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## **HRM Practices and Retention of Employees in Hotel Industry in South Mumbai**

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### **ABSTRACT**

*Turnover crisis reducing has been highlighted as a remarkable research theme in the hospitality industry. Regardless of the significant number of studies on employee turnover, it remains a vague issue and requires further research. It is well known that the service industry is highly dependent on the "human factor" which has become a major part of the hospitality product. The aim of this study is to give a clearer idea of enhancing employment factors to reduce the turnover crisis.*

*The aspects on which this paper will focus include, but are not limited to, training & development, Performance appraisal, Work life balance, Career development and Employee Relations. Further, this study aims at exploring the impact of Human Resource Management (HRM) practices on Employee retention in the context of hotel Industry. It was found that HRM practices have significant association with Employee retention. In addition, training and development, working condition and career growth were found to have positive impact on Employee retention. The hypotheses were tested, and valid result was achieved i.e. impact of HRM practices on Employee retention.*

**KEYWORDS:** HRM Practices, Hotel Industry, Employee Retention

### **INTRODUCTION**

Human Resource Management is the study of the flow of persons into, within and out of the organization. It includes Staffing i.e. Recruitment & Selection, Performance Appraisal, Compensation & Health & Safety. It also includes study of ways of employee separation from the company in the form of Voluntary Departure, Termination & Retirement. Amongst major responsibilities of HRM managers, one very important responsibility is to reduce turnover & increase retention of employees in the organization. The process of retention starts from the very 1<sup>st</sup> step i.e. hiring stage itself. Employee retention is defined as the processes and strategies of motivating employees to stay with the organisation. In the last decade, there has been a major shift from manual workers to knowledge workers & that has led to increasing importance of HRM practices in the organisations. These HRM practices determine employees overall level of satisfaction in the company. Key people drive the business & it's a huge loss for an organization when they disappear especially when there is no back up plan & organization has no other choice than to throw untrained people in critical roles. HRM practices protect an organization in such situations. Success of HRM practices

means to effectively manage talent with Strategies, visibility & management tools to beat the competition.

To successfully compete in the new millennium, organizations need to reinvent. As per the Human Development Report of UNDP, about 40 percent GDP in India comes from service's in industrial countries this is close to 60 per cent. Therefore, we need to improve the effectiveness and efficiency of the services. The services that need to be improved, comes from strategic sector like banks and financial institutions, transportation (rail, road and air), telecommunication, post and telegraphs, media including radio, television and newspapers, municipal services, hospitals, educational institutions, government, hotels and the like. The present Paper focuses on identifying the HRD practices adopted in hotel industry with specific reference to hotels in Mumbai.

## **LITERATURE REVIEW**

The concept of Human Resource Management (HRM) emerged in the early 1980s and continues to evolve as a separate field of study. Extant literature suggest that (Beer et al. 1985) Harvard University and (Fombrun et al. 1984) Michigan University contributed to the initial frameworks on HRM (Truss et al. 1997). According to Schneider and Bowen (1993) effective utilization of human resources provide a competitive edge for organizations (Chand & Katou 2007). Thus, human resource management practices are important to investigate the adoption of human resource management practices in service industry.

Employee retention could be described as the efforts by any business or organization to develop strategies and initiatives that support current staff into remaining with the organization. Retention is “the ability to hold onto those employees you would want to keep for longer than your competition” (Johnson, 2000). Success or otherwise of an organization in retaining its employee's is measured in terms of Employee Retention Rate (ERR) or through assessment of the Employee Turnover Rate (ETR). High employee retention rate means that employee turnover rate has been low and vice versa. Companies today are interested in retaining valuable employees and good employees are increasingly becoming more difficult to find (Panoch, 2001)

Ability of an organization to retain its employees has two- fold implications. Organizations that retain their high performers are bound to be successful in performance and at the same time avoid expenses that are incurred in advertisement of vacant positions, recruitment and selection, induction and training new employees that follow and employee lost (Okioga, 2012). In the hotel industry, low employee retention rates have been observed to interfere and disrupt the internalization of standards by the employees thus resulting to lower quality of service, reduced customer satisfaction and making an establishment less competitive. (Kimungu & Maringa, 2010).

In organizations where employees receive proper training to assume greater responsibilities, their turnover rates are generally lower (Moncarz, 2008).

Compared with other business sectors such as banking, management and finance, where positions are mostly full-time, specialised and operate during traditional business hours (ie. 9am- 5pm), the hospitality workforce is labour intensive, and characterised by high levels of

casualization diverse skill requirement from unskilled to highly specialised employees, customer contact oriented, and 24 hour seven days per week operation. Some of the causes of high turnover are contributed by the low-skill requirement of entry-level positions and demand seasonality which requires flexibility, temporary and casual workforce allowing many workers to enter and exit organisations freely (Barron & Anastasiadou, 2009; Milman & Ricci, 2004; Taylor & Finley, 2009).

## OBJECTIVES OF THE STUDY

1. To study determinants of employee retention
2. To examine HRM practices resulting into retention of employees

## RESEARCH METHODOLOGY

The population of study cover the selected staff of hotels and the sample size of 160 employees were selected, using the simple random sample techniques. The survey instrument used in the collection of data was the questionnaire. This study is limited to only to five hotels of South Mumbai.

## DATA ANALYSIS & INTERPRETATION

*Table 1: Distribution of the respondents according to their socio-economic characteristics*

Age Group	Frequency	Percentage
21 – 30	64	40
31 – 40	40	25
41 & above	56	35
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Gender</b>		
Male	107	66.7
Female	53	33.3
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Marital Status</b>		
Single	64	40
Married	80	50
Divorce	16	10
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Migrated From</b>		
Rural	22	14
Semi- Rural	32	20
Urban	37	23
Semi- Urban	69	43
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Salary</b>		
15000-45000	128	80
45000 and above	32	20

<b>Total</b>	<b>160</b>	<b>100</b>
<b>Experience</b>		
1-5 years	91	56.7
6-10 years	27	16.7
Above	42	26.6
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Education</b>		
Below HSC	11	6.7
Bachelors	11	6.7
Diploma	53	33.3
Masters	85	53.3
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Level</b>		
Below Supervisors	96	60
Supervisor	64	40
<b>Total</b>	<b>160</b>	<b>100</b>

*Source: Primary data*

The above Table 1 gives an insight of demographical characteristics of sample. Out of 160; 40% respondents were found in the age group 21 - 30 and rest of 60% were above 30. The result shows more presence of younger work force in hotel industry than older. Gender diversity is 1:3 that is 66.7% male and 33.3% females. The sample represents married to unmarried percentage of 50 and 40 % respectively. 34% people belong to rural area and others are from urban area. Highly salaried (above 45000) employees are only 20% and rests of 80% are below the range. Level of education is high; 53% of employees have master degrees, 33 did diploma and 6.7 Bachelors & below SSC. The respondents are currently working at different levels in the organization as shown in Table 1. Some factors with no significance were identified; these are the areas where HR department and management have to put their focus like migration, marital status. These variables were studied because they play a major role in retention of employees. As young people are more mobile and switch careers frequently than mature workers that are less transient.

**Table 2: Employees responses about the different HRM practices practiced in the hotel of South Mumbai**

HRM practices	Employees view				Total
	Very good	Good	Average	Poor	
Employee Engagement	30	58	50	22	160
Career Development	62	62	24	12	160
Training & development	112	20	16	12	160
Performance Appraisal	62	42	32	24	160
Health & Safety	34	42	38	46	160
Work Life Balance	34	32	44	50	160

Retirement benefits	28	26	20	86	160
Employee Relations	16	36	18	90	160
Employer Branding	0	30	38	92	160
Employee Grievances	24	30	12	94	160

*Source : Primary data*

The above tables 2 shows responses given by the employees selected as sample the different practices of HRM in hotels of Mumbai are identified as Very good, Good, Average and Poor. Table 2 represents the viewpoint of employees about the different HRM practices used in the hotel of Mumbai. It thus represents employee's view- point about the key HRM aspects of hotel industry. The respondents have rated very high for HRM practices "Training & Development" followed by "Career Development" while they have rated very low for "Employer Branding". As also can be seen from the statistics, employees have poorly rated the practices such as Health & Safety, Work Life Balance, Retirement Benefits, Employee Relations whereas they have given a good rating for other practices such as Performance Appraisal

*Table 3: Willingness to retain in the organization*

1	Employee Engagement	Very good	Good	Average	Poor	Total
	Yes	26	44	34	19	123
	No	4	14	16	3	37
2	Career Development					
	Yes	55	59	18	9	141
	No	7	3	6	3	19
3	Training & development					
	Yes	109	16	10	7	142
	No	3	4	6	5	18
4	Performance Appraisal					
	Yes	56	31	19	14	120
	No	6	11	13	10	40
5	Health & Safety					
	Yes	34	38	30	38	140
	No	0	4	8	8	20
6	Work Life Balance					
	Yes	30	13	29	48	120
	No	4	19	15	2	40
7	Retirement benefits					
	Yes	22	23	20	33	98
	No	6	3	0	53	62
8	Employee Relations					
	Yes	14	31	12	53	110
	No	2	5	6	37	50
9	Employer Branding					

	Yes	0	20	22	35	77
	No	0	10	16	57	83
10	Employee Grievances					
	Yes	18	29	9	34	90
	No	6	1	3	60	70

*Source : Primary data*

The above tables 3 shows that Training & Development, Career Development are amongst the most important HRM practices in the view point of most of the employees under the study for the retention in the organisation. On the other hand willingness to be retained in the organisations is low in case of Employer Branding, Employer Relations, Employee Grievances & Retirement Benefits.

## CONCLUSIONS AND SUGGESTIONS

The study disclosed the impact of various dimensions of HRM practices on employee retention. In this study, we considered three major factors which represented most of the HRM practices followed by different hotels. The study reveals that all HRM dimensions exercised in the hotels of South Mumbai does not satisfy the employees equally. Employees are satisfied with training & development, career development & Performance appraisal and dissatisfied with employer branding, employee relations & employee grievances. It is obvious that HRM practices in the hotel industry of South Mumbai has not been fully developed and there is the urgent need to employ the services of HRM professionals, consultants and researchers to help shape and develop new directional focus that will ensure an efficient and effective human resource practices.

We suggest the following recommendations for doing perfect HRM practices in the hotel industry of South Mumbai.

1. Proper employer branding should be done.
2. Organizations should implement proper employee relations practices
3. Management should make a clear cut Employee Grievance Policy by adopting some measures like reducing or minimizing unsocial hours and shift patterns that are not family friendly
4. Organizations should provide retirement benefits.
5. Organization should design Employee engagement programmes
6. Minimum informal recruitment and use of casualized seasonal employment as per requirements

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