



# A Literature Review on Employee Retention in Star Category Hotels

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## Abstract

The group of individuals that comprise an organization's workforce, business sector, industry, or economy is known as human resources (HR). HR seeks to draw in, inspire, and match workers with ideal roles in hotel industry. One of the biggest challenges facing the hospitality sector is employee retention. With customer service being the cornerstone of the hotel industry, staffs are in the front lines when it comes to reputation, which can make or destroy firms in this sector. Because of this, the function of human resources are crucial for organizations in the hospitality sector.

Poor employment practices are prevalent in the hotel business, as seen by the high employee attrition rate of 73.8% in 2019. A healthy attrition rate, however, is thought to be between 10% and 13%. The success of the Indian hotel sector ultimately depends on the effective management of its workforce, which is a cause for concern.

This study will show to comprehend the employee retention in the hospitality industry & to understand the impact of monetary benefits on employees. The results of the study show that employees place the highest value on implemented HR policies related to training and development, employee security and well-being, performance reviews, and employee appreciation.

**Keywords:** Human Resource, Employee Retention, Hotel Industry, HRM Practices.

## Introduction

The hotel business is one that is always growing and encountering new difficulties. People are traveling more since the means of transportation are increasingly convenient and economical, which eventually raises their expectations of the hotel business. Management must rely significantly on the highly dedicated or competent personnel in order to remain competitive in today's fiercely competitive global marketplace and establish itself as a low cost leader or differentiator. The biggest human resource for a company is its workforce, and

their contribution can mean the difference between the company's success and failure. It follows that every company should continue to work with its top performers, particularly in the cutthroat job market of today where it is common for rivals to steal workers from one another.

The process of motivating, involving, rewarding, and recognizing employees on the job through open communication, fair treatment, good leadership, and team support is known as employee retention. The goal is to keep employees with the company for as long as possible. Retention is a voluntary move by an organization to create a suitable environment that engages employees for the long term (De Sousa et al., 2018).

The successful application of HR practices in the areas of manpower planning, recruitment, selection, training and development, performance appraisal, compensation and benefits, employee relations, and social security is essential to the hotel industry's ability to retain its workforce. Numerous studies have demonstrated a clear correlation between HR procedures and employee retention in any kind of business. As a result, management should give careful thought to developing and implementing HR policies. The relationship between job satisfaction and organizational commitment influences the rate at which skilled workers leave the company. Any organization's long-term viability and performance rest on its ability to retain its most important personnel.

Adopting efficient HR procedures will cause the desired shift in employees' attitudes. Employees find it more fulfilling to work for an organization that is willing to invest in their skill development, even if it is ultimately for the organization's advantage. This helps to boost employee morale and motivation levels.

### **Hrm policies must consider the followings**

- **HR regulations guarantee** that workers behave and have a positive attitude at work. Good appraisal practices, employee recognition, training and development, efficient grievance handling, and efficient workplace safety and security procedures are a few of these.
- **The non-monetary or additional benefits** that increase employee motivation are known as fringe benefits. These include benefits for a work-life balance (vacations, flexible work schedules, and days off), pay, food, family health plans, and insurance for the education of children.
- **All of an employee's financial advantages**, such as their pay, raises, incentives, and insurances, are referred to as monetary benefits. These benefits represent the fundamental and legally required obligations that an employer must meet.

### **Objectives of study**

1. To comprehend the employee retention in the hospitality industry.
2. To understand the impact of monetary & welfare benefits on employees.

## **Need of study**

- Give acknowledgment first priority.
- Employ strategically.
- Encourage staff development

## **Scope of Study**

- This study can assist management in identifying the employee's weaker aspects of the company and in strengthening such aspects by offering the best recommendations or remedies.
- Through elements that contribute to employee discontent within the firm, this study can assist management in understanding why people frequently move jobs. It can also aid in recovery by offering the best recommendations or remedies.

## **Limitations of the Study**

- This study's drawback is that it is a review of the literature, and as such, its conclusions are dependent on the interpretations of other researchers.
- The notion of staff retention is extremely broad.

## **Key Terms**

### **Human Resource**

The group of individuals that comprise an organization's workforce, business sector, industry, or economy is known as human resources (HR).

### **Employee Retention**

The tactics used by companies to keep their workforces from quitting are referred to as employee retention strategies. Maintaining a high retention rate is essential since high turnover can be expensive and negatively affect team morale.

### **Hotel Industry**

The term "hotel industry" covers a wide range of lodging options, such as motels, guest houses, hostels, inns& many more.

### **HRM Practicies**

HRM is the set of rules and procedures needed to carry out the daily tasks related to human resources in a company, including hiring new hires, developing existing workers, managing performance, setting salaries, and promoting employee participation in decision-making.

## **Significance of the Study**

- The results of this study may assist HR managers in the hotel sector in determining the tactics required to keep staff.

- This study could be used by management to create plans for retaining employees that will lower the expense of acquiring new hires.
- Employers in the hospitality sector may find the study's findings useful in gaining insight into the tactics required to keep workers on board and ensure job security.

## Review of Literature

This study aims to investigate the methods hotels employ to increase staff retention. I listed relevant ideas and factors that lead to employee retention in this review of the literature. The retention of employees' helps organizational growth, where longevity and success depend on the creativity, innovation, and flexibility (Mwasaru& Kazungu, 2015).Because staff attrition can be quite expensive for businesses, human resources departments frequently prioritize employee retention. Alderfer (1969) grouped basic physical needs that the regular paycheck traditionally provides, such as shelter, health, safety, and security. These basic physical needs encapsulate the physiological and security needs in Maslow's hierarchy of needs. Business leaders could use employee commitment, motivation, job satisfaction, and job dissatisfaction to predict job performance (Wu et al., 2017).Hospitality managers can strategize engaging and challenging jobs to ensure that employees feel rewarded for their performance (Purvis et al., 2015).

The influence of employees' instrumentality can be through payroll policy, the superiors' attitude, promotion policy, appreciation system, and information given to employees. A certain level of performance is necessary to attain individual goals (Hsu et al., 2014).In the hotel industry, the nature of work, low pay, and long working hours play a significant role in high turnovers (Fernandez & Worasuwan, 2017). High employee turnover weakens employees' commitment and sets up negative perceptions of organisations (Hadj, 2020).

High compensation and fair performance appraisal systems are essential HRM practices associated with employee turnover intention (Dechawatanapaisal, 2018; Shaukat et al., 2017).

Managers in the hospitality industry should empower employees to work and motivate themselves to continue their careers and increase their desire to stay longer at work (Yousaf et al., 2018).The lack of promotion and training, and development programs contributes to employee turnover in the hospitality sector. The impact of the quality of human resources in the tourism industry has always been a fundamental characteristic of the service-driven sector (Dechawatanapaisal, 2018).Attracting and retaining good employees continues to be a challenge to the hospitality industry (Murray, 2016).

The hospitality industry has a damaged reputation due to its long hours of work, including weekends and holidays, for low pay (Murray, 2016).The HRM influences the psychological contract breach on employees' attitude and behavior (Santhanam et al., 2017).Employee retention attributes are engagement with a pleasant working environment, positive working relationships, inspiring leadership, training and development, excellent remuneration, organizational policies, and management's interest in employee well-being (Ruiz & Davis, 2017).The success of every hotel industry is based on their employees because employees are accountable for delivering quality service to customers (Bangwal& Tiwari, 2019).The

hospitality industry has a higher level of employee dissatisfaction than other sectors (Investors in People, 2018).

Retention factors include training and development, career opportunities, supervisor support, job characteristics, work/life balance, and compensation. The retention of satisfied and committed employees is central to the success of the organization in the hospitality industry (Karatepe & Magaji, 2008). Employee retention is vital because it reduces training and development costs. Job satisfaction is a critical factor in attracting and retaining a skilled workforce (Stamolampros et al., 2019). Employees with a low level of satisfaction have less incentive to excel, which may lower their performance (McPhail et al., 2015).

There are intrinsic and extrinsic factors that influence employee motivation. The intrinsic factors refer to the internal elements such as personal growth and satisfaction from engagement with the work. The extrinsic factors are external elements such as financial rewards, working conditions, management, and leadership (Ann & Blum, 2020). Employers can motivate employees through compensation benefits and flexible compensation plans, which are relevant to employee performance. Good wages can motivate employees. Frequent communications with employees enhance the motivation of the employee (Sarmad et al., 2016).

According to Qazi et al. (2015), employees are not machines but social beings with expectations, emotional, and physical needs. The social and family characteristics are those factors that affect work-family balance. Employees that feel supported by their organizations tend to be more productive and display positive attitudes towards work and colleagues (Mayende & Musenze, 2018). The organizational environment regarding policies, practices, and rewards can affect an employee's decision to stay on the job (Do, 2018). Positive organizational policies motivate employees and increase the chances of retention. Leaders can develop a reward system within their organisation which is highly effective in retaining employees (Adekanbi, 2016). Supervisor support is critical to replenish employee physical and psychological resources to increase their retention probability (Kalliath and Kalliath, 2014).

Notably, career development opportunities, benefits and rewards, and psychological factors are deemed vital for employee retention (Bibi et al., 2018; Lyman et al., 2020). Positive dispositions of employee growth can be achieved via motivation and modifying their skills or attitude toward organisational effectiveness (Gope et al., 2018; Yamin, 2019; Khan et al., 2021). The impact of the departure of a talented employee interrupts the usual activities and performance of the organization (Rubel & Hung Kee, 2015).

High employee turnover will hurt the direct and indirect costs of the organization. An organization loses when an employee leaves the job. In most organizations, the loss of a middle manager costs up to five times the salary (Mathimaran & Kumar, 2017).

## Techniques for Retaining Employees

Researchers have demonstrated the high compensation, and fair performance appraisal systems are the essential HRM practices associated with employee turnover intention (Dechawatanapaisal, 2018; Shaukat et al., 2017). Business organizations use different strategies to provide effective communication policies to improve commitment and enhance workforce support (Becker & Tews, 2016)

To retain the best employees, managers should implement strategies to satisfy employees' needs, such as promotion, career development, incentives, and flexible work hours policies. Hospitality managers can support fun interactions at work with co-worker's socialization as an essential strategy to promote retention (Becker & Tews, 2016). For organizations to keep employee's satisfaction high, they need to implement respect, recognition, and rewards (Kossivi et al., 2016).

It is better to retain employees than to make a new hire. Also, a high employee turnover propagates risk to the organization (Chowdhury & Md, 2017). High compensation and fair performance appraisal systems are essential HRM practices associated with employee turnover intention (Dechawatanapaisal, 2018; Shaukat et al., 2017). An essential organizational factor that could increase job satisfaction is compensation (McPhail et al., 2015).

Training and career prospects are critical organizational factors that could increase job satisfaction (McPhail et al., 2015). The organizational environment regarding policies, practices, and rewards can affect an employee's decision to stay on the job (Do, 2018). According to Nombeko (2019), employers who respect their employees' personal needs have a high retention rate. Higher revenue growth and higher employee morale are two benefits of employee retention.

## Research Method

Research is based on secondary data. The secondary data is the data which is collect after reviewing various journals, research papers and publications. During the study I found that hotels are facing challenge to retain their employee. With the help of review of various studies it is believed that every hotel wants to retain their employee but it is also found that employees are not satisfied with their job & their attrition rate is higher in the hotels as compared to other industry.

## Research Gap

The study has a gap in it. Many researches have been conducted on employee retention; however, there are few that focused on the Indian hotel business. Maximum studies are based on other sectors such as IT, Telecom, Tourism & others.

## Findings

The key findings of this study are if hotels provide career advancement, flexible work timings, compensation, welfare, Job Security, Training, Motivation, Better pays, Ideal work environment, rewards & recognition, growth, Incentives & satisfaction then we can retain the employees for long time.

It might be difficult for hotel managers to implement initiatives that increase employee retention.

Heavy workloads are the cause of the hotel industry's low retention issue.

It has been noted that workers believe that keeping current staff is essential to the growth of the company.

## Conclusion

The study is based on secondary data & the data is collected from the after review of various research papers. The study findings are that the employees are the assets of any organisations. Organisation must establish a strong employee retention framework so that employee can trust upon. We find in order to improve employee behavior and ultimately employee job performance, HRM should focus on a organization environment, rewards, compensation, working hours, recognition, training, policies & personal needs of the employee. For an employee, salary is the second most crucial consideration. A healthy balance should be struck between the duties and compensation of the employment. Investing in employees will pay off in the long run for the organization's existence. The study's findings support the conclusions drawn by earlier researchers about the necessity of putting into practice practical tactics to increase staff retention.

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