A STUDY ON FACTORS INFLUENCING EMPLOYEE RETENTIONIN HOTEL INDUSTRY IN TAMILNADU

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ABSTRACT

When analyzing hotel industry, the major human resource challenge that they are facing is recruiting the right talent and retaining them. Since the hotel industry is competitive intensive industry, the organization should focus on strategies and changes to make in order to survive in the competition. The most valuable asset of any organization is its employees and the retention of them is essential for any organization. During the recruitment itself, the human resource department should concentrate on selecting the right candidate. The human resource job does not end in recruitment itself. The continuation of employee in an organization depends on their satisfaction in job, working environment, salary, job profile and in training also. The factors influencing employee retention may be organizational and individual factors. So, this research was intended to carry out to find the factors which are affecting employee retention. This paper analysed the factors influencing employee retention in hotel industry and also developed a mathematical model for employee retention.

Key words: Employee retention, hotel industry, employee empowerment, work environment, training, compensation, performance appraisal

1. Introduction

Today's scenario, the businesses are facing many obstacles and challenging changes every day. So it is necessary for the organization to be continuously updated and stable. In order to make a stable environment, the organization has to concentrate on its strategies for improvement. When analyzing hotel industry, the major human resource challenge that they are facing is recruiting the right talent and retaining them. Employee retention is the one of the major challenge faced by the hotel industry due to the increasing rate of employee turnover. . To retain employees, employers need to believe that the best possible investment is in their employees. While many senior managers believe loyalty is dead, research shows people still make a commitment when they feel valued and included[1].

Employee retention helps towards the economic balance in several aspects like job safety, additional profits and extra spending on goods and services. Retaining the employees is crucial for the economic development of the industry as an organisation can give more time in creating and less time training them[2]. Whereas on the other hand, attracting, retaining and engaging the employees produce quality results for the industry which leads to good customer satisfaction. He also states that well trained and engaged staff has a substantial influence on the employee retention rate[3]. It is important for any organization to study about the satisfaction of employees in all aspects of the working environment, strategies and policies of the organization and also they should understand the reasons why the employees are leaving the organization This research paper analyses the factors which influence the employees to leave the organization early.

2. Review of literature

Employee retention is one of the main challenges faced by any industry. In today's growing competitive global economy, retaining the intellectual assets is one of major concern encountered by most of the industries. However, it still remains one of the understudied issues by the Human Resource and the large organizations. Employee retention is the most overlooked aspect of the organizations which are growth oriented. Generally the employees leave the organization because of the job dissatisfaction, lack of supervisor assistant and feedback, lack of training and development and also ineffective pay[4].

The employees in the hotel industry who have good relation with the mangers and the co-workers influence their performance and quality of work. If the employee is comfortable with their work and the working environment then they feel as a part of the hotel and intended to stay for a longer period of time. However, this industry has a status of offering primarily low skill employment, this is because of the normal rate of employees have a low skilled jobs as they have to help the customer in giving importance, pampering and spoiling them. The employees are expected to make the customer feel special and comfortable. Generally, most of the employees leave the organization early because they take it as an unpleasant and disrespectful work[5].

It has been difficult for the hotel industry to attract and retain the employees, this is due to poor image of the industry and the also because of the hard labor and low income of the employees. One of the major factors in attracting the talent is the promotion and development of employees and also the recession stage of the economy[6].

People remain in jobs that they like even though higher pay may be available elsewhere. A number of factors will influence this decision: - if there are good employment conditions, if staff like working in the business and if there are realistic opportunities for advancement, people are likely to want to stay[7].

There are so many policies and practices which are performed by the Human Resource department. The managers use these policies in recruiting, selecting, developing, rewarding and utilizing the talent in order to benefit the organization. The most effecting factors on a firm's performance are compensation and benefits, reward scheme and training and development policy[8].

When investigating the issue of employee retention, many surveys and studies reveal that more people leave their jobs because they do not get along with their boss or supervisors than for any other reason. Direct service employees, particularly, are the people who come in the closest contact with the customer on a daily basis. A customer will often make a decision to return to an establishment based on their interaction with a single employee. Thus when valuable employees continually leave an organization, it has a direct effect on the customer experience[9].

There are different strategies which need attention to improve the employee retention rate. Emphasis on recruitment strategies and better quality training are the examples which can

help in attaining the effective result. In the hotel industry, recruiting and selecting individuals to fill the positions is critical for the Human Resource department as they have to hire the most talented and qualified candidates within less time and resource[10].

3. Statement of the problem

Since the hotel industry is competitive intensive industry, the organization should focus on strategies and changes to make in order to survive in the competition. The most valuable asset of any organization is its employees and the retention of them is essential for any organization. During the recruitment itself, the human resource department should concentrate on selecting the right candidate. The human resource job does not end in recruitment itself. The continuation of employee in an organization depends on their satisfaction in job, working environment, salary, job profile and in training also. The factors influencing employee retention may be organizational and individual factors. So, this research was intended to carry out to find the factors which are affecting employee retention.

4. Objectives of the study
- To determine the influence of employee empowerment on employee retention in hotels in Coimbatore city
- To determine the influence of employee training and development programs on employee retention in hotels in Coimbatore city
- To determine the influence of Performance Appraisal on employee retention in hotels in Coimbatore city
- To assess the effects of compensation plans on employee retention in hotels in Coimbatore city
- To investigate the effects of working environment on employee retention in hotels in Coimbatore city

5. Research Methodology

50 hotels in Tamilnadu were selected using simple random sampling method.the top level HR executive was the respondent of the research in all the 50 hotels. The survey instrument has been designed with likert scale to extract the different factors which are influencing employee's

willingness to stay in the organization. The questionnaire is designed by assigning the weight of 5 to strongly agree,4 agree, 3 neither agree nor disagree, 2 disagree and 1 strongly disagree.

6. Data Analysis

6.1 Factor influencing employee retention

These factors comprise of employee empowerment, employee training and development programs, working environment, Performance Appraisal, Employee Commitment and compensation plans. The data collected from questionnaire has been analyzed using meaning score analysis to find out the factors influencing employee retention and the multiple regression analysis is used to find the impact of each individual factor on employee retention.

6.2 Mean Score Analysis for Employee Retention

Table 6.1

Mean Score Analysis for Employee Retention

Employee Retention	N	Mean	Std. Dev
Empowered employee willing to continue the work	50	4.32	0.512
Effective training and development programs increases the job satisfaction in an organization	50	4.35	0.712
The better working environment encourages the employee's staying in an organization	50	4.57	0.673
Systemized and transparent performance appraisal system would enhance employee retention	50	4.09	0.437
Performance based compensation system helps to increase the employee retention	50	4.56	0.743
The committed and influenced employee would stay in the organization for a long time	50	4.33	0.321

As evident from Table 6.1, most of the respondents strongly agreed that the better working environment and performance based compensation system help to increase the employee retention and most of the respondents agreed that employee empowerment, effective training and development programmes, transparent performance appraisal systems and employee commitment have impact on employee retention.

6.2 Mean Score Analysis for Employee Empowerment

Table 6.2

Mean Score Analysis for Employee Empowerment

Employee Empowerment	N	Mean	Std. Dev
Organization has well defined service standards	50	4.36	0.413
Guaranteed job security would bring high involvement	50	4.54	0.645
Role play trainings essential for empowerment	50	4.27	0.715
Stress management programmes should be organized frequently	50	4.53	0.216
Rewarding effective decisions influences employee performance	50	4.52	0.346
Participative decision making is an encouraging factor	50	4.32	0.723
Opportunities for professional growth is needed in any organization	50	4.59	0.453
Great leadership qualities influence decision making	50	4.23	0.442

As evident from Table 6.2, most of the respondents strongly agreed that Guaranteed job security would bring high involvement, stress management programmes should be organized frequently, rewarding effective decisions influences employee performance and opportunities for professional growth is needed in any organization and most of the respondents agreed that Organization has well defined service standards, role play trainings essential for empowerment, participative decision making is an encouraging factor and great leadership qualities influence decision making.

6.3 Mean Score Analysis for Employee Training and Development programs

Table 6.3

Mean Score Analysis for Employee Training and Development programs

Employee Training and Development	N	Mean	Std. Dev
Personality training increases the job performance	50	4.51	0.213
Language and communication skills training helps the employee to face the customers confidently	50	4.23	0.654
Training programmes link the career development of employees	50	4.31	0.812
Training programmes give competitive advantage to the organization	50	4.26	0.642
Training programmes bring attitude change and better career prospects	50	4.13	0.543

As evident from Table 6.3, most of the respondents strongly agreed that Personality training increases the job performance and most of the respondents agreed that Language and communication skills training helps the employee to face the customers confidently,training programmes link the career development of employees,training programmes give competitive advantage to the organization and training programmes bring attitude change and better career prospects

6.4 Mean Score Analysis for Performance Appraisal

Table 6.4

Mean Score Analysis for Performance Appraisal

Performance Appraisal	N	Mean	Std. Dev
Organization has effective and transparent performance appraisal	50	4.38	0.343
Promotions are based on employee performance only	50	4.56	0.456
Feedback from performance appraisal enhances employee development	50	4.27	0.345
Performance appraisal gives mentoring	50	4.21	0.364
Performance appraisal leads to career and succession planning	50	4.53	0.678

As evident from Table 6.4, most of the respondents strongly agreed that Promotions are based on employee performance only and Performance appraisal leads to career and succession planning and most of the respondents agreed that Organization has effective and transparent performance appraisal, Feedback from performance appraisal enhances employee development and performance appraisal gives mentoring.

6.5Mean Score Analysis for compensation plans

Table 6.5

Mean Score Analysis for compensation plans

compensation plans	N	Mean	Std. Dev
Compensation plan in the organization enhances satisfaction	50	4.67	0.314
Rewards and recognition in the organization is based on performance in the organization	50	4.32	0.654
Leave benefits are satisfactory in the organization	50	4.24	0.564
Compensation plan fits in to the value over time	50	4.34	0.641

As evident from Table 5, most of the respondents strongly agreed that Compensation plan in the organization enhances satisfaction and most of the respondents agreed that Rewards and recognition in the organization is based on performance in the organization,leave benefits are satisfactory in the organization and compensation plan fits in to the value over time

6.6 Mean Score Analysis for Working Environment

Table 6.6

Mean Score Analysis for Working Environment

Working Environment	N	Mean	Std. Dev
Safe and secured work environment influences employee retention	50	4.26	0.734
Pleasant physical layout relieves the stress in the job	50	4.37	0.648
Employee friendly work arrangement bring motivation	50	4.21	0.312

As evident from Table 6, most of the respondents agreed that Safe and secured work environment influences employee retention, pleasant physical layout relieves the stress in the job and employee friendly work arrangement bring motivation.

6.7 Multiple Regression Analysis

The regression model is used to find the impact of employee empowerment, employee training and development programmes, performance appraisal, compensation plans, working environment on employee retention. A mathematical model is developed using regression for employee retention.

Table 6.7
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.092	5	6.018	1.612	0.0000
	Residual	164.302	44	3.734		
	Total	194.394				

Predicators: (Constant), employee empowerment, employee training and development programmes, performance appraisal, compensation plans, working environment

Dependent Variable: Employee Retention

In table 6.7, the significance value of 0.000 clearly shows that the model has a perfect fit. The predicators employee empowerment, employee training and development programmes, performance appraisal, compensation plans, working environment has statistically significant with employee retention.

Table 6.8

Regression Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	34.367	6.937		4.987	.000
Employee Empowerment	0.156	0.143	0.147	0.643	.002
Employee training and development programmes	0.412	0.156	0.421	2.243	.003
Performance appraisal	0.171	0.123	0.165	0.815	.007
Compensation plans	0.345	0.172	0.341	2.136	.006
Working environment	0.078	0.132	0.067	0.634	.002

a. Dependent Variable: Employee Retention

The Regression Equation is

ER = 34.326+0.156EE+0.412ETDP+0.171PA+0.345CP+0.078WE

ER-Employee Retention

EE-Employee Empowerment

ETDP-Employee Training and Development Programmes

PA-Performance Appraisal

CP-Compensation Plans

WE-Working Environment

The above mathematical model formulated is that taking all factors in to account and gives the employee retention as the result of employee empowerment, employee training and development programmes, performance appraisal, compensation plans and working environment constant at zero, employee performance in hotel industry will be 34.367. A unit increase in employee empowerment would lead to a 0.156 increase in employee

retention. A unit increase in employee training and development programs would lead to a 0.412increase in employee retention. A unit increase in performance appraisal would lead to a 0.171 increase in employee retention. A unit increase in compensation plans would lead to a 0.345 increase in employee retention. A unit increase in working environment would lead to a 0.078 increase in the employee retention. These coefficients indicate the extent to which each of the variables affects the employee retention in hotel industry in TamilNadu.

7. Discussions and Conclusion

The study results reveal that the employee empowerment, employee training and development programmes, performance appraisal, compensation plans and working environment are having high positive influence on employee retention. The management of hotels in Tamilnadu should implement strong policies and strategies for employee retention. The training and development programmes have high impact on employee retention . Based on the needs of the employees, the frequent training programmes should be organized.The conducive work environment is to maintained Employee retention cannot be a challenging job if they are valued, properly recognized and rewarded.

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