



Effectiveness of Job Satisfaction on Employee Retention in Hotel Industry

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Abstract. This study mainly focused on the job satisfaction and employee retention in hotel industry. The researcher gathered the primary data from the 3-star, 4-star and 5-star hotels at Cauvery delta region. The snowball sampling techniques is adopted by the researcher to collect the data from the sample respondents. The data collected from 314 respondents from hotel employees, the data gathered through structured questionnaire and that was collected from Google forms. The study explored the relationship and measures the impact between job satisfaction and employee retention in hotel industry. The gathered primary data evaluated using multiple correlations and multiple regression data. The result revealed that there is relationship between the job satisfaction and employee retention in hotel industry. The result of the study will assist the hotel industry to improve their strategies towards employee retention and may understand the importance of job satisfaction for the retention.

Keywords: Cauvery Delta · Employee Retention · Hotel Industry · Job Satisfaction

1 Introduction

Retaining the talented workforce of an organization is a significant competitive advantage that an organization has over their competitors, and it has been acknowledged by academics as well as the industrialists. Employee retention is considered to be one of key strategic drivers for organizational success alongside with improving employee capabilities and motivation [1]. But retaining the employees in hospitality industry is considered to be biggest challenge because of the multifaceted challenges involved in shifting workforce and competition in retaining the skilled personnel [3, 9].

Employee retention is “a method by which companies maintain an efficient workforce and meet operational requirements” [4] According to Kuria and Wander (2012) [5], employee turnover in hospitality industry is high. Definition from the Wikipedia defines employee turnover rate as sum of employee in an organisation quit within a certain period of time. Employee turnover is a movement where an certain amount of employee leaving the organisation before the end of their employment agreement period [6]. Employee turnover in the hospitality industry has always been difficult to manage. This is down to a number of factors – some of which aren’t the fault of business owners.

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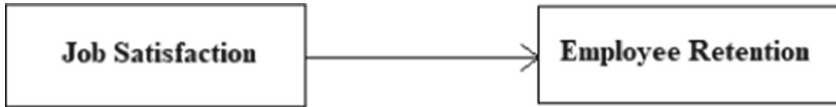


Fig. 1. Job satisfaction and employee retention.

There are many contributing factors towards people wanting to leave the hospitality industry, and some of the most common are below. According to Strenitzerova and Achimsky (2019) [15] to promote loyalty and preventing employee turnover; an organization have to improve the employee job satisfaction. One of the key factors which induce high employee turnover is found to be low level of job satisfaction [8] For the sustainable development of an organization employees job satisfaction is also a key performance indicator [7]. Hence the study intends to explore the factors which influence the job satisfaction of the employees in hospitality industry.

2 Literature Review

Singh [14] studied the employee retention in hotel industry. The results revealed that the organization followed many strategies to retain their employees, in that increases pay and giving incentives to the employees are the two strategies mainly attract the employees to retain the jobs. Ružić [11] examined the employee retention in the hospitality industry. The researcher found that providing rewards boost and motivate the employees for the further retention in the organization. Shrestha [13] studied the practice of employee retention in Hospitality Industry at Nepal. The researcher explored that the career growth is the strongest one to retain in the organization for the longer period. The results revealed that the age group of the respondents highly satisfied with the career growth that practice in the organization.

Presbitero et al. [10] determined the impact of employee retention in hotels. The results surprised that the organization supports the employee in their work life balance. The results addressed that the work-life balance as major factors for the employee retention, especially female workers. Bal and Kooij [2] studied that the relationship between the job satisfaction and employee retention. The research results explored that the job satisfaction is highly influence the employee towards the retention in the organization.

The Fig. 1 shows the research concept, this research concentrated the bond between the job satisfaction and employee retention. The study dependent variable is employee retention, and the independent variable is job satisfaction. Here the researcher intention was to found, whether the role of job satisfaction had the major impact on employee retention.

The Fig. 2 shows the variables used in the job satisfaction. The job satisfaction of the employee depends on pay scale salary and compensation, rewards & recognition, promotions & career development, work life balances, training skills & knowledge, leadership and participation in decision making, communication & motivation, employee engagement, job security, co-worker interaction and organization brand image [12].



Fig. 2. Research Framework.

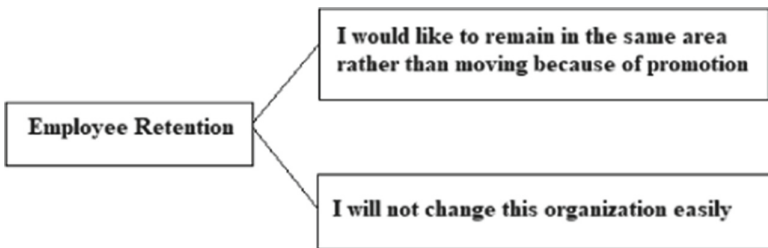


Fig. 3. Employee retention variables.

The Fig. 3 shows the variables used in the employee retention. The researcher justifies the employee retention as the employee remains in the same area rather than moving because of promotion, employee will not change this organization easily [12]. The research objective is to identify the relationship between job satisfaction and employee retention and measure the impact of job satisfaction on employee retention.

3 Research Methodology

This study is a descriptive nature. The research describes the current situation and characterize of the population. The snowball sampling technique is used for selecting a subset of individuals in the large population. The area chosen for the study is Cauvery delta region, Tamil Nadu, India. The study consists of both the primary and secondary data. The 3-star, 4 star and 5-star hotel employees were the targeted population for this research. The employees of the targeted hotel industry were sent the questionnaire that related to the job satisfaction towards employee retention. The questionnaire was structured with 5-point Likert scale. The collected primary data was then converted to an excel file and subsequently imported on SPSS for analysis purpose. At the end of the process a data of 314 respondents was received for the study. In order to find the job satisfaction towards employee retention among hotel industry employees, the data was subjected to correlation and regression calculation.

Hypothesis

H1: There is a relationship between job satisfaction and employee retention.

H2: There is an impact on job satisfaction and employee retention.

The reliability test for employee retention and job satisfaction was conducted using Cronbach's Alpha. The Cronbach's alpha value is 0.557 N of items 2; the value shows the good internal consistency. According to Nunnally (1978), the alpha value more than 5 is considerable. The Cronbach's alpha value is 0.801 N of items 11 of job satisfaction; the value shows the very good internal consistency. According to Nunnally (1978), the alpha value more than 8 is highly considerable.

4 Data Analysis and Interpretation

The social demographic information of the respondents is presented in Table 1.

A multiple linear regression was calculated to predict how the job satisfaction of the employee impacts the employee retention. A significant regression equation was found ($F(104,302) = 220.491$, $p < 000$, with an R^2 of 0.889. The adjusted R^2 value

Table 1. Social demographic information of the respondents.

Demographic Variables	Characteristics	Frequency	Percentage
Gender	Male	208	66.2
	Female	106	33.8
Age	Less than 25 yrs	68	21.7
	25–30 yrs	89	28.3
	30–35 yrs	73	23.2
	35–40 yrs	49	15.6
	above 40 yrs	35	11.1
Work Experience in Current Organization	Less than 2 yrs	108	34.4
	2–5 yrs	76	24.2
	5–8 yrs	65	20.7
	8–10 yrs	12	3.8
	More than 10 yrs	53	16.9
Job Designation	Housekeeper	102	32.5
	Housekeeping Supervisor	71	22.6
	Room Attendant	85	27.1
	General Manager	34	10.8
	Human Resource Manager	9	2.9
	Asst. Human Resource Manager	13	4.1

(0.889) showed that 88% job satisfaction influence the employee retention. As to study the consequence of the independent variable the multiple regressions were used. ($X_1 = \text{JBS1}$, $X_2 = \text{JBS2}$, $X_5 = \text{JBS5}$, $X_6 = \text{JBS6}$, $X_7 = \text{JBS7}$, $X_8 = \text{JBS8}$) to dependent variable ($Y = \text{Employee Retention}$). $\text{Employee Retention} = 0.955 + (0.128) (\text{JBS1}) + (0.154) (\text{JBS2}) + 0.115 (\text{JBS5}) + 0.845 (\text{JBS6}) + 0.827 (\text{JBS7}) + 0.158 (\text{JBS8})$.

The Regression equation shows the impact of dependent variable on independent variables. It shows that how the job satisfaction influences the employee retention in hotel industry. The Table 2 reveals the Pay Scale Salary and Compensation (JBS1) P-value is 0.014 i.e. significant. The value of independent variable of Pay Scale Salary and Compensation (JBS1) is increased by 1 unit than there would be a decrease in dependent variable i.e. employee retention by 0.128 units.

This shows that there is a significance relationship with positive impact of Pay Scale Salary and Compensation (JBS1) on employee retention. The Table 2 shows that the Rewards & Recognition (JBS2) P-Value is 0.003 which is highly significant. The value of independent variable of Rewards & Recognition (JBS2) is increased by 1 unit than there would be a decrease in dependent variable i.e. employee retention by 0.154 units. This shows that there is a significance relationship with positive impact of Rewards & Recognition (JBS2) on employee retention.

The Table 2 shows that the Training Skills & Knowledge (JBS5) P-Value is 0.013 have significant value. Then the value of independent variable of Training Skills & Knowledge (JBS5) is increased by 1 unit than there would also increase in dependent variable i.e. employee retention by 0.845 units. This shows that there is a strong significance relationship with positive impact of Training Skills & Knowledge (JBS5) on employee retention. The Table 2 reveals that the P-Value of Leadership and Participation in Decision Making (JBS6) is 0.000 which is highly significant. The value of independent variable of Leadership and Participation in Decision Making (JBS6) is increased by 1 unit than there would be increase in dependent variable i.e. employee retention by 0.845 units. This shows that there is a significance relationship with positive impact of Leadership and Participation in Decision Making (JBS6) on employee retention.

The Communication & Motivation (JBS7) P-Value is 0.000 (highly significant). The value of independent variable of Communication & Motivation (JBS7) is increased by 1 unit than there would be increase in dependent variable i.e. Employee retention by 0.827 units. This shows that there is a significance relationship with positive impact of Communication & Motivation (JBS7) on Employee retention. The Table 2 explore that the Employee Engagement (JBS8) P-Value is 0.000 (highly significant). The value of independent variable of Employee Engagement (JBS8) is increased by 1 unit than there would be increase in dependent variable i.e. employee retention by 0.158 units. The results indicate that there is a significance relationship with positive impact of Employee Engagement (JBS8) on employee retention. The Table 2 reveals that the Promotions & Career Development (JBS3), Work Life Balance (JBS4), Job Security (JBS9), Co-Worker Interaction (JBS10) and Organization Brand Image (JBS11) has no significant P-Value, i.e. the P-value is more than 0.05 which has no significant impact on dependent variable, employee retention.

Table 2. Multiple regression analysis

Variables	B Unstandardized	Std error	Beta Standardized	t	Sig
(Constant)	0.955	0.287		3.322	0.001
Pay Scale Salary and Compensation (JBS1)	0.128	0.052	0.067	2.475	0.014
Rewards & Recognition (JBS2)	0.154	0.051	0.069	3.038	0.003
Promotions & Career Development (JBS3)	-0.033	0.037	-0.020	-0.888	0.375
Work Life Balance (JBS4)	-0.026	0.043	-0.015	-0.617	0.538
Training Skills & Knowledge (JBS5)	0.115	0.046	0.063	2.502	0.013
Leadership and Participation in Decision Making (JBS6)	0.845	0.047	0.472	18.001	0.000
Communication & Motivation (JBS7)	0.827	0.045	0.467	18.303	0.000
Employee Engagement (JBS8)	0.158	0.039	0.103	4.091	0.000
Job Security (JBS9)	0.052	0.049	0.036	1.069	0.286
Co-Worker Interaction (JBS10)	0.060	0.046	0.032	1.310	0.191
Organization Brand Image (JBS11)	-0.069	0.048	-0.035	-1.454	0.147

5 Conclusion

The study explored the relationship between employee satisfaction and employee retention in the hotel industry. Results of the regression analysis indicated that factors such as promotions & career development, work life balance, job security, co-worker interaction and organization brand image did not have significant impact on employee retention but factors such as pay scale and compensation, communication & motivation, employees training and engagement found to be influencing the employee retention. The study also found the existence of strong relationship between the job satisfaction and employee retention. Despite the results the study leaves further scope in the area of studying the talent retention strategy employed by in hospitality industry and emphasizes on conducting an experimental study to shed more insights on factors contributing to greater talent retention. Since the study focused mainly on hospitality industry results of study would be more suitable to this sector.

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