

## Review of the literature for enhancement of employee retention strategies of the hotel Industry in India



## Management

**KEYWORDS :** Employee retention, Hotel Industry, Satisfaction and Literature review.

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### ABSTRACT

*In Indian sub continents, hotel industry has become an emerging industry to serve a wide population who visits several part and palaces of India for the different purposes like corporate meetings, business meeting tours and for other activity like family functions and all. The changing faces of this industry have a lot of new avenues and focusing on the qualitative services at par to any reputed name in the world due to extensive competitions. Demanding customers are big challenges for the operation of hotels in India. So retention of the good employees is now key focus area of the hotel industry where management indulges to frame different strategies to cope up with this problem.*

*This research paper is an attempt to understand the several issues and tentative remedies for such issues. However an exploratory design has been used for the further study. This study is a descriptive study in which researcher have covered different areas and dimensions, responsible for such kind of issues. Secondary data based study reached at a conclusion in which remedies has been evaluated with different strategies.*

### Introduction:

Through ages we have learnt that the only way to put the customer first in the hospitality industry is by putting the employee first. The rationale may not be very obvious, but it is certainly compelling. Satisfied employees lead to satisfied customers, the only kind we can afford to have in a service business. Just the word "hospitality", is derived from the word "hospice", having a Latin root in "hospitium's", means; a style of caraways it all. It implies a personal experience delivered by a human being. An architecturally perfect hotel building doesn't form a part of fond memories of a guest as does a memorable direct experience he had involving a hotel employee! Worldwide researches have suggested that employee turnover is among the highest in the hospitality industry. \*1

Retention experts say hotels spend thousands every year for each new employee they must train to replace a seasoned worker who leaves. It is no longer a startling fact that the cost of losing an employee is between half and one-and-a-half times their annual salary!

There are studies that support the fact that employees leave an organization for many reasons, but two common causes are the quality of the selection system and the quality of leadership. Our hiring processes do not ensure that the applicant would fit in well with the culture of a particular property, or even be well suited for hospitality as a profession! Moreover, conventionally, hotels support a culture that fosters dependence and relies on the traditional chain of command, and not all supervisors are good managers and good team leaders. It a well-known fact that the overwhelming majority of people who leave any hotel because of the way they are treated every day. Lack of appreciation, lack of teamwork and the perception that the company doesn't care about employees are consistently the highest-rated reasons for low job satisfaction. An effective employee retention / policy strategy will lead to achievement of organizational objectives and goals.

### "A Happy Employee is a productive Worker"

#### Literature Review

A literature review is an evaluative report of studies found in the literature related to the selected area. The review describes, summarizes, evaluates and clarifies the literature. It gives a theoretical basis for the research and helps to determine the nature of the research.

A literature review goes beyond the search for information and

includes the identification and articulation of relationships between the literature and field of research. While the form of the literature review may vary with different types of studies, the basic purposes remain constant.

**(Vermaand Garg (2011))** Results of this study show that female employees feel more stressed because of work life imbalances and tend to leave jobs at the early stage of their career. The top reason for talent attrition is "external inequity of compensation". 27 percent of the employees in their exit interviews mentioned compensation as primary reason whereas limited career opportunities and role stagnation are stated as top two reasons for low retention. (Ramaiya, Bhas) Thus, despite the fact that there is general agreement about the importance of competitive compensation for employee retention.

**(Ramlall, 2003)**, there is also a growing consensus that high or even generous compensation will not independently guarantee that an organization will be able to keep its key employees. Talent engagement is necessary to retain an employee as disengaged employee disturbs the system and multiply the dissatisfaction levels in organization which results in decreased motivation, high talent turnover and diminished performance.

**(Jeswani and Souren, 2001)**. Their research mentions that raising and maintaining employee engagement is in the hands of an organization and requires a perfect blend of time, effort, commitment and investment to craft a successful endeavor.

**Meyer et al, (2003)** stated that building "affective commitment" involved much more than paying well, and that retention based on "compensation based commitment" is of course sensitive to changes in compensation within the company. They found that employers who based their retention on compensation based commitment were always vulnerable to the possibility that their competitors may offer better wages and, thus, lure away their employees.

**Smith (2001)** argued that "money gets employees in the door, but it doesn't keep them there." Dibble (1999) did include money in her discussion of financial incentive but she also argued that money is not always a fitting reward. In a survey that she conducted, about one-fourth of the respondents said that they changed their current jobs because they did not feel cherished or appreciated in their current organization.

**Lawler's (1990)** advocated that the key issue in retention was

the amount of total compensation relative to the levels offered by the organizations. "Organizations that have high levels of compensation have lower turnover rates and *large* number of individuals applying for them." In addition, study concluded that high wage workplace may create a "culture of excellence."

**ManpowerGroup (2011)** reveals that despite the slow and uneven recovery from the global economic downturn and lingering high levels of unemployment in many markets, organizations around the world still report that they cannot find the talent they need when they need it. According to the survey, nearly half of India's employers are struggling to fill critical positions because of a severe talent crunch. Although the situation has improved over last year, 48% of employers in the country are facing hiring challenges this year as against the global average of 34%, the study said.

**International Journal of Learning & Development (ISSN 2164 -4063 2013, Vol. 3, No. 6) Article on Overcoming Staff Turnover in the Hospitality Industry** – Finding right talent and retaining them to work with the organisation for longer duration is a major challenge which each HR of an organisation faces today. This study is done to explain that the applications can determine dissatisfaction of work amongst employees which leads to high turnover or if there is a satisfaction of work amongst employees it leads to job retention. This indicates deprived substandard work conditions will eventually leads to employee getting dissatisfied & leaves the organisation.

**European Academic Research Vol. 1, Issue 6/September 2013**– A study of "Employee Retention with Special Reference to Indian Tourism Industry" by **Ms. Neha Gupta** – Expansion of tourism is leading to growth of hospitality in the country. This growth is leading to increase in demand for skill full employees shortage of skilled manpower poses a big challenge to the growth of tourism and hospitality industry, which further reiterate that retention of skilled employees is must for the growth of an organisation.

**European Journal of Economics , Finance & Administrative Sciences (ISSN 1450 -2275 Issue 19 (2011) Article on An Empirical Study of Retention Issues in Hotel Industry on Serena Hotel , Faisalabad, Pakistan by Ms. Aaisha Arbab Khan**– The study was aimed The study was aimed to identify factors reducing employee turnover and to explore the impact of retention strategies on workforce. Variables like HR strategies, work place environment, training and development, and compensation were found more effective in employee retention at Serena Faisalabad. The study revealed that for higher control over retention, management must work over monetary rewards and career progression.

**International Journal of Recent Research in Civil and Mechanical Engineering (IJRRMCE) Vol. 1, Issue 2, pp: (1-5), Month: October 2014 – March 2015, ; A STUDY ON THE FACTORS AFFECTING EMPLOYEE RETENTION IN A TEXTILE INDUSTRY by Mr. Shivraj Patgar and Mr. N. Vijay Kumar** – Employee retention an integral and important process for all organization. It is seen that in today's scenario it has become a serious and complicated problem for all kinds of organization. Employee retention encourages employees to stay with the organization for longer period of time. Employee retention is important for employee or well organization. The study conducted to find out the factors management strategies in the organisations.

**International Journal of Social Science and Humanity, Vol. 4, No. 6, November 2014; The Effects of HRM Practices on Employee Attrition in Thailand Manufacturing Industry study by Sorasak Tangthong, Jirasek Trimetsoontorn, and**

**Nutthawut Rojniruntikul** – Study is conducted with the aim to investigate the Human Resource Management practices in an industry. Study will help in identifying effects of HRM which will be used or meditating variable of the performance of the organisation. The result of the study will confirm that the HRM practices have significant and positive effect on employee attrition as an organisations performance.

**Influence of Human Resource Practices on Employee Intention to Quit study by Michael Joseph Martin** – All the organisations who work and defends a lot on should workforce always strive to create strategies and practices of HR to reduce employee turnover. Hence it is key to offer newly hired workers **desired** comfort and clearly marked future scope for them to continue working for the organisation. Research in the field indicates a direct link between factors that predict the likelihood of new employee's major reasons to quit the job. An employee's job satisfaction and organisational commitment is also a major for an employee's continuation to their job. Study results indicate a big connect between HR practices and perceptions with an intent of an employee to quit with organisational commitment and job satisfaction.

**Janet Cheng Lain Chew in July 2004**, mentioned in his study which was on The Influence of Human Resource Management Practices on the Retention of the core Employees of the Australian Organisations –

Motivational Incentives and Staff Turnover in the Hospitality Industry in Cross River State, Nigeria by Agba, A. M. Ogaboh1, Ushie, E. M2 - This study examined the relationship between motivational incentives and staff turnover in the hospitality industry in Cross River State, Nigeria. Purposive and stratified random sampling techniques were adopted in selecting 690 respondents from 9 hotels and 9 guest houses across the three senatorial districts of the State. Findings revealed that, promotion, salary/wages, payment of leave benefits, career development/in-service training and work-hours impact significantly on labour turnover. The study recommended among others that comprehensive monetary and non-monetary incentives should be put in place by management to reduce labour turnover and ensure workers retention in the hospitality industry in Cross River State, in particular and Nigeria in general.

The leader's relation to the employees plays a central role in retaining employees, because employees need to feel involvement, and that their presence count. When retention is a core value, good things happen for customers, employees, and the company.

**Emerging Trends in Employee Retention Strategies in a Globalizing Economy: Nigeria in Focus -Izidor Nwokochar1 & E. B. J. Iheriohanma** –This study explores the emerging trends in employee retention strategies in a globalizing economy, with a focus on Nigeria. The paper argues that globalization has enhanced the mobility of labor, and has also accelerated the rate of employee turnover in organizations in Nigeria. The paper identifies some of the reasons for turnover to include inequity in the compensation packages of organizations, employees' dissatisfaction and autocratic managerial pattern in most organizations in Nigeria. It further identifies the effects of turnover to include disruption in production, cost of training new employees, the recruitment and selection cost and knowledge lost. As a panacea to minimize the rate of employee turnover and catch up with the current demands of global economic needs and organizational performance, the study proposes that organizations in Nigeria should adopt critical sustainable retention trends such as establishing a strategic plan, involving employees in decision-making process, initiating personalized compensation plan, instilling mechanisms for career planning, training and development and building flexible work programs especially for critical

knowledge - employees. These will help to retain core employees that will competitively drive the production wheel in the organizations in Nigeria in this era of globalization.

**Employee Turnover: Housekeeping Department of Rochester Hotels By Monica Nyamusa Tembi** - This study was undertaken in order to ascertain the high rate of turnover and to find out the causes of turnover in the housekeeping department of Rochester hotels. The survey population was made up of housekeeping employees from 17 hotels. Information for the study was from responses to a four page questionnaire that was designed and later approved by the Rochester Hotel and Motel Association. Data gathered was computed using the Statistical Package for the Social Sciences, (SPSS) . Statistics generated showed the response rates to each question. Responses were later used to do cross tabulations in order to find out how variables are related. Independent variables such as sex, age, and marital status were cross -tabulated with dependent variables such as wages and job satisfaction.

Results generated indicate that a majority of employees had worked at another hotel and had left their job due to poor wages. Other factors of dissatisfaction cited include lack of upward mobility, poor quality of supervision, job insecurity and working weekends. Respondents indicated that they would be satisfied with their job if they worked with colleagues they liked, had enough supplies and if management would have regard for their concerns. Although turnover cannot be eliminated, it is important to develop strategies to control it.

### Research Gap

After the extensive literature review researcher find some appropriate gap in the actual and to be done studies. Most of these studies have touched the various aspects relating to Employee Retention Strategies but were conducted in Foreign Countries and there is hardly any study found on the hotel retention strategies / policies in India. The current study focuses on the present talent retention strategies of the hotel industry and then suggests various other strategies to increase the retention rate in the hotel industry.

### Conclusion

The purpose of this review is to investigate and to analyses the reasons of employees leaving the organization and improve / enhance the employee retention strategies of the Hotel industry. During the study we have been concentrating on the enhancement of retention strategies but to get more valid results of the study and a deeper understanding of the phenomena retention strategies, we decided to conduct exit interviews of the employees leaving various hotels.

Retention strategies are something that is important for all kind of organizations irrespective of size, age of operations etc. Enhancement of Employee Retention strategies might be hard for companies to handle if they do not think in the long term perspective to retain their key performers. When the right employees / key performers are hired, the organization must work hard to retain them. Lots of money and knowledge get lost if key employees decide to leave the organization, which usually an organization find difficult to afford. Enhancement of hotel retention strategies will cost less instead of losing key employees. Leading organization can maintain their leading position over their competitors by implementing right retention strategies for employees. Well-developed retention strategies can offer organizations the key to success.

### Scope of the Study

Key is to identify the needs of each individual thus empowering them with necessary skill set to perform their task towards achievement of Hotel objectives. This leads to successful retention of top talent in the organization which works as base of substantial future growth. The scope of the study is confined to base level and middle management employees working with 4 star and 5 star Hotels in Delhi and NCR across the different functional areas.

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