



The Impact of Motivation on Retention of Employee in Radisson Hotel, Kathmandu

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ABSTRACT— Employee retention is critical for every organization, and this research aims to examine the impact of motivation on employee retention in the service industry, specifically at Radisson Hotel, Kathmandu. A causal-comparative research design was employed to explore the cause-and-effect relationship between motivation and retention. A self-administered questionnaire was used to collect the survey data for this study. Out of 250 employees, a sample size of 154 was selected, but only 101 valid responses were obtained through simple random sampling. The analysis utilized both descriptive and inferential methods. The study found that compensation and work environment positively impact retention, while work-life balance does not effectively motivate retention.

KEYWORDS— Compensation, Work Environment, Work Life Balance, Employee Retentions, Hospitality Sector, Employee Engagement.

1. INTRODUCTION

Employee retention has become a significant challenge for businesses of all sizes within the service industry. High employee turnover can negatively impact organizational efficiency and effectiveness, disrupting operations. Baharin and Wan Hanafi, (2018) emphasize that employee retention is crucial as it directly influences both employee performance and organizational profitability. As Nasir and Mahmood (2018) also highlight, retaining employees is a key component of organizational success. Therefore, companies must develop strategies to ensure employee satisfaction and reduce turnover (Baharin and Wan Hanafi, 2018).

In today's business environment, turnover rates often surpass retention, with multiple factors contributing to employees leaving their organizations. In a knowledge-driven economy, retaining skilled employees is essential for maintaining a competitive advantage. As organizations aim to hold onto their top talent, motivation emerges as one of the most important factors in fostering employee retention. This version maintains the original meaning while improving the flow and clarity of the text.

1.1 Motivation

According to Gomez-Mejia et al. (2016), motivation is a key driver that energizes, guides, and sustains human behavior towards achieving optimal performance.



Employees can be motivated through either intrinsic or extrinsic factors. Intrinsic motivation arises from the internal alignment of an employee's expectations, perceptions, and emotions, while extrinsic motivation is rooted in the relationship between the employee and the organization, aiming to meet the employee's external expectations (Cristescu et al., 2013).

1.2 Retention

According to Masibigiri and Nienaber (2011), retention refers to an employer's efforts to cultivate an environment that engages employees over the long term, ensuring the organization retains valuable workers to achieve its objectives. Retention is the result of mutual satisfaction between employees and employers and typically occurs on a voluntary basis (Kontoghiorghes and Frangrou, 2009).

According to Salim and Mushood (2021), motivation is a key factor in enhancing employee engagement, productivity, and job satisfaction. It encompasses both internal and external forces that drive individuals to take specific actions, sustain their efforts, and achieve their goals. In the workplace, motivated employees are more likely to be committed to their roles, perform at higher levels, and contribute positively to organizational success.

Employee retention, by contrast, focuses on strategies designed to keep valuable employees within an organization. High turnover can be costly and disruptive, resulting in the loss of talent, knowledge, and productivity. As a result, many organizations invest in initiatives to boost retention rates and foster a

supportive work environment that encourages employees to remain with the company long-term (Salim and Mushood, 2021).

1.3 Literature Review

Baharian and Wan Hanafi, (2018) had conducted research on topic effects of talent management on employee retention. In this paper they had identified the effects of talent management for the employee retention. They had done case study where they took 385 respondents from hospitality sector as a sample. They used questionnaire method to collect data. Pearson's correlation was used to analyze the data. In their study they had found that there is significant relationship between the dependent and independent variables. Furthermore, this study revealed that measurement is fit as it meet all the criterion for validity and reliability.

Nasir and Mahmood, (2018) had conducted the research on the topic a study of effect of employee retention on organizational competence. In this study they had collected the data through primary source using the questionnaire prepared using google form. This research was conducted directly to identify the factor that makes the employee committed towards their organization. Therefore, this study revealed that there is positive relationship between dependent variable (employee retention) and independent variable work life balance, reward and supervisor support.

Salim and Mushood, (2021) had conducted a research on topic impact of motivation, job satisfaction and job



security on employee retention. In this paper they had examine the relationship between employee retention and its three variables motivation, job satisfaction and job security. They had used a case study and deductive approach to conduct this study where they take a sample of forty employees from different levels and data collection was made through questionnaire. Likewise, they had used descriptive statistics to analyze information collect from respondents and Pearson's correlation was used to check the relationship between dependent and independent variables. In their paper they had found positive relationship between dependent and independent variable. Furthermore, their study had revealed that motivation has highest correlation with employee retention.

Hee and Rhung, (2019) had discussed about the relationship between intrinsic and extrinsic motivation that influence employee retention. In their paper they had used quantitative survey approach to conduct research and questionnaire was designed and distributed among millennial workers in Malaysia. In their paper they reveal that identifying and fulfilling the changing need of employee will motivate employee and helps in employee retention.

Elsafty and oraby, (2022) discussed about the impact of the training on employee retention. In their paper they used descriptive research design. The data are collected from primary source through using a human non-interactive source using the questionnaire method. The population for the study is total number of employees that worked in the

private sector. As the research is critical so the full probability is used in using a random sample. The size of the sample is determined by site RAO soft.com as Sample 68 at confidence level 90% and 10% of margin of error. Therefore, this study revealed that training is an important factor to enhance organizational performance and is considered main strategy to influence employee retention.

Frimayasa (2021) had surveyed on the topic compensation, career development and work environment on employee retention. Where they used primary data source to collect the data. The research data were collected by distributing the questionnaire. The questionnaire was made by using five point Likert scale. The population of the study was the employee working in the private industry. Sample for the study was selected by using the probability sampling technique namely simple random sampling technique is used. The results of this study indicate that compensation has a positive and significant effect on employee retention. Career development has no effect on employee retention. The work environment has no effect on employee retention.

Kaban and Kulsum, (2023) had conducted study on compensation, organizational commitment and work motivation for employee retention. The research method applied for the study is quantitative approach by collecting data through questionnaire distribution. The sampling method is purposive sampling with 78 employees as the sample. The data analysis method used is descriptive



statistics, regression analysis. The results of this study shows that there is positive relationship between independent and dependent variables.

Mahadi et al., (2020) had surveyed on the topic determinant factor for employee retention. Where they used both primary and secondary source to collect data. For the primary data collection they used a questionnaire prepared through google form. The questionnaire was made using five point Likert scale. The population for the study was employee working in the hospitality sector. Sample for the study was selected using probability sampling technique namely sample random sampling. This study revealed that determinant factor for retention of employee in hospitality sector.

Dhanpat et al., (2018) discussed on the topic employee retention and intention to leave a call center. In their paper they had used quantitative method which follows a cross-sectional approach. The population for their study was total employees of call center and they have taken a sample of 282 respondents. They collect a data by using convenience sampling method through established questionnaire, the retention factor for management and all the collected data were analyzed through descriptive and inferential statistical analysis. As they have done reliability and validity tests along with calculation of cronbach's alpha. Therefore, in this paper they revealed that compensation is a major factor that cause the high number of employee turnover.

Ahamd and Majid, (2018) discussed about the impact of training and development and supervisor support on employee retention in academic institutions. In this paper they have used quantitative survey approach to conduct research questionnaire was designed and distributed to 250 faculty member working in the public sector. In this paper they have revealed that there is significant relationship between training, development, supervisor's support and employee retention. Likewise, they has also revealed that work environment also moderate relationship between training, development and supervisor support an employee retention.

Bataineh (2019) had conducted study on the topic impact of work life balance and happiness at work, on employee performance. They had taken 289 respondents as a sample in their study. They collected data through questionnaire and used multiple regression to analyze the data. The result of this study shows that work life balance and happiness at work positively and significantly affect employee performance.

Zainal et al., (2022) had discussed on the topic employee retention in the service industry. In their paper they had used causal comparative research design where they collected the data from sample of 400 respondents. The data were collected through primary source through the questionnaire. Therefore, the result of this study revealed that there is work life balance and work environment and has strong positive relationship.



Khan (2020) discussed on the topic effect of employee retention on organizational performance. In their paper they had used quantitative method which follows a cross-sectional approach. The population for their study was total employees of hospitality sector and they have taken a sample of 342 respondents. They collect a data by using convenience sampling method through established questionnaire, all the collected data were analyzed through descriptive and inferential statistical analysis. The variables used in this study are work environment, career development and rewards and this variables reflect how they influence employee retention which ultimately have significant impact on the organization's performance. As they have done reliability and validity tests along with calculation of Cronbach's alpha. Therefore, in this paper they revealed that employee's retention poses one of the greatest challenge facing organization and managers in organization.

Hassan and Siddiqui, (2020) had conducted a research on topic impact of effective succession planning practices on employee retention. In this paper they have examine the impact of effective succession planning practices on employee retention. They had used a case study and deductive approach to conduct this study where they take a sample of 300 employees from different levels i.e. who are serving at middle and lower level management and data collection was made through

1.4 Conceptual Framework

questionnaire. Likewise, they had used descriptive statistics to analyze information collect from respondents and Pearson's correlation was used to check the relationship between dependent and independent variables. In their paper they had found that effective succession planning has meaningful favorable connection with employee retention.

Murtiningsih (2020) has discussed the impact of compensation, training and development and organization culture on job satisfaction and retention. In their paper they have collected data through questionnaire method. They had taken 150 respondents as sample size and they used purposive sampling technique to select the sample. The independent variable in the study is compensation, training and development and organization culture and dependent variable in the study is job satisfaction and employee. They had done a hypothesis testing and calculated Cronbach's alpha to identify the internal consistency of the variables. Furthermore, the study had reveal that compensation and training and development have positive impact on employee retention and job satisfaction and similarly, organizational culture has negative impact on employee retention and job satisfaction.

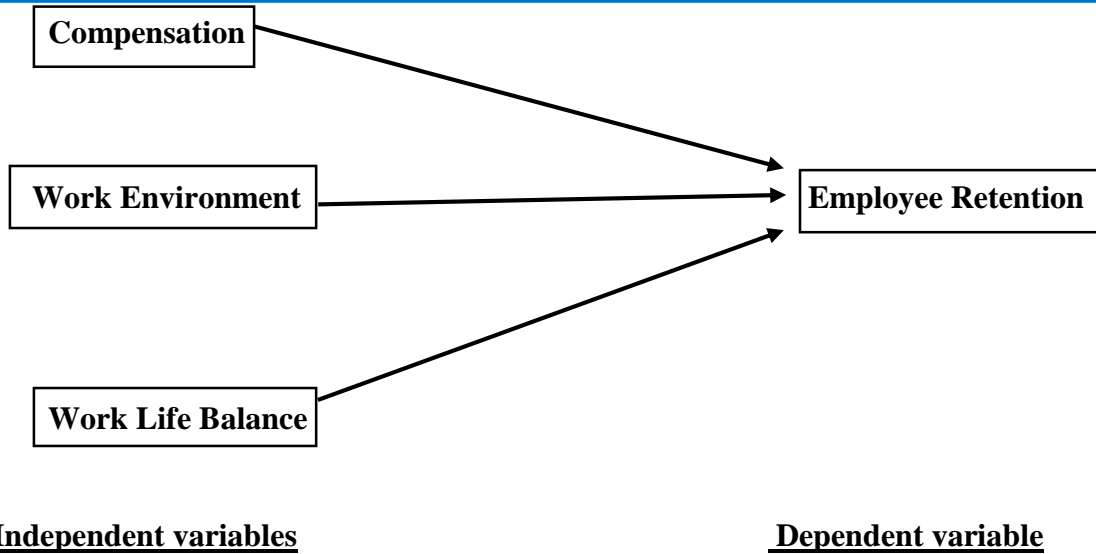


Figure 1. Conceptual framework (Hee and Rhung, (2019))

2. MATERIALS AND METHODS

2.1. Research Method

The research employed a primary data collection method using a self-administered questionnaire. This questionnaire consisted entirely of closed-ended questions, which formed the basis for the subsequent analysis. The research design was descriptive and causal-comparative, aiming to examine the relationship between employee motivation and retention in the service

industry, specifically focusing on Radisson Hotel, Kathmandu. The study's population comprised all 250 employees working at the Radisson Hotel, making this the total population for the research. The research was focused on understanding the impact of motivation on employee retention within this specific organization.

Table 1[§]. Population Distribution

Gender	Frequency	Percent (%)
Male	84	83.2%
Female	17	16.8%
Total	101 ^a	100%

Source: Research Survey 2024

[§]**Table 1** depicts the population distribution of the respondents, of which 84 (83.2%) are male and 17 (16.8%) are female.

^(a)Note: Out of 154 questionnaire distributed only 101 was the total response collected for the study. Thus, this research considered only 101 as a sample size)



2.2. Sample Size, Types and Sampling

Out of total population 154 samples was selected for the study. However, this study considered only 101 employees as a sample size that was represented by the respondents of various genders, age, education qualification, monthly income and work experience. Sample for the study was selected using probability sampling technique and sample size for the study was calculated using Solvin’s

Procedure

formula. Under the probability sampling technique simple random sampling technique was used. As there is two types of simple random sampling (i.e. simple random sampling with replacement and simple random sampling without replacement), here in this study simple random sampling without replacement was used to select the sample.

2.3. Data sources, collection procedures and instruments

The study was based on primary data collection. The necessary data for this study was collected by distributing self-administrative questionnaire to the

employees working in Radisson Hotel, Kathmandu. The self-administrative questionnaire was prepared through Google forms.

2.3.1. Descriptive Analysis

Table 2^a. Descriptive analysis

<i>Variables</i>	<i>Statement</i>	<i>Mean</i>	<i>Std. deviation</i>
Compensation	I am fairly paid with work I contribute to my company.	3.88	0.840
	I am satisfied with benefits (like health insurance, vacation, sick leave) that I received from my work	2.72	1.193
Work Environment	My organization provides suitable and comfortable working condition.	3.90	0.878
	The company does everything to ensure the well-being of its staffs.	2.87	1.146
Work Life Balance	I have to miss out on important personal activities due to my work.	3.08	0.945
	My personal Life suffers due to my work.	2.50	1.016
	My job makes it difficult to maintain the kind of personal life I want.	2.50	1.101



	I want to stay with my company because the job description matches my skills, experience and education.	4.10	0.686
Employee Retention	I want to stay with my company because there are retirement benefit.	2.53	1.045

Source: Research Survey 2024

^aTable 2 represents the descriptive analysis of the responses collected. The mean and standard deviation of the questionnaires is provided where the mean and standard deviation range from 2.50 to 4.10 and 0.686 to 1.193 respectively.

2.3.2. Correlation Analysis

Table 3^u. Correlation analysis

Variable	Employee Retention	
	Correlation (r)	Pearson Correlation Sig. (2-tailed)
Compensation	.631**	.001
Work Environment	.639**	.001
Work Life Balance	.407**	.001

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Survey 2024

^uTable 3 depicts the correlation between the dependent and the independent variables. All three independent variables (i.e. Compensation, Work Environment and Work Life Balance) are significantly correlated with the dependent variable (i.e. Employee Retention).

2.3.3. Regression Analysis

Table 4^p. Regression analysis

Model	Beta	Sig.
(Constant)	2.557	0.026
Compensation	0.292	0.001
Work Environment	0.451	0.001
Work Life Balance	0.91	0.287
R-square	0.544	
ANNOVA Sig.		0.001 ^b
Predictors: (Constant), Work Life Balance, Work Environment, Compensation		



Dependent Variable: Employee Retention

Source: Research Survey 2024

^p**Table 4** depicts the regression of the dependent variable on the dependent variable.

3. RESULTS AND DISCUSSION

3.1. Data Analysis and Findings

- In respect to the purpose 1 i.e. compensation majority of the employees agreed with the statement “I am fairly paid with work I contribute to my company” with the mean value 3.88 and few of them were agreed with the statement “I am satisfied with the salary I received from my work” with the mean value of 2.72
- In respect to the purpose 2 i.e. work environment majority of the employees agreed with the statement “My organization provides suitable and comfortable working condition” with the mean value of 3.90 and few of them were agreed with the statement “The company does everything to ensure well-being of its staff” with the mean value of 2.87.
- In respect to the purpose 3 i.e. work life balance majority of the employees agreed with the statement “I have to miss out an important personal activities due to my work” with the mean value of 3.08 and few of them agreed with the statement “My job makes it difficult to maintain the kind of personal life I want” and “My personal Life suffers due to my work” with the mean value of 2.50.
- In respect to the data analysis the study found that all three independent variables had positive relationship with employee retention.
- In the past research, Martiningsih has consider motivational factors like compensation, training & development and organization culture for job satisfaction and retention. Therefore, as a result his study shows that compensation and training & development has significant relation whereas organization culture has negative impact. Likewise, Zainal et.al study revealed that there is work life balance and work environment and has strong positive relationship. However, this study consider some different motivational factors than that of existing literatures and also use probability sampling method as non-probability sampling method is used in existing literatures and revealed that compensation and work environment has significant relation with employee retention and work-life balance has not significant relation with employee retention as P-value is greater than 0.05 (P-value:0.287).



4. CONCLUSION

- Competitive and fair compensation packages play a crucial role in enhancing employee retention
- A suitable and comfortable working condition, team spirit and co-operation, positive and supportive

work environment enhance employee retention

- Proper policies and programs related with work life and personal life enhance employee retention

5. RECOMMENDATION

Researcher can consider other motivational factors as well other kinds of service or business industries beside hospitality sector and also can include multiple business or service industry.

Similarly, they can consider other various data collection tools and techniques beside primary source and other sampling methods for selecting sample size and also can increase the number of sample

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