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Impact of Employee Motivation on Service Quality and Customer Satisfaction in the Hospitality Industry

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ABSTRACT: Employee engagement is a key driver of service quality and retention in the hospitality sector, particularly in premium clubs and resorts. This study examines the impact of engagement dimensions—vigor, dedication, and absorption—on service quality and employee retention at Hospitality industry, Chennai, India (a leading leisure group with 14,000+ members). Grounded in Kahn's Psychological Conditions Model, Job Demands-Resources theory, Social Exchange Theory, and the Service-Profit Chain, it integrates theoretical linkages with SERVQUAL. Using a descriptive cross-sectional design, primary data were collected via a structured 5-point Likert questionnaire (Utrecht Work Engagement Scale + retention items) from a convenience sample of 100 employees across departments. Secondary data supported industry profiling (Indian hospitality market: USD 24.61 billion in 2024). Analysis in IBM SPSS included frequency distributions, Chi-square, Pearson correlation, and multiple linear regression. Results showed high engagement (78–85% positive across dimensions) and retention intentions (75–85%). Chi-square indicated a significant gender-retention association ($\chi^2 = 36.413$, $p = 0.000$). Pearson correlations were weak/non-significant ($r = -0.230$ to 0.023). Regression explained 10.3% variance in retention ($R^2 = 0.103$, $p = 0.065$), with vigor as the sole significant (negative) predictor ($\beta = -0.334$, $p = 0.029$). Service quality links were theoretically strong via emotional labor and extra-role behaviors. Findings highlight robust engagement yet underscore demographic and non-engagement factors in retention. Suggestions include gender-specific strategies, wellness programs, job enrichment, and career pathways. The study concludes that holistic HRM interventions can enhance retention, service excellence, and competitiveness in India's growing hospitality industry.

KEYWORDS: Employee Engagement, Service Quality, Employee Retention, Hospitality Industry, Vigor-Dedication-Absorption, Hospitality industry, JD-R Theory, SERVQUAL, Indian Tourism, Turnover Reduction

I. INTRODUCTION

Background of the Study

In the dynamic landscape of the hospitality industry, employee engagement emerges as a pivotal factor influencing organizational performance. Employee engagement refers to the emotional commitment and involvement of employees towards their work and organization, leading to enhanced productivity and discretionary effort. This concept has gained significant traction in academic and practitioner circles, particularly in service-oriented sectors like clubs and resorts, where human interactions form the core of customer experiences. The background of this study delves into the intricate relationships between employee engagement, service quality, and retention, drawing from established research to underscore their interdependence. As global competition intensifies, organizations in the hospitality domain face challenges in maintaining high service standards and retaining skilled workforce, making employee engagement a strategic imperative. Theoretical underpinnings from organizational psychology suggest that engaged employees are more likely to exhibit behaviors that align with organizational goals, thereby fostering a positive work environment. This introduction sets the stage by exploring key concepts through a research lens, integrating theories such as Kahn's engagement model, which posits that engagement arises from psychological conditions of meaningfulness, safety, and availability. Over the past decades, studies have shown that in service industries, where intangible elements dominate, employee attitudes directly impact customer perceptions. By examining these elements, this study contributes to the broader discourse on human resource management in hospitality, emphasizing empirical insights without delving into specific organizational profiles.



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II. STATEMENT OF THE PROBLEM

In the competitive hospitality sector, Hospitality industry faces challenges with employee engagement, which directly affects service quality and staff retention. Low engagement levels manifest as reduced motivation, leading to inconsistent customer service and higher turnover rates. Employees often feel undervalued due to limited recognition and growth opportunities, resulting in diminished commitment to organizational goals. This disengagement hampers the delivery of high-quality experiences expected in clubs and resorts, where personal interactions are crucial. Consequently, the company incurs elevated costs from frequent recruitment and training of new hires. The problem is exacerbated by industry-wide issues like seasonal demands and work-life imbalances, eroding workforce stability. Without addressing engagement, service standards decline, impacting guest satisfaction and loyalty. This study highlights the need to explore these interconnections to devise effective strategies. Empirical evidence specific to Hospitality industry is lacking, underscoring the urgency for targeted analysis. Ultimately, resolving this issue can enhance operational efficiency and long-term success.

OBJECTIVES OF THE STUDY

Primary Objective: To examine the impact of employee engagement on service quality and retention at Hospitality industry.

Secondary Objectives:

1. To assess the current levels of employee engagement among staff.
2. To analyze the relationship between employee engagement and service quality.
3. To evaluate the link between employee engagement and employee retention.

NEED OF THE STUDY

- Highlights solutions for high turnover in hospitality.
- Provides HR insights for better engagement practices.
- Contributes to understanding Indian resort sector dynamics.
- Aids in improving service standards and competitiveness.

III. REVIEW OF LITERATURE

Bhattacharya, D., & Mishra, A. (2025). Impact of Employee Engagement in Hotels. The research revealed that employee engagement directly influenced service quality and guest satisfaction in the hospitality sector. Quantitative analysis of 84 hotel staff from 3-star to 5-star hotels assessed seven engagement dimensions, showing high satisfaction with collaboration but communication deficits. Engaged employees demonstrated greater commitment, providing personalized service and anticipating guests' needs. Challenges like irregular schedules, emotional labor, and physical fatigue eroded engagement without organizational support. Younger workers expected development opportunities, while older ones valued job stability. The study indicated that recognition programs, professional development, and team-building initiatives enhanced productivity, job satisfaction, and retention. Personalized solutions, including leadership training, feedback, and well-being initiatives, were recommended to sustain long-term engagement. Overall, the findings emphasized engagement's role in improving operational outcomes.

Dean, D., Kumar, S., & Kumar, S. (2025). Workplace Well-Being and Staff Retention in the Hospitality Industry. The study investigated workplace well-being factors' influence on staff retention among 350 hospitality employees. Key findings revealed that job satisfaction and managerial support showed moderate positive correlations with retention intentions. Cross-tabulations indicated that higher job satisfaction levels consistently raised intent to stay, from low to high satisfaction. Similarly, increased managerial support elevated retention intentions across support levels. Other factors like work-life balance, opportunities for growth, and work environment exhibited weaker associations but still demonstrated positive trends in subgroup analyses. Overall, the research emphasized that fostering supportive environments through enhanced satisfaction and leadership could reduce turnover. Statistical analyses, including correlations and visualizations, supported these trends without strong individual predictive power. The findings highlighted the need for integrated well-being initiatives to improve loyalty and organizational performance.

Research Gap

Existing literature extensively explored employee engagement's influence on service quality and retention in hospitality, yet several gaps persisted. Studies from 2020 to 2025 primarily focused on general hospitality sectors,



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lacking in-depth analysis of premium clubs and resorts. While quantitative approaches dominated, qualitative insights into contextual factors like seasonal demands were limited. Theoretical models such as JD-R and SET were applied, but integration with emerging post-pandemic dynamics remained underexplored. Research often emphasized antecedents of engagement, overlooking mediating roles of cultural variables in diverse settings. Empirical evidence from developing economies was abundant, but comparative studies across regions were scarce. The impact of digital tools on engagement post-2020 needed more investigation. Longitudinal designs were rare, hindering causal inferences on long-term retention. Specific interventions for millennial and gen-Z workers were understudied. Overall, the literature called for targeted, mixed-methods research in niche hospitality segments to address these voids.

IV. RESEARCH METHODOLOGY

Research Design

The present study adopts a Descriptive and Cross-Sectional Survey Design. A descriptive research design is used because the study aims to describe the characteristics and patterns of employee engagement and retention at Hospitality industry without manipulating any variables. The cross-sectional nature of the design means that data was collected at a single point in time from the respondents, providing a snapshot of the engagement levels and retention intentions of employees. This design is particularly suitable for the study as it allows the researcher to examine relationships between multiple variables, such as Vigor, Dedication, Absorption, and Retention, simultaneously. The descriptive approach facilitates the identification of trends, patterns, and correlations within the data, enabling the formulation of practical recommendations for the organization.

Type of Data

The study utilizes both primary data and secondary data to achieve its research objectives. Primary data was collected directly from the employees of Hospitality industry through a structured questionnaire designed using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Sources of Data

The primary source of data for this study is the structured questionnaire administered directly to 100 employees working at Hospitality industry, Chennai. The questionnaire was distributed to employees across various departments including Front Office, Housekeeping, Food and Beverage, Maintenance, and Administration. Secondary sources of data include academic textbooks on human resource management and organizational behavior, peer-reviewed journal articles on employee engagement and retention, government reports on the hospitality industry, online academic databases such as Google Scholar and JSTOR, and internal company records and reports.

Sampling Technique

The study employs a Convenient Sampling technique, which is a non-probability sampling method where respondents are selected based on their accessibility and willingness to participate in the study. The target population consists of all employees working at Hospitality industry, Chennai. A sample size of 100 respondents was selected from the population, ensuring representation from all departments and hierarchical levels within the organization. The sample size of 100 was deemed adequate for the application of statistical tests including Chi-Square analysis, Pearson Correlation, and Multiple Linear Regression, and it provides sufficient statistical power to detect meaningful relationships among the study variables. The convenience sampling method was chosen due to the operational constraints of the hospitality environment where employees work in rotating shifts.

Period of the Study

The study was conducted over a period of approximately three months, encompassing multiple phases of research activity. The initial phase of two weeks involved an extensive review of existing literature on employee engagement and retention to establish the theoretical framework. The second phase of one week was dedicated to the development, validation, and pilot testing of the questionnaire instrument. The third phase spanning approximately four weeks focused on data collection through the administration of questionnaires to 100 respondents at Hospitality industry. The final phase of three weeks was devoted to data entry, statistical analysis using IBM SPSS Statistics, interpretation of findings, and preparation of the research report.



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Data Collection Method

Data was collected through a structured questionnaire method, which is a widely accepted approach for survey-based research in the social sciences. The questionnaire was divided into two sections. Section I captured demographic information including gender, age group, tenure at the organization, highest educational qualification, and department of work. Section II consisted of 20 Likert-scale items measuring the key variables of the study. The items were categorized into four dimensions: Vigor (5 items measuring energy and resilience at work), Dedication (5 items measuring enthusiasm and sense of significance), Absorption (5 items measuring full concentration in tasks), and Employee Retention (5 items measuring intention to stay, loyalty, and long-term career vision). All Likert-scale items used a 5-point response format where 1 represents Strongly Disagree and 5 represents Strongly Agree.

Tools and Techniques for Data Analysis

Data analysis was conducted using IBM SPSS Statistics software, which provides a comprehensive suite of statistical tools for quantitative data analysis. The following statistical tools and techniques were employed in this study:

Tool i - Frequency Analysis: Frequency analysis was used to present the distribution of responses for all demographic questions and Likert-scale items. This technique provides the count and percentage of responses in each category, enabling a clear understanding of the response patterns across all variables.

Tool ii - Chi-Square Test: The Chi-Square test of independence was used to examine whether there is a statistically significant association between demographic variables (Gender) and the Employee Retention Category (Low/Medium/High).

Tool iii - Pearson Correlation: Pearson Correlation analysis was used to measure the strength and direction of linear relationships between the engagement dimensions (Vigor, Dedication, Absorption) and Employee Retention.

Tool iv - Multiple Linear Regression: Multiple Linear Regression was used to examine the combined and individual predictive power of the three independent variables (Vigor, Dedication, and Absorption) on the dependent variable (Employee Retention).

Hypothesis of the Study

Chi-Square Test

H₀: There is no significant association between Gender and Employee Retention Category.

H₁: There is a significant association between Gender and Employee Retention Category.

Pearson Correlation

H₀: There is no significant correlation between employee engagement dimensions (Vigor, Dedication, Absorption) and Employee Retention.

H₁: There is a significant correlation between employee engagement dimensions (Vigor, Dedication, Absorption) and Employee Retention.

Multiple Linear Regression

H₀: Vigor, Dedication, and Absorption do not significantly predict Employee Retention.

H₁: Vigor, Dedication, and Absorption significantly predict Employee Retention.

Statistical Tests

Chi-Square Test: Gender and Employee Retention Category

H₀: There is no significant association between Gender and Employee Retention Category.

H₁: There is a significant association between Gender and Employee Retention Category.

Table 4.26 Chi-Square Test Results (Gender * Employee Retention Category)

Test	Value	Df	Sig. (2-sided)
Pearson Chi-Square	36.413	6	.000



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Likelihood Ratio	10.651	6	.100
Linear-by-Linear Association	5.784	1	.016
N of Valid Cases	100		

Source: Primary data

Interpretations

From the above table, the Chi-Square test was conducted to examine the association between Gender and Employee Retention Category (Low/Medium/High) at Prestige Clubs & Resorts. The Pearson Chi-Square value is 36.413 with 6 degrees of freedom, and the asymptotic significance (p-value) is 0.000, which is less than the significance level of 0.05. Therefore, the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. This indicates that there is a statistically significant association between gender and employee retention category. The results suggest that gender plays a meaningful role in determining the retention levels of employees, with male employees showing a higher proportion in the high retention category compared to female employees. The organization should consider gender-specific retention strategies to ensure equitable engagement across all demographic groups.

Pearson Correlation Analysis

H_0 : There is no significant correlation between employee engagement dimensions and Employee Retention.

H_1 : There is a significant correlation between employee engagement dimensions and Employee Retention.

Table 4.27 Pearson Correlation Matrix

Variable	Vigor	Dedication	Absorption	Retention
Vigor (r)	1	.049	-.136	-.230
Vigor (Sig.)		.687	.263	.055
Dedication (r)	.049	1	.082	.023
Dedication (Sig.)	.687		.502	.849
Absorption (r)	-.136	.082	1	-.184
Absorption (Sig.)	.263	.502		.128
Retention (r)	-.230	.023	-.184	1
Retention (Sig.)	.055	.849	.128	

Source: Primary data

Interpretations

From the above table, the Pearson Correlation analysis reveals the relationships between the employee engagement dimensions and Employee Retention. Vigor shows a negative correlation with Retention ($r = -0.230$, $p = 0.055$), which approaches the significance threshold but does not meet the conventional 0.05 level. Dedication shows a very weak positive correlation with Retention ($r = 0.023$, $p = 0.849$), which is not statistically significant. Absorption also shows a negative correlation with Retention ($r = -0.184$, $p = 0.128$), which is not statistically significant at the 0.05 level. Therefore, the null hypothesis (H_0) is accepted for all three correlations, indicating that there is no statistically significant linear correlation between the individual engagement dimensions and Employee Retention at the 0.05 significance level. However, the near-significant result for Vigor suggests a potential trend that warrants further investigation with a larger sample size.

Multiple Linear Regression Analysis

H_0 : Vigor, Dedication, and Absorption do not significantly predict Employee Retention.

H_1 : Vigor, Dedication, and Absorption significantly predict Employee Retention.



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Table 4.28 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.321	.103	.062	.50476

Table 4.29 ANOVA Results

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.932	3	.644	2.528	.065
Residual	16.816	66	.255		
Total	18.748	69			

Table 4.30 Regression Coefficients

Predictor	B	Std. Error	Beta	T	Sig.
(Constant)	5.967	.948		6.295	.000
Vigor	-.334	.149	-.263	-2.234	.029
Dedication	.062	.134	.054	.464	.644
Absorption	-.239	.126	-.224	-1.895	.063

Source: Primary data

Interpretations

From the above tables, the Multiple Linear Regression analysis was conducted to examine whether Vigor, Dedication, and Absorption collectively predict Employee Retention. The model summary shows $R = 0.321$, $R\text{ Square} = 0.103$, and $\text{Adjusted } R\text{ Square} = 0.062$, indicating that the three engagement dimensions together explain approximately 10.3% of the variance in Employee Retention. The ANOVA table reveals an F-value of 2.528 with a significance of 0.065, which is marginally above the conventional 0.05 threshold. Therefore, the null hypothesis (H_0) is accepted, suggesting that the overall regression model is not statistically significant. However, examining individual predictors, Vigor ($B = -0.334$, $t = -2.234$, $p = 0.029$) is the only statistically significant predictor of Retention. Dedication ($p = 0.644$) and Absorption ($p = 0.063$) are not significant individual predictors. The negative coefficient for Vigor suggests an inverse relationship, where higher perceived vigor is associated with slightly lower retention scores, which may indicate that highly energetic employees may also be more likely to seek new opportunities elsewhere.

V. FINDINGS

The analysis of respondents at Prestige Clubs & Resorts reveals that the workforce is predominantly male, accounting for 54.3%, followed by 41.4% female employees. The majority of employees fall within the 26–35 age group (34.3%), indicating a young to middle-aged workforce. In terms of experience, 42.9% of employees have been with the organization for 1–3 years, suggesting recent recruitment trends or moderate turnover. Educationally, most employees (34.3%) hold a bachelor's degree, reflecting a well-qualified workforce. Department-wise, Front Office and Administration/Other departments each contribute 24.3%, showing a balanced distribution. A large proportion of employees report high energy levels, with 80.0% agreeing that they feel energetic at work and 78.6% stating they feel strong and vigorous in their roles, indicating good physical and mental well-being. Statistical analysis shows a significant association between gender and employee retention ($p = 0.000$), with male employees demonstrating higher retention levels. However, Pearson correlation results indicate no significant linear relationship between engagement dimensions and retention. Furthermore, multiple linear regression analysis reveals that vigor is the only significant predictor of employee retention ($p = 0.029$), while the overall model remains marginally non-significant ($p = 0.065$).



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VI. SUGGESTIONS

The organization should implement targeted engagement programs for female employees, as the Chi-Square test indicates significant gender-based differences in retention, ensuring that strategies are inclusive and address diverse needs. Additionally, Prestige Clubs & Resorts should introduce wellness and energy management initiatives such as fitness programs, nutritional guidance, and stress management workshops to support employees with lower vigour levels. To enhance retention among newer employees, management should establish structured mentoring and career development pathways, helping reduce early-stage turnover. Furthermore, the organization should adopt job enrichment and rotation programs to keep work engaging and aligned with employees' career goals, especially for those who feel less inspired. Finally, creating a more focused work environment along with mindfulness training programs can help employees improve concentration levels, particularly for those who experience challenges related to absorption at work.

VII. CONCLUSION

The present study examined the relationship between Employee Engagement and its Impact on Retention at Prestige Clubs & Resorts, Chennai, with a sample of 100 respondents drawn from various departments of the organization. The study utilized a descriptive and cross-sectional research design, employing a structured questionnaire with 5-point Likert scale items to measure three dimensions of employee engagement, namely Vigor, Dedication, and Absorption, along with Employee Retention. The frequency analysis revealed that a significant majority of employees demonstrated positive engagement across all three dimensions, with over 75% of respondents expressing agreement or strong agreement on most engagement and retention items. The Chi-Square test established a statistically significant association between gender and employee retention categories, suggesting that demographic factors play a meaningful role in shaping retention outcomes. The Pearson Correlation analysis indicated weak and non-significant correlations between individual engagement dimensions and retention, while the Multiple Linear Regression revealed that Vigor emerged as the only statistically significant individual predictor of retention. The overall regression model explained approximately 10.3% of the variance in retention, suggesting that additional organizational and personal factors beyond engagement may influence employee retention decisions. These findings have important implications for the hospitality industry, highlighting the need for comprehensive retention strategies that go beyond engagement alone to address factors such as compensation, career growth, work-life balance, and organizational culture. The study recommends that Prestige Clubs & Resorts adopt a holistic approach to employee management that integrates engagement initiatives with targeted retention programs tailored to specific demographic segments and departmental needs, thereby ensuring long-term organizational success and workforce stability in the competitive hospitality sector.

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