



Assessment of the employee retention strategies followed by India's hotel industry: A study of selected 4 and 5 star hotels in Delhi NCR

KEYWORDS

Attrition, hotel management, employee retention, hotel industry

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ABSTRACT

The hotel industry of India is one of the fastest growing segments across all sectors of the economy due to increasing business activities and tourism development. However, despite the promising outlook for the hotel industry, the problem of high attrition has stunted its growth in terms of wider outreach, operations and customer satisfaction, ultimately affecting the revenues. To address these issues, large scale hotels have put in place robust employee retention strategies to boost employee productivity. This study examines the effects of a few of those strategies, particularly in the context of Delhi-NCR.

Introduction

The Indian hospitality sector, with its impressive growth during the past decade, has generated massive employment opportunities and has boosted the foreign exchange reserves of the country. According to the Planning Commission, the tourism sector employs more number of people per million rupees invested than any other sector in India. It is also one of the few sectors to reach almost every region of the country, including remote locations, providing a huge range of work opportunities for skilled and unskilled locals. The sector's employment-generation potential has also been highlighted by the World Travel & Tourism Council (WTTC), which says India's travel and tourism sector is expected to be the second-largest employer in the world, employing approximately 52 lakh people, directly or indirectly by 2019. Despite the impressive growth forecast, the problem of manpower management is set to be a huge challenge that needs to be addressed by the hotel industry. The hospitality space in the country is deprived of trained manpower due to many reasons, ranging from lack of career growth to dissatisfaction with work-life balance. The hotel industry aims at streamlining their human resources policies and overcoming the major issues faced by the industry today, one of which is the increasing employee attrition rate. Amidst all this, most hotels in the four and five star category in India, which depend upon good customer service for their business growth, have started experimenting with different strategies to retain their key employees.

2. Aim

The main aim of this study is to evaluate the employee retention strategies followed by four and five star hotels in Delhi NCR. The primary focus is to observe how the hospitality sector is curbing high attrition rate by implementing effective and innovative retention measures.

3. Literature Review

a) High attrition problem in India's hotel industry and its causes

Employee Attrition refers to 'the rate of change in the working staff of a concern during a definite period'. It is one of the biggest causes for concern for companies, especially in the service sector which is highly dependent on manpower and human expertise. Some of the main reasons for employees leaving the hotel industry and joining another industry are; better salaries and perks, lack of job skills, lack of proper induction/ orientation, lack of training, insufficient career growth prospects, poor relation with boss, and lack of a transparent performance management system. A high attrition rate at any level of the affect the employer as well because of extra costs and the substantial amount of time goes into training new employee.

b) Employee retention strategies followed in hotel industry

In order to retain employees for a longer period, various strategies are now being adopted in the hotel industry of India which includes better pay packages, rewards and recognition, better working hours, growth prospects within the firm, perks and benefits like free meals and transportation facilities. Benefits such as medical benefits, education plan for children leading to employee welfare also adds up to the strategies list. Many researchers have been conducted on India's hotel industry in recent past, to evaluate their employee retention methods and their effectiveness.

In their research studied the sample comprising of 243 hotel employees from the management and the associates categories to understand their views on employee retention and concluded the interdependency of employee productivity and employment practices followed in the hospitality industry is uniform across the industry, but the practices are different among hotels ranging from 'Five star' to 'Economy' categories. gathered data from 500 hotel employees to elicit their attitudes to employee retention strategies and perception with respect to job satisfaction and revealed that employee benefits and reward management, working environment, management support and employee development play key role in influencing job satisfaction. aimed at exploring the Productivity Management System adopted by the hotels along with their employment practices with an objective to analyze the impact of such employment practices on employee productivity, which included selecting the right candidate too. They found that their practices are not very effective, which leads to low employee productivity and diminished work satisfaction.

4. Research Methodology

A primary research was conducted on 5 hotels falling under the 4 star and 5 star categories in Delhi-NCR to study the retention strategies followed in their hotel. The interviewees were approached with a set of structured, open ended questions and they were asked to answer them on the strategies followed by them to retain their employees such as monetary benefits, training and development, etc. Their responses were transcribed and analysed in the thematic analysis form. In order to maintain privacy, the confidentiality of these employees was maintained and they are reported as Mr. A, Mr. B, Mr. C, Mr. D and Mr. E.

5. Analysis

a) Selection of an employee

Selection of the right candidate plays a major role in determining their longevity in the firm. Through the interviews, a few common parameters for selection of an employee were identified, namely; age, academic qualifications, work/ internship experience, and skills developed during the course. However, Mr. D also quoted *openness to*

learning new skills as key factor in selecting candidates for lower level positions since this quality can be directly linked to longevity in the firm. *"Employees who perceive continuous learning as an important constituent of the job profile are valued by our firm, since it shows their willingness to excel at their job for a long period"*.

b) Salary structure, incentives and Appraisal Review

Most interviewees opined that the **salary** structure moves differently at each level and is equal for everyone working at the same level since they felt that equal and fair wages would minimize the feeling of discrimination among employees. Mr. B stated that transparency in the salary structure helps them keep employees engaged, which is an important way of retaining them.

Every hotel studied also followed a comprehensive **rewards** and incentives system; with most interviewees claiming to have a fair incentives and rewards system at all levels. Mr. A surmised that for their organization, incentives and rewards are performance based, routinely given to employees in order to motivate them to perform better and also results in higher job satisfaction. **Appraisals** on a regular basis by also added to work productivity; as was revealed during the interviews. As mentioned by Mr. C, their appraisal system is transparent with the involvement of the immediate superior as well as department heads to ensure fairness.

c) Training & Development

Information collected during the interviews shows that training and development was given at all levels and each level had a different training program. Out of all, Mr. B emphasized on the importance of skill based training along with innovation. Mr. A was of the view that general time duration for fresh candidates is generally 2 months, and is mainly offered to low-level and middle-level employees in the firm. He further stated that, *"training makes an employee dynamic environment ready, so that he can take new challenges head on"*. From the perspective of employee retention, Mr. C claimed that the training provided makes the employee feel valued and supported in the organization, as such effective programs increase the faith which is visible through the case of some employees who have been working with them for the last 15 years.

d) Work culture and personal professional life balance

Maintaining a positive and lively work environment within the hotel was rated one of the most important ways to retain key talent. The managers agreed that long working hours is a reason for attrition in the industry, hence most of them have discontinued the practice. Mr. C quoted they adjusted the shift timings in their hotel for employees and that no employee is made to work for more than 8-10 hours. Mr. B also focused on providing other benefits such as free meals, free transportation, enabling networking and relationship building in the industry. However, as found in the interviews, a common factor was found responsible for some employees leaving the hotels- **lack of job skills**. Skill development is a part of educational curriculum; however, according to the interviewees, it is often overlooked in hotel management institutes in India, causing the employees to become demotivated even before they begin training.

6. Conclusion

The present study of four and five star hotels in Delhi NCR location focused on the employee retention strategies followed by them. The study revealed that the employees stayed for long if the work culture in the organization is flexible and friendly, and if they were rewarded handsomely for their efforts. Most of the hotels work in shift timings which added to the perks. The key factor i.e. the effective training and development enhanced their knowledge and increased efficiency accordingly and also motivated them to stay with the organization for a longer period.

However, although these retention practices have benefited larger hotel chains in India, the majority share of the industry which is held by two and three star hotels and budget hotels lack the financial

resources and mechanisms to practice employee retention strategies. This is causing the problem of high attrition and affects their customer service, ultimately leading the businesses to incur huge losses. Another primary factor which can play a significant role in addressing the problem of attrition is improvement in education. Educational institutes in hotel management must modify their course content and curriculum to include skill development as a crucial element in order to make the students more industry-ready.

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