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Abstract

The intent of this research article is to determine the effects of employee engagement and morale on workforce retention in the hospitality industry specifically. To that end, an investigation was conducted into the role that engagement, motivation (both extrinsic and intrinsic), professional development, work related stress, talent management, organizational culture, and leadership satisfaction play, or could play, in employee retention in this industry, which historically has experienced high turnover rates. Potential revenue is lost due to disengaged employees and reduced productivity (Attridge, 2009; Saks, 2006). In the supporting studies, questionnaire-based surveys were used to gather and subsequently analyze the assessments and/or opinions of a range of individuals employed by the hospitality industry regarding practices meant to promote positive engagement and high morale. The results of these studies indicate that employees are motivated and engaged when their work environment provides incentives beyond the norm of acceptable wages and insurance benefits (Lee & Ok, 2015). Moreover, the collected data demonstrate that employee morale is higher when opportunities for career growth and reduced work-related stress and an environment conducive to positive, relatable employee-leadership relationships are present (Li, Zhang & Yang, 2017). Ultimately, as this research article also reveals many of the key issues associated with low employee retention rates in the hospitality industry, it will be beneficial to future research that is geared toward retaining high (or higher) quality employees.

The Effects of Employee Engagement and Morale on Workforce Retention

Introduction

In today's economy, the success of an industry is dependent upon its ability to (collectively) retain quality employees who are engaged and who can both demonstrate and encourage workplace morale. While the hospitality industry is one of the largest and most competitive industries in the U.S., it continues to suffer the consequences of high employee turnover (Baharin & Hanafi, 2018). According to the U.S. Bureau of Labor Statistics, as of February 2020, 16.87 million people are employed by the hospitality and leisure industry. Considering the reality that the hospitality industry is inclusive of lodging, restaurants, museums, theme parks, cruise lines, and event planning firms (among other organizations and establishments), the above figure is minimal.

With the report published by the U.S. Bureau of Labor Statistics (2020) in mind, the following research article examines the effects that employee engagement and morale have on workforce retention rates in the hospitality industry. It likewise explores factors that may contribute to employees' disengagement, including work-related stress and a lack of professional development opportunities. Employee engagement is defined as those factors that assist employees in actively participating in their careers on an emotional, cognitive, and physical level (Lee & Ok, 2015). As Llorens, Schaufeli, Bakker, and Salanova (2007) have asserted, being able to connect emotionally to their work role, management team, and colleagues helps employees to remain motivated and to strengthen their performance. Furthermore, both employee engagement and high morale are often achieved when employers, seeking to create a positive work environment, motivate their employees to behave in a goal-directed manner (Gomez, Balkin, & Cardy, 2004). In other words, according to Gomez et al. (2004), "motivation energizes, directs,

and sustains human behavior” (pg. 52). Creating and achieving morale in the workplace is necessary to reduce employee turnover and increase productivity.

Current literature suggests that when an employee is dedicated to their work role, their productivity remains high, which positively impacts their general well-being (Llorens et al., 2007). Their continued engagement expectedly, positively impacts their company’s financial performance as well (Book, Gatling, & Kim, 2019). Because of this natural trend, organizations that conduct their own research on which factors will increase employee engagement, motivation, and satisfaction will likewise enhance their overall productivity and profit.

Review of the Literature

This research article investigates the relationships between employee engagement, morale, motivation, and professional development and their overarching effects on workforce retention in the hospitality industry specifically. All studies discussed in the following sections collected their data from employees who at the time held either a managerial or non-managerial position in the hospitality industry. The majority of survey participants were employed by hotels, casino resorts, and restaurants located across the globe. Responses were collected both on-site, through one-on-one interviewing in employees’ natural work environments, and online, through questionnaires sent directly to participants; most studies were conducted by a third-party facilitator. Online surveys were administered specifically to encourage the participation of employees who worked third shift and were thus not available during normal business hours. The researchers responsible for collecting data used quantitative measures in order to calculate and then generalize the level of morale of each organization investigated. Quantitative research measures further allowed them to examine the relationship between employee engagement and

morale and determine the correlation, if any, between high morale and employee retention rates (Creswell, 2009).

Methodology

Employee Disengagement

In 1990, Kahn conducted and analyzed employee engagement research studying the conditions that cause employees to become engaged or disengaged in their profession. Over recent years, employers have attempted to increase the hospitality industry's profit by reducing the number of employees to run the operation. Profit will not be increased if employees are overworked or not engaged in completing the tasks set before them.

There are other factors that cause employees to be disengaged. Work related stress is an issue associated with customer-oriented positions in the hospitality industry (O'Neill & Davis, 2011). Employees tend to be less engaged and motivated due to the challenges associated with customer demands. With any service industry, it is difficult to meet the stipulations set forth by customers. Employees are required to make all attempts to please the ones that create business for their company. Meeting customer's needs is not the only stressor. An employee must make certain their performance is in accordance with the desires of managing supervisors and the company. Research has shown that employees with less stress provide better customer service (O'Neill & Davis, 2011). It is also reported that work related stress decreases one's positive characteristics of performance and can lead to stress-related illnesses (O'Neill & Davis, 2011). The significance of stress does not only affect an employee on the job, but those concerns regarding physiological health and well-being can carry over to other aspects of their lives (O'Neill & Davis, 2011). Furthermore, a stressful work atmosphere may lead to employee disengagement and high turnover.

Employee-Leader Relationship

There is also a connection between the employee-leader relationship regarding employee motivation and morale. Increased engagement positively effects and employee's overall well-being and amplifies an organization's financial performance (Book et al., 2019). This research shows that an emotional connection to your work role, leadership and coworkers motivates employees and increase engagement (Llorens et al., 2007). Moreover, it is apparent that employees are essential to the success of any organization and assist in creating brand loyalty amongst the public.

A correlation is evident between the accessible resources needed to complete work-related tasks and how it positively effects work engagement (Llorens et al., 2007). High engagement can lead to fewer absences, job satisfaction, reduced employment turnover and increased productivity (Llorens et al., 2007). It is extremely difficult to maintain a healthy work life balance in general, so employers should make provisions to safeguard employees have reduced work related stress and are actively considering the importance of their well-being and health.

Organizational culture and a favorable working atmosphere assists in driving what motivates employees to perform well. Without motivation employees lose their desire to be productive and become ineffective and cost the company in additional training and recruitment efforts (Contiu, Gabor & Oltean, 2012). Likewise, a positive organizational culture provides a way for employers to test motivational incentives. People can be motivated to participate fully in their work role through methods other than wages and monetary rewards. It is necessary for employers to evaluate the individual motivational needs of employees versus the group's needs for the reason that individuals have different motivators (Contiu et al., 2012). Taking measures to

develop highly motivated employees in the hospitality industry is important in retaining staff, as the industry has extensive labor demands and uncompetitive pay wages (Putra, Cho & Liu, 2017).

Lastly, professional development is a topic of interest when discussing research for increasing employee retention. An organization can retain exemplary employees by understanding strategies to prevent turnover before an issue arises. The study conducted by Baharin and Hanafi (2018) discussed how talent management has a significant effect on employee retention. Implementing opportunities for professional development will increase the worth of an organization and promote an environment for high-performance learning (Christensen Hughes, Rog & D'Annunzio-Green, 2008). Therefore, organizations benefit from training and developing high performers through promotion and enhancing their capabilities in performing their work role well.

Employee Engagement and Work-Related Stress

The study conducted by O'Neill and Davis (2011) discussed how stress at work is a costly issue for the employee and employer. Participants for the study were selected from 65 full-service hotels located across the United States. The purpose of the study was to analyze issues related to work including stress through interviewing hotel managers and hourly employees (O'Neill & Davis, 2011). Participants were recruited through contact with American Hotel & Lodging Association representatives and on-site recruitment along with telephone interviews for eight consecutive days. During those days daily stressors were measured using the daily inventory of stressful events (DISE), participants were asked to describe their experience each day (O'Neill & Davis, 2011).

The case study conducted by Llorens et al. (2007), “Does a positive gain spiral of resources, efficacy beliefs and engagement exist,” used a longitudinal design and sample of university students in a laboratory setting to test the relationship between task resources, efficacy beliefs and engagement. The sample was of 110 psychology students. The study tested the effects of engagement on personal and task resources.

Motivation and Organizational Culture

A positive work environment and organizational culture assist in motivating employees. Without motivation employees lose their desire to be productive and become ineffective and cost the company in negative ways. In the study conducted by Contiu et al. (2012), a questionnaire-based survey was used to measure the opinions of participants regarding motivational factors and positive and negative incentives. The researchers collected 198 questionnaires using a disproportionate stratified random sampling method. The questionnaire consisted of 28 questions using a 5-point Likert scale. The study investigated motivational factors of hospitality employees in the Mures region.

The research article discussed by Putra et al. (2017), “Extrinsic and intrinsic motivation on work engagement in the hospitality industry: Test of motivation crowding theory”, measured how motivation can be used to engage employees and increase a company’s productivity and competitiveness. Researchers used a job satisfaction questionnaire distributed to employees in the restaurant industry, 568 were encouraged to participate and 143 questionnaires were returned complete.

Professional Development and Talent Management

Talent management is a topic of interest when discussing research for increasing employee retention. Some components of talent management are professional/career

development, strategic employee planning, motivation, compensation and benefits, talent acquisition and retention (Christensen et al., 2008). Baharin and Hanafi (2018) conducted the study, “Effects of Talent Management on Employee Retention: A Case Study of Hospitality Industry”. The researchers based the study on self-administered questionnaires given to a sample of 385 participants in the hospitality industry in Kuala Lumpur. Stratified random sampling was used to select the participants. The research measured talent management as an independent variable and employee retention as a dependent variable using a five-point Likert rating scale. Data collected from the study was analyzed using IBM SPSS version 23, Partial Least Square (PLS) 3.0 and Structural Equation Model (SEM) (Baharin & Hanafi, 2018).

Leadership Satisfaction

Researchers have measured the effects of leadership satisfaction on employee engagement and retention in the hospitality industry. The dilemma regarding leadership dissatisfaction in the workforce effecting employee engagement and morale is important concerning retention providing if methods are not developed to increase satisfaction, high turnover will continue. Likewise, when a leader is disengaged it is negatively reflected in their productivity, the profit of the company and customer experiences. Employees often look to leadership to motivate and reward through incentives for customer service efforts that go above and beyond. Research has also indicated that there is a correlation amongst the characteristics, attitude and behaviors of leaders and their employees (Wang, Xu & Du, 2015). The investigation by Li et al. (2017) suggested that a leader’s passion for work is transferred to employees through emotional contagion. Emotional contagion is defined as someone can be influenced by another subconsciously through behavior or attitudes or consciously through comparison discussions (Li et al., 2017).

Regarding the study conducted by Book et al. (2019), “The Effects of Leadership Satisfaction on Employee Engagement, Loyalty, and Retention in the Hospitality Industry”, all employees were encouraged to participate totaling 4,000, but only 373 responded. The results yielded a 35% rate when conducted online and 65% rate on-site. Online surveys were open to employees for three weeks. This research was conducted to show the correlation between leadership being dissatisfied with their current work role negatively influence employees working in the same environment.

Findings

Findings in the study conducted by Book et al. (2019) indicated that leadership satisfaction positively affects employee engagement, loyalty and retention. Key results of the study by Contiu et al. (2012) concluded that an employee’s position is not as important as a positive work environment and the opportunity to learn something new contributes to employee motivation and organizational development. Findings of the study by O’Neill and Davis (2011) showed that amongst hotel managers and hourly employees were interpersonal tensions such as work overload including equipment breakdown; work arguments; hotel guest stressors and employee/coworker stressors. The research in the case study conducted by Baharin and Hanafi (2018) concluded that talent management indeed influenced employee retention. It supported the need for companies to provide training and development of current employees in the hopes of securing new working roles with the company to retain talented employees. The case study Putra et al. (2017) discussed the relationship between extrinsic and intrinsic motivation in work engagement involving the dimensions of vigor, dedication and absorption. The research found that when tested together both extrinsic and intrinsic motivation had a significant effect on work engagement. Intrinsic motivation did remain significantly important statistically when

stimulating vigor, dedication and absorption. These results suggested that intrinsic motivation plays a larger role in employee's work engagement whether the job requires high or low cognition. The findings in the research article by Llorens et al. (2007) indicated that engagement increases efficacy beliefs and as a result increase task resources and engagement. It suggests that a positive gain spiral and efficacy belief have an important role.

Key findings in the research articles listed above were as followed: (a) when employees are disengaged there are negative effects on productivity and customer service; (b) work related stress is an issue associated with customer-oriented positions; (c) work culture and a positive working atmosphere motivates employees to perform well; (d) a positive employee-leader relationship affect the productivity of an employee and their intent to continue working with the employer and (e) professional development is an imperative part to retaining exemplary employees. Conducting research assisted employers in understanding what causes employees to stay engaged and display high morale within their organization. Also, effective strategies for retaining employees can be concluded from the research. If an organization focuses on recruiting talented and exceptional employees, the retention and turnover rate in the hospitality industry could drastically improve. Increasing an employee's engagement, morale and motivation to complete their role proficiently can have a positive effect on retaining high quality employees. The hospitality industry is dependent upon its employees to deliver services to the public while remaining service oriented.

Limitations

Unfortunately, the hospitality industry is known for paying employees low wages, it is labor intensive and has extreme customer demands. These factors are often synonymous with high employee turnover. There were numerous limitations in the research articles conducted

regarding employee engagement and morale in the hospitality industry workforce. The sampling size of most studies were relatively small compared to the number of participants contacted and encouraged to participate. Most case studies were limited to employees in the hotel and restaurant sectors. A reduced amount of research was available regarding the airline or event and tourism sectors of the industry upon research. A larger percentage of studies collected data in the same time period, it would be beneficial to use data from different time periods as with the case study conducted by O'Neill and Davis (2011), "Work Stress and Well-being in the Hotel Industry", where data was collected over 8 consecutive days from participants. Another limitation is face to face interviewing may have bias results due to participants being afraid that relaying a negative comment on their questionnaire could have the potential of getting back to their employer. Upon surveying employees regarding their current employer, many have fears of stating their opinion without complete guarantee the information retrieved and shared will be anonymous, often chose to not fully disclose.

Implications

This research article investigated the relationship between employee engagement and morale and their effects on employee retention in the hospitality industry. Regarding the key findings, employees must be engaged and have a connection with their job role in order to be productive. There are numerous elements that effect a person's engagement, motivation and morale. Despite common factors including work stressors, lack of motivation, dissatisfied with leadership/management, no foreseeable future for career advancement or promotion or unsatisfied with current position or pay wages that cause a lack of engagement or morale, organizations must use research provided and conduct additional research to bridge the gaps between engagement and retention. These finding noted in the research article will assist

employers in understanding what motivates employees to stay engaged and employed with their organization. Also, effective strategies for retaining employees and competitive recruitment efforts can be concluded from the research.

Literature revealed that employees are motivated through incentives such as wages or salary increase. Incentives and rewards often provide an opportunity to improve employee productivity and performance. In more recent years, the Total Rewards Compensation Strategy including training and career development, base pay, health insurance, dental and vision benefits, retirement plans, life insurance and paid time off are a factor in recruitment and retention (Heneman & Coyne, 2007). Maslow's Hierarchy of Need and Skinner's Reinforcement Theory are taking a back seat to more comprehensive theories. Employers are looking at the holistic view opposed to only their present needs or desires. A gap in research was an insufficient amount of literature concerning talent management. Talent management is critical in forming procedures and policies for hiring and recruitment. If an organization focuses on recruiting talented and exceptional employees, the retention and turnover rate in the hospitality industry could drastically improve.

The external validity of research in the hospitality industry is impactful for future studies. Decisions are being made daily to shape the outlook of hospitality and it is centered around customer service. Opportunities for future research could include sampling the consumer population in conjunction with the factors that cause employees to be engaged in their work role. Measuring those variables will assist in positively increasing customer satisfaction and increasing an employee's engagement and motivation to complete their role proficiently. The hospitality industry is dependent upon its consumers for generating revenue and continuing sales while remaining service oriented.

Conclusion

This research article presents the effects of employee engagement and morale on workforce retention. Employee retention is a huge concern for many employers because if retention rates are low the entire organization is affected. Ernst and Young believed that attracting and retaining employees are key elements considered when investors are evaluating the value of a company (O'Neill & Davis, 2011). Organizations must take measures to encourage high quality employees to stay with their organization for as long as possible. Therefore, it is pertinent that employees stay engaged, motivated and have a sense of satisfaction regarding their work role. An organization's survival is dependent upon motivated employees. An individual employee may demonstrate variances in their needs, interests and standards; concluding that factors contributing to engagement and motivation are different for each person (Honore, 2009). The hiring process is very detailed and could become costly for any company, but high turnover of key employees is detrimental to a company's success.

Regardless of the industry it has been concluded in many research studies that the most common work-related stressors have damaging effects on productivity, performance, customer service, turnover and health/well-being related costs (O'Neill & Davis, 2011). Research proposes that motivation is the key to employee retention and reducing turnover (Honore, 2009). Studies also showed that variables such as gender or marital status had no significant effect on an employee's engagement or morale. Employee engagement describes a person's behaviors, intentions and attitude towards their work role. This research article determined employee engagement and morale are affected by training, development, a positive work atmosphere, and job satisfaction. In future research, it is critical to utilize professional development and talent

management to encourage employees to become attached to their work role and feel essential to the organization.

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