

## Employee Retention: A Study on Retaining Capacity in Hospitality Sector

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**Abstract:** A high rate of employee attrition is a challenge for most companies in the hospitality sector. This article is an insight to which are the most effective retention strategies that can have a long-term impact. The hospitality sector in India is running short of good employees, it is facing a serious threat from other sectors. Despite the industry relying majorly on employees, high turnover rates and related cost of turnover and high attrition of skilled employees are issues that are becoming a problem for the hospitality industry. Recent turnover research in 54 four to five star Indian hotels and restaurants showed turnover rates of 58.5% for operational employees and 32.16% for managerial employees. The costs of turnover are not only monetary, it can also lead to customer dissatisfaction, low employee morale, decreased productivity, irregular service quality, effect on business and organizational performance. In reference to the context, this paper focuses on high retention rate in Indian hotels and restaurants or we can say it's an analysis of retaining talent in hospitality industry.

**Keywords:** Turnover, Employee, Retention, Attrition, Hospitality sector

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### I. Introduction

Recently Indian industries have observed extreme modification in hospitality. These industries have put a highest attempt in rewarding both industry and travelers. At the present time large numbers of people are joining for the same still there is a problem between staff members demand and their availability. Therefore, several researchers have been performed on hospitality member of staff income, job fulfillment, retention policy and organizational promise. Contrasting with other company like software industry, academics, banking and finance etc. In these sectors mostly jobs are full times, work specific and usual timings hrs (i.e. 9am- 6pm), whereas if we talk about the hospitality sector, where workforce is highly diversified from unskilled to highly skilled employees, customer contact oriented, 24x7 working hours. Hence, major issues are associated by the low-skill requirement of entry-level positions and demand as per variation in period which needs flexibility, job-satisfaction and informal staff permitting many workers to go into and exit organization liberally [1]. The fundamental rewards of job challenge, participation and task range, and the extrinsic rewards of employee knowledge, growth and performance-related pay is essential in employees job happiness [2,3]. The low skilled jobs or positions of workers like cleaners, housekeeping, food and beverage attendants in restaurant, lounge, coffee shops, bars, parties etc. allow workers to treat hospitality employment as a secondary job providing a lum-sum family income. Further, this article apparently identifies many negative views of hospitality employment, such as the low status nature of hospitality work, odd working hours, low job security and low pay [4], thus all these combines together and contributes to high employee turnover rates. This study determines the relationship between types of employee participation (delegative, consultative, worker director, and worker union) on employee retention and the moderation of employee compensation in this relationship. The authors analyzed four types of employee participation, employee retention, and compensation in two major sectors of Pakistan (n = 1,054): service (n = 535) and manufacturing (n = 519). Self-administered questionnaires were distributed to first-line and middle-level employees.

### II. Principle of the Research

The principle of this research is to find out issues and challenges being face by the hotel employees. It also classifies that, why the employees are not able to cope up with the industry environment. A survey was conducted in various hotels and on various employees and observed that most of the employees want to work in other Service oriented industries such as Airlines, Tourism, Retail and Financial services. Financially low compensated and long working hours are the two areas of frustration for the employees. This study recommends few points for the Hotel Industry to retain its employees and make them stay.

### **III. What Makes Employee Stays in an Organization?**

In the past decade, many managerial attachment theories and constructs have been developed to be aware of employee retention and turnover, such as job fulfillment [5], organizational assurance [6], perceived organizational support [7] and leader-member exchange. These issues are often studied together with considered human resources management and skill management (SM) [8,9], to increase approaches to continue a secure and sustainable employees. However, a high rate of attrition is still considered as one the main. [10, 11].

#### **Why Organizations do Experiencing Loss of Talent?**

It is seen that though having a talented workforce, the industry is running short of talent, WHY? As per the question mentioned, few researches indicated that the crucial reason(s) for leaving the hotel industry are change in interests, better opportunity in other sectors, low salary, slow career growth, incompatible with family/social life, long hours and management issues and policies. It was not a single reason that caused hotel employees to leave the industry but rather a multiple factors. Organizational success is important for the achievement of any financial system. Recently, organizational success has been acknowledged with high output or with the maximization of the income or with employee good self-esteem and professional service [12]. The major reasons for staff attrition/turnover in hotel industry are the followings:

#### **Low Salaries**

Several surveys done on employee's commitment to organizations and the industry have found compensation ranked immediately below chances to grow and to have a challenging job. They are avid to take responsibility and learn. They want challenging jobs that allow them to make a contribution and offer growth opportunities. Adding to it, just like their older colleagues, they want to be paid what they are worth. The findings say that hospitality workers and managers are underpaid and this needs to be marked.

#### **Stretched Working Hours**

If we talk about working hours, in India official weekly working hours are 48 hours per week but legally it is not followed by the hotel industry as well as by the other private industry also (except in government organizations). Instead of being given the authority to delegate and make decisions, they were given more job tasks thus increasing their hours and job demands.

#### **Opportunity for Advancement**

The hospitality industry has not developed the image of being a career opportunity. It needs to show people that they have the opportunity to grow into higher level positions. Like other industries, hospitality needs to give its star employees a possible career path, get them to embrace it and monitor their progress. Furthermore, managerial advancement in hotels is frequently unplanned and unsystematic, there are fewer training and development opportunities, managers experience work overload, and experience managerial stress.

#### **Disbalanced Personal life**

Long working hours in this industry effect on social and personal life of employees as they don't have much time to spend with their family and friends. Hotel employees usually either go early on his duty or come at late. In both the conditions they are not able to give proper time to their family. Thus, frustration about routine job, lack of better opportunities and little recognition were also mentioned. Organizational politics and labour concerns were also mentioned as causing feelings of being taken advantage. Stressed employees are unhappy employees and they will definitely leave to find stressless work. E Balaji, CEO and director, Ma Foi Management Consultants claims that earlier people left their jobs due to odd shift timings and working hours, high work pressure and least compensations as compared to other sectors.

#### **Sourcing the Right Talent**

It is a well known factor that the key to retention lies in right recruitment. Most experts agree that there is a direct co-relation between hiring and retention. "It is important to evaluate the job requirement appropriately, assess and source the right candidate." says HS Balaji. He figured out that employees who have the ability to adapt to people from other backgrounds, with good listening skills, patience and the ability to make quick decisions would be very successful in the hospitality sector. Thus, recruiting the right candidate would mean better retention with transparency in the policies and procedures of the organization. It is also important to have a well-defined recruitment strategy along with the right remuneration. Sridhar Bele, HR manager, Ramada Plaza Palm Grove, Mumbai, says that the essentials are job satisfaction, role clarity, sense of belongingness and welfare measures. "Growth opportunities also play a very important role in retaining the talent. From an organization's point-of-view, employers look at the value which a prospective candidate could add to the

organization through his/her experience and knowledge or even a fresh open attitude towards learning. Employers today prefer candidates who they feel can be retained for a longer period than a short time, which is easier than done," asserts Bele.

### **Effect of High Attrition/Turnover**

Employee turnover or we can say Employee Attrition is not good for the organizations. Increased turnover of employees may lead to decrease in productivity and service delivery. Employee Attrition costs directly as well as indirectly. Direct cost relate to the leaving costs, replacement costs and transitions costs, while indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale. Effect of high turnover can be expressed by the following points:

- 1. Loss of Organization's knowledge:** It's known that when an employee quits a job, he takes profound knowledge of the company, customers, current projects and past history along with him and even many at times it is shared with the competitors which is harmful for an organization.
- 2. Rapport of the organization:** The rapport of an organization is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization
- 3. The Bite of Turnover:** The bite or cost of employee turnover includes various cost like, sourcing costs, training costs and costage of low productivity.
- 4. Turnover leads to more turnovers:** When an employee terminates, the effect is felt throughout the organization. Subordinates often feel low. The unspoken negativity often intensifies for the remaining staff.
- 5. Discontinuation of Customer Service:** Customers and clients do business with a company in part because of the people. Relationships are developed that encourage continued sponsorship of the business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential .customer loss

## **IV. Findings and Recommendations**

Employees who leave the Hotel Industry are working in other industries. The most common includes Retail, Airlines, Cruise ships, Event Management and Financial services. These industries have a strong customer service focus and hospitality graduates get more opportunity and good salary packages in comparison to hotels. Compensation paid in the other industries is higher than it is paid in hotels. One of the student from hotel management institute says,, "I had offers from Hotel Hyatt but I preferred to join an event management company. I am getting three times the money offered by the hotels and I do not have to work for long working hours a day,". Those who are working in the hotel industry are making around Rs. 1, 00,000 – 1, 80,000, while those working outside the industry making around 1, 75,000 – 3,50,000 at starting level. It shows that graduates outside the industry are earning more than those who are working in Hotels at starting level.

As far as recommendations are concerned, this paper would suggest the following points:

**Transparency in organization:** Keeping the policies transparent, fair and consistent will help employees to see an organization in fair light.

**Maintaining track record:** Greater efforts need to be made by organizations to track the number of employees being turned over and the reasons why it is happening.

**Training and Development:** Make development initiatives and training programs a part of the job. Repeated training is a good way to ingrain particular concepts into employee's mind. Such initiatives help employees sharpen their skills and are also glad at the prospect of career development through continuous learning.

**Exit Interviews:** Exit interviews need to be conducted and they need to be reviewed by upper management to ensure that supervisors are not the reason why this is happening.

**Working Conditions:** It may be the cause of turnover, thus, upper management are the only ones who can make comfortable environment I office and changes of that magnitude. Reward employees who recommend new employees, as most of the big IT companies doing.

**Additional Benefits:** Offer discount or free tickets for movies, bowling, pizza etc. for the employees and their family on their extraordinary performances, if any. Organization can offer to its employees various training programs, a gym, special relaxation rooms and a crèche inside the premises. These additional benefits are very attractive for people.

## **V. Conclusion**

The intention of this research work is to increase the alertness of the abrasion charge of hotel employees. However, the suggestions in this research work can also be useful to hotel staff. The hotel business is understanding employee lack and all employees need to be worried and treated with the same care and

diligence as it is the most precious of resources. Thus, an engaged and satisfied workforce will provide the competitive advantage needed to survive the full effects of the developing demographic shift. The retention of hospitality graduates/employees needs to be monitored to ensure they are addressing this skills gap. There is not one reason that caused hospitality graduates to leave the industry but rather a combination of factors. Large hotels chains prefer to confidence on in house courses and training to cope with the crisis. Final salary reconsideration and extraordinary pay-raises are among ways the industry should attempt to keep capable employees.

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