

A Literature Review on Employee Retention, Retention Policies and Factors Affecting Employee Retention in Star-Categorised Hotels. An Indian Perspective

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Abstract:

Employee retention is a company's ability to keep its employees while reducing turnover. It's a significant challenge for businesses and HR departments. Employee retention is phenomena in which people prefer to stay with their existing business rather than aggressively seek alternative job opportunities. Turnover is the antithesis of retention, in which employees leave the organization for a number of reasons.

Retention is defined as the process by which a company ensures that its employees do not leave their positions. Every company and industry has a different retention rate, which is the percentage of employees who stayed with the organization over a given time period. As indicated, some turnover is natural. Most HR professionals think that a 10-15% yearly turnover rate is healthy across all industries. However, the Bureau of Labor Statistics concludes that turnover in the hotel industry averages 70-80% every year.

This study will help to determine the retention practices implemented by star-rated hotels & to discover the characteristics that influence staff retention in star-rated hotels.

Most hotels have weak policies for retaining skilled personnel. Attrition is heavily influenced by low salaries and lengthy hours of labor. The report identified many essential techniques for reducing the high attrition rate.

Keywords: Employee retention, Hotels, Human Resource Management, Policies, Job Satisfaction.

Introduction

The "Indian hospitality" industry is the one that is growing at the fastest rate and is the most significant in terms of generating revenue and new jobs. A 2017 research by the "World Tourism Organization" found that this industry contributes more than 47 billion USD to the GDP. The Indian government is working very hard to promote the nation as a travel and hospitality hotspot. A part of the tourism sector, the hospitality sector is likewise growing far more quickly than it did in previous years. India moved up from 52nd in 2015 to 40th in 2017, according to the World Economic Forum's 2017 Global Competitiveness Report.

The most important department in every business is human resources. This department is in charge of hiring, labor relations, pay and salary administration, employee relations, staff development, and training.

"Employee turnover refers to the percentage of the workforce that leaves the company each year, as well as the firm's intentions to remove personnel each year," according to Mobley (1994).

Organizational development and design, human resources, learning and development activities, performance evaluation, fringe benefits and rewards, and services to improve employee job satisfaction are just a few of the many topics covered by human resource management practices. These are based on human resource policies and strategies that are interwoven and integrated with the overarching business plan(Taylor and Armstrong (2014).

In the current environment, the hotel industry faces significant challenges with regard to its workforce; the attrition rate is very high in comparison to other sectors. These days, workers look for job security, personal development, and learning opportunities. In the modern workplace, new hires will remain with a firm for as long as their abilities are growing and they are able to meet or beyond their expectations for opportunities for skill development and growth. The hotel industry is always changing, and today's well-traveled customers need service that satisfies global standards. This means that the staff must be equipped to respond to the needs of the guests. The human resource division of any firm is its most important asset and the basis of its competitive edge. The hotel industry must establish such a situation, to the extent that maintenance activities are strengthened and staff is always supported, with the end goal of passing this test of developing a focused edge in mind. When workers are happy in their positions, they are more likely to be happy with their work and the company overall, which increases their willingness to stick around.

Human capital, which has a range of abilities and competencies required to perform their tasks, is managed in large part by an organization's human resources. In actuality, human resource management trains them to hone the abilities that satisfy the demands of the company. The skills that a person gains via training and experience on the job increase their market value. HR management must put in a lot of work to mold the personnel so that the objectives of the company are fulfilled. This is evident in the work that employees do and the results that are produced, which include the enjoyment of guests. However, technical support in the form of state-of-the-art technology tailored to the customer's needs is always provided throughout this entire process. The hospitality industry has seen innovation as a result of the development of technology in the form of contemporary equipment, software, and other tools that are now available on the market. As a result, competitors can easily copy the resources of any other company. However, the responsibility for implementing these tactics and improving the hotel rests with the staff. To guarantee that their guests are satisfied with the hotel's service, they would pool their skills to fully utilize this technology.

Need of Study

Professionals with the necessary qualifications for the hospitality sector exhibit a positive disposition, well-groomed appearance, outstanding communication abilities, and a wealth of business etiquette. For hospitality professionals, this draws a variety of job alternatives, including retail chains, BPOs, multinational corporations, banks, etc. In several industries, they are highly sought after and in high demand. Retaining the industry's outstanding workers is made even more challenging by the growing number of employment options.

In order to avoid and maintain the skilled assets that are essential to the survival and expansion of the hotel business, the establishment must carefully develop long-term strategy.

Significance of Study

This will be applicable to every industry, including the hotel industry. This investigation will yield important findings that will assist them in identifying HRM procedures that boost productivity and job happiness in the hotel sector.

Scope of Study

When an employee decides to leave the company, it is nearly impossible to keep them on board. Therefore, providing a practical plan to prevent an employee from making such a choice becomes crucial and evident. Effective tactics that support the retention of talent through a range of advantages, whether they be family- or personal-focused, are required. Therefore, in order to reduce employee attrition and boost retention, the hotel business needs an efficient talent retention plan.

The growing number of hotels creates a fantastic opportunity for professionals in the hospitality industry to develop and improve. Such personnel are more difficult to retain since they are always drawn to new opportunities for career advancement and seem to be skilled and experienced. This has given the study a broader scope and necessitates an understanding of innovative approaches in tandem with psychological research to formulate the many benefits in the form of talent retention procedures that the hotel sector should adhere to in order to retain talent.

Objectives:-

1. To determine the retention practices implemented by star-rated hotels
2. To discover the characteristics that influence staff retention in star-rated hotels.

Literature Review

The process of encouraging staff members to remain with the company for an extended length of time is known as employee retention (Griffeth & Hom, 1995). McGinley, Hanks & Line (2017) According to the survey, the Indian tourism and hospitality sector may soon face a workforce crisis in addition to having high turnover rates. For professionals working in the hotel sector, gaining a deeper comprehension of industry employment attitudes has become crucial. The opinions of prospective workers without previous job experience in the field were a special concern. According to the survey, the Indian tourism and hospitality sector may soon face a workforce crisis in addition to having high turnover rates. For professionals working in the hotel sector, gaining a deeper comprehension of industry employment attitudes has become crucial. The opinions of prospective workers without previous job experience in the field were a special concern. 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). Employee motivation is influenced by both internal and external variables. Internal components like personal development and job happiness are referred to as intrinsic aspects. External components including monetary compensation, working environment, management, and leadership are examples of extrinsic factors

(Ann & Blum, 2020). Because it lowers the costs of training and development, employee retention is essential. In order to draw in and keep a talented staff, job satisfaction is essential (Stamolampros et al., 2019).

This study will add to the body of knowledge on the function of HRM practices in employee retention by elucidating the significance of performance evaluation, training and development, and remuneration in improving employee retention.

Performance Appraisal

The fundamental HRM function of performance appraisal is the periodic assessment of workers' work in order to enhance the organization's use of human resources (Raihan, 2012). Singh, Dr. Indu (2018) Performance reviews are essential for maximizing human resources and inspiring employees. Since every person is different and difficult to evaluate, employee performance can be tracked to some degree. Everybody has different origins, dispositions, beliefs, and ways of acting. Performance reviews should be conducted annually or semi-annually. Assessing fundamental assessment features and offering feedback might assist staff members in becoming better individuals. Additionally, specialized training might be offered. Frequent incentives and bonuses can spur workers to up their game. Kuvaas (2006) asserts that a suitable performance review system serves as a tool for the organization's personnel development, retention, and motivation.

Training & Development

Successful training initiatives raise employee competencies within a sector, claim Long et al. (2012). They underlined the necessity of policy implementation training. The security division is in charge of recruiting competent staff, making sure basic laws and guidelines are followed, handling crises, following troop limits, and keeping an eye on the neighborhood. Property harm and public concern may result from failure to perform tasks. The study discovered a correlation between employee turnover intentions and training practices. Siddiqui Arisha (2018) Training and development initiatives play the most crucial part in the development of human resources. Any company's human resources department is essential. Human resources must be confident in their skills and well-trained in order to promote company success. Acquiring the required information, skills, and talents can be facilitated by organized training and development programs. For employees to possess the requisite knowledge, skills, and abilities, training and development are essential. Employee development and training should give them the skills they need to complete their everyday responsibilities and shape their personalities for future success. Training and development, career prospects, supervisor assistance, job features, work/life balance, and pay are all elements that affect retention. In the hotel sector, keeping happy and dedicated staff members is essential to an organization's success (Karatepe & Magaji, 2008).

Compensation & Benefits

Bagri et al. (2010) state that a number of issues, including pay and benefits, long hours, high levels of pressure, a lack of possibilities for training and development, ambiguous career goals, and internal recruiting, all have an impact on employee turnover in the hotel business. Think about investing in staff members and putting in place a growth strategy to reduce employee turnover. This study

implies that frontline employees' decision to leave the hospitality sector is adversely impacted by favorable opinions of HRM methods. More prospects for promotion reduce the likelihood that hotel staff will quit. Research shows a connection between employees' propensity to leave the company and their opinions of fair performance reviews. Edwin Torres and Howard Adler (2012): One of the most crucial decisions a company makes regarding its human resources is its compensation policy. HR professionals have to make tough choices when choosing a compensation structure that affect company objectives as well as recruitment and retention initiatives. The study looks at the decision-making process used by hotel and motel managers about compensation. Benefits and flexible pay plans that are based on employee performance are two ways that employers can inspire their workforce. Paying workers well might inspire them. Employee motivation is increased through regular communication (Sarmad et al., 2016). Notably, it is believed that psychological aspects, incentives and rewards, and career development possibilities are essential for retaining employees (Bibi et al., 2018; Lyman et al., 2020).

Research Method

Secondary data is the foundation of research. The information gathered after examining numerous journals, research papers, and publications is known as secondary data. I discovered during the investigation that hotels are having trouble keeping their staff. Based on a review of numerous research, it is thought that all hotels aim to keep their staff, but it is also discovered that workers are dissatisfied with their jobs and that the attrition rate is higher in the hotel business than in other industries.

Findings

The current study looked at how employee retention is affected by pay, training and development, and performance reviews. A substantial positive correlation between employee compensation and the results of this investigation was found. This implied that when hotel management showed concern for its staff and offered a fair compensation package, it encouraged them to stay longer and improved retention. Additionally, the results of this study showed a strong positive correlation between staff retention and training and development.

Research Gap

There is a gap in the study. Few studies have concentrated on the Indian hotel industry, despite the fact that many have been done on employee retention. The majority of research is centered on other industries including IT, telecom, tourism, and others.

Limitations & Suggestions

The study has limitations that study is on secondary data & based on hotel industry only. It is suggested that hotel management offer sufficient training chances for staff members to advance their skills and adapt to new technological developments in order to keep them on board. This revealed that when hotel management showed concern for their staff and offered sufficient training programs, it inspired them to prolong their stay and improve their retention. It implies that there are other factors besides pay, performance reviews, and training and development that can predict employee retention. Future research should therefore incorporate some additional variables as well.

Conclusion

The study confirmed that employee work satisfaction in the hotel industry is positively correlated with salary, training and development, and performance reviews. The hotel industry should prioritize appropriate recruitment and selection procedures if it is to endure and remain competitive in the long run. We discover that HRM should concentrate on the workplace culture, incentives, pay, working hours, recognition, training, policies, and individual requirements of employees in order to enhance employee behavior and, eventually, job performance.

The selection process must to be precise and grounded in the job specifications. Employee turnover in the hotel industry is affected by a number of factors, including as compensation and benefits, long hours, high levels of pressure, a lack of opportunities for training and development, unclear career goals, and internal recruiting. To lower employee turnover, consider investing in employees and implementing a growth strategy.

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