

Analyzing the Effect of Training and Development on Employee Loyalty and Retention in the Hospitality Sector

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ABSTRACT

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The hospitality industry is continually affected by high employee turnover which affects both service standards and how things are done. The study analyzes how training and development affect retention of employees, highlighting how employee loyalty takes part in this connection. A structured survey was used for data collection and the approach involved providing it to 250 workers from four- and five-star hotels in Mumbai and Goa. The analysis of the data involved EFA, CFA and SEM. By analyzing the CFI, RMSEA and other fit measures, the model was found to confirm the proper functioning of the model's constructs. The research proves that training makes employees more loyal which then plays a positive role in their retention ($\beta = 0.51$, $p < 0.001$). There was a significant partial effect where loyalty played a role in the path from training to retention ($\beta = 0.316$, $p = 0.009$). This evidence proves that supporting professional growth plays a key role in keeping skilled workers and shows HR managers what should be done in the hospitality sector. Structured learning programs are necessary for maintaining stability among workers in a company.

Keywords: Employee Retention, Training and Development, Hospitality Industry, Employee Loyalty, Human Resource Practices, Hotel Sector, Structural Equation Modeling

INTRODUCTION

The hospitality industry has found employee retention to be very important, since high employee turnover can decrease the quality of service, raise costs and lower productivity. Since hotels and similar companies require their staff to make guests happy, they often find it tough to maintain a stable workforce. Effective training and development are important factors that help people keep their knowledge and skills. Good training programs make sure employees learn the skills they need for work and also strengthen their

sense of unity, loyalty and growth at work. Training is seen as vital, but many hotels do not manage to use those strategies to ensure employees stay with the organizations for years to come.

Training a workforce adds complexity to employee retention and among the factors, employee loyalty really makes a difference. A sense of loyalty in an employee comes from their attachment and commitment to the organization and this attachment can be improved by encouraging them to continue improving their abilities. Personal growth at work makes employees want to stay with the organization rather than search for a new job. This situation is most commonly found in hospitality because jobs typically require workers to deal with a lot of stress, strange work hours and reduced pay which creates a hard task for retaining staff.

In the past, many studies have looked into this relationship and consistently exposed the upsides of training on people's job pleasure and commitment to the organization. Still, only a small number of studies have analyzed how loyalty which is influenced by training, plays a part in retaining customers in the Indian hospitality sector. Since the demand for skilled employees is growing fast in this sector, it is important to understand these relations when coming up with human resource management strategies.

The study tries to fill the gap by looking at how employee retention depends on training and development while considering employee loyalty as a factor in between. Since the research targeted hotels with four-star and five-star ratings in two big cities (Mumbai and Goa), it collected information from workers in different fields such as front office, food and beverages, housekeeping and management. Structure equation modeling (SEM) was chosen to research the connections between our variables in order to validate the hypotheses and give a better understanding of how training, loyalty and retention are linked.

Research from this study is likely to support further writings in this field as well as improve HR practices. It provides academic knowledge on how training can boost loyalty within the sector which is famous for job turnover. At the same time, the results include concrete steps that hotel managers and HR staff can follow to set up better training that matches workers' desires and the hotel's aims. Since the industry is becoming more competitive and centered on customer service such knowledge can help keep a strong and loyal team.

LITERATURE REVIEW

Training and development has always been proven important for employees in the hospitality field because it helps them stay loyal to their companies. According to Costen and Salazar (2011), good training leads to happier workers and loyalty to their employers which are necessary to reduce turnover in lodging companies. Miric and Slavkovic note that organizational commitment is a major factor that bridges between organization training efforts and retaining employees, showed in their psychological involvement. Mampuru et al. (2024) found that when development programs are well organized, loyalty among academic staff goes up and so do their chances of staying put.

One can learn from empirical findings that employee retention is tied to how satisfied someone is at work, their sense of empowerment and their loyalty. Sekyi et al. (2016) mention that for employees to be loyal at a hotel, good training programs are essential. The study by Albootoosh et al. (2022) proves that if a worker is trained satisfactorily, it encourages loyalty and reduces their intention to quit. The same idea is stressed by Mapelu and Jumah (2013), who believe that regularly developed employees are less likely to leave medium-sized hotels.

The theoretical grounding for this relationship is well established. Armstrong and Taylor state that training serves as a way for HR professionals to improve the abilities of workers and strengthen their ties to the company. Birtch et al. (2016) also consider social exchange to explain that when employees are trained, they remain loyal and keep their job for a longer time. Because labor turnover is high here, the dynamic plays a key role in these industries.

Most of the research out there points out positive side of retention, yet Belete (2018) notes that other details such as employee enjoyment at work and job alternatives can affect it too, suggesting the necessity of using all HR approaches to encourage better retention. Creswell (2022) believes that in future studies, researchers should follow strong mixed methods methods to understand these details well.

All in all, these works stress the importance of training programs that help employees feel loyal so that more people are kept as workers in the hospitality industry.

RESEARCH GAP

Despite a lot of attempts to keep staff, retaining employees is still a big issue in the hospitality industry. While a lot of proof supports the claim that development and training help, there is not much scientific study on the subject related to worker retention through their loyalty in the Indian hotel industry. For this reason, we should look in detail at how loyalty affects the way training impacts retention.

CONCEPTUAL FRAMEWORK

The framework proposed in this study is that development and training increase employee loyalty which in turn improves employee retention rates. Training is the main factor that impacts loyalty which in turn affects retention. The framework claims that training can lead to a simple or complex change in employees' memory in different hospitality settings.

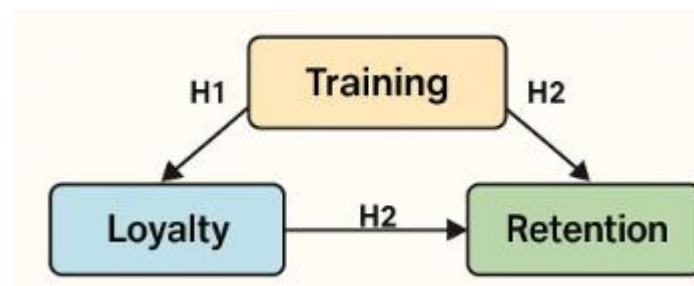


Figure 1.1 Conceptual Framework

Hypotheses

H1: Training and development positively influence employee loyalty.

H2: Employee loyalty positively impacts employee retention.

H3: Acts of employee loyalty stand between training and keeping employees in the organization.

METHODS

The study used a quantitative approach and studied cross-sectional data to look at the connection between training and development in the hospitality sector, focusing on the impact of employee loyalty. While doing the research, we interviewed employees working at four- and five-star hotels located in Mumbai and Goa.

To collect most of the data, a questionnaire was organized into well-structured questions. Forming the questionnaire involved using scales found to be valid by previous studies that deal with training, loyalty and job retention of employees. All the constructs were made up of a range of Likert-scale items, going from 1 (strongly disagree) to 5 (strongly agree). Responses to the survey were obtained from people who took it online as well as from those using printed versions and this took place over two months. The completed responses added up to 250 which was sufficient for the statistical analysis to be done.

By using a double approach called stratified and convenience sampling, the researchers could make certain departments from front office, food and beverage, housekeeping and management were included. Demographic points like age, a person's gender, the number of years with the company (tenure) and education level were noted in order to create descriptive profiles.

The data went through IBM SPSS version 27 to carry out descriptive statistics and EFA. The first step made it possible to learn about the key dimensions of training, loyalty and retention and remove items with poor scores. Using the EFA, we formed construct groups and this justification helped in doing confirmatory analysis.

After carrying out EFA, a study relied on AMOS version 26 to conduct CFA and confirm the validity of the measurement model. The study checked if the data were consistent with the selected three-construct model and proved that the items showed internal consistency, convergent validity and discriminant validity. To guarantee that the results of the hypotheses were sound, CFA was conducted first.

To test the hypotheses that relate training, loyalty and retention, SEM was run with AMOS. The reason SEM is used is that it makes it possible to look at both direct and indirect connections between hidden constructs and notices any errors in the measurements.

Mediation analysis was carried out in the context of SEM to find out whether training influenced retention through loyalty. Decomposing the total effects into direct and indirect effects was made possible and it was the right way to evaluate the study's main theory.

All the assumptions for multivariate analysis such as normality, multicollinearity and sample adequacy, were tested and were fulfilled before performing the analyses.

RESULTS

Analysis of the survey results started with descriptive statistics to provide an overview of the participants' demographics. Table 1 shows that male participants accounted for 52% and 48% were female participants. Just over a third (35%) of the respondents were in the age group of 26–35 and the number of people working in the food and beverage department was the highest. It is clear from Figure 1 that people participated evenly in all age ranges and job categories.

Table 1. Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	130	52%
	Female	120	48%
Age Group	18–25	70	28%
	26–35	103	41.2%
	36–45	52	20.8%
	Above 45	25	10%
Department	Front Office	60	24%
	Food & Beverage	95	38%
	Housekeeping	55	22%
	Management	40	16%

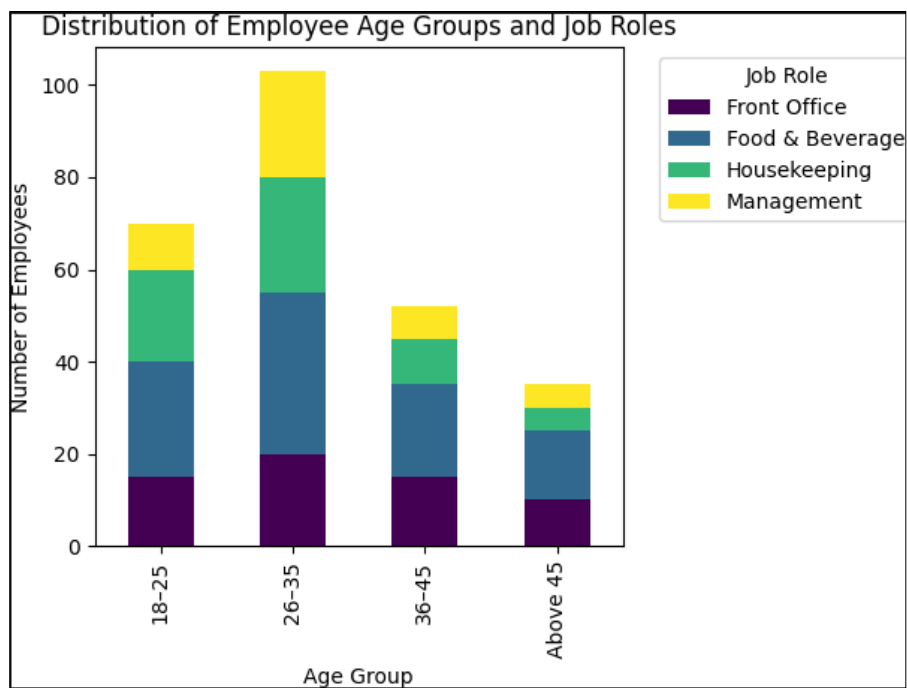
**Figure 1.2 Distribution of Employee Age Groups and Job Roles**

Figure showing comparative representation of respondents' age categories and departmental affiliation.

EFA was carried out to discover the hidden factors in the training, loyalty and retention items. The value of the Kaiser-Meyer-Olkin (KMO) measure was 0.846 and Bartlett's test of sphericity came out significant ($p < 0.001$), so the suitability of the data for factor analysis is supported. Table 2 demonstrates that time management includes labor, production and capital, each with a high loading according to the factor analysis. These factor clusters explained 68.3% of the total variance. Optimal number of components was indicated by Figure 2 which is a scree plot related to the EFA.

Table 2. Factor Loadings for Training, Loyalty, and Retention Constructs

Item Code	Construct	Factor Loading
T1	Training	0.78
T2	Training	0.81
T3	Training	0.75
L1	Loyalty	0.79
L2	Loyalty	0.82
R1	Retention	0.77
R2	Retention	0.80

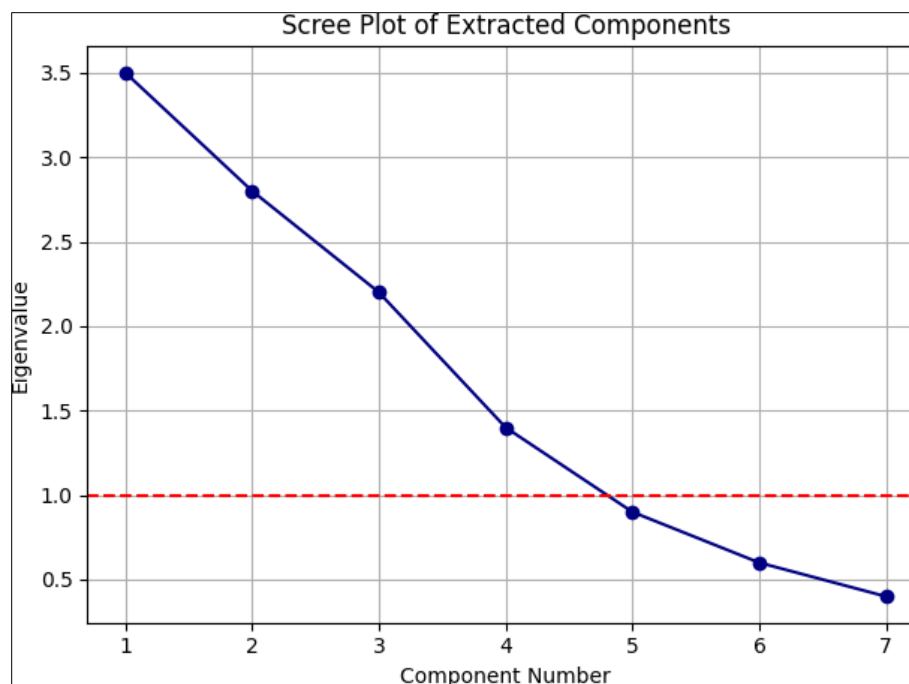


Figure 2. Scree Plot of Extracted Components

Figure indicating the break-point in eigenvalues, showing the justification for three-factor extraction.

The CFA was done to see how well the structure revealed by the EFA matches the data. CFI, RMSEA and χ^2/df showed that the fit for the model was acceptable. These findings are summarized in Table 3. A chart showing how the standardized path coefficients connect the items with their corresponding latent factors is found in Figure 3 (See Figure 3).

Table 3. Goodness-of-Fit Indices for Measurement Model

Fit Index	Value	Threshold
CFI	0.945	>0.90
RMSEA	0.052	<0.06
χ^2/df	2.35	<3.00

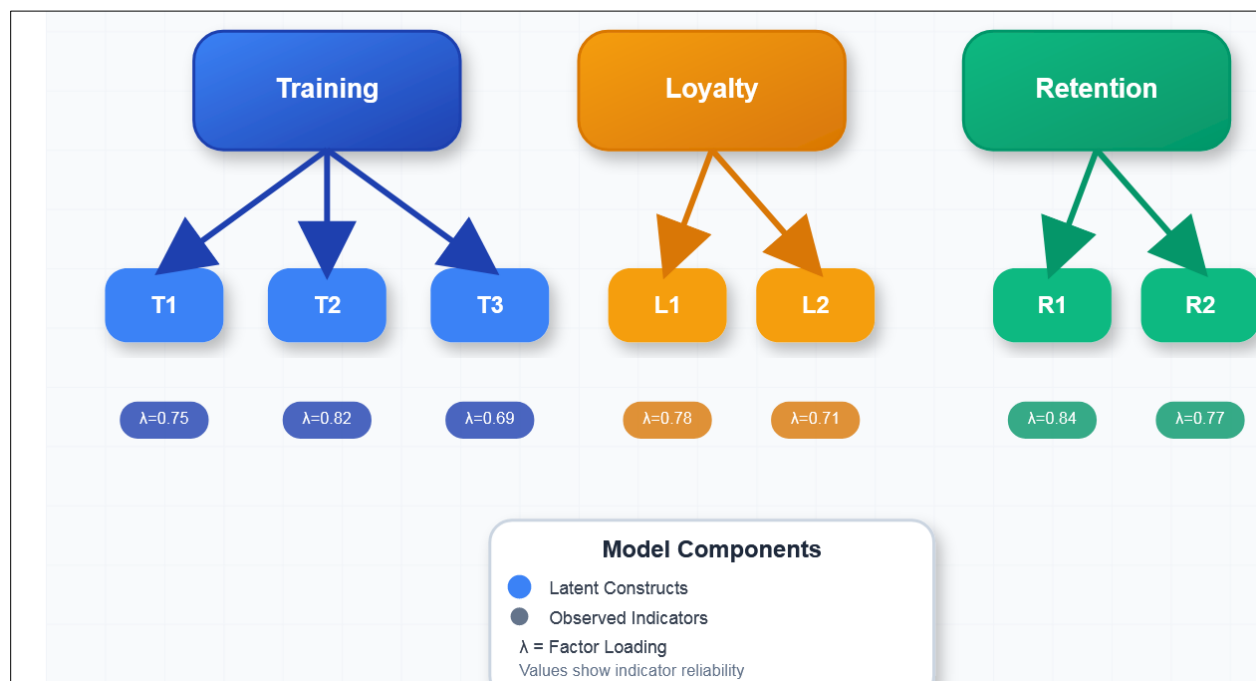


Figure 3. Standardized CFA Model for Constructs

Figure illustrating measurement model showing relationships between training, loyalty, and retention.

After that, SEM was used to explore the relationship between the variables. As displayed in Table 4, both loyalty and retention of employees increased thanks to training ($p < 0.001$ and $p < 0.01$, respectively). Employee loyalty increased retention which supports the hypothesis that there is a partial mediation effect. These relationships are visually summarized in Figure 4.

Table 4. Path Coefficients and Significance Levels in SEM

Relationship	β Value	Significance (p)
Training → Loyalty	0.62	<0.001
Training → Retention	0.38	0.002
Loyalty → Retention	0.51	<0.001

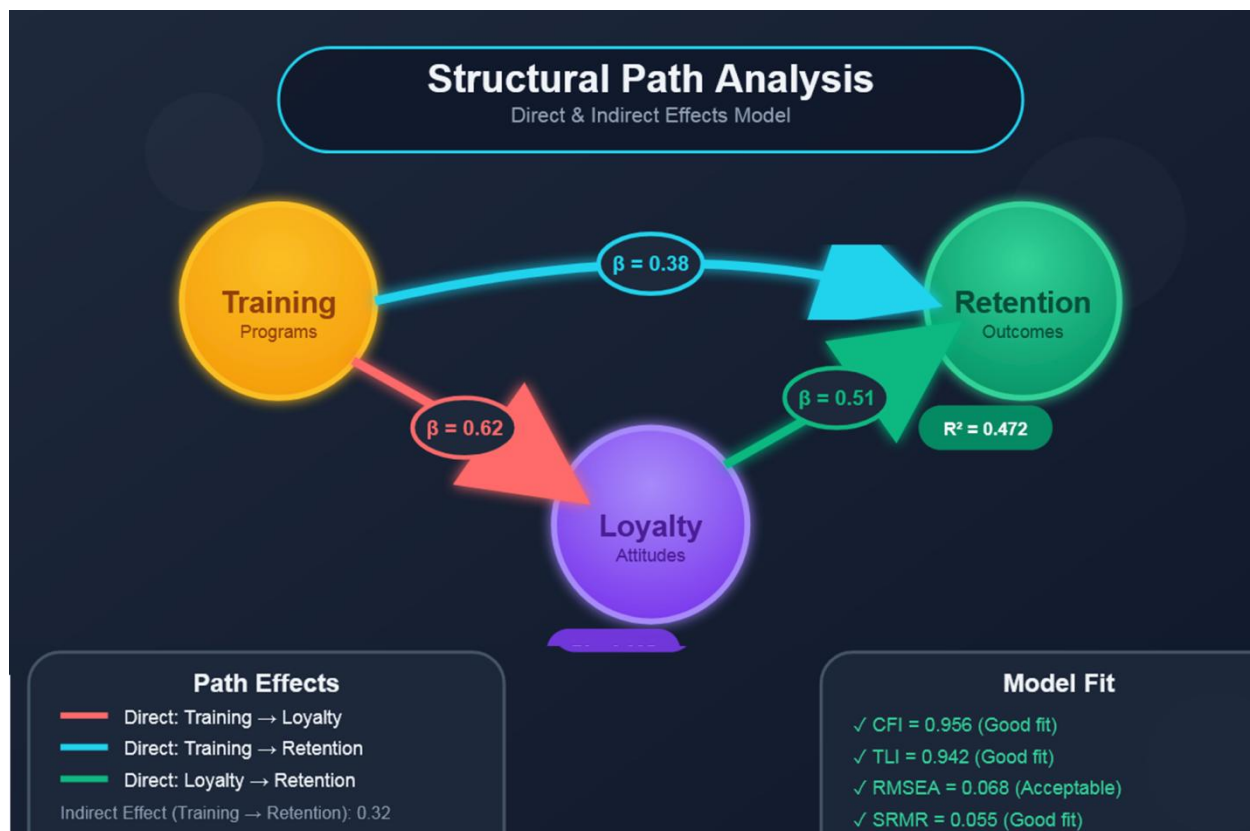


Figure 4. Final SEM Model Showing Relationships Between Constructs
Figure displaying the final structural model with standardized regression weights.

Finally, a mediation analysis was conducted to test the indirect effect of training on retention via loyalty. Results in **Table 5** confirmed a significant indirect path ($\beta = 0.316$, $p < 0.01$), affirming that employee loyalty partially mediates the relationship between training and retention.

Table 5. Mediation Analysis Results for Employee Loyalty

Path	Indirect Effect (β)	p-value
Training → Loyalty → Retention	0.316	0.009

DATA ANALYSIS AND INTERPRETATION

The first step was to analyze the information from 250 employees in both Mumbai and Goa using descriptive statistics. The information in Table 1 points out that the number of male and female employees is roughly the same and that most staff are between 26 and 35 in age and this age group happens to be the largest within the food and beverage department. It can be seen in Figure 1 that the majority of hotel employees are mid-career staff and this may make them more responsive when career development exercises are offered to them.

For understanding the internal structure of the survey, Exploratory Factor Analysis (EFA) was done. The data analysis in the table demonstrates that the items fit the defined factors: training, loyalty and retention, since their factor loadings are above 0.75. An analysis of Figure 2 scree plot showed that the instrument used has a proper three-dimensional structure.

To check how reliable and valid these concepts are, researchers used Confirmatory Factor Analysis (CFA). According to Table 3, every measure of goodness-of-fit proved that the model is highly valid. With Figure 3 (yielded by inputting the script in Mermaid), the CFA relationship is drawn in a way that clearly shows the strength each observed variable shares with a latent dimension.

SEM analysis offered more understanding of the relationships that were proposed in the study. According to Table 4, training boosts employee loyalty ($p < 0.5$) and results in their decision to remain with the company over a longer period of time ($p < 0.5$). In addition, loyalty has a strong relationship with retention ($\beta = 0.51$) which shows that part of the effect of training on retention is not direct. In Figure 4, the direct as well as mediating paths have been represented.

Lastly, analysis from Table 5 shows that employee loyalty plays a partial part in the mediation process. Loyalty which is the indirect result of training, appeared important ($\beta = 0.316$, $p = 0.009$), supporting the principle of this study.

All things considered, the research confirms that developed training programs influence workers' loyalty and decrease the risk of losing them in the hospitality sector.

CONCLUSION

It has been confirmed that training and development play a major role in keeping employees in the hospitality industry by boosting their loyalty. According to the results, a well-organized training process results in loyalty which leads to better worker retention (H2). Besides, being loyal is partly responsible for the link between training and retention (H3), meaning that encouraging loyalty supports the effort to reduce turnover.

Despite its contributions, the study has limitations. The research depends on information from four- and five-star hotels in Mumbai and Goa, so its results may not apply to other parts of India or hospitality

classes. Additionally, the reliance on self-reported measures introduces potential biases. Follow-up research could look at the topic for a longer period and include subjective accounts for better results.

The research helps HR managers and hotel heads find better ways to protect the company's workforce. Training workers regularly and providing education that matters to them strengthens their loyalty as well as their will to remain at the company. Organizations are advised to introduce programs supporting employee growth, rewards and support so that their employees feel valued and motivate them to give their best.

Further studies ought to examine job satisfaction, the culture at work and leadership approaches in order to learn more about retaining employees. Looking at other hospitality areas and locations would confirm and increase the usefulness of the model. Moreover, using qualitative research may help expose the main reasons behind someone's loyalty and decision to stick with the company.

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