

An Analysis of Effectiveness and Challenges in Implementation of Employee Retention Management System (ERMS) in Hotel Industry of Pune City

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Abstract

The rapid growth in Pune city has created a great demand for the hospitality skilled personnel but has resulted in a high attrition rate in recent years. Hotels now days are focusing upon certain Human Resource practices pertaining to areas of "Turnover Management", "Retention Management", "Talent Management", "Succession planning", "Compensation Management", "Motivation Techniques", "Work Life Balance" etc. the study is in a category of descriptive research and has studied various existing practices of ERM System followed by hotels in Pune city and will include surveys by means of a questionnaire and fact finding enquiries of different kinds. HR department of the hotel not only has to come up with effective system to ensure employee satisfaction but also have to make a conscious effort to cope up with the challenges pertaining to employee retention. Hotels in Pune could adopt effective ERM System which has a great impact on stay back of employees.

Keywords: Hotel Industry, Employee Retention, Employee Retention Management System, ERMS

INTRODUCTION

The city of Pune being one of the fastest growing cities in India, is developing in many sectors like engineering, information technology etc. This has resulted in a corresponding growth of hotels all over. Hospitality Industry is a service industry where people directly or indirectly, provide service to the customers. Hotels are catering to all types of tourists' demands ranging

from the basic lodging to star facility. This growth in the city has created a great demand for the hospitality skilled personnel. But like any other corporate firm the attrition rate for this industry has also substantially gone up in recent years. To overcome this issue, hotels now days are focusing upon certain Human Resource practices pertaining to areas of "Turnover Management", "Retention Management", "Talent Management", "Succession planning", "Compensation Management", "Motivation Techniques", "Work Life Balance" etc.

The employees who are not getting a challenging work can be one of the major reasons as to why an employee decides to leave the organization. An employee should be delegated responsibilities as per his specialization and background for him to perform up to the mark. An employee delivers hundred percent when the work interests him or her. Many problems have built up when an employee has nothing creative and challenging offered. An employee could always foresee a bright future and better growth prospects in the organization to stay back in the organization for a longer period of time. On the other hand an engaged employee always stays motivated in the current assigned work and does not look for opportunities in some other organization.

In the current scenario, a major challenge for any hotel is to retain talented and valuable employees. The hotel cannot completely control the problem of an employee leaving the hotel but can restrict it to a certain extent by implementing an effective employee retention management system because the hotel may face a lot of problem in its day to day operations if the top performer

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quits the organization. Hence it becomes the ultimate responsibility of the hotel to retain the talented bunch of employees. The hotel always needs employees who are loyal and work hard with full dedication to achieve the aims and objectives of the organization. It is essential for the management to retain its valuable employees also who think about the organization and contribute their level best towards the success of the organization. An employee who spends a longer duration at any particular organization is well aware about the rules and regulations, guidelines and policies of the organization and thus can perform in a better way.

Need & Significance of the Study

Attracting and retaining the best employees is one of the greatest issues in the hotel industry today. A limited pool of top potential job candidates, traditionally low starting salaries, less-than desirable evening, weekend shifts and intense competition among hotel brands contribute to the challenges in employee retention. H&MM January 8, 2007 | *HotelMotel.com*, www.HotelMotel.com

The employee work force is an incredible challenge in the hotel industry of Pune city is facing in the current market scenario. The hotels are recruiting a young bunch of fresher's as far as possible as they are young and have new and fresh ideas for the development of the organization.

These employees are livelier towards learning, personal development, personal growth and more importantly respect in the organization. The Human resource department of hotels is always on a lookout for developing employee centric practices to hold them for a longer tenure in the organization. These employees will remain with the organization as long as they are satisfied with the practices pertaining to key areas of their concern. This study thus aims at analyzing the effectiveness of various practices followed by hotels in Pune city for retention of employees.

Scope of the Study

As no hotel gives a confidence of working lifetime with the organization, the next best thing is to which the hotel can offer are various practices that are suitable for effective employee retention. An appropriate employee centric Human Resource practices have become one of

the most effective motivational tools in the hotel industry for effective retention. Besides this, it is the need of the hour to check the effectiveness of these practices on satisfaction level of the employees resulting into their decision of staying back in the organization.

Limitations of the Study

- The study was purely based on the information given by the employees and management of sample hotels in Pune city.
- The study was piloted in the current market scenario and the ideas, discernment and anticipations of the respondents may differ accordingly with time.
- The study also does not differentiate between the respondents on basis of their location which may have an influence of their opinion there by identifying scope for further research.

Statement of the Problem

Employee retention is one of the biggest challenges faced by the hotel industry in Pune city. Although the hotel industry has adopted various human resource practices for employee retention management system, its effectiveness has not been measured. Thus, this study aims at analyzing the effectiveness of employee retention management system practiced by human resource department of the hotel in Pune city.

Definitions

Retention is the most important purpose of retention is to look for ways to prevent the capable workers from quitting the organization as this could have negative effect on productivity and profitability. Samuel and Chipunza (2009)

Perceived Retention is initiatives which the management takes to prevent employees from leaving the organization Cascio (2003)

Employee Retention an effort by a business to maintain a working environment which supports current staff in remaining with the company. Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new

staff. <http://www.businessdictionary.com/definition/employee-retention.html>

Retention Management the workforce planning for Wisconsin State Government (2005) defines retention management as “a systematic effort by employers to create and foster an environment that encourages current employees to remain at the same employer having policies and practices in place that address their diverse needs”.

https://en.wikipedia.org/wiki/Retention_Management

LITERATURE REVIEW

Effective Human Resource Practices are seen to be a powerful tool for quality service, customer satisfaction and employee satisfaction. A lot of research, seminars and articles on the subject are a testimony to the importance of employee retention.

Hospitality journals like Express Hospitality, Hotels and Express, Travel World etc. carry regular articles on the above subject. Apart from that below mentioned will also provide the valuable information.

- Books Research Methodology by C.R Kothari
- Journals / Magazines / Newsletters
- Internet / Websites – Citation

A reference book of research methodology written by C. R Kothari published by New age international publishers (Second revised edition) in 2004 has given detailed information on research idea making basic research concepts clear for the preparation of research proposal.

Kavitha. C (2013) the research was about the procedure leaders applies for employee retention. The intention of the survey was to know how retention management works in practice. The conclusion of the research was leaders and their skill in creating a culture of retention, has becoming a key factor that why employees leave and stay in the organization and also what usually drives them away from a company. It is the leader has become the main factor in what motivates people’s decision to stay or leave the organization. The research has disclosed those characteristics of a good leader and how it plays a key role in retention management.

Usha Dinakaran (2013) has highlighted the main challenges faced by the Indian hospitality industry, foresee a change and explore solutions for sustaining

in the ever-changing market scenario. The study also shows that sustainable development, employment turnover and talent retention, have emerged as the major challenges. The survey recommends that it is important for stakeholders of hospitality industry to consider the challenges in the market and counter them by adopting appropriate changes.

Baltazar Amonda (2013) has discussed that why employees working in restaurants choose not to work for a longer period in the same outlet and prefer to switch. The study also describes different significant reasons of employees for choosing not to stay on the job for a longer period of time. The study also explores how employees have fun at work, how to train them well and make them feel appreciated to stay with the organization. The survey also mentions that a well-trained employee finds easier to work together in a team.

Kanimozhi. R (2013) has studied on the employee engagement activities and also the expectations of the associates to get entertained by their engagement activities. The study has found that most of the associates are highly engaged with the company both intellectually & emotionally. The survey also concludes that the associates are more pleased by entertainment programs carried out for staff recreation.

Hughes, Julia Christensen and Rog, Evelina (2008) has clarified the meaning of talent management and its importance, particularly on recruitment and retention and also identify factors that are critical to its effective implementation. The findings of the study were talent management is an adopted and passed guarantee to implementing an integrated, strategic and technology enabled approach to human resource management. The benefits of an effectively implemented talent management strategy include improved employee recruitment and retention rates, and enhanced employee engagement. These outcomes in turn have been associated with improved operational and financial performance.

Margaret Deery (2008) has examined the literature relating to retention of good employees and the role that work-life balance and also issues of an employee’s decision to stay or leave the organization. The study also provides an overview of the key employee turnover literature within the hospitality and tourism industry with specific attention given to the role of work life balance issues in the turnover decision-making process. The

key findings emerging from this literature focus on job satisfaction and commitment.

Moncarz Elisa, Zhao Jinlin, & Kay Christine (2008) has investigated organizational employee-retention initiatives and practices, and its impact employee turnover and retention. The findings show that Corporate Culture, Hiring and Promotions and Training practices influence non-management employee retention, and also Hiring and Promotion practices impacts retention management. Also Mission, Goals and Direction, Employee Recognition, Rewards and Compensation have a positive impact in reducing employee turnover and have a positive impact on productivity.

Susan E. Jackson, Mark A. Huselid and Randall S. Schuler (1997) in their research have evaluated the impact of human resource managers' capabilities on HR management effectiveness and its impact on corporate financial performance. The study also found relationships between HR management effectiveness and productivity, cash flow and market value and also the findings of the survey was found to be consistent across market.

Mark A. Huselid (1995) the study evaluated the links between systems of High Performance Work Practices and firm performance. The outcome of the study indicate that the practices have an economically and statistically significant impact on both intermediate employee outcomes turnover and productivity and short- and long-term measures of corporate financial performance.

Jeffrey B. Arthur (1994) has used an empirical taxonomy identifying two types of human resource systems, "control" and "commitment," the study tested a strategic human resource proposition that specific combinations of policies and practices are useful in predicting differences in performance and turnover. In addition to that human resource system has also moderated the relationship between turnover and manufacturing performance.

OBJECTIVES

1. To study various factors influencing employee retention management system in hotel industry.
2. To explore various employee retention challenges faced by the hotels.
3. To identify the practices adopted by hotels for effective employee retention.

4. To understand and determine the effectiveness of employee retention management system in the hotel industry.

RESEARCH METHODOLOGY

Type of Research: Descriptive research was used to study the various existing practices of Retention Management followed by star hotels in Pune city and will include surveys and fact finding enquiries of different kinds.

Methods of Data Collection

Primary Data - was collected at two different levels i.e. Managers & Associates working in the hotels. Primary data was collected through survey in the following ways:

1. **Through Personal Interviews:** The answer was sought to a set of pre-conceived questions through personal interviews and the data was collected in a structured way.
2. **Through Questionnaires:** Considering the Reviews, and the additional inputs, two schedules was prepared. The first schedule was a questionnaire for the Management of the hotel to collect the official information regarding the hotel from its establishment. The second schedule was prepared for the Associates working in various departments of the hotel.
3. **By Observation:** is the primary technique for collection of data on non verbal behavior observation to understand dynamic behavioral process. This data collection was done by conducting visits to sample hotels.

Secondary Data - was collected from published/unpublished literature on retention management in the hotel industry, advancements in the techniques of retention, latest references available from the journals, newspapers, research publications and magazines, past records and training reports of the hotel, and other relevant sources like internet.

Questionnaire - Design and Implementation: The questionnaire design was done with the aid of experts in statistical techniques and taking into account the measurement needs & objectives of the study. The questionnaire was administered to the sample population and sample size.

Sampling Techniques: For this study different level of employees was taken into consideration. The categories of employees considered were: *Manager Level Employees and Associate Level Employees*. The sample was based on the number of employees working in different hotels. This involves a total of 60 samples from both the occupational level of the respondents from hotels of Pune city.

OBSERVATIONS AND DISCUSSIONS

Hotels in Pune are making a conscious effort in retaining the employees and are also trying their level best for effective implementation of various human resource practices for their employees to stay back with the hotel. The hotels are also formulated a number of techniques towards effective implementation of an ERM System the same as observed and discussed below:

1. The hotels are following certain motivational techniques which keep the employees motivated to work in an environment which offers them liberty to explore their talents.
2. The hotels are offering certain operational authorities to the employees. This empowerment further gives them a feeling of responsibility, maturity at work and also creates respect for the organization they are working.
3. Talent management is one of the most important criteria which the hotels are practicing because for and organization it is important that employee talent and

contribution is recognized from time to time and rewarded accordingly.

4. The hotels are practicing techniques like Succession planning in which the hotels is giving professional training to their employees for their further promotion and development as this will enable to build their confidence and improve the quality of work.
5. The hotels are also proposing transparent promotional policies which will enable an employee to set goals and work accordingly for their betterment and growth.
6. Compensation management is been observed as a major criteria for an employee to stay back in the organization. The basic Salary and wages offered by the hotel form an important part of employee motivation and retention as the standard of living has increased tremendously in Pune city.
7. It is also observed that Employees look for basic facilities at work like accommodation, meals, transportation etc. which the hotels are now a day's offering for better retention. Stress busters practices like employee get-to-gathers', picnics etc. has become an important part of work.
8. Work Life Balance is the latest practice which is adopted by the hotels for the effective retention of employees and these are offered for the employees so that they have a good balance between family life and the workplace.

Figure 1: Effectiveness of Employee Retention Management System

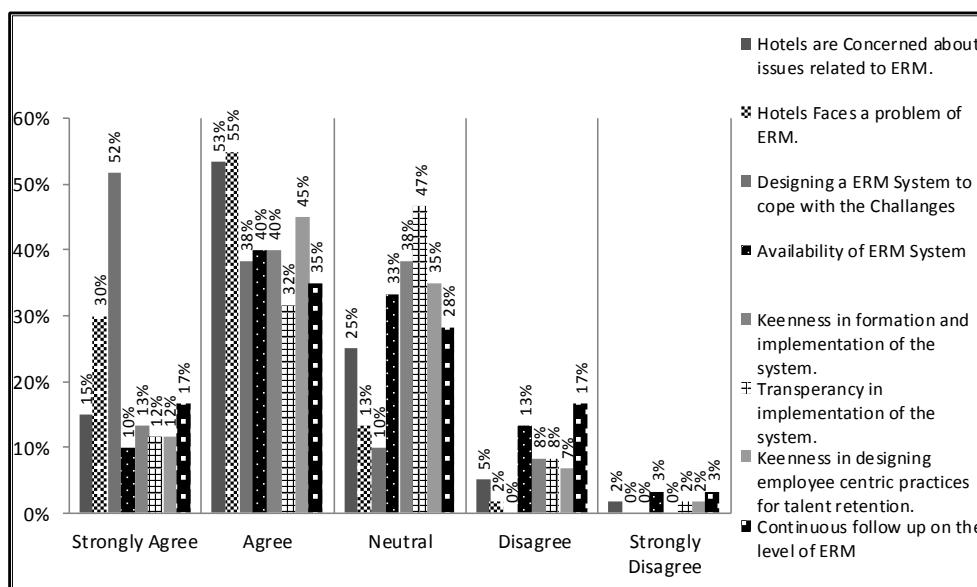
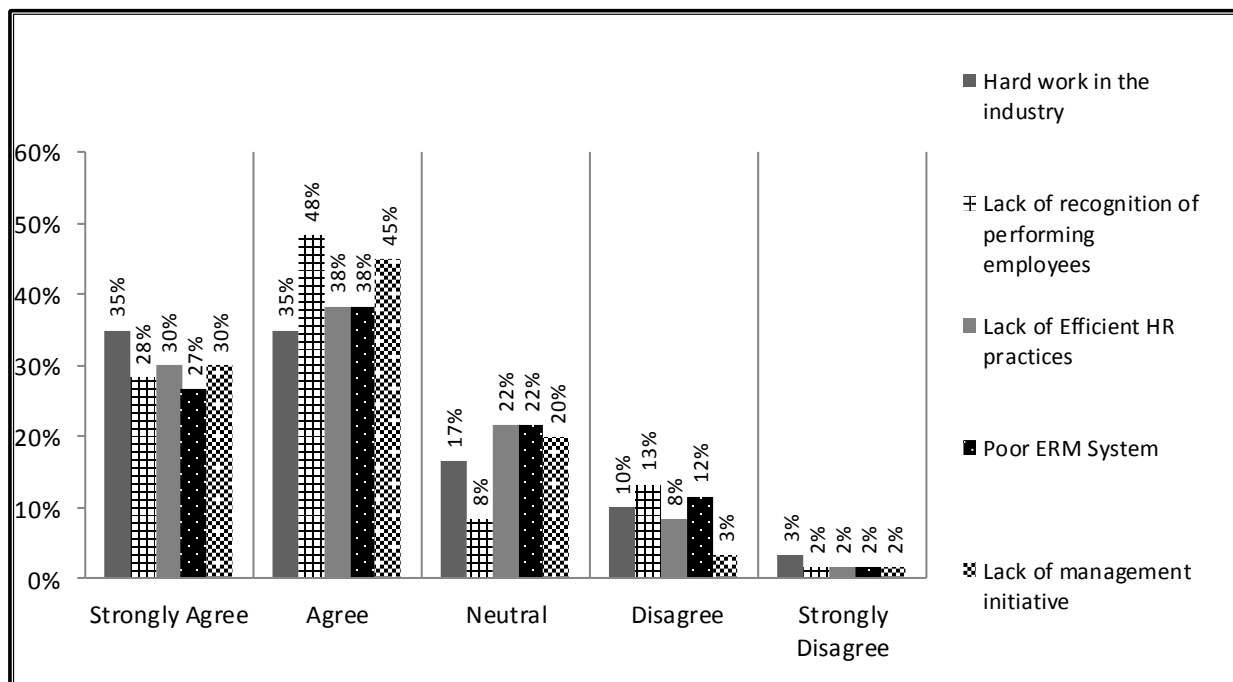


Figure 2: Challenges of Employee Retention

DATA ANALYSIS & INTERPRETATION

The data collected was analyzed using basic and advanced analytical tools. Also includes the detailed analysis of the data which was conducted with the purpose of attaining the objectives of the research. Mentioned below is the analysis which be presented graphically and in tabulated form for better interpretation. The Interpretation of the collected data was done by drawing inferences from the collected facts after the analysis of the study.

Findings

1. According to the graphical representation shown in figure-1 about the Effectiveness of an ERM System, majority of the hotel employees are agreeing upon designing an effective employee retention management system to cope up with the challenges faced on a regular basis because of which the hotel faces problem of employee retention.
2. The employees are also agreeing upon the availability of an ERM system in the hotels who still not practicing it.
3. The hotel also could be very much concerned about issues related to ERM system and should also show keenness towards formation and transparency in the effective implementation of the system.

4. According to the graphical representation shown in figure-2 about the Challenges of an ERM System, majority of the employees are agreeing upon challenges like hard work and lack of recognition as one of the major aspect of employee retention.
5. According to the employees a lot of agreement is lack in management initiatives.
6. Also the hotel could adopt effective and efficient human resource practice to face the challenges in the ERM System and start practicing an effective ERM system which will have a direct impact on the retention of employees.

RECOMMENDATIONS AND SUGGESTIONS

1. It is suggested that hotels in Pune city could adopt effective employee retention management system so that an employee stay back with the organization for a longer period of time.
2. It is further suggested that the employees are appreciating the management which is transparent and gives importance to hard work than anything else which will help the management and employee work like a team. The employees perform better when they are working under a Leader than a Boss.

3. The human resource department of the hotel not only has to come up with effective system to ensure employee satisfaction but also have to make a conscious effort to cope up with the challenges pertaining to employee retention.

CONCLUSION

1. Hotels in Pune could adopt effective employee retention management system which has a great impact on stay back of employees. The hotels are also overcoming the various challenges pertaining to employee retention.
2. Hotels in Pune are making a conscious effort by following an effective ERM system in making an employee satisfied on the job by placing right person for the right work. The management which is impartial and clear will always be liked by the employees who will in turn act as an effective motivational tool for employee retention.
3. The hotel which is successful in creating a correct Work Life Balance amongst the employees could have better and effective employee retention. On the other hand it is also an effective Compensation management practice which the hotel follows could be a major criterion for an employee to stay back in the organization.

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