



## The Impact of Skills Development Training Programs on Employee Retention in Hotels: A Study of 5 Star Hotels in Delhi-NCR

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### ABSTRACT

High attrition rate has been a major concern for the hotel industry in India. Companies in the hospitality industry have put in place talent retention strategies to curb attrition and increase the employee retention. Among the factors that are known to have effect on employee retention are skill development and training of the employees considering that shortage of suitably skilled employees is an issue that adversely influences the organizational performance and customer service. This study analyzes the impact of skills development training programs on employee retention in hotels with focus on 5 Star Hotels in Delhi-NCR region.

### KEYWORDS

Attrition rate, Skill development and Training, Employee retention, Hotel industry

### 1. Introduction

The hospitality industry has emerged as one of the largest industries in India. It forms a part of the travel and tourism sector and makes significant contribution to the economy, accounting for nearly 8% to 9% of India's Gross Domestic Product (GDP) (PWC, 2012). The direct contribution of tourism and hospitality sector to India's GDP in the year 2016 is estimated to be USD 47 billion and it is projected to rise by 4.97 per cent per annum to USD 280.5 billion by the year 2025 (India Brand Equity Foundation, 2016). Hotel industry is, however, facing many challenges relating to issues like shortage of suitably skilled employees, high attrition rates, training and skill development and employee retention concerns. High attrition is a major problem for the hotel industry. In the PWC study, CEOs of few leading Indian hotel chains were interviewed and more than 80% of the respondents expressed high employee turnover as a major challenge for the industry. The massive incremental employment as also the need of the existing workforce, calls for proper training and skill development initiatives to meet the requirement. Skill development and training is an important facet of talent retention, more so in the service-oriented hotel industry.

The aim of this study is to research the impact of skills development training programs on employee retention in hotels with focus on 5 Star Hotels in Delhi-NCR region.

### 2. Literature Review

#### a) Importance of Training & Development in the Hotel Industry

Staff training and development is an indispensable part of human resources management today. The importance of training in hospitality industry and its strategic fit for the implementation of the goals of the organization has been a subject of interest for many researchers in the past. A study by Nischithaa (2014) reviewed the need for training and development in the hotel industry given the changes occurring such as increased use of technology, need for maintaining environment friendly services, competitive pricing, greater market segmentation, customers' regional preferences (Nischithaa, 2014). Shamim (2013) recommends that in order to get better outcomes from the training initiatives, the communication between management and employees must be increased by getting feedback from employees to assess what they like and areas of improvement in the training courses.

#### b) Negative Impact of Attrition at the workplace

The loss of talented employees could be highly detrimental to the

organizational success, operational performance and profitability. Vinothkumar & Kanmani (2015) have analysed the impact of attrition on both the management and the employees of an organization. As a result of higher attrition, the management has to incur more time and money on fresh hiring and the associated **costs** which is an expensive proposition. On the employee side, high attrition is responsible for **decline in skill** and efficiency and **lower output** (Vinothkumar & Kanmani 2015). Kashyap (2014) reviewed the challenges before Indian hotel industry and observed that the retention rate of employees in Indian hospitality industry is low primarily due to the dissatisfaction of employees with pay and long working hours.

#### C) Impact of Training Programs on the Attrition Rate in Hotel Industry

While hotel company managements are introducing multiple policies to retain talent, in the PWC Study that analysed 20 hotel company managements under the aegis of Confederation of Indian Industry (CII), revealed that 35% of the hotel company CEOs in India responded that they are investing in Training and Development of the employees as a tool for higher retention (PWC, 2012). It was pointed out that the issue is more acute in the front office and also the food and beverage (F&B) sections.

Based on data from a 2-year period, Choi & Dickson (2009) analyzed changes in employee-related factors including training on turnover and employee satisfaction. The setting of the research study was two hotels in the north eastern part of USA covering employee turnover rates in 2002-03. The researchers argued that management training programs lead to higher employee satisfaction and a decrease in employee turnover that compensates for the cost of the training (Choi & Dickson 2009). However, there is little body of research work examining the impact of skills development training programs on employee retention in hotels, particularly in the context of 5 Star Hotels in Delhi-NCR. There is a need to understand the subject in a systematic manner to develop a practical insight into the role played, if any, by the skill development and training in controlling attrition rate in hotels in NCR area.

### 3. Methodology

In order to conduct research over the topic for achieving the desired aims and objectives, selection of appropriate methodology consisting of designing the research questions, data collection and analysis plays a crucial role. Primary research consisting of interview method was conducted on 5 managers in selected five star hotels in Delhi-NCR. The purpose was to investigate the attrition problems in the identified hotels, training programs

conducted and how they impact the retention of the employees. Data was collected through a telephonic interview and analysed using content analysis to facilitate a more objective evaluation. For the sake of anonymity and confidentiality, the respondents have been addressed as Mr. L, Mr. B, Mr. P, Mr. N and Mr. S.

#### 4. Analysis/Discussion

##### a) Problem of High Attrition rate in Selected Hotels

On the important question of the attrition rate in his hotel, one of the respondent managers Mr L mentioned that high attrition rate is a concern at lower level with fresh trainees joining in, particularly in F&B department. Reasons for high attrition are mainly relating to difference in their **expectation** and requirements of actual work life. Lack of **motivation** and low starting **salary/ incentives** for freshers are some of the other reasons resulting in high attrition. Mr B from another luxury hotel echoed similar view of attrition rate being high at the entry level working as a steward or associate in the kitchen/pantry sections. He opined that attrition occurs because the new employees come with their own expectations of work, and sometimes feel a sense of disillusionment. But according to Mr B, the situation can be handled well with right professional environment conducive to skill development where the employees perceive opportunities & recognition coming their way and a natural career progression.

##### b) Training & Skill Development Programs

On the question of level of employees who undergo training and constituents of the training program, Mr N stated that training program for each level is different depending upon skills required in that position and number of years of experience. According to him while some of the training programs are generalized, most of them are customized to suit the skill development needs of the employees on the job. Mr N favoured the strategy of imparting **skill based training** rather than **pedagogical** training. Mr N was of the view that duration for fresh candidates is generally 2 months. He further mentioned that for employees who have worked for 2-3 years, optimum duration is 10-15 days since period longer than that could drag and very short duration of say 2-3 days are not found impact-making for such candidates.

Mr P emphasized that the value of such skill development courses is retained by the employee for a long time even after the course is finished. One reason of positive outcome of skill building courses is that the faculty are seasoned professionals who are actual practitioners in the hospitality industry, in that sense *"they are well aware of the mindset or mental blocks with which freshers approach a task"* and can therefore make it more interesting to accomplish.

##### c) Impact of Training Programs on Employee Retention

According to Mr. S, the benefits of training and skill development programs were two-fold – one, the need for **supervision** of those employees decreases and the employees tend to develop a greater sense of **self-worth** and dignity which can be easily discerned from their performance and attitude to the work. Mr S felt that in any group there would be one or two odd elements and some of them drop out as well due to working hours and stress involved for a beginner. But for the majority of the employees, skill development programs do a transformational service that makes them more productive and valuable. Mr S opined that experience shows that employees who have successfully undergone the skill development training programs are much less likely to leave and generally stay with the organization.

In fact, Mr L favoured *"imparting a rigorous training that stretches the new candidates and tests them under trying conditions so as to bring out the best in them and make them battle-ready"*. Mr L was of the view that proper skill development training backed by recognition of the performance of the employee by his/her supervisor periodically can go a long way in keeping the employee morale higher. Mr L felt that skill based training programs are found to have positive impact in controlling attrition and in that sense a good strategy for retaining the talent in the organization. One of the limitation of evaluation process as reflected by Mr L was

the considerable *time lag* in certain cases between the skill development course and practice.

#### 5. Conclusion

The importance of employee training and development in hospitality industry cannot be overemphasized as the industry ultimately strives for better customer service and guest satisfaction. The problem of high attrition in the hotel industry affects the productivity and also the market reputation of the organization. There are international studies which demonstrate that management training programs lead to higher employee satisfaction and a decrease in employee turnover in the hotel industry. From the human resources perspective, team spirit among the employees is disturbed due to high employee turnover and adjustment of new hires in the team takes time that affects the overall performance. Besides financial incentives and rewards, skill development and training positively affects the employee retention in the hotel companies which has been analysed in the present study.

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