

## The Increasing of Employee Retention in The Hotel Industry: Diagnosing the Effect of Work-Life Balance

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### Abstract

**Purpose:** This paper investigates the influence of job engagement and work-life balance on increasing employee retention in the Hotel Industry.

**Method:** The study used quantitative research with a causal associative approach. The population in this study was 63 employees of Natra Bintan Resort. 40 respondents were successfully collected using simple random sampling techniques. Data was obtained through a structured questionnaire and supplemented with a desk review of the literature. The proposed model is analyzed through the Smart PLSS assessment.

**Result:** The result of this study found that there is a significant influence on the significant work engagement path. Meanwhile, there is an insignificant influence of the work-life balance path on employee retention. Job engagement and work-life balance are predictors of employee retention in the hospitality industry.

**Contribution:** The contribution of this study is manifestly found as a significantly increasing employee retention which will give a big impact on the Hotel Industry. The company is expected to pay attention to the relationship between employees and superiors about work-life balance and job engagement and employees get complete information about the requirements for occupying a position. The theoretical contribution of this research lies in its exploration of the influences of work-life balance and job engagement on employee retention within the hotel industry. By empirically testing these relationships and differentiating their impacts, the study provides valuable insights for both academia and the practical management of human resources in the hospitality sector.

**Keywords:** Employee Retention, Work-Life Balance, Job Engagement.

### Introduction

The Hotel Industry plays a crucial role in the development of Indonesia. In this case, of course, industrial hotels play an important role in the development of human resources who work in industrial hotels. This research is very important to see how important employee retention is in industrial hotels. Employee retention is crucial because it will give a major impact on the overall performance of the employees as well the profitability of the organization (Knott, 2016). Nowadays, employee retention has become one of the important concerns because of its impact on the hospitality industry. Employee retention refers to policies and practices that companies use to prevent precious employees from leaving their job. It involves taking measures to encourage employees to stay in the organization for the maximum period. The average length of the work period of employees at a Hotel ranges from 3 to 7 years (Hariyanto, 2018).

Hiring knowledgeable people for the job is a must for an employer. However, retention is even more important than hiring. The ability of an organization to keep its employees over time is referred to as employee retention. It measures an organization's ability to keep its employees satisfied and engaged while preventing them from leaving for another job. Any corporation should prioritize employee retention since it can have a big impact on the



productivity, success, and profitability of the business. Iles et al. (2010) define employee retention as a systematic attempt by employers to build a conducive working atmosphere that promotes a culture of retention. The word retention means a state where employees of their own free will determine to work and stay with their organizations. Retention is a voluntary move utilizing an organization to create an environment that engages employees for a long time (Kibui, Gachunga, and Namusonge, 2014). According to Kgomo and Swarts (2010), retaining employees is critical for success in today's business environment.

Therefore, this research intends to validate that employees are more likely to stay with their employers for longer periods if they have a better work-life balance. Two significant elements that can affect employee retention are work-life balance and job engagement. The possibility that a corporation will retain staff increases if these criteria are given the highest priority. This is because motivated employees are more inclined to continue working with the company. The definition of work-life balance is there are two key aspects of him including role involvement in work and personal life. Individuals must engage in real life in both their work and personal lives to achieve work-life balance. Depending on the theoretical lens through which work-life balance has been defined, there are multiple conceptualizations and operationalizations of this construct (Kalliath and Brough Citation, 2008). Work-life balance is generally considered to be an individual-level concept that equates balance with a lack of conflict or incompatibility between workers' families and work roles (Saroj and Greenhaus Citation, 2002; Allen Citation, 2012).

Job engagement refers to how connected and engaged an employee is in their job and their level of enthusiasm and passion for their job. Engaged employees are more likely to be productive, creative, and innovative, so this is an important aspect of employee well-being and company performance. Job engagement and Work-life balance will affect Employee Retention. Given that both work and family life requires a great amount of time, energy, and emotional effort, several work engagement studies have found support for the notion that an individual's personal life (e.g., nonwork satisfaction and work-nonwork conflict) substantially influences an employee's engagement, and vice versa (Halbesleben, 2010; Timms et al., 2015). Work engagement is defined as a positive, fulfilling motivational state of work-related well-being (Blanch & Aluja, 2009).

The purpose of this study is to determine the relationship between work-life balance and Job engagement has an impact on the sustainability of employee retention in a hotel. Where work-life balance will influence increasing productivity. With the balance of life in the office and outside the office, job engagement becomes a supporting reference in increasing employee retention in the Hospitality Industry.

This research fills potential gaps in the literature by empirically examining the relationship between work-life balance, job engagement, and employee retention in the hotel industry, differentiating the impacts of these factors, providing insights in a developing country context, and offering practical implications for management strategies.

## **Research Method**

The research examines the increasing employee retention in the hotel industry. The study used quantitative research with a causal associative approach. The population in this study was 63 employees of Natra Bintan Resort. 40 respondents were successfully collected using simple random sampling techniques where sample members are taken from the population at random without regard to the strata in the population (Sugiyono). The data analysis technique used in this study uses SmartPLS 3 using structural equation modeling. Descriptions of respondents from the results of research that has been done are as follows: The number of male respondents was 23 people (54,8%), and female respondents were 19 people (45,2%). The majority of respondents were in the age range <25 years as many as 23 (54.8%) respondents. Respondents came from employees of the Back Office 10 (23.8%), Front Office 8 (19%), Housekeeping 7 (16.7%), Engineering 7 (16.7%), Food and Beverage Products 6 (14.3 %), Food and Beverage Service 3 (7.1%), Loss and Prevention 1 (2.4%).

The author also pays attention to ethical aspects of research, such as ensuring the confidentiality of respondents' identities and providing clear information about the purpose of the research. All data obtained in this study were systematically processed and analyzed to ensure data accuracy and validity. The results of data analysis obtained in this study are expected to provide knowledge in the Hospitality sector regarding the magnitude of the impact of work-life balance on improving work-life balance.

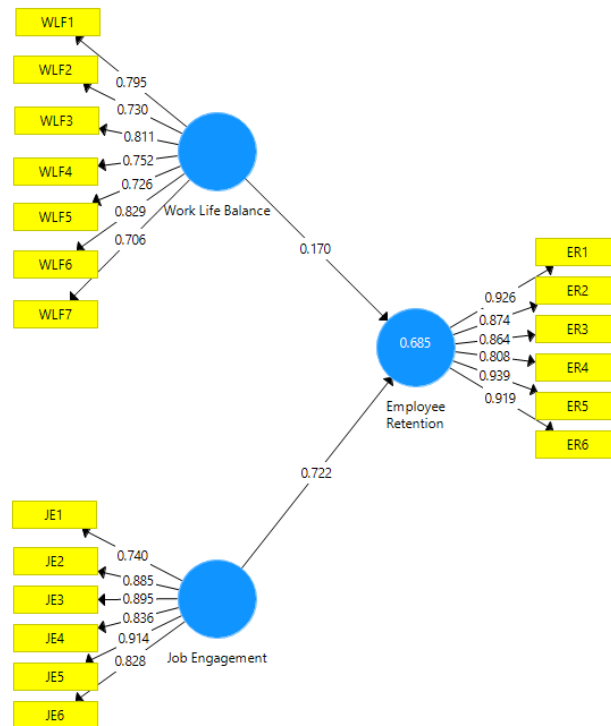
The study began with an in-depth examination of 40 employees. The final questionnaire used in the survey consisted of two sections. The first section was the demographic information of respondents namely; gender, age, marital status, number of children, education level, income level, department, position, and years of service in the respective hotel and the hotel industry. The second section, including 14 items, was designed to measure the perception of hotel employees on work-life balance. The third section, including 7 items, was designed to measure the perception of hotel employees on job engagement. And the last section, including 6 items, was designed to measure the perception of hotel employees on the employee retention effect. Respondents were asked to rate their level of agreement on each statement from “STS” as “strongly disagree” to “SS” as “strongly agree”.

## Result and Discussion

The reflective measurement model is used to gain an indirect measurement of the concept specified on the latent or unobservable concept that looks at the direction of causality originating from the construct. It deals with the four parameters of the measures for latent construction via assessments of; 1) internal consistency reliability, (2) indicator reliability, (3) convergent validity, and (4) discriminant validity of the construct measures. Table 1 reports the outer loading, indicator reliability, composite reliability, AVE scores, and Cronbach Alpha value for the reflective measurement model.

**Table 1.** Reflective Measurement Model

Variable	Indicators	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
Work-Life Balance	WLF 1	0,795	0,885	0,908	0,586
	WLF 2	0,730			
	WLF 3	0,811			
	WLF 4	0,752			
	WLF 5	0,726			
	WLF 6	0,829			
	WLF 7	0,706			
Job Engagement	JE 1	0,740	0,923	0,940	0,725
	JE 3	0,885			
	JE 4	0,895			
	JE 5	0,836			
	JE 6	0,914			
	JE 7	0,828			
Employee Retention	ER 1	0,926	0,947	0,958	0,791
	ER 2	0,874			
	ER 3	0,864			
	ER 4	0,808			
	ER 5	0,939			
	ER 6	0,919			



**Figure 1.** Measurement Model  
 Source: Data Analysed

**Table 2.** HTMT Assessment

	Employee Retention	Job Engagement	Work-Life Balance
Employee Retention			
Job Engagement	0,861		
Work-Life Balance	0,567	0,557	

Source: Data Analysed

The researchers assessed the study model's internal consistency, reliability, and convergent validity with composite reliability (CR) and Average Variance Extracted (AVE). Results in Table 1 indicate that all items loaded were significantly acceptable (ranging from 0.706 to 0.939) onto their respective factors, verifying their indicator reliability. In addition, the measurement model shows sufficient convergent validity that is assessed based on the AVE values. The first-order AVE values of work-life balance (0.586), job engagement (0.725), and employee retention (0.791) were well above the required minimum level of 0.50. Figure 1 reports the first-order measurement model, and Table 1 reports the factor loadings, CR, and AVE. Next, the Heterotrait-Monotrait Ratio of Correlations (HTMT) analysis is used to assess the model's discriminant validity. From the HTMT result (first-order model) in Table 2, the values indicated no discriminant validity problem (HTMT<0.90 criteria; Gold et al., 2001). This implied that the HTMT criterion did not detect collinearity issues among the latent constructs. Overall, the measurement model supports the discriminant validity between the constructs.

**Table 3.** Path coefficient observed T-statistics and significance levels.

Path Analysis	Path Coefficient $\beta$	T-statistics	P-values	Result
H1 Job Engagement -> Employee Retention	0,722**	8,806	0,000	Accept
H2 Work-Life Balance -> Employee Retention	0,170	1,694	0,091	Reject

Notes : \*\*p<0,01

Source: Data Analysed

The second evaluation in the PLS-SEM analysis is the structural modeling or path analysis in response to all the proposed hypotheses. Table 3 reports the structural model resulting from path coefficients, T-statistic, and significance levels of some of the proposed hypotheses. The path coefficients are acceptable when their significance is at least 95% confidence level. Based on the path analysis output (Table 3), one hypothesis is accepted. Job engagement ( $\beta = 0.722^{***}$ ;  $t = 8,806$ ) positively affected employee retention in the hotel industry. Meanwhile, another hypothesis (work-life balance) is rejected. The impact of career advancement on the hotel industry's career commitment ( $\beta = 0,170$ ;  $t = 1,694$ ) was insignificant. The path coefficients are acceptable when their significance is at least 95% confidence level.

**Table 4.** The Effect size,  $R^2$ , and  $Q^2$  statistics.

Variable	$R^2$ Employee Retention	Effect size	$R^2$	$Q^2$
H1 Job Engagement	1,159	substantial	0,685	0,524
H2 Work-Life balance	0,064	Weak		

Notes: f<sup>2</sup> values of 0.02 = weak; 0.15 = moderate; and 0.35 = substantial

Source: Data Analysed

The results (in Table 4) showed a substantial amount of variance ( $R^2 = 0.685$ ) in employee retention that can be explained by proposed first-order model predictors (job engagement and work-life balance).

Next, this study reports the effect size, coefficient of determinants and predictive relevance (Table 4). Based on the result, there is a substantial effect on the significant paths of job engagement. Meanwhile, there is a weak effect on work-life balance paths toward employee retention. This study obtains a  $Q^2$  value of 0.524 for employee retention, indicative of a medium predictive model. In this sense, job engagement and work-life balance proposed in this study are predictors of employee retention in the hotel industry.

The hypothesis showed a diagnosis of increasing employee retention in the hotel industry. This proposition was made based on the belief that the hotel industry's work-life balance and job engagement could influence the increase in employee retention in the hotel industry. Based on the study findings, it is suggested that the hospitality industry should pay more attention to employee retention. Seibert et al. (2011) suggested that hotels should psychologically empower their employees to stay longer. This is supported by Griffeth et al. (2000) who concluded that psychological empowerment plays a significant role in motivating and retaining employees, increasing millennial employees' commitment and retention in the hotel industry.

The first hypothesis looks at the influence of Job Engagement on Employee Retention. construct. A significant relationship appeared between both variables that portray that salary increase and the inclination of Millennial hospitality graduates to commit to a career in the hotel industry also increases. This strongly supports previous studies' findings that found that flexible benefits increased job engagement Ayache and Naima (2014). Milkovich and Newman (2005) observed that benefits that were applied to all family members had a positive relationship with job engagement. Hotel companies have poorer benefits than non-hotel companies, and therefore selecting good benefits is a way to improve job retention (Lee and Way, 2010). In addition, employees' desires depended on their age, gender, and their number of dependents. Therefore, to improve the utility of their benefits management, it seems appropriate that their employees' desires should be curated and customized to fit the individual employees.

Next, the second hypothesis examined the influence of work-life balance on employee retention. An insignificant relationship appeared between the predictor and criterion variable. There is much less interaction effect of work-life balance to increase employee retention in the hotel industry. Notably, work-life balance is contradicted by, Golden (2006) and Bushra (2014) found that a proper balance between work and life demands is an antecedent for employee

engagement because factors of employers, such as caring about employees, placing employees' interests first and flexibility are predictors of employee engagement.

## **Conclusion**

In conclusion, this research delved into the intricate dynamics of employee retention within the hotel industry, focusing on the influences of work-life balance and job engagement. The study aimed to contribute to the existing body of knowledge by empirically examining the impact of these factors on employee retention and shedding light on their relative significance. The findings of this research provide valuable insights and implications for both academia and the practical management of human resources in the hospitality sector.

Through a quantitative research approach and the application of structural equation modeling, the study rigorously tested the proposed hypotheses. The first hypothesis, which posited a positive relationship between job engagement and employee retention, was strongly supported by the empirical analysis. The research found that engaged employees are more likely to exhibit stronger commitment and a prolonged association with their employing organization. This result aligns with previous theoretical assertions and serves as empirical confirmation of the importance of job engagement in the hotel industry's employee retention efforts.

However, the second hypothesis, which proposed a relationship between work-life balance and employee retention, yielded an unexpected finding. The research found an insignificant impact of work-life balance on employee retention in the hotel industry. This result brings forth new insights, challenging the commonly held notion that work-life balance is a key determinant of employee retention. It suggests that, within the context of the studied hotel industry, other factors might play a more substantial role in influencing employees' decisions to remain with their current employer.

Moreover, this study contributes to the literature by contextualizing the research within the Indonesian hotel industry, thereby addressing a gap in understanding how employee retention dynamics operate in developing countries. The research emphasizes that the unique cultural and economic factors of these contexts can influence the relative significance of retention determinants.

The practical implications of this research are manifold. For hospitality managers and decision-makers, the findings underscore the importance of fostering job engagement among employees as a key strategy for improving retention rates. Strategies aimed at enhancing employees' enthusiasm, involvement, and connection with their work could lead to a higher likelihood of employees staying with the organization.

In conclusion, this research advances the understanding of employee retention by providing empirical evidence of the impact of job engagement on retention within the hotel industry. Additionally, the research challenges conventional assumptions by revealing the limited influence of work-life balance on employee retention. The study's contributions extend to the broader fields of organizational behavior and human resource management, and its practical implications offer valuable guidance for management strategies aimed at promoting employee commitment and longevity in the hospitality sector.

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