**A Comprehensive Review Study on Employee Loyalty in Context of Human Resource Practices in Hospitality Industry**

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**Abstract:** Tourism is one of the largest industries in the world. Almost all the states in India have placed tourism on a high priority platform. The potential of tourism, as a service industry can be exploited only through human resources. The Public sector tourism agencies provide a platform for tourism development through its HRD (Human Resource Development) practices. Only by identifying the HRD practices followed by the public sector tourism agencies, the government can take actions to increase the loyalty of employees towards the organisation. Current research paper reviews several researches in order to critically analyze them for their suitability & utility & thus identifying various areas of concern while adopting such HRD practices so that maximum enhancement in employee loyalty is achieved. Review of the previous researches reveals that HRD practices create employee satisfaction in the public sector tourism agencies. One more outcome of the study is that employee satisfaction and employee engagement in public sector tourism agencies are strongly related with each other. Lastly researchers conclude that HRD practices, employee satisfaction and employee engagement in creating employee loyalty in the public sector tourism agencies.

**Keywords:** Tourism, Human Resource Development, Employee Loyalty, Hospitality Industry

**Introduction**

Tourism today is the most dynamic tertiary sector and a stronghold of the economy. It acts as an agent of social change bridging gaps among nations, regions, and people and helps them to connect with each other. It is widely accepted that tourism is among the world's fastest growing and largest industries on the basis of its economic benefits. Asia leads the statistics in growth of the tourism industry with +8%, Europe +4%, Americas +5% and Africa +7%. Tourism plays a major role in economic development all over the world, by providing a number of economic benefits such as employment opportunities, income and revenue to the government, development of marginal regions, generation of foreign exchange, and overall stimulation of economic growth (Muhammed & Jagathyraj, 2008).

As per UNWTTC report, Travel and tourism generated 10.2% global GDP (US $7.6 trillion) and 292 million jobs in 2016, equivalent to 1 in 10 jobs in the global economy. Tourism is considered as an „export‟ industry as it provides foreign exchange earning with the arrival of international tourists. Tourism promotes international travel with respect to different aspects. Tourism creates a chance to mingle with various people around the globe; understand their culture and also provides knowledge of rich heritage of past civilization. These interactions build a friendly attitude among the people around the globe and indirectly help to strengthen the world peace. Considering its importance, General Assembly of United Nations, declared 1967 as “International Tourism Year”

Many developing countries have seen tourism as the major source of foreign exchange earnings. According to the World Tourism Organization (UNWTO), tourism ranks first in the international services trade', accounting for 40 percent of global trade in services and 6 percent of total world trade. Tourism industry has great potential for further expansion and diversification. Continuous growth and the deepened diversification make tourism one of the fastest growing economic sectors in the world. The World Travel and Tourism Council (WTTC) have placed India along with China as one of the fastest rising tourism industries for the next 10 to 15 years. The sector is predicted to grow at an annual rate of 6.8% to RS.28.49 lakh crore (US$420million) by 2027 (10% of GDP).

International tourism saw stronger than expected results in 2022, backed by large pent-up demand and the lifting or relaxation of travel restrictions in a large number of countries. Over 900 million tourists travelled internationally in 2022, double those in 2021 though still 37% fewer than in 2019. International tourism recovered 63% of pre-pandemic levels, in line with UNWTO’s scenarios published in May 2022.



Fig. 1 Foreign Tourists Arrival in India (Source: Bureau of Immigration, Govt. of India)

Europe, the world’s largest destination region, recorded 585 million arrivals in 2022 to reach nearly 80% of pre-pandemic levels (-21% over 2019). The Middle East enjoyed the strongest relative increase across regions in 2022 with arrivals climbing to 83% of pre-pandemic numbers (-17% versus 2019). Africa and the Americas both recovered about 65% of its pre-pandemic visitors, while Asia and the Pacific reached only 23%, due to stronger pandemic-related restrictions. By subregions, Western Europe (87%) and the Caribbean (84%) came closest to their pre-pandemic levels.

The UNWTO Panel of Experts survey indicates that 72% of respondents expect better performance in 2023. However, most experts (65%) also believe international tourism will not return to 2019 levels until 2024 or later. Based on UNWTO’s scenarios for 2023, international tourist arrivals could reach 80% to 95% of pre-pandemic levels this year, with Europe and the Middle East expected to reach those levels. However, important risks remain ahead, especially economic and geopolitical. Tourists are expected to increasingly seek value for money and travel close to home in response to the challenging economic environment.

India saw an incredible 6.19 million foreign people visiting India for tourism in 2022 accounting to 305.4% annual growth rate from 2021 (Fig. 1). Foreigner visiting India in 2022 amounted to 134543 crore INR having annual growth rate of 106.8% w.r.t. 2021. A total of 1731.01 million domestic people visited all the states within country accounting to an annual growth rate of 155.5% w.r.t. 2021. Share of India in International Tourism Receipts is approximated to 2.08% of total world travelling.

**Statement of the Problem**

Tourism is one of the largest and fastest growing industries across the globe currently. It plays a major role in economic and social development of any state. One receives the tourists and send them back as friends. Growth of tourism in any country is a result of the coordinated efforts of both public and private sector tourism agencies.

Public sector tourism agencies such as MP Tourism Board, Madhya Pradesh Tourism Development Corporation Ltd. etc. are more structural and developmental in nature. They take leadership role by supporting the needs of tourists, residents and tourism businesses with appropriate legislations and administration. Tourism as a service industry, its successful implementation is done through employees working in the industry. For this strong HRD practices are needed. “Right people in the right position” is the motto of effective HRD practices in tourism industry. But the HRD practices in this industry are relatively unrevealed one. Personnel department is responsible in implementing the HRD practices. But sometimes their activities are constrained to attendance, and salary preparation. To upgrade the employees in public sector tourism agencies we need to educate them about training, performance appraisal needs, career planning and developmental activities, welfare measures and rewards. All these lead to creation of satisfied and loyal employees. Hence the researcher selected the topic, “HRD practices in the tourism of Madhya Pradesh with special reference to tourism agencies in public sector.”

**Significance of the Research**

The unique cultures and traditions worldwide coupled with various demographics have made tourism sector a prominent field. Considering tourism as a service industry, its success entirely depends on a number of people.

Tourism is a cent percent people-oriented industry and for its successful implementation effective HRD practices are needed. Only satisfied employees can generate more revenue to Govt. by attracting more foreign tourists. When the employee is not satisfied with their job in terms of training, performance appraisal, rewards etc., they will leave the job and join another organization in search of better prospects. It is the employee engagement that creates an environment for employees to commit to their work and complete their job well. So, the employee satisfaction is linked with employee engagement. Loyal and satisfied employees are an irreplaceable asset of the organization. Thus, the ultimate aim of employee satisfaction in the organisation is to create employee loyalty. Thus, effective HRD practices in the public sector tourism agencies have a major role in the development of tourism in any country.

**Literature Survey**

*Tourism Industry*

**Aquino Richard et al. (2021)** in their review depend on the tourism business social business venture (TSE) recommended as a market-based methodology to resolve social issues while boosting the advantages and limiting the adverse results that tourism business might give to have networks. Until this point, there is restricted comprehension of how TSE can be an impetus for economical local area advancement. The reason for this study is to address this hole in information by conceptualizing TSE as a more all-encompassing technique for manageable local area improvement. By fundamentally dissecting the writing, this study arranges TSE inside and for local area improvement. A calculated structure that fuses local area advancement ideas, conventional social business and TSE standards, and local area capitals viewpoints, is proposed. The creator has added to the arising writing on TSE and helped the entertainers in the TSE framework as they lay out new local area driven social undertakings.

**Ciochină, Iuliana, et. al. (2020)** has stressed that tourism business and friendliness industry is a mind-boggling area, a particular field of movement, a part of monetary and public activity that offers numerous amazing open doors for private company advancement, yet in addition capital concentrated and profoundly serious. In this specific circumstance, its association with business considers the financial improvement of tourist regions, expects to make new practical organizations by expanding the limit and ability of endeavour to create, put together a business, to oversee chance and benefit. This paper, through perceiving miniature factors that impacting the improvement of neighbourhood business venture, the tourism business and friendliness industry and expected to examine the conduct of business people steady with the presence of requirements in regards to business, a limit of business, development and conduct. Romanian business in the tourism business and friendliness industry should help seriousness, prompting expanded usefulness and financial turn of events.

**Kumudumali (2020)** has found that the flare-up of COVID-19 had a gigantic adverse consequence on the tourism business. For example, UNWTO has measure a lack of in the region of 1.1 billion worldwide traveler look, with a shortage of US$ 910 to 1.1 trillion commodity proceeds and 100-120 million locations since of the additional all-embracing increase of the original COVID. The review centres approximately every one country on the globe and discovers the difficulties they stood up to in the tourism business and the methodologies to beat those problems in the short-and long haul while warning the monetary shocks since of the pandemic. The scientist utilized the supplementary wellspring of information because of the inaccessibility of fundamental information for extra quantifiable test. The significant detection characteristics the adverse consequence of the Virus outbreak on the tourism business and the downfall of biased areas, for example, air travel and neighborliness industry in a universal background. The study outlined the unfavorable collision of COVID-19 on the tourism business with in order accessible. The findings of this paper help to tackle problems in the tourism business, and method to overcome viral diseases in what's to come are suggested.

**Alhammad Fawwaz (2020)** in his article aimed at distinguishing the condition of scholarly exploration on the tourism business venture and recognizing what should be done in the improvement of the business venture speculations in the tourism business field. The exploration presents a deliberate survey of the tourism business venture writing following a system utilized in past investigations (i.e., Torraco, 2005; Tafesse and Skallerud, 2017)**.** The discoveries uncovered that tourism business venture articles altogether expanded after 2016. The review offered a union of examination discoveries and gave a conversation and recommendations to future exploration plan.

**Sigala Marianna (2020)** has looked into the times of yore and arising script to help experts and analysts the similar to more readily understand, watch over and valorize both the tourism business impacts and ground breaking affordance of COVID-19. To achieve this, first, the paper talked about why and how the COVID-19 can be a ground breaking open door by investigative the circumstances and the inquiries lifted by the plague. By doing this, the investigation recognized the key intrinsic worth, foundations and pre-presumptions that the tourism business and the scholarly community should confront and leap forward to progress and reset the examination and practice outer edge. The study go on by investigative the significant effects, practices and encounters that three significant the tourism business partners (to be specific the tourism business interest, supply and objective management relations and plan creators) are meeting during three COVID-19 phases). This gave an outline of the kind and dimension of the COVID-19 the tourism business belongings and proposals for the tourism business investigation.

*Employee Loyalty*

**Larmer (1992)** in his work, “Whistle blowing and employee loyalty” gives a brief discussion about loyalty and whistle blowing from Donald Duskas point of view. Whistle blowing is an act of complaining about the unethical practices within the corporation or publicly. It is an act of disloyalty and also morally wrong. The study finds that there is a reciprocal relationship between whistle blowing and employee loyalty.

**Mane Hajdin (2005)** in the article, “Employee loyalty an examination” tries to examine the different reconstructions of Ronald Duskas argument for employee’s loyalty to their employers is misguided. For this he reconstructs the arguments by entitled, “Loyalty and self scarifies”, “Loyalty and reciprocity”, “Loyalty and commerce” and “Loyalty and instruments” etc. He concludes the study by stating loyalty of most present-day employees to their employer is bound to be significantly limited, because of the radical changeability of corporations with publicly traded stock.

**Kurt Matzler and Birit Renzl (2006)**, in their study tries to make a relationship between interpersonal trust, employee satisfaction and employee loyalty. It strongly argues that, trust in management and trust in peers strongly influence the employee satisfaction and leads to employee loyalty. To test this relationship the data collected from an Austrian company in the utility sector was used to prepare a conceptual model about this relationship. The collected data are analysed by using Structural Equation Model with Partial Least Square (PLS). The study proves that trust in peers and management is the strong predictors of employee satisfaction and which in turn directly influence the employee loyalty.

**Rachel W. Y Yee and others (2010)** in their study, “An empirical study of employee loyalty, service quality and firm performance in the service industry” tries to study the relationship between employee loyalty, customer satisfaction, service quality, firm profitability, customer loyalty and their interrelationship. It was tested by developing a conceptual model by conducting a survey among 210 high –contact service shops in Hong Kong. For this the researcher used SEM analysis and found that loyalty of employee affects firms’ profitability through customer satisfaction, customer loyalty and service quality is robust under different circumstances of employee customer contact level, competitiveness of market and switching cost of sample shops.

*Employee Satisfaction*

**Inderrieden, Keavenay & Allen (1988)** in their research work, “Predictors of employee satisfaction with the performance appraisal process” aims to study the impact of various aspects of performance appraisal process on employee satisfaction, fairness of rating and motivation to increase performance. For these 270 professional and general staff of Western United State University were taken. The study finds that the personal interactions between the superior and subordinates prior to appraisal have an important impact on employee satisfaction, perceive fairness rating and motivation to improve performance. The researchers conclude their study by stating that setting performance standards with employee involvements at the beginning of appraisal period provides better performance feedback.

**Jacob and Mikkel (2000)** in their study try to make a theoretical structural model that describe the subsystems of HRM connecting to the managerial drivers of employee satisfaction and loyalty that leads to improvement of corporate performance. The subsystem of HRM includes cultural subsystem, social subsystem and technical subsystem. The study covers 670 human resource managers from various sectors in Denmark. The statistical technique used for the study is PLS (Partial Least Squares). The study finds that social and technical subsystems have larger impact on employee satisfaction and loyalty, but the cultural subsystem does not have a direct effect on employee loyalty. Based on the PLS analysis, Danish companies should focus on bonus programme, Structured career programme, better pay, Structured approach to leadership. If companies focus on improving this managerial area, should definitely improve the satisfaction and loyalty of their employee and ultimately leads to improvement of corporate performance.

**Research Gaps**

There are many studies (e.g., Jacob &Mikkel 2000; Mane Hajdin 2005; Jan Ferri Reed 2011; Urszula 2013; Bob Murray 2014) proving employee loyalty has a major role in employee retention, intent to live and job performance. Loyalty is the strong desire to continue being a member of an organisation. The quality of tourism industry depends upon the extent of training, rewards, welfare measures etc. provided to the employees. For ensuring the employee loyalty effective HRD practices are needed. Even though HRD practices existed in these organisations, their effect on increasing the employee loyalty is not yet studied. i.e., how far training, performance appraisal, career planning and development, rewards, employee welfare measures etc. increase employee loyalty to the public sector tourism agencies in any country. So, this study will make future researchers help to analyse this gap.

**Discussions**

The study found that training and development, performance appraisal, employee welfare and quality of work life, career planning and development, and rewards are the main HRD practices followed by public sector tourism agencies across the globe. Five dimensions were confirmed by conducting the exploratory and confirmatory factor analysis.

Training and development are the one of the major HRD practice followed by the public sector tourism agencies in any country. It helps to develop a sustainable competitive advantage in employees. It promotes the organisational competence through employees. It also has a major role in changing the behaviour of employees. Thus, training and development play a major role in the growth of public sector tourism agencies in any country.

Firstly, from the training and development perspective, the study found that training and development have a positive impact on employee satisfaction. This finding also agrees with the earlier researches findings who in their studies suggest that creating an ongoing learning as well as training in the workplace have a significant influence on employee satisfaction. Thus, the study supports the hypothesis i.e., Training and development have a significant influence on employee satisfaction.

The study proves that employee satisfaction positively influences the employee engagement. Path estimates of SEM support this. The findings of the study are in agreement with the earlier research findings. All of them strongly state that increase in employee satisfaction have a positive impact on employee engagement. Thus, the study supports the sixth hypothesis and states that employee satisfaction will positively influences the employee engagement.

Training and development activities in the organisation bring certain measurable changes in the behaviour of employees. It enhances the skills of employees and helps them to prepare for future responsibilities. It brings team work, improves the organisational commitment, reduce turnover of employee, adoption of new technology, higher satisfaction, better delivery of services and improves the self-esteem of employees.

Performance appraisal is the formal procedure followed in the organisation to evaluate the contributions and personalities of potential employees. It helps the managers to serve as a basis for evaluating the performance of employees and consider them for promotion. It provides a rational foundation for fixing the piece- work wages, bonus etc. and also develops an observant behaviour among the top officials of the organisation. Performance appraisal helps the employees to formulate suitable training and development programmes for improving the quality of performance and it also fix the managers as a basis for job change.

**Outcomes**

Present research study is focused on reviewing the employee loyalty on the basis of employee satisfaction & hence the impact of HRD practices on employee loyalty. Various outcomes of the study are as follows-

* HRD practices create employee satisfaction in the public sector tourism agencies.
* Employee satisfaction and employee engagement in public sector tourism agencies are strongly related with each other.
* HRD practices, employee satisfaction and employee engagement in creating employee loyalty in the public sector tourism agencies.

**Conclusions**

The study found that training and development, performance appraisal, employee welfare and quality of work life, career planning and development, and rewards are the main HRD practices followed by public sector tourism agencies across the globe. Training and development are the one of the major HRD practice followed by the public sector tourism agencies across the globe. It helps to develop a sustainable competitive advantage in employees (Poh and Abd, 2001). It promotes the organisational competence through employees. It also has a major role in changing the behaviour of employees (Sultana, Irum, Ahmed & Mehmood, 2012). Thus, training and development play a major role in the growth of public sector tourism agencies across the globe. The study proves that employee satisfaction positively influences the employee engagement. Path estimates of SEM support this. The findings of the study are in agreement with the earlier research findings (Cachill et.al, 2015, Tehmina Sattar et.al, 2015 & Madan, S, 2017). All of them strongly state that increase in employee satisfaction have a positive impact on employee engagement. Thus, the study supports the sixth hypothesis and states that employee satisfaction will positively influences the employee engagement. The study states that both employee satisfaction and employee engagement have significant influence on increasing the employee loyalty. Thus, the study supports the existing literatures of (Eskildsen et al., 2000; Fisher, 2005; Gronholdt, 2001& Turkyilmaz et al., 2010) which states that there exists a positive relationship between employee satisfaction and employee loyalty. Likewise, the current study also strongly supports the positive influence of existing literatures of (Vance, 2006; Saks, 2006; Andrew & Sofian, 2012) employee engagement and employee loyalty.

**Novelty of the Research**

The current study contributes to the existing understanding in several ways. From the researcher’s knowledge, it is for the first time a study was conducted to examine the importance of HRD practices in public sector tourism agencies across the globe from the employee’s perception. This understanding is much needed one in tourism industry literature. All contributions made in this study are validated and scientifically proven. No previous studies were conducted as to how the HRD practices create loyalty in public sector tourism agencies across the globe. The research contributes to our knowledge by providing a mediating link between the role of employee satisfaction and employee engagement.

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