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**HOTEL EMPLOYEE RETENTION: DO WORKPLACE
ENVIRONMENT, LEADER COMMUNICATION AND JOB
SATISFACTION MATTER?**



Haslina Halim (a)*, Tengku Mohd Asrulhaidar Tengku Radin (b), Farah Lina Azizan (c),
Nazrul Shazleen Nazri (d)
*Corresponding author

(a) Department of Communication, Universiti Utara Malaysia, Malaysia, lina@uum.edu.my

(b) Stratalogic Sdn. Bhd., Malaysia, asrulhaidar76@gmail.com

(c) Department of Communication, Universiti Utara Malaysia, Malaysia, farahlina_azizan@yahoo.com

(d) Kota Kinabalu Polytechnic, Malaysia, nazrulshazleen@gmail.com

Abstract

Literature suggests that employees are a valuable asset to any organization. Organizations spend a lot of time, efforts and resources in recruiting, inducting, supervising, providing training for and paying employee salary. The investment is vital in ensuring that employees in return, will provide high-quality service and be successful organizational members. In corroborating whether this is applicable across industries, the paper investigates whether work environment, leader communication and job satisfaction influence hotel employee retention. Self-administered questionnaires were distributed to 550 respondents, comprising of hotel employees working in the Klang Valley area, Malaysia. Three-hundred and twenty-nine questionnaires were analysed using the multiple regression analysis to test the hypothesized relationships. Workplace environment, leader communication and job satisfaction were found to have direct impact on hotel employee retention. The findings were consistent with research being conducted in other industries. It is hoped that the finding will help hotel management to be more aware of the needs and expectations of their employees and further understand the necessary transformation that needs to be done within their organization. This is to ensure that employees are satisfied with their job and have high possibility to retain their job in the same organization for a long period of time.

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1. Introduction

Past research have found that the costs acquired by organizations due to employee turnover are not only monetary but also non-monetary, which comprise the loss of skills and knowledge, decrease in productivity and competitive force (De Winne et al., 2019; Kodwani & Kumar, 2004). Kodwani and Kumar (2004) further noted that high employee turnover does not only affect the organization but employees themselves will suffer from decrease in the cost of living, loss of experience and stress in adapting to a changed situation.

Recent studies have found that the cost of hiring and training of new employees is about 50 percent of the employee's annual income (Ameri et al., 2018). The cost is just as critical as employee turnover. Subsequently it is not beneficial for an organization to recruit new employees if they are likely to leave for another job not long after they are being hired. So, the best way to ensure employees stay in the organization for a long period of time is to ensure that they are motivated and loyal to the organization. A study by Iqbal and Hashmi (2015), reveals how organization is successful in retaining employees through the introduction of the principle of 'empowerment'. The principle describes that first, employees must have a sense of meaning, where they reflect on the importance of their work and what they do at work is more than just a work. Next is self-sufficiency, where employees must feel accountable for their own work and are given the freedom to plan how they will perform it. The third is competence. It is related to the level of confidence employees have on their own ability to try something new and lastly, it is the impact of their work, where they believe that whatever they do affect the way the organization operates.

2. Problem Statement

The above discussions explain that organizations need to seriously consider how to maintain loyalty of their employees and make them feel motivated to work for the organization as this will be costly to the organization if the employees were to leave for another organization after a short period of time. Early departure from the organization will reflect the organization itself as this is one of the core parameters in measuring the health of an organization. Kyndt et al. (2009) describes employee retention as the efforts organizations are willing to take in order to retain skilled employees with them. Thus, employee retention depends on the employee's perception to stay with their current organization based on their respective experiences with the organization. Employees who leave the organization will take along with them the resources of knowledge, investment and relationships. Intelligent employees never underestimate the importance of maintaining the best talent. The strategy of organization's human resource policies and practices needs to be designed in such a way that ensures employee retention, which is vital in organizational accomplishment. Therefore, hotel management especially leaders need plans to retain adequate labour force and increase employee engagement, motivation, job satisfaction and work environment in the workplace (Holston-Okae, 2018).

In Malaysia, the quick advancement of hotel industry, the increase in environmental diversity and level of competitive rivalry, acute employee deficiency, consistent growth in employee turnover and cost

of employee replacement have forced hotels to aggressively compete for employees. In conjunction to this, we hope to further investigate employee retention in hotel industry by specifically focusing on how workplace environment, leader communication and job satisfaction affect hotel employee retention. We anticipate that the study will help improve knowledge and understanding of the potential relationships that might exist between workplace environment, leader communication and employee retention, in the context of hotel industry. Due to the challenges faced by the hotel industry, the present research also hopes to contribute towards the empirical knowledge on hotel employee satisfaction and the relationship with job retention. It will also enhance knowledge on employee intention to quit and help hotel management to strategize its communication with employees and create a work environment that is conducive and meet employees expectation. This in return can help improve employee performance and retain them in the organization. The following subsections briefly discuss the main constructs that we investigate as well as the proposed relationships that could potentially emerge from the analysis.

3. Research Questions

Based on the gaps that we identified, the present research hopes to present answers to the following research questions:

- Does work environment affect employee retention in Malaysia's hotel industry?
- Does leader communication affect employee retention in Malaysia's hotel industry?
- Does job satisfaction affect employee retention in Malaysia's hotel industry?

4. Purpose of the Study

The focal intent of the study is to investigate whether work environment, leader communication, and job satisfaction affect employee retention in Malaysia's hotel industry.

5. Research Methods

5.1. Participants

The respondents of this study were low- to mid-level hotel employees who work with 3- and 4-star hotels located in Klang Valley, Malaysia. Based on the list of employees obtained from the hotels, we randomly select the samples for the study. Self-administered questionnaires were used for data collection. Out of 550 questionnaires being distributed, a total of 351 questionnaires were returned, representing a response rate of 63.8 per cent. However, only 329 questionnaires were identified as usable, representing a 59.8 per cent feedback which were considered acceptable.

5.2. Instruments

The measurement for employees' retention scale was adapted from Abbasi and Hollman (2000) and Fitz-enz (1990), which consisted of ten items. The workplace environment scale was developed by Buhai et al. (2008), and it consisted of six items. Leader communication scale was developed by Mayfield & Mayfield (2007) which consisted of seven items. The last variable, job satisfaction scale was developed

by Blau (1987) and Susskind et al. (2000), which consisted of nine items. All measurements used a five-point Likert-scale format, and all composite scores resulted from the summated items from each scale. Evaluations for scales reliability stipulate that the measures were appropriate in measuring the target constructs. Cronbach's alpha scores were as follows: employees' retention, .90; workplace environment, .90; leader communication, .89; and job satisfaction, .94. The scores revealed that the items were appropriate in measuring the constructs.

6. Findings

6.1. Descriptive Analysis

Table 1 displays the means, standard deviations and correlations of the variables being studied. The zero-order correlation indicates that workplace environment and leader communication are found to be significantly positively correlated to employee retention ($r = .556, p < .01$; $r = .647, p < .01$). Moreover, job satisfaction is also found to be positively correlated to employee retention ($r = .668, p < .01$). In addition, an analysis of the variance inflation factors (VIFs) indicates the VIFs scores to be lower than 10. Thus, all variables could be retained for the regression analysis (Neter et al., 1985).

Table 1. Descriptive Statistics

Variables	Mean	SD	1	2	3	4
Workplace environment	3.90	0.66	1			
Leader communication	4.06	0.71	.728**	1		
Job satisfaction	3.97	0.62	.775**	.778*	1	
Employee retention	3.70	0.59	.556**	.647**	.668**	1

Note: * $p < .05$; ** $p < .01$

6.2. Hypothesis Results

Hypotheses 1 to 3 were tested using the multiple regression technique. Table 2 illustrates that workplace environment, leader communication and job satisfaction were positively and significantly contributed to the prediction of employees' retention at the 0.01 levels ($\beta = .196, t = 2.959$; $\beta = .543, t = 7.196$; $\beta = .668, t = 16.212$). The results also indicate that all the variables explain 43.5% ($F = 83.331, p < .01$) of the variance in employee retention. Therefore, H1, H2 and H3 were accepted.

Table 2. Regression summary for direct relationships

Predictors	Std. β	t-value
Workplace environment	.196**	2.959
Leader communication	.543**	7.196
Job satisfaction	.668**	16.212
R ²		.435
Adjusted R ²		.430
F-value		83.331
Sig.		.000

Note: ** $p < .01$; * $p < .05$

The finding demonstrates that there is a significant relationship between workplace environment, leader communication, job satisfaction and employee retention. This finding supports the study by Halim et al. (2019) on the significance of workplace environment and employee retention and corroborated with a past study by Sahu et al. (2018) which found that behavioral intent of employee can be reached from effectiveness of leader communication. Awais et al. (2015) obtained a positive relationship between job satisfaction and employees' loyalty to the organization.

As for hotel industry, the success of service depends greatly on employee satisfaction. Employees who are satisfied with their work will have the responsibility to provide the best service to the customer and thus improve the quality of service. Therefore, in the hospitality industry, employees are the major source of improvement in the quality of service, as machines cannot change the quality and service provided by the hotel employees (Pan, 2015). Consequently, the attitude and behavior of the employees is a very important quality for the hotel as it will affect the level of customer satisfaction. Therefore, in order to build a sustainable competitive advantage, only the best services should be provided to customers especially in today's dynamic and competitive hotel industry environment (Chan et al., 2017). In general, these studies reveal that workplace environment, leader communication and job satisfaction are significant factors that contribute towards employee retention. Therefore, hotel management needs to strategize and ensure that its employees work in positive working conditions that would help increase their performance. Besides, in doing a good job, employees are very concerned about a comfortable personal and work environment.

As Malaysia's hotel industry has been expanding continuously since the early 90s, and has become a primary economic contributor to Malaysian government (Aminudin, 2013; Lahap et al., 2016), it is significant that hotel management considers work environment, leader communication, job satisfaction and employee retention to be important in strategizing their business. As suggested by Hussain et al. (2016) Malaysia's hotel industry always need to be innovative and improve the quality of its services. One of the ways that could contribute towards quality improvement is through the quality service provided by its satisfied employees. As well, job satisfaction and employee retention are important issues that provide a major effect on the profitability and advancement of the organization. The understanding concerning the relationship between work environment, leader communication and job satisfaction could also be used as a reference by policy makers. Accordingly, this study helps to provide knowledge and create awareness for the above parties to look into the management of the organization, amend, formulate new rules and regulations pertaining to the work environment that organizations must adhere to in order to safeguard the Malaysian workforce especially those in the hospitality industry.

7. Conclusion

The paper has presented the results of the relationships between work environment, leader communication, job satisfaction and hotel employee retention. The results from this research could help create awareness on the significance of work environment, leadership communication and job satisfaction and reduce turnover rate among employees in hotel industry. Hotel management especially leaders should take the right steps or strategies to prevent employees from leaving their jobs in search of betterment. Leaders need to know how to build a positive and challenging work environment to ensure that

employees achieve the organizational goals and consequently, increase their level of satisfaction, and remain with the organization for a long period of time. The management should consider a positive working environment with the aim of maintaining employee satisfaction and well-being. It is important for every hotel management to understand that it is their employees' who are responsible in satisfying the expectation of their hotel guests. Therefore, it is crucial that the management ensures that its employees also feel the same, so as they could reflect the same to the guests. Specifically, the strength to control employee value and ascertain job satisfaction is an important role in today's global economy.

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