

# A Review of the Impact of Employee Engagement Strategies on Employee Performance and Retention in the Hospitality Sector

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**Abstract**—Hospitality Sector is one of the oldest service sectors in which food, accommodation and other related customer services is provided to the guest. Although this industry is one of the highest revenue and employment generating sector, it is also one that has the highest employee turnover. This is basically due to high demands of the job, odd work hours, less initial salary etc. The Human Resource Department plays a crucial part in such organizations since the existence and success of the Hospitality Sector depends solely on the efficiency of its manpower. This department also contributes to the development of innovative strategies and techniques by which they may retain the employees for a longer period and also increase their level of performance. For example, increased motivation and morale are considered crucial players in retaining employees for a considerably longer duration and also have a positive impact on their performance. Out of the many talent management strategies like career mapping, providing training and development opportunities, grievance handling, granting rewards etc. employee engagement is also one of the ways by which the performance of the employee can be greatly enhanced. The main objective of the paper is to study the positive impact of employee engagement on the performance of the employee in the organization with special reference to the hospitality sector. Through employee engagement an employee develops a feeling of being an integral part of the organization and feels passionate about the job. They also put effort in their job, take initiative and work towards innovative practices by which the quality of their work increases.

**Keywords:** Human Resource Management, Employee Engagement, Hospitality Sector, Performance, Retention

## Introduction—

The term Employee Engagement is not very old. It was first coined in the early 90's and since then has found great significance in any small to large size organization. It does not simply mean job satisfaction and happiness but involves a larger attitudinal change on the part of the employee by which he/she may be fully aware of the organizations objectives and may work in this context with his/her colleagues and team. It has been widely understood and accepted that the success of any organization depends upon its human resources. And if this resource shows total commitment towards work, people

and the organization as a whole then achievement of organizational goals is inevitable. In relation to this the Human Resource Department works constantly in developing new strategies and adopting practices that aids in increasing the employee satisfaction and happiness quotient. A happy employee who feels wanted by his/her team and manager will put in his/her best efforts to deliver the most desirable performance.

## Background of the Problem:

Earlier, the trend of switching jobs frequently was not very common, a decent salary and comfortable work environment were enough for an employee to spend his/her lifetime in a single organisation. But after Gen Y stepped in, things have changed drastically. Their expectations increased and the scenario changed. This generation is not only motivated by a handsome salary and facilities but also derive satisfaction with the connection and engagement that they develop with their work and the organisation. For doing this the Human Resource Department is assigned with the mammoth task of supporting the employees in every way possible so that they may give their best at their jobs and also stay for a longer period of time within the organization. Thus HRD is involved with developing and introducing innovative strategies by which their people are happy and satisfied. Among the many techniques, Employee Engagement has been found to be an effective way by which the talent management can be done that will not only result in better employee performance but will also retain the employee for a longer duration.

The Hospitality Sector is an industry with one of the highest rate of attrition. Employees leave jobs very quickly because of the inherent nature of the industry. Low starting salaries at junior positions, high demands work demands, odd work hours and no holidays on special occasions/festivals are all attributed to this industry. However employees who are more engaged in their work stick around for a longer time and

gradually step up on the progress ladder of the industry which is very rewarding and satisfying.

### Significance of the Study:

The study holds great significance in today's time as in the current business scenario the level of commitment and loyalty of the employees is questionable. This is even truer in the case of Hospitality Sector since in this service sector, jobs and entrepreneurial opportunities are immense. Hospitality industry is a labour intensive sector and therefore there is a constant need to hire capable and dedicated staff at all positions. It has been proved through many researches that the attrition rate is quite alarming because of which the service quality suffers. Zopiatis and Kyprianou (2006) in their study found out that the high volatile environment is a reason because of which the industry finds it difficult to hire and retain staff. Also, there is huge cost involved in terms of time, effort and money to recruit and select staff and then train them to perform their duties. When an employee leaves the organization for any reason other than the manager asking him/her to leave, then this entire process of recruitment, selection and training needs to be repeated again. The best solution to this is to adopt various talent management strategies by which the correct candidate is recruited in the first place and through training he/she is made fit for the job. Sometimes it may happen that a suitable employee also leaves a company due to dissatisfaction from the job, colleagues or the organization. To avoid this, HRD develops innovative techniques for talent management. One such strategy is 'Employee Engagement'.

### Objective of the Study:

- To understand the importance of employee engagement in Hospitality Industry
- To identify the role of Human Resource Department in implementing various employee engagement strategies
- To study the relationship between the level of employee engagement and employee performance
- To study the relationship between the extent of employee engagement and employee retention

### Operational Definitions:

**Employee engagement:** According to Kahns (1990) employee engagement means to be psychologically as well as physically be present when occupying and performing an organizational role.

**Talent Management:** Stockley (2007) states that the talent management is a very conscious, deliberate approach adopted by the organization to attract develop and retain people who possess right competencies, attitude and aptitudes to meet the strategic objectives of the organization. It focuses on people who got the right potential for achieving high performance levels.

**Retention:** Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. Mathimaran, Kumar (2007)

**Performance:** Werner (1994) defined performance as 'demonstrated skill or behaviour that influence the direct production of goods or services, or any kind of activities that provide indirect support to organization's core technical processes.

Werner (1994) has synthesized the earlier propositions of task performance

### Literature Review—

#### Understanding the Hospitality Sector:

The term Hospitality encompasses all those organisations and departments that cater to the needs of the guests, like Hotels, Travel and Tourism, Events and other customer service sectors. Globalization and industrialization have largely impacted this sector and resulted in its rapid growth. Since this sector is primarily service oriented and therefore its success depends largely on the effectiveness of the manpower. Therefore there is a need for talent management in hospitality organisation. As rightly mentioned by Grobler & Diedericks, 2009, Hospitality is a service industry where tourism is highly labour intensive, and in this context, the management of employees working in the industry is a critical function.

Talent Management has found great significance in the industry and therefore the Human Resource Department utilizes the different strategies by which employees can perform to the best of their abilities and contribute to the growth of the organization and also can be retained for long.

Talent Management enables the Human Resource Department to effectively recruit suitable candidates, train them, enable them in delivering adequate performance and also retain them for a longer period of time.

#### Employee Engagement:

Out of the different talent management strategies, Employee Engagement is found to be very effective in improving the performance of the employees. An employee who delivers great results at his/her work will garner rewards in terms of appreciation as well as monetary values. This will result in an employee who is satisfied, happy and content in his/her workplace. Employee engagement is defined as a degree to which extent an employee would be emotionally and intellectually committed to an organization or group (Lockwood 2007).

Employees must be engaged at three levels-physical, emotional and cognitive. In case of physical engagement the body language of the employee is such that demonstrates the

willingness to do work, the acceptance of opinions given by others and the readiness and spontaneity in completing tasks. The emotional engagement is related to the degree of connectedness and trust that the employee has on the organisation and its people. While cognitive aspect is related to the need of an employee to be aware of the organisational strategy and what they need to deliver in order to achieve returns on their work efforts.

Kahn (1990) drawing from the earlier works of Goffman (1961) defines personal engagement as “the simultaneous employment and expression of a person's "preferred self" in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances. People have dimensions of themselves that given appropriate conditions, they prefer to use and express in the course of role performances.”

Robinson (2006) stated that employee engagement can be achieved through the creation of an organizational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organisational performance, lower employee turnover and better health.

Tatjana et al have emphasized on the fact employees with a positive attitude towards the organization are more likely to be emotionally and intellectually committed to the organization success and more willing to invest additional effort and are also willing to remain with the organization longer. They are more satisfied with their private and working life if their personal values coincide with the organization values.

A meta analysis of around 7,939 business units involving 38 companies showed that there was a correlation between employee engagement with the work outcomes such as consumer's satisfaction, productivity, profit, and employee turnover (Harter, Schmidt and Hayes 2002)

#### **Factors that Drive Employee Engagement:**

There are a number factors that have a positive influence in creating an environment suitable of employee engagement. One of the key factors is the organizational culture, McBain (2007). The culture of an Organization is a set of values held by it that make it stand out from another organization. Places with high degree of openness, transparency, respect, fairness and communication are definitely conducive to the increased employee engagement. Sharma P.(2006) in his study of IT professionals has inferred that the organization culture has a tremendous impact on employee engagement and job satisfaction which further increases employee retention and lead to high degree of productivity.

Some researchers have also emphasized on the role of a leader towards the degree of employee engagement in an organization. Several previous researchers found that social supports such as organizational support and support from the leader have positive relationship with employee engagement (Maslach et.al. 2001)

#### **Importance of Employee Engagement in the Hospitality Sector:**

Looking at the uniqueness of the Hospitality Sector, it is imperative that appropriate measures are taken to keep the employees engaged in their organization in all three aspects namely-physical, emotional and cognitive aspects. This will not only improve their performance but will also increase their tenure in the organization.

Vazirani, N. has stated that without employee engagement an organization cannot survive for long period of time. Mohd Sadiqe (2014) in his research on the impact of employee engagement in the Indian Hospitality Sector stated that employee engagement is very important for the survival of this industry and also to provide great customer service and experience.

#### **Performance Management:**

Managing the performance of employees is a very important task of the managers (Lawler E.E.2008, Gruman J.A.2010) and is on their top priority. The performance of each individual employee is very crucial since the achievement of departmental as well as organizational goals is dependent on them totally. This is even more essential in the Hospitality Sector since the employee is comes in

#### **Discussion and Conclusion—**

The review study under discussion has been done in context to the Hospitality Sector in which managing employees is one of the greatest challenges. The Human Resource Department can undertake certain techniques and strategies by which the level of employee engagement is enhanced. Through several researches as mentioned in Review of Literature it has been proven that the initiatives taken by HRD to engage the employees will go a long way in them delivering expected performance in the form of great customer service and will also staying long with the organisation thus reducing one of the major problems of high employee turnover.

The advantages of an engaged employee are many. An engaged employee will be happy and satisfied. This will be reflected in his attitude towards his work, colleagues and organisation. He will care more about the products and services that the organisation has to offer. He will take his job seriously and will realize his contribution towards the organizational growth.

Since the hospitality sector can be very exhausting both physically as well as mentally, it is possible that the employees might give up on it, however employee engagement helps in boosting up the morale and also increasing staff dedication towards the hospitality services.

Employee engagement is involved with the development of a strong emotional bond of the employees with the organization and its people. In the hospitality sector they develop a strong emotional association with the guest by which the guest also

feel connected with the organization and its staff and then they come back again and again as repeat guests.

Engaged employees have a high degree of involvement with the organization and its people and therefore they try to perform to the best of their abilities. This is very important as the hospitality sector is all about great customer service and satisfaction.

Not only are they performing well in a great team and providing excellent customer service but they are also add to a high and positive work environment. This in turn will be a crucial factor that will retain the employees for a long period of time in the organization.

Saks (2006) found that employee engagement had positive impact on work satisfaction, organizational commitment and Organization Citizenship Behavior (OCB) and also negatively associated to the intention to leave.

Kalia and Verma (2007) conducted a research on the impact of organizational culture on employee engagement with reference to the Hospitality Industry of Himachal Pradesh. In the study they concluded that the performance of employees is influenced by employee's vigor, dedication and enthusiasm at work and these factors makes them more engaged in their work. Thus, having a positive implication on the results achieved from the job. This sense of satisfaction automatically results in a higher retention rate.

The strategy selected to engage the employees will vary from organisation to organisation and also will depend on the job position of the employee. There could be other factors also like the leadership style, organizational culture and the attitude of the employee that will have an impact on the strategy selected for employee engagement. Putting the welfare of the employees as a priority, using surveys and questionnaires to know about the feelings of the employees towards policies and other events is a good way to keep them engaged. Having an appropriate channel by which the employees can communicate to the authorities and can get reply from them helps to establish connect with the organization. Developing learning teams and incorporating learning methods suitable to their learning styles also helps to establish a bond between the employee and the organization.

Thus, adopting methods and strategies that develop a feeling of belongingness and connectedness of the employee with the organization, goes a long way in enhancing their work performance and retaining them for a long time in the organization.

#### Areas for Further Research—

Many researches and studies have been done on the topic under discussion, but the concept of 'employee engagement' is relative a new one. Thus there is a lot of scope to further delve on the topic. The relationship of employee engagement with demographic aspects like age, gender, educational qualification is an area that can be explored.

Relationship of employee engagement with industry type and employee position can be studied to understand how the employees are engaged according to their rank in the organization.

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