



**An Analysis of the Relationship between Human
Resource Management Practices and Employee
Retention in Hotel Industry**

(With special reference to Star class hotels in Western province)

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ABSTRACT

The hotel industry is one of the emerging industry in Sri Lanka which plays a significant role in Sri Lanka's economy. The principal challenge in the majority of industry organizations face is to retain employees for a long period of time within the intensive competitive environment. Human resource management practices are primary and crucial factors which cause to employee retention and effective Human Resource Management practices assist organizations to retain their valuable employees. Therefore, the main objective of this study is to explore the relationship between human resource management practices and employee retention and to identify highest and least influential factor on employee retention. Four dimensions of human resource management practices: recruitment and selection, training and development, performance appraisal, and compensation and incentives were used for the study. The sample size is 120 permanent operational level of employees in hotel industry. The total of 120 questionnaires were distributed to permanent operational level of employees in hotel industry and they were used for data analysis procedures. The data were analyzed by using Pearson correlation coefficient and Multiple linear regression techniques. The results denoted that all four dimensions of human resource practices (i.e. recruitment and selection, training and development, and compensation and incentives) had a strong positive relationship on employee retention. And compensation and incentives was the highest influential factor while training and development was the least influential factor on employee retention. Finally, this study suggested that management of hospitality sector needs to pay more attention on human resource management practices which makes satisfy employees and which cause for retain in the organization.

Keywords: *hotel industry, human resource management practices, employee retention*