Human Resource Management Practices and Employee Retention in Hospitality Sector

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Abstract

This study focuses on the impact of human resource management (HRM) key practices on the retention of employees in hotel industry of Kathmandu. Four major dimensions of HRM training and development, career opportunities, work-life balance, and compensation and benefits were measured to know their impact on employees' intentions to stay with their organizations. A quantitative research design was applied and data was gathered from 202 respondents using a structured questionnaire. Both the descriptive and inferential statistics were used, namely reliability testing, correlation analysis, and multiple regression analysis by using the software (SPSS 27). Reliability analysis confirmed the highest reliability of all measurement constructs with Cronbach's Alpha values above 0.7. Descriptive statistics showed that hotel workforce in Kanchanpur is mostly young, unmarried and with a moderate level of education and working in frontline positions. Correlation analysis showed strong positive relationships between employee retention and three HRM factors - training and development, work-life balance and compensation and benefits. Regression results revealed that training and development (beta = 0.271, p = 0.001), work-life balance (beta = 0.323, p = 0.000), and compensation and benefits (beta = 0.373, p = 0.000) had significantly positive impact on employee retention while career opportunities (beta = 0.002, p = 0.948) was statistically insignificant. The model accounted for 87.3% variance in the retention of employees and has thus a good predictive power. The findings point out the necessity of structured training programs, supportive work-life balance policies, and competitive compensation packages in order to improve employee retention in the hotel industry in Kathmandu. However, career advancement opportunities need additional

development to have significant impact on long-term commitment of the employees. This study offers valuable insights for hotel managers, human resource practitioners and policy makers to help them better their retention strategies by implementing effective human resource practices.

Keywords: Training and development, Career opportunities, Work-life balance, Compensation and benefits, Employee retention.

Introduction

Employer retention was currently one of the biggest problems that organizations had to tackle in the twenty first century. As the world was growing more global with the labor market and competition of skilled human resources there was the need to retain talented and motivated employees, as a means to maintain organizational performance and growth. Human capital was the core of operations in the service industry especially in the hospitality industry. The success of restaurants and hotels depended on human feature, employee loyalty, and quality of service unlike manufacturing or automated industries. Hence, employee retention was already the focus of the interest of both scholars and practitioners (Bekhit et al., 2023).

Hospitality industry was commonly known to be highly labor-intensive in the economy. It required full employee involvement, flexibility and customer-oriented actions. Nevertheless, the sector has been having one of the highest turnover rates in the world with the major contributor being the nature of work which is often demanding, working hours are long and irregular, career progression is low, and the pay is relatively low. The high turnover led to high costs incurred in recruitment, training and induction process, loss in productivity and customer satisfaction declined. Therefore, the retention of qualified and motivated staff had been a strategic concern of the hotel and other hospitality organizations (Emmanuel et al., 2021).

The Human Resource Management (HRM) was very instrumental in dealing with this challenge. HRM ceased to be an administrative or personnel driven task but instead became an administrative strategic subject that concerned acquisition, development and retention of talents. The HRM practices that have been indicated to impact employee satisfaction and loyalty in the context of the hospitality sector were employee engagement practices, training and development practices, compensation and rewards practices, performance appraisal practices, and work environment management practices. Companies that pursued practical HRM policies were in a better position to have stable workforces, good employee relations, and sustainability of business in the long run (Prabusankar, 2017).

Maintaining the efficiency and quality of the operations of the hospitality establishments was heavily reliant on the retention of key employees. As the skilled workers exited their organizations, the hotels did not only lose skilled labor, but also institutional knowledge, customer relations, and brand image. In addition, the exit of the employees usually created increased workload among the available workers, leading to burnout and further loss. Thus, it became crucial to develop and put into practice retention strategies in order to succeed in the organization. The latter strategies would typically encompass training opportunities, competitive compensation, recognition schemes, career growth opportunities, and work-life balance measures (Jam & Jamal, 2020).

Existing theories in the organizational behavior perspective offered an insight into employee retention. According to Herzberg Two-Factor Theory, job satisfaction and job dissatisfaction were motivated by various factors; hygienic factors like salary and job security could not make an employee unhappy whereas motivators like recognition, responsibility, and career growth could make an employee happier and more committed at the workplace. Equally, the Social Exchange Theory was the theory that posited that once employees felt that there was a fair exchange between the contribution and rewards, they experienced in the organization, they would continue staying in the organization. The Psychological Contract Theory also placed emphasis on the fact that the retention decisions of employees would be made based on the fact of whether organizations kept their implicit and explicit commitments on which they promised to support, develop and recognize employees. Such theoretical backgrounds emphasized the importance of HRM practices in shaping the perceptions and intentions of employees to remain. The issue of employee retention had been outstanding in the hospitality industry in Nepal in the recent years. As the tourism grew at a high rate, hotels, resorts, and restaurants had increased throughout the country. The Ministry of Culture, Tourism and Civil Aviation (2023) reported that Nepal was experiencing a gradual increase in the number of visitors after the recovery phase of COVID-19 had ended. This expansion provided a high demand of skilled hospitality employees such as chefs, front-office staff, housekeeping employees, and management employees. Nevertheless, the sector was still experiencing critical lacks of skilled labor because of high turnover, migration of labor, and global competition. The remuneration and career opportunities were thought to be more appealing in other destinations in the Gulf countries, Malaysia, and other parts of Asia, making many Nepalese employees prefer to find jobs there (NTB, 2023).

This work force movement had presented a great challenge to Nepal hotel management in terms of retaining skilled staffs. The training of new workers was also expensive especially when the company

experienced a high turnover rate following the training cost. Moreover, the loss of competent employees was an impediment to the possibility of hotels continuing the quality and continuity of services, which ultimately impacted customer satisfaction and profitability of businesses. Keeping experienced employees was thus necessary when it comes to long-term sustainability of the hospitality sector in Nepal (Kossivi, Xu & Kalgora, 2016).

The nature of work was the other issue that challenged employee retention in hospitality sector of Nepal. Hotel workers were prone to uneven working hours, inadequate time of rest, and a lot of emotional work as they were in constant contact with the guests. Unfavorable working conditions, absence of appreciation and communication between the management and the employees led to lack of job satisfaction. Also, tourism in Nepal was seasonal; therefore, the nature of employment opportunities was intermittent and, thus, provided job and job insecurity to the workers. All these factors increased the turnover rates, particularly among young and skilled employees who found their work opportunities more stable in other companies (Al-Hajri, 2020).

These problems were strengthened by the COVID-19 pandemic. Most hospitality businesses had to shut down or function at reduced capacities during the pandemic and this has led to losses of jobs and reduction in payments. The employees grew more mindful of employment and work-life balance even after the industry started recovering. The needs of the staff and the organization as the determinants of retention were emphasized during the pandemic experience. The Nepal case study shows that after the pandemic, numerous hotels implemented flexible employment policy, health and safety protocol, and paid increased attention to employee engagement and communication to restore the trust and loyalty (Prasai, 2022).

Leadership and organizational culture also had an impact on retention. Studies revealed that staff members in companies with leaders who had supportive behavior, transparency and fairness tended to stay in the company. Emotional attachment and turnover intentions were increased and decreased respectively with the help of a positive work environment that supported the teamwork, respect, and recognition. Leadership in the hospitality industry was particularly significant in influencing the morale and retention of employees because teamwork and relations were critical in the field (Nawaz et al., 2021).

Although the idea of employee retention is increasingly gaining significance, little research has been conducted in this field of the Nepalese hospitality sector. The main tendency of the majority of hotels and tourism organizations was to pay more attention to customer satisfaction and marketing

strategies and to neglect the internal component of workforce stability. There was a gap in the research as few studies examined the connection between HRM practice and employee retention within the Nepal hotel industry and thus no research investigated in detail the factors that motivated employees to remain or exit the company. The discovery of these determinants would be of great value to the policymakers and the hotel management to develop effective retention strategies that fit the local environment (Subedi, 2021).

Hence, the research was conducted in order to explore the most significant variables that affected staff retention in the Nepalese hospitality industry. It aimed at investigating the impact of HRM practices on organizational performance in terms of organizational culture, training and development, work environment, performance appraisal, and compensation, on employee commitment and intention to stay in their respective organizations. Moreover, the research was aimed at evaluating how leadership support, job satisfaction, and career growth opportunities affected retention behavior. The results were supposed to add to the current scholarship in HRM and give some practical suggestions on improving employee retention practices in the hotel and hospitality sector in Nepal. The main objective of this research was to examine human resource management practices and their role in employee retention within the hotel industry of Kathmandu. General Objective is to examine the human resource management practices that influenced employee retention. Specific Objectives are to examine the impact of training and development on employee retention, to examine the impact of career opportunities on employee retention, to examine the impact of work-life balance on employee retention and to examine the impact of compensation and benefits on employee retention.

Review of Literature

Adeyefa et al. (2023) investigated the role of human resource management practices in retaining employees in the hotel industry. The research was an assessment of the impact of various HR strategies on the retention rates of the staffs. The results indicated that some of the HR strategies were more positively related to employee retention than others. The structural equation modelling (SEM) analysis also indicated that majority of the independent variables significantly affected the retention of employees, except one variable which had a significant positive effect but was not statistically significant.

Hussain et al. (2023) examined how the human resource management practices could influence the sustainability of organizations and retention rates among employees in the small and medium-sized enterprises (SMEs) in Bahawalpur, Pakistan. The study realized that good HR practices had a

significant role in enhancing employee retention and sustainability of the organization. Nevertheless, issues of time constraints and availability of data were also observed in the study. To increase the external validity of findings, the authors hypothesized that future studies should investigate such similarities in other sectors, including the healthcare, hospitality, and education sectors.

Bekhit et al. (2023) examined how human resource practice impacts on employee retention and environmental sustainability within the automotive industry of Egypt. The research was conducted with the objective of determining those factors that contributed to or slowed down effective HR implementation. The findings showed that certain HR elements were more significant in granting employee retention as other elements were more significant in ensuring a sustainable organizational culture. The study by Audu et al. (2023) focused on exploring the issue of employee retention in the hospitality sector of Kogi State, Nigeria. The research was on the strategies of recruitment, training and compensation that were employed to retain employees. The results showed that there was a statistically significant positive relationship between the HR practices and employee retention in the hospitality industry of the region.

Rijal (2023) performed research on the issue of employee retention determinants in the tourism and hospitality sector of Nepal. The study has found that retention of employees was significantly influenced by demographic issues including age, work experience and work position. Moreover, pay and benefits, work reputation, organizational reputation, career advancement opportunity, work atmosphere, and work-life balance are some of the factors that were found to be the driving forces of employee retention in Nepalese setting. Akpa et al. (2022) have explored the impacts of human resource management and work-life balance on employee retention in hospitality organizations in Lagos and Ogun States in Nigeria. The researchers discovered that effective HR practices and programs that encouraged the healthy work-life balance had a strong positive impact on employee retention. The evidence indicated that the supportive HR policies such as fair performance management and employee relations improved job satisfaction and commitment among the employees.

Chatzoudes and Chatzoglou (2022) developed a conceptual framework that was used to determine the factors influencing employee retention in Europe. Their results showed that job satisfaction and employee commitment were significant predictors of retention. The research pointed out that positive working environments and management support had a mediating effect on decreasing turnover intentions of employees in their respective organizations.

Aremu and Adepoju (2022) explored the issue of employee retention in the food and beverage sector

in Nigeria. The research discovered that recruitment and selection practice had negligible effects, whereas other Hr functions of employee socialization, ethical management, reward system and occupational health and safety, had strong positive effects on employee retention. The authors have come up with the conclusion that workforce stability and overall organization performance can be improved by implementing a holistic HR practice. Emmanuel et al. (2021) assessed the relationship between the HR practices and employee retention and the role of employee empowerment in hotels in Nigeria. The results showed that employee retention was significantly influenced positively by empowerment, training and development, recruitment and selection and personal values. The research also found empowerment to be an important moderating variable enhancing the relationship between the HR practices and employee commitment.

Chawla and Singla (2021) compared the variables on influencing employee retention strategy in the hospitality industry in India. The research suggested that a number of key factors include work-life balance, leadership style, financial incentives, possibility of learning and career development, organizational culture, and exit barriers, among other things as key factors contributing to effective employee retention. Yoganathan et al. (2020) evaluated human resource practices and their role in staff retention in regional tea plantation firms in the Badulla District of Sri Lanka. The findings indicated a strong positive relationship between employee retention and all the independent HR-related dimensions. It was also found in the study that incentives, recognition, and remuneration were better predictors of retention than interpersonal relationships.

Islam et al. (2020) also studied the HR practices and turnover intentions of millennials working in the Malaysian tourism industry. The analysis discovered that the relationship between reward and recognition systems and the engagement practices and turnover intentions was negative. But other HR practices had no direct effects on turnover, and the work environment did not moderate the relationships significantly. Jam and Jamal (2020) reviewed the impact of HR practices on organizational sustainability and retention of employees in South Punjab, Pakistan. The paper came up with the concluding idea that properly designed HR strategies increased the sustainability of the organization in addition to staff retention and the need to align the HR functions with long-term institutional goals.

Al-Hajri (2020) explored the connection of HR practices and employee retention in the pharmaceutical sector in Oman with the mediating factor of work engagement. The analysis showed that the relationship between HR practices and employee retention is positive but not statistically significant, but work engagement had a strong mediating effect, and thus the more employees engaged were,

the higher the likelihood of staying in their organizations. Khan et al. (2020) investigated aspects influencing the retention of employees in the banking industry. The study discovered that career development opportunities and payments had a good level of influence in retaining employees compared to other factors such as training, development, and work-life balance.

The study of employee retention in two large Nepalese banks was done by Chaudhary (2019) including Nepal Investment Bank Limited (NIBL) and Himalayan bank Limited (HBL). The research found out that the work environment, career advancement opportunities, compensation and job security were the most effective in employee retention. The researchers advised that companies improve career development and the work-life balance to increase their retention. Chalise (2019) analyzed the retention of employees in Nepal commercial banks. The results showed that work-life policies and career opportunities had a high positive correlation with employee retention, and training and development had relatively less of a relationship.

Fryea et al. (2019) studied the issue of what impacts retention of the Generation Y in the hospitality industry using a topic of internal marketing. The research was able to find that work environment, empowerment, compensation, and managerial relationship were some of the most significant determinants of job satisfaction and retention intentions among the younger employees.

Presbitero, Roxas and Chadee (2016) examined how the HR practices relate to the retention of employees in the Philippine business process outsourcing (BPO) companies. The results indicated that the value alignment between employees and the organization played a significant role mediating the correlation between the HR policies and employee retention. Cultural fit was also observed to be strategically significant in HR planning as employees with similar values as their organizations, stayed longer. The authors Msengeti and Obwogi (2015) examined how the issues of compensation and environment influence employee retention within the hotel sector of Mombasa County in Kenya. The findings showed that the salary did not influence retention of employees significantly but the work environment was a significant factor. The research advised that employers should enhance the working environment and assess the payment systems to be competitive in the hospitality industry.

Theories of HR Practice and Employee Retention

Despite the fact that certain retention approaches differed among the organizations, the conceptual background of the study of employee retention and human resource practices in the hospitality industry was that basic theories underpinning these processes. The subsections below had given the key theories that provided information about employee retention and organization performance.

Decision-making Theory

The Decision-Making Theory was one of the guiding theories in the field of organizational behavior and management. Simon (1960), Mintzberg, Raisinghani, and Theoret (1976) and others who followed later noted that rational decision-making was both critical in good organization functioning and excellent performance results. Simon (1960) used the concept of decision-making as the process whereby one chooses the best course of action, which would meet the organizational goals. Iyayi (2002) has also elaborated that decision makers started the process when they felt that they needed to solve problems or take up opportunities. In the public or the private sector, the decision-making process was critical in the setting of strategic direction and attaining institutional objectives (Miller et al., 2003). Managerial decisions were very effective and had a great impact on the success or failure of an organization.

This theory was especially applicable to the current study, where informed decisions are concerned recruitment and selection, employee training, and career development, employee retention in the hotel industry. The capacity of the management to make effective decisions at the right time directly influenced the satisfaction of employees, their interest, and overall performance of the organization. Thus, the strategic decision-making process was deemed to be a crucial factor of sustained employee retention.

Two-factor Theory of Motivation

Herzberg's (1968) Two-Factor Theory of Motivation helped to provide an important framework for understanding employee satisfaction and retention. The theory was in two categories of factors: motivators and hygiene factors. Motivators were intrinsic factors like achievement, recognition, and opportunities for personal growth while hygiene factors were extrinsic factors like salary, working conditions, company policies, and interpersonal relationships (Armstrong, 2007). According to Herzberg (1968) the lack of sufficient hygiene factors contributed to the lack of satisfaction, even with motivation factors. On the other hand, when the hygiene factors were properly taken care of, intrinsic motivators had a significant impact on satisfaction and performance of the employees. Guest (2006) supported this view in his emphasis on the need for organizations to focus on intrinsic satisfaction - through job enrichment and meaningful work rather than focusing solely on extrinsic rewards in order to increase commitment and productivity.

In the context of the hotel industry, this theory emphasized the importance of balancing the hygiene factor with the motivational factors in order to keep the employees engaged and reduce the employee

turnover. Managers were encouraged to provide an environment where work could be done with psychological satisfaction and professional development and thus ensure loyalty and enhance the overall quality of service.

Hierarchy of Needs Theory

Maslow's hierarchy of needs theory of human needs is classified into five levels and they are physiological, safety, social, esteem, and self-actualization. The theory was that people had to meet lower-level needs before moving on to higher level of needs. In an organizational context this model implied that employers should acknowledge and meet the different needs of their employees in order to keep them motivated and committed.

When the requirements of employees were not met, dissatisfaction arose which led to an attempt to find alternative employment opportunities which met their expectations. Although the linear hierarchy of Maslow's theory was criticized and the theory was criticized for thinking that all the needs could be fulfilled, it remained influential in understanding employee motivation and retention. In the context of the hotel industry in Nepal, this theory offered useful information on the behaviour of employees, especially regarding the motivation for employees to leave even though they are receiving competitive salaries or benefits. It highlighted the importance of organizations being comprehensive in their approach to employee retention - including financial incentives, career development opportunities, recognition and personal fulfillment.

Human Capital Theory

Becker's (1962) Human Capital Theory (HCT) emphasized the significance of employee skills, knowledge, and abilities as vital assets that contributed to organizational success. The theory distinguished between specific human capital skills and knowledge acquired through firm specific training and general human capital, which encompassed education and experience transferable across organizations. Hatch and Dyer (2004) suggested that investment in employee development enhanced productivity, innovation, and competitiveness. Similarly, Miller et al. (2015) identified various forms of training such as formal education, on-the-job training, and job instruction as crucial for building workforce capability and improving retention outcomes.

In the context of the hotel industry, Human Capital Theory highlighted the importance of continuous investment in employee development and learning. By providing training, career advancement opportunities, and skill enhancement programs, hotels were able to cultivate a loyal and competent workforce that contributed to operational excellence and long-term organizational sustainability.

Literature Based on Nepali Context

Rijal (2023) made a study on employees' retention factors in tourism and hospitality industry in the Nepal. The research indicated that demographic elements such as age, work experience and job position had a significant effect on employee retention. Furthermore, factors such as compensation and benefits, job reputation, organizational image, professional growth opportunities, workplace environment, and work-life balance were found to be important determinants of staying in a job in Nepal. Chaudhary (2019) conducted a study of the employee retention situation in two major Nepalese Banks i.e. Nepal Investment Bank Limited (NIBL) and Himalayan Bank Limited (HBL). The research showed that work environment, career advancement opportunities, compensation and job security were the most influential in retaining employees. The study recommended that organizations should improve career planning and promote work-life balance to improve retention rates.

Chalise (2019) studied the issue of employee retention in Nepalese commercial bank. The results showed that there was a strong positive correlation between work-life policies and career opportunities and employee retention; training and development were less strongly related.

Theoretical Framework

A theoretical framework is a conceptual structure that summarizes significant ideas and theories related to a research project. It provides a road map for comprehending, organizing, and interpreting data, as well as guidance for researchers in generating questions, selecting variables, and integrating different aspects of their research within an existing theoretical framework.

Figure 1

Independent Variable   Dependent Variable

Source: Chalise (2019); Frye et al. (2019); Islam et al. (2020);
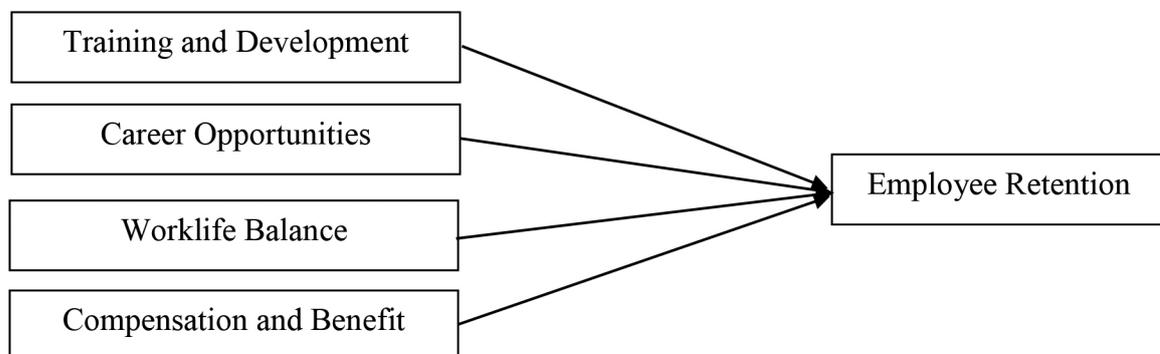
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Methods and Materials

The method of research employed in this study was descriptive and causal-comparative research. By including both these research designs, the research was able to show both a description of the current situation and analytical investigation of the potential cause and effect relationships between HRM practices and retention of employees.

This study was mostly based on primary data, which were collected directly from the employees working in different hotels of Kanchanpur with the help of structured questionnaire. The employees were selected from hotels that operate within Kanchanpur city of Nepal. The structured questionnaire was distributed personally and electronically, with a five-point Likert scale, 1 to 5 with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. Thus, responses of 1 and 2 indicated that respondents did not agree with the statements, and responses of 4 and 5 indicated that they agreed.

The population for this study comprised of all the staffs employed in hotels in Kanchanpur as found from Hotel Association Nepal 2024. The respondents were the employees from different levels of the job i.e., executives, managers, officers, and assistants. A non-probability convenience sampling technique was used to select the respondents because of easy access and time constraints. This method enabled the researcher to approach people who were ready and willing to respond to the researcher. The final sample size for the study was 202 employees, which was deemed sufficient for conducting statistical analysis and drawing meaningful conclusions from the study.

Both descriptive and inferential statistics were adopted in this study. Descriptive statistics was used to describe the demographic features of a sample such as age, gender, employment, educational attainment among others. These statistics, which do include such metrics as percentages, means, modes, and standard deviations, describe the characteristics of the sample. On the other hand, hypotheses accepted or rejected was using inferential statistics and the sample data. Statistical software (SPSS 27) was used to analyze the reliability of the variables, demographic statistics, descriptive statistics, correlation analysis and the regression analysis.

Results and Discussion

The data that was gathered from the 202 valid respondents utilizing the structural questionnaire; the findings are given in this part. In this chapter, the data were assessed using SPSS 27 for the descriptive statistics.

Demographic profile of respondent

The demographic profile of respondent that have participated in this study has been shown in table.

Table 1

Gender of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Female	36	17.8	17.8	17.8
Male	166	82.2	82.2	100.0
Total	**202**	**100.0**	**100.0**	

Source: Field Survey, 2025

Table 1 gives the distribution with respect to gender of the respondents. The project participant count was 202; males were 166 and females 36. This means that 82.2% of the sample is male and 17.8% of the sample is female. The results demonstrate that there are more males than females in the sample.

Table 2

Age of Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Below 25	110	54.5	54.5	54.5
25-35	76	37.6	37.6	92.1
35-45	14	6.9	6.9	99.0
Above 45	2	1.0	1.0	100.0
Total	**202**	**100.0**	**100.0**	

Source: Field Survey, 2025

The age distribution of the respondents is shown in table 2. The table indicates that the highest number (54.5%) of people that were sampled were of less than 25 years of age, followed by 37.6%

of people in the age group of 25-35 years. Respondents in the age group 35-45 years were 6.9% and above 45 years were only 1.0%. This distribution shows that most of the employees in the hotel industry of Kanchanpur were young adults in early to mid-twenties, mirroring the preference for a young and dynamic workforce in this sector.

Marital Status of Respondents

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	163	80.7	80.7	80.7
Married	37	18.3	18.3	99.0
Divorced/ seprated	2	1.0	1.0	100.0
Total	**20**	**100.0**	**100.0**	

Source: Field Survey, 2025

Table 3 shows the marital status of the respondents. A majority of the respondents (80.7%) were single, while 18.3% were married and only 1.0% of the respondents were divorced or separated. This means that most of the employees in the hotel industry of Kanchanpur were not married and might be in the early stages of their professional career that might affect their decision to choose their jobs and their mobility and decision to stay in the job.

Table 4

Academic Qualification of Respondents

Academic Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	75	37.1	37.1	47.1
Bachelor's Degree	112	55.4	55.4	92.6
Master's Degree or above	15	7.4	7.4	100.0
Total	**202**	**100.0**	**100.0**	

Source: Field Survey, 2025

Table 4 is presented the academic qualification of the respondents. More than half of the respondents (55.4%) had a bachelor's degree, followed by 37.1% who had completed a diploma, and 7.4% who had a master's degree or above. This shows that most employees in the hotel industry of Kanchanpur were moderately educated with most of them having undergraduate qualifications that were suitable for operational and supervisory roles in the hospitality industry.

Table 5

Job Position of Respondents

Job Position	Frequency	Percent	Valid Percent	Cumulative Percent
Assistant/Frontline Staff	153	75.7	75.7	75.7
Manager Officer/Supervisor	36	17.8	17.8	93.6
Manager	13	6.4	6.4	100.0
Total	**202**	**100.0**	**100.0**	

Source: Field Survey, 2025

The job position of the respondents is presented in table 5. The majority of the respondents (75.7%) were working as assistants or frontline staff, followed by 17.8% working as officers or in supervisory roles, and 6.4% who were managers. This implies that most of the employees in the hotel industry in Kanchanpur worked in entry-level or operational position which in turn reflects the labor-intensive nature of the hospitality industry where the frontline service position is prevailing.

Table 6

Annual Income of Family of Respondents

Annual Income of Family	Frequency	Percent	Valid Percent	Cumulative Percent
Below Rs 2,00,000	58	28.7	28.7	28.7
Rs 2,00,000-5,00,000	40	19.8	19.8	48.5
Rs 5,00,000-10,00,000	67	33.2	33.2	81.7
Above Rs 10,00,000	37	18.3	18.3	100
Total	**202**	**100**	**100**	

Source: Field Survey, 2025

The annual income distribution of the respondents is presented in Table 6. The largest group (33.2%) reported an income of between Rs 5,00,000 and Rs 10,00,000 followed by 28.7% who reported an income below Rs 2,00,000. About 19.8% respondents had income in the range of Rs 2,00,000 - Rs 5,00,000; and 18.3% of the respondents had annual income of above Rs 10,00,000. This distribution suggests that the respondents were selected from a variety of economic backgrounds, that is, from both lower as well as higher income of the hotel industry in Kanchanpur.

Table 7

Work Experience of Respondents

Work Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Below 1 year	35	17.3	17.3	17.3
1- 3 years	123	60.9	60.9	78.2
4- 6 years	28	13.9	13.9	92.1
Above 6 years	16	7.9	7.9	100
Total	**202**	**100**	**100**	

Source: Field Survey, 2025

Table 7 shows the work experience of the respondents in the hotel industry. The majority of respondents (60.9%) had 1 - 3 years of work experience, which was followed by 17.3% of less than 1 year of experience. About 13.9% had 4-6 years and only 7.9% had more than 6 years of working experience. This means that a majority of the employees were fairly new to the hospitality industry, and this possibly indicates a workforce with small long-term work experience, which could affect patterns of retention and career development opportunities.

Table 8

Correlation Matrix

Variable		TD	CO	WLB	CB	ER
TD	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	202				
CO	Pearson Correlation	.381**	1			
	Sig. (2-tailed)	0.000				
	N	202	202			
WLB	Pearson Correlation	.922**	.436**	1		
	Sig. (2-tailed)	0.000	0.000			
	N	202	202	202		
CB	Pearson Correlation	.940**	.393**	.931**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
	N	202	202	202	202	
ER	Pearson Correlation	.910**	.387**	.910**	.919**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	202	202	202	202	202

Source: Field Survey, 2025

The correlation analysis of the variables in the hotel industry in respect of employee retention is given in table 8. The findings show that all the independent variables, which included: Training and Development (TD), Compensation and Benefits (CB), Work-Life Balance (WLB), and Career Opportunities (CO) had a positive and significant correlation with Employee Retention (ER) at the level of 1% significance level ($p < 0.01$). Training and Development (TD) showed the highest correlation with Employee Retention ($r = 0.910$) which implies that training programs that are effective have a massive impact on the desire by employees to remain. There were also strong positive relationships between Work-Life Balance (WLB) and Career Opportunities (CO) and retention ($r = 0.910$, and $r = 0.387$). The relationship between Compensation and Benefits (CB) and retention had a correlation of $r = 0.919$ indicating the significance of the fair and competitive rewards in employee retention. These findings suggest that skill development, career development, favourable HR practices, and adequate compensation are important in increasing employee retention in the Nepalese hotel industries.

The findings of this study clearly demonstrate that training and development, work-life balance, and compensation and benefits play a significant role in influencing employee retention within Kathmandu's hotel industry, while career opportunities have a comparatively weaker effect. These results align with existing literature and reinforce the theoretical assumptions underpinning this study, including Herzberg's Two-Factor Theory, Maslow's Hierarchy of Needs, and Human Capital Theory. The study found that training and development had a strong positive and statistically significant impact on employee retention ($\beta = 0.271$, $p = 0.001$). This finding supports Emmanuel et al. (2021), who observed that training and empowerment enhance commitment and retention in Nigerian hotels. Similarly, Adeyefa et al. (2023) also reported that well-structured HR practices especially training positively influence staff retention. In the Nepalese context, Chalise (2019) identified training as an important, though comparatively moderate, factor in employee retention, which corresponds with the present finding. According to Human Capital Theory (Becker, 1962), investment in employee development improves performance and loyalty, suggesting that Kathmandu's hotels can enhance retention by strengthening structured, skill-based training programs.

The role of career opportunities was found to be positive but statistically insignificant ($\beta = 0.002$, $p = 0.948$), indicating that promotion paths and internal growth opportunities alone are not enough to retain employees. This contrasts with Chaudhary (2019) and Chalise (2019), who reported that career development strongly influenced retention in the Nepalese banking sector. The discrepancy may stem from limited promotion prospects within hotels and employees' preference for seeking

better-paying opportunities abroad. However, this result aligns with Khan et al. (2020), who also found that career opportunities had limited influence in certain industries. These findings suggest that the hospitality sector in Kanchanpur needs more transparent performance appraisal systems and structured career planning to make internal growth more attainable.

The influence of work-life balance was also found to be strong and significant ($\beta = 0.323$, $p < 0.001$), emphasizing that employees who maintain harmony between their work and personal lives are more likely to stay. This supports Akpa et al. (2022), who revealed that work-life balance initiatives significantly improve retention in Nigerian hospitality firms. Similarly, Chawla and Singla (2021) highlighted work-life balance as a key component of retention strategies in India's hotel industry. The result also resonates with Maslow's Hierarchy of Needs, which suggests that organizations must address both physiological and social needs to ensure satisfaction and loyalty. In Kanchanpur's hotel sector, flexible scheduling and supportive supervision appear to be effective mechanisms to enhance retention and job satisfaction.

Compensation and benefits emerged as the strongest predictor of employee retention ($\beta = 0.373$, $p < 0.001$), confirming that financial and non-financial rewards are central to employee satisfaction and stability. This outcome is consistent with Rijal (2023), who identified compensation as a primary determinant of retention in Nepal's tourism industry. Msengeti and Obwogi (2015) also emphasized that competitive compensation and work environment factors significantly affect retention in Kenya's hotels. According to Herzberg's Two-Factor Theory (1968), compensation represents a hygiene factor—its adequacy prevents dissatisfaction and promotes stability. The high mean score for non-monetary rewards (4.53) in this study further indicates that recognition and appreciation enhance morale beyond monetary incentives.

The combined regression model ($R^2 = 0.873$) demonstrates that these four HRM factors collectively explain 87.3% of the variation in employee retention. This supports the findings of Hussain et al. (2023) and Audu et al. (2023), who also reported a strong predictive power of HR practices on retention across different service industries. It further validates the premise of Human Capital Theory, which emphasizes that strategic investment in employees through training, fair compensation, and supportive policies yields higher loyalty and reduced turnover.

This study reinforces that effective HR practices, particularly those addressing employees' financial, developmental, and personal well-being, are crucial for sustaining workforce stability in the hospitality industry of Kanchanpur. While training, work-life balance, and compensation drive

retention, limited career advancement opportunities remain a challenge. Therefore, hotels should adopt a more holistic HR approach by combining fair rewards, continuous learning, and structured career growth to improve long-term employee commitment.

Conclusion

The results reveal that employee retention in hotel industry of Kanchanpur is affected by several human resource management (HRM) practices instead of any sole factors. Employees choices to stay with their organizations are influenced by the quality of training and developmental opportunities, fair compensation systems, supportive work-life balance arrangements and the availability of career growth opportunities. Among these, compensation and benefits made the greatest contribution to employee retention, confirming competitive salaries, incentives and recognition are a must in Maintaining workforce stability. Training and development were also a key part, as the enhancement in skills, feedback mechanisms, and equal access to training enhanced the sense of professional growth and organizational commitment of employees. Similarly, work life balance was found to have a strong influence, which means that flexibility, supportive supervision and understanding of individual responsibilities will help in ensuring satisfaction and loyalty among the hotel employees.

Career opportunities did not significantly influence retention, suggesting that employees in the hotel sector in Kanchanpur may not perceive internal promotion opportunities as attainable or motivating enough to influence their decision to remain with their long-term employees. This places an accent on an importance of more transparent performance evaluation systems and structured career planning. The study concludes that effective HRM practices especially those relating to financial rewards, personal well-being and professional development are of vital importance in retaining skilled employees in the hospitality sector.

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