Factors Affecting Employee Job Satisfaction in Nepalese Hospitality Industry: A Study of Hotels in Bhaktapur

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Abstract
The objective of the study is to analyse the factors affecting employee job satisfaction in hotels of Bhaktapur, Nepal. Compensation and reward, working environment, career development, job security and co-workers are taken as independent variables and employee job satisfaction as a dependent variable. Using the purposive sampling, 153 employees were selected, and a questionnaire survey was carried out to collect data. Using regression analysis, the study found that compensation and reward, working environment, career development, and job security have significant impact on employee job satisfaction but the relationship with co-workers has negative significant impact on employee job satisfaction in hotels of Bhaktapur. Likewise, the study also revealed that job security has the highest positive significance on employee job satisfaction in hotels of Bhaktapur followed by compensation and reward, working environment and career development opportunities.

Keywords: Employee, hotel sector, job satisfaction

1. Introduction and Research Objectives
Employees in hotels play a significant role for the development of the hotel. The success of the hotels depends on managing and retaining the qualified, skilled, experienced and energetic employees. In Today’s world of competitive environment, the hotel industry should try to increase

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the job satisfaction among the employees by motivating them and at the same time they should aim in developing their business (Aksu, 2000).

The attitude and behaviours of the employees are crucial in the hotel industry which directly impacts the customers and performance of hotels. The employees are key responsible for providing a sustainable competitive advantage for the hotels (Kiruthiga & Magesh, 2015). The growth of hotel business depends upon the job satisfaction of the employees. It is very important in the hospitality industry to ensure the quality of customer service. Being a dynamic service sector, optimal human resource management is required to ensure professionalism and efficiency in service delivery of the hotel industry (Hanzaee & Mirvaisi, 2011).

The hotel industry, being a human centric industry, the abilities, behaviour, and attitudes of employees have become the very foundation stone of the business and they also play a critical role in guest satisfaction/dissatisfaction which ultimately leads to success/failure of an organization. Considering the importance of employees, organizations are emphasizing on satisfying their employees as it leads to higher productivity, low turnover, reduced absenteeism, increased morale and above all increases the commitment level toward the organization (Kumar & Kumar, 2016).

Job satisfactions are a set attitude towards work and job satisfaction is required by all employees which affects turnover, absenteeism and performance. Employees that are more satisfied with their jobs or work are less absent and would stay on longer in their jobs compared to the least satisfied employees. Employee job satisfaction in the hotel industry is determined by a variety of factors, the work itself, wages or salaries, growth and upward mobility, supervision, colleagues and attitude towards work (Lussier, 2008). The employee will be satisfied if they are happy with the working environment, getting the right rewards and recognition from the management, getting a kind of job guarantee and security from the organization (Heskett, Sasser & Schlesinger, 1997).

The hospitality industry is an important service sector in Nepal. In Nepal, the contribution of Travel, Tourism and Hospitality Industry/Sector is 6.7% of GDP. This sector has provided employment of 6.9% of the total employment of the country (World Travel and Tourism Council, 2020). The issue of high employee turnover rates is the problems highly reflected on hotel business, and there is only a small possibility for hotel managers to influence this with their skills and knowledge to satisfy and retain the employees (Azic, 2017). A high turnover rate is a critical issue in the hotel industry. A hotel spends their efforts in training, recruiting and hiring new employees and puts in a lot of effort and money in retaining employees. The value of employee retention in the hotel industry is irrefutable globally (Farrell, 2001). Nepal cannot be an exception to it and employee
retention is a matter of concern in the hospitality industry in Nepal (Sthapit & Shrestha, 2018). Employee turnover in the hotel sector happens when there is dissatisfaction in the job (Sangaran & Jeetesh, 2015). Therefore, the objective of the study is to analyse the factors affecting employee job satisfaction in Nepalese hospitality industry.

2. Literature Review

Job satisfaction is the combination of psychological, physiological and environmental circumstances that cause a person truthfully to say that he/she is satisfied with his/her job (Hoppock, 1935). Job satisfaction is a set of factors that cause a feeling of satisfaction. Job satisfaction is the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values (Locke, 1969). Spector (1997) stated that the job satisfaction is the way how people feel about their job and its various aspects or like or dislike their job. It is closely linked to that individual's behaviour in the workplace (Davis & Nestrom, 1985). It is a collection of positive/ negative attitudes and feelings people have about their work (Armstrong, 2006). George and Jones (2008) focused Job satisfaction as a collection of feelings and beliefs that people have about their current job like type of work, co-workers' attitude and pay offered. Job satisfaction is the response, attitude, behaviour of an employee towards various facets of job which directly effects on increasing productivity (McNeese-Smith, 1997), enhancing customers' satisfaction (Burke et al., 2005), encouraging better performance and efficiency (Sousa-Poza & Sousa-Poza, 2000).

Yang (2010) indicated that role conflict, burnout, socialization and work autonomy are the influencing factors on job satisfaction in the hospitality industry. Slatten and Mehmetoglu (2011) have found a positive relationship between autonomy, strategic attention, role benefit, and employee engagement with satisfaction. Autonomy and independence, greater power of decision making, flexible schedules, better working conditions, and training are greater contributors to greater satisfaction and wages and reduced benefits promotes dissatisfaction to employees of the hotel sector (Borralha, et al. 2016). A higher level of job satisfaction can have a direct impact on increasing the financial performance of the hotel.

A work environment where employees can achieve a feeling of satisfaction can be linked to quality of service and retaining quality employees (Lee & Way, 2010). When employees know what is expected of them, they are more likely to meet role obligations and are more satisfied with their job (Bowen & Schneider, 1985). Employee attitudes and opinions about their colleagues and the work environment may make all the difference between workers' merely doing a good job and delivering exceptional guest service (Arnett, et al., 2002).
Employee job satisfaction is influenced by the value of services, which is created by satisfied, loyal and productive employees (Heskett et al., 1994). The only valid way to reduce the high turnover rate and to satisfy their job is by introducing methods that will encourage employees and by promoting a highly respected organizational culture and establishing good relations between employees using various motivation techniques (Azic, 2017).

Kiruthiga and Magesh (2015) found that employee recognition, growth opportunity and work itself has significant impact on job satisfaction among the employees of Indian hotel sector. Job satisfaction includes five components of the employee towards the job such as attitude toward work group, general working conditions, attitude towards the organisation, monetary benefit and attitude towards supervision (Fajana, 2002).

Tian and Pu (2008) found that the satisfaction levels of employees in the hotel industry were low and differed with age and gender in China. The factors that contributed to employees’ satisfaction were the growth opportunities in the company and the growth of hotels. Francisco, Tomas and Sandra (2014) depicted that family dependence on hotel employee wages bears a direct and increasing relationship to employee job satisfaction. The employees with permanent contracts do not show higher satisfaction levels but part-time employment is related to higher job satisfaction levels in the hotel industry of Spain.

Azic (2017) found that management relation and co-worker relations have significance influence on overall job satisfaction of employees in Croatian hospitality. He also concluded that by transposing their knowledge and experience, managers and co-workers positively influence employee satisfaction in Croatian hospitality sector. Vijayakumar and Vivek (2018) found that career improvement, remuneration and rewards, employer stability and working environment are the handful of factors that impact the level of satisfaction in the 5 - star hotels in Kerala.

Sangaran and Jeetesh (2015) depicted that wages/salary and opportunity for advancement/career progression are the significant factors for the employee job satisfaction in 4-5 star hotels in Kuala Lumpur, Malaysia. Hussein (2017) revealed that working conditions, remuneration, relationships with supervisors, co-worker relations, opportunities for promotion, job security, and opportunities for training and development/career development are key factors affecting job satisfaction and they have significant impact on employee job satisfaction in Boma hotel, Kenya.

Sthapit and Shrestha (2018) discovered that rewards and compensation helped retain entry level employees, while employer branding was a strong retention measure for those on higher hierarchies. They also found that balanced work life and employer branding help retain higher
age group employees, while career growth is the strongest and balanced work life the weakest measure to retain male hotel employees in Nepal. Likewise, Sharma and Biswakarma (2020) found that perceived organizational support is correlated with perceived job satisfaction of employees in the hotel industry in Nepal. They also depicted that the perceived organizational support and perceived job performance can be strengthened when employees perceived a satisfaction with their job.

The literature shows that research works by Fajana (2002), Tian & Pu (2008), Lee & Way (2010), Yang (2010), Slatten & Mehmetoglu (2011), Tomas & Sandra (2014), Kiruthiga & Magesh (2015), Sangaran & Jeetesh (2015), Borralha, et al. (2016), Azic (2017), Hussein (2017), Francisco, Vijayakumar & Vivek (2018) were conducted on employee job satisfaction in hospitality industry in the various country taking different components of job satisfaction. Few studies (Sthapit & Shrestha (2018), Sharma & Biswakarma (2020)) have found hospitality industry in Nepalese context specifying hotel sector with respect to job satisfaction of employees in employee turnover, job performance etc. Therefore, this study has focused on employee job satisfaction taking compensation and reward, working environment, career development, job security and co-workers as factors affecting job satisfaction in hotels of Bhaktapur, an ancient city of Nepal. This is the research gap for the study.

3. Research Methods

To fulfil the objective of the study, compensation and reward, working environment, career development, job security and co-worker were taken as independent variables and employee job satisfaction was considered as dependent variables. The study followed the descriptive and analytical research design.

The Cronbach’s Alpha was measured to test the reliability of the data. F-test was used to determine the goodness of fit and whether a significant difference exists between the means of the variables under study or not. Regression analysis was used to show the influence of compensation and reward, working environment, career development, job security and co-workers on employee job satisfaction in the hotel sector.

The study used the perception of employees on job satisfaction of employees regarding compensation and reward, working environment, career development, job security and co-workers for analysis. For data collection, the questionnaire survey was conducted in hotels of Bhaktapur. The questionnaire was developed on the basis of Abdullah, et al. (2011), Hussein (2017), and distributed to the employees of hotels. All items of questionnaire on job satisfaction of employees were measured on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly
agree). The demographic profile of respondents such as gender, marital status, age, education and job experience are also included in the questionnaire.

The total number of employees working in different hotels of Bhaktapur is considered as population for the study. The 153 employees as respondents from different hotels were randomly selected using purpousive sampling for the questionnaire survey. The survey was conducted in Bhaktapur and picked the respondents by convenience. The multiple regression model of the study is as follows:

\[ JS = \beta_0 + \beta_1 CR + \beta_2 WE + \beta_3 CD + \beta_4 JS + \beta_5 CW + u \]

Where;

- \( JS \) = perception of employee on job satisfaction
- \( CW \) = perception of employee on compensation and reward
- \( WE \) = perception of employee on working environment
- \( CD \) = perception of employee on career development
- \( JS \) = perception of employee on job security
- \( CW \) = perception of employee on relationship with co-workers

\( \beta_0 = \) Constant term

\( \beta_1 - \beta_4 = \) Coefficients

\( u = \) Error term

The hypotheses of the study are as follows:

H1: Compensation and reward has a significant impact on employee job satisfaction.
H2: Working environment has a significant impact on employee job satisfaction.
H3: Career development opportunities have a significant impact on employee job satisfaction.
H4: Job security has a significant impact on employee job satisfaction.
H5: Relationship with co-workers has a significant impact on employee job satisfaction.

Limitations

The study was mainly confined to perception of employees on factors affecting job satisfaction in hotels of Bhaktapur. To collect the data, a questionnaire survey was conducted in Bhaktapur and picked the respondents by convenience. Therefore, the findings of the study cannot be generalised to all the hotels of the country. Similarly, the study covered only five factors like compensation and reward, working environment, career development, job security and co-workers. Further studies could cover other variables for the study of employee job satisfaction in Nepalese hospitality industry.

4. Data Analysis and Discussions
The male respondents (71.2 per cent) are higher than female (28.8 per cent). The percentage of unmarried respondents is 61.4 and rest married. The respondents’ upto 20 years old, 21 - 30 years old, 31 - 40 years old, and above 41 years old is 11.1 per cent, 62.7 per cent, 19 per cent and 7.2 per cent respectively (table 1). The highest percentage of respondents with Plus 2 (37.9 per cent) and Bachelors’ Degree (29.4 per cent) which indicates that most of the employees are working with Plus 2 and bachelor’s level education. The respondents having working experience on banking sector less than 1 years, 1 - 5 years, 6 - 10 years, 15 - 20 years and more than 10 years is 21.6 per cent, 42.5 per cent, 24.8 per cent and 11.1 per cent respectively which indicates that the most of respondents participated from fresh group of employees in hotels of Bhaktapur.

Table 1. Respondents Profile

<table>
<thead>
<tr>
<th>Profile</th>
<th>Category</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>109</td>
<td>71.2</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>44</td>
<td>28.8</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>59</td>
<td>38.6</td>
</tr>
<tr>
<td></td>
<td>Unmarried</td>
<td>94</td>
<td>61.4</td>
</tr>
<tr>
<td></td>
<td>Upto 20 years old</td>
<td>17</td>
<td>11.1</td>
</tr>
<tr>
<td></td>
<td>21 - 30 years old</td>
<td>96</td>
<td>62.7</td>
</tr>
<tr>
<td></td>
<td>31 - 40 years old</td>
<td>29</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>Above 41 years old</td>
<td>11</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>Below plus 2</td>
<td>37</td>
<td>24.2</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Plus 2</td>
<td>58</td>
<td>37.9</td>
</tr>
<tr>
<td></td>
<td>Bachelors</td>
<td>45</td>
<td>29.4</td>
</tr>
<tr>
<td></td>
<td>Masters and above</td>
<td>13</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>Less than 1 year</td>
<td>33</td>
<td>21.6</td>
</tr>
<tr>
<td></td>
<td>1 - 5 years</td>
<td>65</td>
<td>42.5</td>
</tr>
<tr>
<td></td>
<td>6 - 10 years</td>
<td>38</td>
<td>24.8</td>
</tr>
<tr>
<td>Age</td>
<td>More than 10 year</td>
<td>17</td>
<td>11.1</td>
</tr>
<tr>
<td>Educational Qualification</td>
<td>Plus 2</td>
<td>58</td>
<td>37.9</td>
</tr>
<tr>
<td></td>
<td>Bachelors</td>
<td>45</td>
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<td>13</td>
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<tr>
<td></td>
<td>Less than 1 year</td>
<td>33</td>
<td>21.6</td>
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<tr>
<td></td>
<td>1 - 5 years</td>
<td>65</td>
<td>42.5</td>
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<td></td>
<td>6 - 10 years</td>
<td>38</td>
<td>24.8</td>
</tr>
<tr>
<td></td>
<td>More than 10 year</td>
<td>17</td>
<td>11.1</td>
</tr>
</tbody>
</table>

Note. Survey, 2020

The values of Cronbach’s Alpha compensation and reward, working environment, career development, job security and co-workers and employee job satisfaction are 0.797, 0.718, 0.814, 0.829, 0.765 and 0.832 respectively (table 2). For a reliability test, the value of Cronbach’s Alpha of all variables is more than 0.7 which is enough to accept the questionnaire (George & Mallery, 2009). To test the multicollinearity, tolerance and variance inflation factor were used. The tolerance value of all the variables is greater than 0.1 and all variance inflation factor values are less than 10 which indicates that both are in acceptable range (table 2).

Table 2. Reliability and Collinearity Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of item</th>
<th>Cronbach’s Alpha</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and reward</td>
<td>5</td>
<td>0.797</td>
<td>.614</td>
<td>1.628</td>
</tr>
<tr>
<td>Working environment</td>
<td>5</td>
<td>0.718</td>
<td>.519</td>
<td>1.927</td>
</tr>
</tbody>
</table>
The value of R Square 0.758 indicates the dependent variable, i.e., employee job satisfaction is explained by variation in independent variables i.e., compensation and reward, working environment, career development, job security and co-workers by 75.8 per cent (table 3). It means that the employee job satisfaction is explained by variation in other variables by 24.2 per cent. The F value of the model is 92.26 with p value 0.000 (< 0.05) indicates that the model is fitted at 5 per cent level of significance.

The t value and p value of compensation and reward is 6.227 and 0.000 (0.000 < 0.05) respectively means compensation and reward is significant at 5 per cent level of significance. So, the H1 is accepted, i.e., compensation and reward have a significant impact on employee job satisfaction in hotels of Bhaktapur. This result is consistent with the findings Kiruthiga and Magesh (2015), Francisco, Tomas and Sandra (2014), Vijayakumar and Vivek (2018) and Hussein (2017).

The hotel industry is a human centric industry where the employee devotes themselves in work with their skills, knowledge and abilities to serve effectively and efficiently for customer satisfaction and better performance of the hotel. The nature of job in hotels around the world as well as Nepal is similar, and the employee expects compensation and reward as per their effort in the hotel. This indicates that the recognition, performance appraisal and benefits for employees are the factors for job satisfaction.

### Table 3. Regression Results

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>t</th>
<th>sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.479</td>
<td>1.782</td>
<td>.077</td>
</tr>
<tr>
<td>Compensation and reward</td>
<td>.279</td>
<td>6.227</td>
<td>.000</td>
</tr>
<tr>
<td>Working environment</td>
<td>.181</td>
<td>2.662</td>
<td>.009</td>
</tr>
<tr>
<td>Career development</td>
<td>.127</td>
<td>2.526</td>
<td>.013</td>
</tr>
<tr>
<td>Job security</td>
<td>.466</td>
<td>8.819</td>
<td>.000</td>
</tr>
<tr>
<td>Co-workers</td>
<td>-.155</td>
<td>-2.277</td>
<td>.024</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.758</td>
<td>0.75</td>
<td>92.26</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Dependent Variable: Employee job satisfaction

Predictors: (Constant), compensation and reward, working environment, career development, job security and co-workers
Similarly, t-value of working environment is 2.662 and p value is 0.009 (0.009 > 0.05) indicates the working environment is significant at 5 per cent level of significance. Therefore, the H2 is accepted, i.e., working environment has a significant impact on employee job satisfaction. This result is similar to the findings of Fajana (2002), Vijayakumar and Vivek (2018). To complete the work properly, the necessary working environment such as equipment, material, and working schedule is needed for hotel employees whether the hotel is in Nepal or in foreign country. It states that the physical working conditions and safety are also the factors affecting employee job satisfaction.

The beta coefficient and t value of career development is 0.127 and 2.562 respectively. The p value of career development is 0.013 (0.013 < 0.05) which indicates that the career development is significant at 5 per cent level of significance. Career development has a significant impact on employee job satisfaction because the H3 is accepted. This result is consistent with the findings of Kiruthiga and Magesh (2015), Tian and Pu (2008), Sangaran and Jeetesh (2015), Vijayakumar and Vivek (2018). Human beings desire other wants when he/she fulfills the earlier wants. In such a scenario, when the employee has got the working experience as well as skill in their job, he/she wants career development in hotels of Nepal. It indicates that the career potential, more working experience and more opportunity are also the factors for job satisfaction of employees.

Likewise, the t value and p value of job security is 8.819 and 0.000 (0.000 < 0.05) respectively means job security is significant at 5 per cent level of significance. So, the H4 is accepted i.e. job security has a significant impact on employee job satisfaction. This is similar to the findings of Hussein (2017), Vijayakumar and Vivek (2018) that indicates permanent job and recognition in long relationships with hotels increases the job satisfaction but this result is inconsistent with the study of Francisco, Tomas and Sandra (2014). They found that the part-time and temporary employees are more satisfied with their job than permanent employees in the hotel industry of Spain.

The t value and p value of co-workers is -2.277 and 0.024 (0.000 < 0.05) respectively means co-workers is significant at 5 per cent level of significance but negative. So, the H5 is accepted i.e. co-workers has negative significant impact on employee job satisfaction. This result is inconsistent with the study findings of Croatian hospitality sector studied by Azic (2017) and the study findings of Boma hotel, Kenya studied by Hussein (2017) where they found that relationship with co-worker has a positive significant impact on employee job satisfaction in hotels. The culture, family background, social status, diversity of employees; it is the key component for
teamwork and group behaviour in Nepal is not similar to Croatia and Kenya. It indicates that the teamwork and group behaviour of employees is needed to improve for employee job satisfaction in the hotel sector.

From the value of coefficient, it is clear that job security has the highest positive significance on employee job satisfaction in hotels of Bhaktapur, Nepal followed by compensation and reward, working environment and career development (table 3).

5. Conclusion and Implications

The hospitality sector is a service sector which provides services to their guests. The satisfied employee provides their service to their guest effectively and efficiently for satisfying the guest. Job satisfaction of employees significantly influences job performance and growth of the hotel sector and reduces employee turnover as well. Therefore, employee job satisfaction is a crucial issue in the hotel sector.

The objective of the study was to analyse the factors affecting employee job satisfaction in hotels of Bhaktapur, Nepal. The study found that compensation and reward, working environment, career development, and job security have significant impact on employee job satisfaction but the relationship with co-workers has negative significant impact on employee job satisfaction in hotels of Bhaktapur. Likewise, the study also revealed that job security has the highest positive significance on employee job satisfaction in hotels of Bhaktapur followed by compensation and reward, working environment and career development opportunities.

It indicates that sufficient compensation and reward, sound working environment with appropriate physical facility and safety, appropriate career development opportunities, provision and assurance of job security are the main factors for employee job satisfaction in the hotel sector of Bhaktapur. The relationship with co-workers in hotels is more focused to satisfy the employee to their job in hotels.

So far as implications are concerned, the findings of the study are implacable for the human resource managers of Nepalese hotel sector in formulating the policies and programs related with the job satisfaction of their employees considering factors such as compensation and reward, working environment, career development, job security and co-workers.

References


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**Conflict of interest**

The author claims having no conflict of interest in the research work.