

EFFECT OF MOTIVATION ON EMPLOYEE RETENTION IN MALAYSIAN HOTELS

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ABSTRACT: The principal challenge in the majority of hotels today is to retain competent employee from leaving the hotel. This has heightened the need for right motivational tools in order to accomplish employee retention in hotels. While extensive literature exists on motivation but mostly on other industries and the focus has largely been on its influence on performance and productivity, leaving out the role of employee retention. The study thus set out to determine the relationship between motivation and employee retention in Malaysia luxury hotels. The population of this study was a total of 304 employees from various luxury hotels in Selangor and Kuala Lumpur. A self-administered questionnaire was used for purposes of data collection and data was analyzed using regression analysis. The result indicates that there is a significant relation between motivation and employee retention and work satisfaction and employee retention. The study found that among all motivational factors training and development and salary and fringe benefits have the highest statistical significance with employee retention. Leadership has a negative relationship with retention and work satisfaction. The study also found that there is a significant difference for training & development, communication and employee involvement between male and female employees. Female employees consider these factors to be more important than their male colleagues. Training and leadership factors have a significant difference for the positions. The study recommends hotel managers to help and guide subordinates to grow and achieve their organizational goals, the study further suggests that managers should develop moral and team spirit among their subordinates. This study contributes to hotel managers in planning strategies for employee satisfaction and retention. It will also contribute to research and practice, as it will serve as a point of reference on the area of study, and other related topics to scholars and researcher. The study can also be used for further research.

Keywords: Motivation; Employee Retention; Hotels; Malaysia

1. INTRODUCTION

Asia will be the fastest growing tourism economies in the coming years. Travel & Tourism generated 105,408,000 jobs directly in 2014 (3.6% of total employment) and this is forecast to grow by 2 percent in the year 2015 to 107,519,000 (3.6 percent of total staff). This incorporates hiring in hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). This also includes, for example, the activities of catering, restaurant and related industries immediately supported by tourists. By 2025, Travel & Tourism will account for 130,694,000 jobs directly, an increase of 2.0% per annum over the next ten years (World Travel & Tourism council 2016).

For Malaysia, the tourism industry has been and will continue to be a vital economic sector. The tourist arrival numbers have risen from 20.9 million in 2007 to 27.44 million in 2014. Malaysia can develop tourism which is sustainable with the help of the hotel industry. For this to happen Malaysian hotels has to enhance their guest service. Only motivated employees can achieve enhanced guest service which will lead to memorable guest experience. But, hotels in Malaysia are facing a shortage of labor due to increasing staff turnover (Iverson & Deery, Lee & Chon, 2000). The hotel industry is a labor intensive industry; therefore there is an urgency to address the importance of labor retention. Hotel managers should find ways to attract and retain his productive employees.

A different person needs different motivational factors at different point in time due to the differences of personal need, educational levels, social status and environmental factors. The manager selection of right motivation tools after evaluating the

employees determines the degree of success in employee motivation. In some cases, monetary tools may become more appropriate than the psychological elements. Managers should choose the right tool by considering those factors which affect their employees.

1.1 Statement of the problem

The two major challenges for HRM in Malaysian hotel industry are a shortage of labor (due to high turnover) and lack of motivation for the hotel staff. (Nor Zafir Md Salleh Abu et. Al 2010). There is adequate empirical evidence linking motivation to retention (Sandhya, 2011) and job satisfaction and turnover intention (Ahamed et al, 2012), but there have been no studies particularly in the hospitality industry in Malaysia studying the association between staff motivation, work satisfaction, and employee retention. The study is attempted to model the type of motivational factors for employees work satisfaction and employee retention in hotels in Malaysia.

1.2 Goal and Aim

The main aim of this research was to find right motivational factors and their impact on employee retention and examine the reasons for staff turnover in the Malaysian hotels. This study arises because Malaysian hotel industry is facing a major challenge of shortage of skilled labor (mainly due to turn over) and low motivation of the hotel employees.

Also in Malaysia, there have been insufficient studies on motivation and staff retention in hotel segments as most of the earlier studies was done not inside Malaysia, but in other countries. There might be cultural differences between Malaysia and other countries and practices effective in other countries may not effective to be applied in here and there is a need for a research particularly in the hospitality segment in Malaysia. This study was designed to scrutinize the motivational tools, work satisfaction and employee's retention in hotels in Malaysia.

The following are objectives of this paper:

1. Investigate the relation between motivation & employee retention.
2. Examine the relation between employees' job satisfaction and employee retention.
3. Analyze the relation between gender and position with retention and motivational factors.
4. To make recommendations for managers to increase employee retention.

2. LITERATURE REVIEW

2.1 Employee Retention

Afenyo (2012) in his study of motivation effects on retention in a private sector in Ghana, found that motivation has significant positive result on retention and further recommended future researchers to include demographic factors and job satisfaction to the effect of motivation and retention in the private sector and further recommended future researchers to include demographic factors and job satisfaction. In addition, Sajjad et.al (2013) found that motivation has a significant effect on workers quitting jobs in Pakistan financial segment; this indicates the fact raise in motivation in-turn enhance the employee retention.

2.2 Job security

For staff in any organization, job security is considered as the important area of concern. As per Meltz (1989) "staff continuing to work for a company with no diminution of seniority, pay, pension rights, and other factors". According to Boella and Turner (2013) job security does significant function in associating employees with employers. It is evident that staff always prefers to quit the job with the company which is not secured. Job insecurity occurs when individuals recognize that their employment is not certain and near to closing stages shortly. In addition, it may intimidate staff with loss of substance, social, and psychological welfare associated with their employment.

2.3 Career development

Abu bakar (2014) studied the association between staff career development and staff retention. He collected data using a structured questionnaire from 98 staff at Deloitte Kenya and analyzed using Pearson's correlation. The result from the finding reveals an affirmative relationship among both career development and employee retention which was explained by the following not depending variables namely; career planning, training, and development, coaching and mentoring, career counseling,

succession planning, and talent management. In addition, the findings showed that the variables exhibit values above 5 percent. This means that there is an association between career development practices and staff retention.

2.4 Recognition and Reward

Most of the people would like to be respected, evaluated and motivated. This can be achieved by the recognition and reward offered by the company to its staff. Thus, Daisy Ofosehene et al., (2013) studied the impact of staff rewards, organizational rules and regulations and work contentment on the staff maintenance. They collected data by the method of a survey from 142 employees of Vodafone Ghana Limited through personal contacts. And, they revealed that management proper plan and adequate reward systems lead to equity and also enhances staff retention rate. In addition, they found that the work satisfaction and appropriate human resources policies have an affirmative connection to staff retention.

According to Memon et al.,(2010) an individual decision either to work or leave the organization mainly depends upon the organizational Human Resource policies. For enhanced staff retention, the H.R policies should inculcate fair employee appraisal, remuneration purely on performance, ample career development opportunities.

2.5 Job satisfaction

Employee satisfaction or job satisfaction is linked to mood and emotions at work place. While moods tend to be long-term but on regular basis weakens, while emotions are often more powerful, short-lived and have a precise cause or grounds. Ahmed, et el. (2010) studied the impact of motivational elements on work satisfaction in Pakistan government University. Their study concludes that there is substantial relationship exists between intrinsic motivational factors including recognition; work itself, the opportunity for advancement, professional growth, responsibility, good feeling about the organization and employee job satisfaction.

2.6 Motivation

Abdul Raziqa and Raheela Maulabakhsha (2014) in their research on work condition impact among workers work satisfaction, they used a wide range of samples that consisted of educational institutes, banks and telecom segments present in the Pakistan city of Quetta. And, they establish an affirmative association among work condition with staff work contentment. In addition, they suggest with some brief prospects that the organizations need to realize the importance of good work environment for increasing the work contentment.

2.7 Training and development

Training and development is an important necessity for staff progression and the fulfillment of business goals in any company. "It is termed as a pre-executed process which aids to provide on the work experience and changes the staff attitudes, skills and knowledge to attain expected performances while doing their day to day task or work.

2.8 Communication

Sylvester (2016) organizational communication can help in employee motivation through several ways. When this effective communication which takes place in the organization, it will be very helpful for management to combat staff retention issues thereby enhance customer contentment and stop declining performance.

2.9 Leadership

Andersen, Bjørnholt, and Holm-Petersen (2016) investigated the association between transformational leadership and motivation. They found transformational leaders work to clarify a vision, share it with their employees and sustain it in the long run, and this result in increased employee public service motivation that is, direction towards doing good for others and society.

2.10 Employee involvement

Qi and Wang (2016) conducted a study to explore the mechanisms through which employee involvement affects organizational performance. Their study deepened the research on the mechanisms by testing a new causal model based on the theoretical framework of high-involvement work systems. They used structural equation modeling based on data taken in China government, to find the impact of staff involvement practices on organizational performance.

2.11 Salary

Mendes, Lunkes, Flach, and Kruger (2017) study analyzed the employee's perception of the remuneration systems in hospitals in Brazil. They related perception of remuneration with the occupation, gender, age, and experience, as suggested by the Upper Echelons Theory. Their investigation also observed, regarding the characteristics, the following variables: (i) restriction; (ii) punishment; (iii) reward; (iv) control; (v) motivation; (vi) behavior; (vii) learning. Their results showed that remuneration is viewed as an instrument of control and behavior or a learning-inducing mechanism; however, the perceptions of employees working in the health area and administrative area were different. It was found that gender is not a determinant factor of behavior and that there were no differences between seniority of staff members as well as between more experienced, less experienced staff members regarding the outcome remuneration with behavior. In general, outcomes emphasize the importance of remuneration as an instrument of control and management.

3. THEORETICAL FRAMEWORK

The below frame work (Figure 1) is based on the literature review of the previous studies.

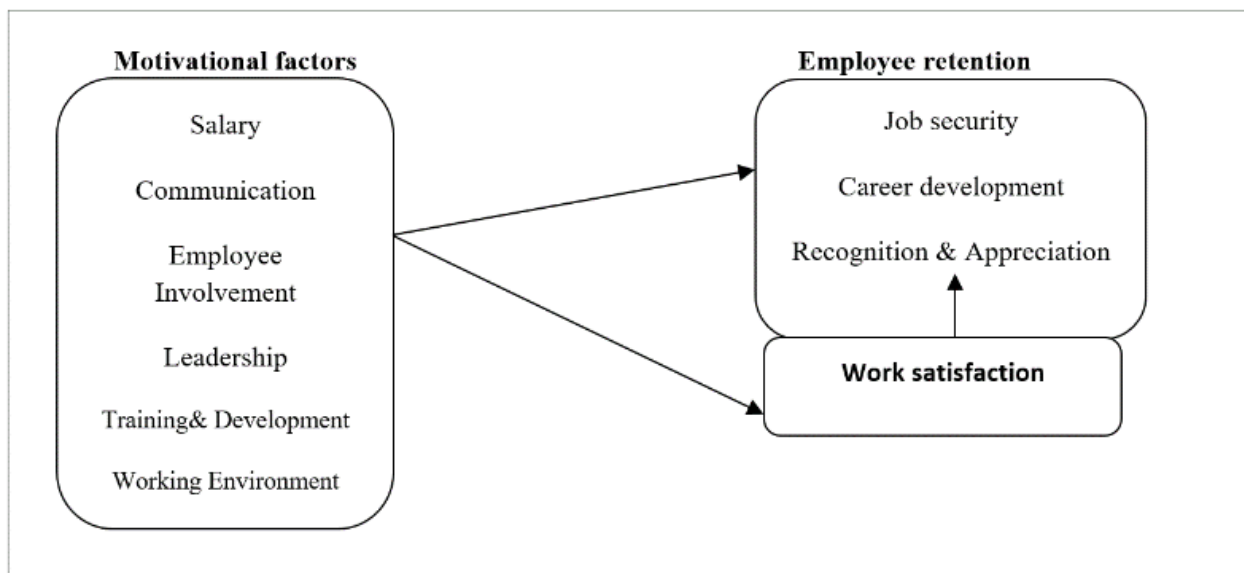


Figure 1: Theoretical frame work

4. RESEARCH METHOD

4.1 Study population

The study population for this research comprises of staff working with operational as well support departments of star hotels in Kuala Lumpur & Selangor.

4.2 Research Instrument

A structured questionnaire was utilized to gather the data. It was developed based on research of literature; thesis committee's suggestions.

4.3 Data collection

Data collected from six hotels in operational departments of the hotel: Room division (Front office & H.K), F&B and maintenance. Totally 240 questionnaires were collected from all these luxury hotels.

4.4 Analysis Technique

Linear regression analysis was employed to investigate the causal association among factors for motivational factors and work satisfaction and employees retention. The measurement model measures the relationships between the constructs and their indicators.

Frequencies and means were calculated for all variables, besides, Independent sample t-test and ANOVA were employed to calculate the variance between means for independent variables (gender and position). SPSS (version 22) software was used for analysis. Considering Cronbach's alpha, statistics should be greater than 0.70 for reliable findings.

5. RESULTS

The results of the data analysis indicated that there is a significant relation between motivation and employee retention and work satisfaction and employee retention. Among all motivational factors training and development and salary and fringe benefits have the highest statistical significance with employee retention.

6. RECOMMENDATIONS

6.1 Recommendations for Hotel Managers

Following are the recommendations which need to be considered by managers in order to enhance the motivation and thus increase retention rate of employees:

- Managers should help subordinates to grow and achieve their organizational goals through adequate training and development.
- Managers should develop moral and team spirit among his subordinates; it can enhance the relation between managers and subordinates and increase productivity and satisfaction.
- Supervisors should be easily approachable and motivate their subordinates to provide feedbacks and inputs on regular basis, consequently will increase employee's job satisfaction and organizational productivity.
- Administrators should involve their employees in decision making pertaining to day-to-day operations. Staff involvement in decision making makes employees feel valued at work and this will lead to higher self-esteem, satisfied staff with higher levels of productivity and efficiency.
- Human resource managers should review staff remuneration and benefits on regular basis to make sure that they are commensurate to their skills and work experience, comparable to an industry standard as remuneration is the major concern for employees to quit hotel jobs.

6.2 Recommendations for Future Research

Researchers can carry out further research on the following:

- Researchers can carry out further research on luxury hotel segment.
- New framework for mediating and moderating variable can be developed and tested.
- Future research could combine both quantitative and qualitative methods in measuring employee retention.
- Future research can use other statistical software packages.

7. REFERANCE

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