of the situation.

REVIEW OF LITERATURE

(Bibi, 2018) conducted a study on the performance of the employees in the healthcare sector through the talent management practices used. The study conducted in Pakistan included a total of 364 responses. The results have shown that there is in fact a statistically significant and positive impact of the talent management practices on that of the eventual performance delivered. The employee retention strategy is also found to be one of the practices in the

talent management method and it is found to affect the performance.

(Al-Hajri, 2020) talked about employee retention in regards to the green HRM policies being designed in the present times. Using 349 samples and analysing using structural equation modelling, it is found that there is in fact a significant association among the green HRM practices undertaken and the employee retention been occurring. The mediating role of work engagement is also found in the study. It is seen that for acquisition the logic-based HR policies work but for the retention of employees, it is the community-based policies that are found to be effective.

(Tursunbayeva, 2019) have conducted their study to understand the role of technology in the HR practices. The suggestions from the study conducted is that the use of technology-based HR practices help in maintaining a balance between the productivity, efficiency and innovation. It also adds up to promoting the satisfaction levels and well-being of the employees.

(Izzo & Withers, 2002) have discussed about some strategies to manage the employee retention policies for organisations. There are a number of factors that are expected by any employee in the tourism & hospitality sector and can act as an effective component on the retention numbers. These include work-life balance policies, a growth in the professional career and having a sense of belongingness at work. The studies discussed above have been found to associate to different categories of research. However, the tourism & hospitality sector is found to be considered altogether in the studies. The study here would investigate the role of employee retention specifically in hospitality as they form an important part of the tourism sector.

RESEARCH METHODOLOGY

The research design is an important part of a study and needs to be constructed optimally. The study here is descriptive in nature and follows a quantitative approach to arrive at the answers of the research questions. The study is based in Himachal Pradesh with special reference to Kangra district and includes collecting responses from the employees working there in different hotels. A non-probabilistic method of sampling is followed to arrive at the final set of respondents whose data would be considered for the study. The use of convenience sampling to select the respondents for the survey is undertaken by keeping in mind the busy schedules of the respondents at their workplace. The survey instrument used here is a 5 Point Likert type scale which is adapted from the existing literature in the area. A total of 252 responses are collected from employees working across hotels. The results are being analysed using advanced statistical methods including principal component analysis (PCA) and multiple linear regression.

DATA ANALYSIS AND INTERPRETATION

As discussed above the study includes a total of 252 primary datasets and involves rigorous statistical analysis methods using the SPSS software. The first step in the process of analysing the data includes putting forward an overview of the demographic composition of the respondents.

Frequencies of Gender				
Gender	Counts	% of Total	Cumulative %	
Female	98	38.9 %	38.9 %	
Male	154	61.1 %	100.0 %	

The gender composition of the employees reveals that majority of them i.e., 61.1% are male and the remaining 38.9% are females.

Frequencies of Marital status				
Marital status	Counts	% of Total	Cumulative %	
Married	213	84.5 %	84.5 %	
Unmarried	39	15.5 %	100.0 %	

The majority are married with 84.5% of the total respondents.

Frequencies of Age				
Age	Counts	% of Total	Cumulative %	
25 – 30 years	45	17.9 %	17.9 %	
30 – 40 years	142	56.3 %	74.2 %	
40-50 years	65	25.8 %	100.0 %	

The age group shows that the minimum of the employees are in the youngest age group i.e., 17.9%. It is followed by 25.8% in the 40 to 50 years of age group and the highest category is that of 30 to 40 years with 56.3%

Frequencies of Experience						
Experience	Counts		% of Total		Cumulative %	
2-6 years	96		38.1 %		38.1 %	
7-10 years	113		44.8 %		82.9 %	
Above 10 years	13		5.2 %		88.1 %	
Less than 2 years	13		5.2 %		93.3 %	
Above 10 years	17		6.7 %		100.0 %	

Lastly, the experience of the employees in the hospitality and tourism sector stands at 44.8% for 7 to 10 years of experience. The second major experience tenure is 2 to 6 years. The least experience group are the ones having less than 2 years of experience i.e., 5.2%. Moreover, there are 6.7% employees who have an experience of more than 10 years.

The demographic representation shows the spread of the respondents across each of the categories and representation in a holistic manner.

The next stage of the data analysis includes investigating the list of factors considered for understanding the employee retention strategies of the hospitality and tourism. There is a question asked to the respondents to know about their perception on the presence of proper retention policies in their organisation. The results are as follows-

Frequencies of -Do you think your organisation have proper employee retention policies?						
Do you think your organisation have proper employee retention policies?	Counts		% of Total		Cumulative %	
Yes		204		81.0 %	81.0 %	
No		48		19.0 %	100.0 %	

It is seen that 81% of the respondents think that their organisation has a proper employee retention policy. But there are 19% of the respondents present who think that their organisation is lacking in employee retention strategies.

The questionnaire designed have included a number of different attributes that would help the respondents to figure out the factors causing the maximum impact on the employee retention in hospitality and tourism sector. In order to extract the underlying factors from the provided list of items, PCA is conducted below.

Component Loadings									
	Component								
	1	2	3	4	Uniqueness				
I feel a personal accomplishment & satisfaction in work	0.893							0.0768	
I feel recognized as an individual	0.893							0.0768	
My job utilizes my skills	0.817							0.1715	
I have the tools I need to efficiently perform my job.	0.573							0.2902	
organization promotes innovativeness and creativity.	0.579							0.4455	
I am satisfied with how I am involved in decisions concerning my work.	0.962							0.0136	
I am encouraged by my supervisors to be my best.	0.893							0.0768	
I get opportunities for personal growth by updating my skills.	0.880							0.2207	
I feel my efforts are valued.	0.970							0.0224	

Company goals and strategies are clearly communicated to me.	0.832						0.2085	
I agree that the management support the working system	0.962						0.0136	
The working environment is open & trustworthy	0.953						0.0428	
I am able to reach my full potential		0.414					0.8551	
I get timely feedback from my management		0.516					0.6745	
I have a clear understanding of my career path		0.953					0.0428	
I have been timely promoted in this job		0.936					0.0141	
I would apply for this job again		0.936					0.0141	
I like coming to work every day		0.936					0.0141	
My opinions are valued and considered		0.936					0.0141	
I see myself working here in the next five years		0.936					0.0141	
I am able to reach my full potential in this organization (3)		0.962					0.0136	
Work culture				0.798			0.1093	
Workplace hygiene				0.936			0.0141	

Component Loadings							
Component							
	1	2	3	4	Uniqueness		
Compensation			0.801		0.1511		
Training and development activities			0.897		0.1471		
Resource management			0.435		0.7602		
Diversity			0.365		0.6469		
I feel like I've received adequate training to do job properly				0.801	0.1511		
I feel like I have adequate resources to do my job properly				0.897	0.1471		
The equipment / technology is working properly				0.664	0.1897		
The organization meeting my expectations				0.962	0.0136		
My senior gives me feedback in a +ve manner				0.962	0.0136		
My co-workers make me feel important				0.936	0.0141		
My co-workers support me at work				0.953	0.0428		
There is teamwork within my department				0.624	0.2279		
There is teamwork in the overall organization				0.624	0.2279		
Note. 'varimax' rotation was used							

A total of four factors are extracted from the items used to understand the various aspects of working in the hospitality sector. The factor loadings are considered to be acceptable with a value of more than 0.4 based on the sample size

considered (Hair et al., 2006). The varimax rotation is used to maximise the factor loadings in the PCA. The first factors include a total of 12 items and it represents the personal and professional growth aspect of the respondent working in the hotels. This factor is hereby termed as “Growth and Development”. The second factor includes a total of 9 items and it is about the company policies applicable to its employees. This second factor is hereby termed as “Policies and Framework”. The third factor includes a total of 6 factors and it is termed as “Training and Development”. Lastly, the fourth factor consists of 9 items and it includes the overall “Working Conditions” of the organisation.

Descriptives								
	N	Mean	Median	SD	Minimum	Maximum		
Growth and Development	252	3.13	3.13	1.133	1.75	5.33		
Policies and Framework	252	3.10	3.11	0.948	1.67	4.78		
Training and Development	252	3.00	3.17	0.702	1.83	4.17		
Working Conditions	252	3.05	3.10	0.770	1.80	4.40		

The above table represents the descriptives of the four extracted factors and it shows that the mean scores for all of them are around 3. The highest one among them is for Growth and Development followed by Policies and Framework. Training and development are found to have the lowest scores. It would be interesting to see how these factors influence on the retention methods followed by the hospitality sector for the employees.

The KMO and Bartlett’s test of sphericity is conducted to determine sampling adequacy of the factors. Overall KMO value of more than 0.7 and a p-value of less than 0.05 depicts sampling adequacy for the factors. The results as seen from the below table has a p-value of less than 0.01 and the overall KMO value stood at 0.766 representing adequate sampling for the extracted factors. Hence, the extracted factors can be further used in the study to conduct the further relationship analysis.

Bartlett's Test of Sphericity			
χ^2	df	p	
Inf	703	< .001	

As these factors have been considered for the study here, the impact of these factors on the overall satisfaction of the employees with employee retention policies would determine the impact it causes on the employee retention parameter. Hence, in order to determine the same multiple linear regression is conducted. The relationships among these variables would be established through the analysis.

Model Fit Measures								
					Overall Model Test			
Model	R	R ²	Adjusted R ²	F	df1	df2	p	
1	0.934	0.872	0.870	420	4	247	< .001	

Model Coefficients - Satisfaction					
Predictor	Estimate	SE	t	p	
Intercept	1.357	0.1456	9.32	< .001	
Growth and Development	0.658	0.0444	14.81	< .001	
Policies and Framework	0.219	0.0951	12.83	< .001	
Training and Development	0.163	0.1449	1.13	0.262	
Working Conditions	0.070	0.0966	31.79	< .001	

The model fit measure shows that with a p-value of less than 0.05, the regression model constructed is statistically significant. The adjusted R² value shows 0.870 variance which explains that the independent variables can cause 87% change in the overall satisfaction level of the employees on employee's retention measures. Now looking further into the model co-efficient table, it is seen that out of the four independent variables, Training and Development does not cause any significant impact. However, it is the Growth and Development, Policies and Framework and the Working Conditions that impact the satisfaction of the employees with the employee retention policies formulated. Out of the factors considered, it is the Growth and development factor that causes the maximum impact on the satisfaction levels with the employee retention method.

The demographic representation of the respondents can often generate interesting results for the study. In order to understand the responses based on the same independent samples t-test and One Way ANOVA is conducted.

Independent Samples T-Test - Gender					
		Statistic	df	p	
Growth and Development	Student's t	2.27	250	0.024	
Policies and Framework	Student's t	4.23	250	< .001	
Training and Development	Student's t	4.05	250	< .001	
Working Conditions	Student's t	4.20	250	< .001	

The results above shows that for all the factors the p-value is less than 0.05. This shows that there are differences in the mean scores for each of the four factors used in employee retention based on the gender of the respondents.

One-Way ANOVA – Marital Status					
	F	df1	df2	p	
Growth and Development	14.41045	1	120.4	< .001	
Policies and Framework	1.20727	1	58.4	0.276	
Training and Development	0.00194	1	52.2	0.965	
Working Conditions	0.24449	1	55.6	0.623	

One-Way ANOVA – Age Group						
	F	df1	df2	p		
Growth and Development	0.659	2	121	0.519		
Policies and Framework	11.032	2	121	< .001		
Training and Development	12.317	2	116	< .001		
Working Conditions	15.196	2	111	< .001		

The ANOVA tables generated from the demographics of marital status and age group have shown quite contrasting results. It is observed that for marital status is only the Growth and Development factor that has a p-value of less than 0.05. But for that of age group, it is the other three factors that show significant mean score differences. For the factor of experience, there is no significant difference seen for any of the four factors.

The demographics of the respondents have therefore shown relevant differences and can be considered for utilisation in the future studies.

1. Results and Discussion

The HR practices in any organisation is quite essential as it has the ability to shape up the growth and development of it. The practices are not only oriented towards the recruitment of eligible candidates but also refers to providing retention of employees in the due course of time. The need for high rate of employee retention is to maintain a status quo in an organisation and lead towards a constant growing regime. The study here has analysed the issues associated with the retention of employees. The research here is quantitative in nature and it uses a total of 252 responses from employees working across hotels in Kangra

District of Himachal Pradesh to understand their perception. The study includes considering the overall satisfaction of the employees with the employee's retention process in their organisation as the dependent variable. There are principal component analysis conducted to determine the underlying factors from the rigorous questionnaire designed to collect data from the primary sources. The PCA generated adequate sampling with respect to the data structure and the factors. A total of four factors are extracted with acceptable factor loadings. It is seen that the factors cover major premises of strategizing employee retention around the hotels. The multiple linear regression is used as the statistical tool to understand the relationships among these factors. It is seen that the three significant factors that contributed towards causing 87% variance in the satisfaction towards employee retention includes the growth and development aspect, the policies and framework designed and propagated and lastly the working conditions available to the employees. The training and development facilities are not found to cause any significant impact. Moreover, the gender, age group and marital status of the employees are found to influence these factors to some extent.

The mean scores for the four extracted factors also showed that the growth and development aspect is most important when considering to retain in any organisation. It is found to cause the highest impact on having a satisfactory retention policy in an organisation. This suggests that the growth and development of the employees in both personal and professional aspects must continue. The competitive scenario of the hospitality sector can have an influence on it but there is a need to make continuous efforts to make the workplace better for the employees is essential.

2. Conclusion

The tourism & hospitality sector is a prominent part of the society as well as the business development of any economy. The sector is growing rapidly and specifically due to the emergence in the market. The competition in the tourism & hospitality sector has led to development of several opportunities for the professionals working in the sector. However, in the midst of this development, the main challenge for the employers is the retention of their employees. The study here have provided a statistical answer to the question of employee retention in tourism & hospitality sector. The results

derived have shown that the three factors to be specifically considered are growth and development at personal and professional level, the provision of better policies to retain employees in terms of compensation and other benefits and thirdly providing a good working condition to the employees. These three factors can be used to plan the employee retention strategies in the tourism & hospitality sector. It is observed that the employees are quite reliant on their growth in the career. Hence, there must be facilities provided to help to reach out to the world and magnify their skill set as professionals. The study have found that working condition must be well-maintained. As the sector is related to factors of the environment, these methods of providing a secure and enhancing workplace can help gain an edge among its competitors. Lastly, there must be a strict policy making practice in the workplace that would indicate the rules and regulations clearly to a large extent. The transparency of the available facilities and policies must be communicated to the employees in a professional manner to be able to gain their trust as an employer. Moreover, these policies must be updated in regards to the ones provided by the competitors in the market. Analysis of the competition is one of the key answers to the problem of employee retention.

The future scope of studies can include conducting a comparative analysis of the public and private sector facilities for employees in tourism & hospitality. There is a difference in the two but the increased facilities of the private sector can attract the public sector employees as well. There is also scope for conducting a qualitative analysis of the same topic to get a holistic overview of the same.

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