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**Work environment, HR practices and millennial employee retention in hospitality and tourism in Bangladesh**

**By**

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**Abstract**

**Purpose:** This study examines the relationship between HR practices and millennial employee retention in the tourism industry in Bangladesh. It investigates the moderating role of the work environment in the relationship between HR practices and employee retention in the industry.

**Design/methodology/approach:** The researchers used non-probability judgemental sampling to collect 384 questionnaires through a survey of millennial employees. Partial Least Square based Structural Equation Model (PLS-SEM) was used to analyse the data.

**Findings:** The results reveal that HR practices included in this paper have significant relationships with millennial employee retention in the tourism industry in Bangladesh, except employee participation in decision-making. In addition, the results show that the work environment only moderates the relationship between two HR practices (compensation, training and development) and millennial employee retention.

**Practical implications:** The results suggest that managers in tourism organisations must develop HR practices and foster a positive work environment to retain millennials.

**Originality/value:** This is the only study that examines the moderating role of the work environment on the relationship between five selected HR practices (training and development, job security, performance appraisal, employee participation, compensation) and millennial employee retention. Previous studies used fewer HR variables.

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**Keywords:** Work environment,Human resources, Millennial employee retention, Tourism, Bangladesh

**Paper type:** Research paper

**1. Introduction**

The tourism industry is dynamic globally. This is particularly significant in developing countries where tourist sites that were previously unknown have rapidly received attention from both local and foreign tourists due to marketing using different technologies (Shih and Do, 2016; WTTC, 2019; Hahm and Severt, 2018). The industry has achieved significant growth and high profitability in many countries worldwide. The United Nations World Tourism Organization (UNWTO) found that international tourist arrivals worldwide grew by 7% in 2017 to 1,323 million from 2016. With this increasing trend, by 2030, UNWTO forecasts international tourist arrivals to reach 1.8 billion. Thus, the industry has been a significant source of employment for employees. World Travel and Tourism Council’s (WTTC) research reveals that the sector accounted for 10.4% of global GDP and 319 million jobs or 10% of the total employment in 2018. It is forecasted that this growth will continue, and by 2029 the industry will create 154,060,000 jobs directly, a 2.1% increase globally over the next ten years (WTTC, 2019). Despite the impact of the COVID-19 pandemic, the industry is predicted to recover as people ‘liberated’ from lockdowns will flock to resorts again (Assaf and Scuderi, 2020).

Retaining employees, particularly millennials (born between 1981 and 1999), in this industry has been a crucial issue (Bibi, Ahmed and Majid, 2018). This category is often identified as well-educated, skilled in technology, able to perform multi-tasks, eager for freedom, self-confident and autonomy seeker and eager to recognition and gain respect. They can make substantial contributions to the tourism industry as they are not only main workforces in the world but also travelers as tourists (Sofronov, 2018; Ketter, 2021; Kim and Park, 2020). However, they are often criticized for having less commitment and for rapid turnover (Deal and Levenson, 2016). Therefore, employers have to utilize different initiatives to identify the needs of this group of employees. It is argued that they require more connectivity particularly in terms of social media use (Hays, 2014), immediate workplace achievements (PWC, 2011), promotion (Zhao, 2018), challenging and meaningful work (Calk and Patrick, 2017) etc. in comparison with previous generations. However, this generation is the most important source of employees because they are the largest generational group in the global workforce and represent the future of organizations (Stillman and Stillman, 2017). Therefore, their retention is imperative because it allows an organization to spend more time producing and less time on activities like the recruitment of new employees (Tracey and Hinkin, 2008).

The importance of addressing retention issues in developing countries is particularly acute because tourism is a growing industry and a high turnover of staff can negatively impact continuing growth and competitiveness (Chikwe, 2009; Kysilka and Csaba, 2013). It is therefore crucial to examine the role of key HR practices, specifically training and development, participation in decision-making, compensation, performance appraisal and job security on millennial retention in the context of the tourism industry in developing countries. These key HR practices have been selected in this study because there is a paucity of literature examining their significance in relation to different organisational variables. Moreover, Bednall, Sanders, and Yang (2022) theorised that employee retention could be reduced significantly if the organisation successfully ensured main HR practices. The authors indicate that if the employees trust that the organisation will not deprive their cogent training, compensation, allow them to participate in important decision making and ensure a safe and secure work environment. More surprisingly, Islam *et al.* (2021) scrutinized Green HR practices, green recruiting, green training, green performance appraisal and green rewards have significantly negative nexus with millennial employee retention in the context of Bangladeshi star marked hotels. The authors further suggest undertaking such a study in the hotel and tourism industry context. Even though key HR practices and employee retention are considered burning issues which usually require many studies, we found that this is surprisingly overlooked in the literature. In addition to covering under-researched issues, this study makes a significant contribution to knowledge and policy by investigating the moderating role of the work environment in the relationship between HR practices and millennial employee retention in the tourism industry context of Bangladesh, an important developing country in Southeast Asia. Bangladesh is one of the fastest economies where most workers are millennials, particularly in the tourism sector (Pal, 2018; Sheth, 2019; Islam *et al.,* 2021; Yadav, 2021). To address the above-mentioned shortcomings, our objective, firstly is to investigate the relationship between millennial employee retention and maiden HR practices and secondly examine the moderating role of work environment on stated relationships.

**2. Literature Review**

*2.1 HR Practices*

Many studies have identified different HR practices as key to attracting, motivating, retaining and engaging employees. However, few have particularly concentrated on the different practices to retain millennials in the tourism industry. Previous literature presented 6 ways to retain millennial employees, e.g. providing growth opportunities (Baldonado and Spangenburg, 2009), creating meaningful experiences (Oppel, 2007; Alsop, 2008), establishing mentoring relationships, respecting their contribution, giving copious feedback and separating presence from activity, i.e. work flexibility (Hewlett, Sherbin and Sumberg, 2009). To attract, motivate and retain millennials it is important to adopt an effective coaching approach and individual consideration which cultivate genuine and meaningful relationships with millennials and engage them in behavior that builds mutual trust (Brower, Schoorman, and Tan, 2000; Gregory and Levy, 2011; Brack, and Kelly, 2012). On the other hand, better communication strategies including technological processes are found to be significant in retaining millennials (Hall, 2016). Some authors (Simmons, 2016; Edge et al., 2011; Sinha, 2010) found maintaining open lines of communication, establishing positive relationships with management and providing targeted training throughout the employees’ tenure as effective ways of retaining millennials- see also Paur, Costa and Germain, 2018).

Furthermore, Ruiz and Davis (2017) found good supervisors, employee compensation, support for career growth and mentoring as significant in retaining millennial employees in full-service restaurants. Moreover, Nolan (2015) suggested incorporating work-life balance, internal branding and meaningfulness in duties, benefits and perks to include development and advancement, and management training for both millennial employees and superiors can be effective retention strategies. However, none of the above studies have investigated the role of HR practices (specifically training and development, participation in decision-making, compensation, performance appraisal and job security) on millennial employee retention in the tourism industry in Bangladesh where increasing numbers (63.5%) of the active workforce supporting economic growth are millennials (Farid, 2019). In this respect, Bangladeshi organisations face challenges in retaining millennials in the hospitality and tourism sector like other countries such as Thailand, Vietnam, China, India, Indonesia, Singapore and Malaysia (Singapore Tourism Board, 2014; Hassan, Jambulingam, Alam and Islam, 2019).

*2.2 Employee Retention*

Chaminade (2007) defines retention as a voluntary move by an organization to create an environment which engages employees for long term. Employee retention is also defined as the strategies or practices that contribute to keep employees longer in organisations (Singh and Dixit, 2011). Employee retention is a significant issue because replacing employees is problematic and critical (Mathimaran and Kumar, 2017; Khalid and Nawab, 2018). This is because of the complexity of contemporary labour market in which sourcing talent has become increasingly difficult (Kakar, Raziq and Khan, 2017). This supports Herzberg’s (1968) idea that both motivators and hygiene factors robust attention to achieve lower levels of attrition.

While exploring the antecedents of employee retention in the existing literature, Herzberg’s (1968) two-factor theory is of critical significance. Herzberg suggests that attachment to the organization (therefore commitment) derives from the organization’s ability to clearly identify what motivates workers and what merely causes dissatisfaction. This has been widely accepted as the theoretical basis of employee retention (Coyle-Shapiro and Conway, 2005; Bibi *et al*., 2018). Motivators such as the relationship between employers and employees and between employees themselves are the determinants for constructing psychological bonds with the organization. This is further supported by Mossholder, Setton and Henagan (2005) who contended that an employee who feels that he or she draws benefits from their association with a company, would feel obligated to repay the organization through devotion, positive attitude and continued efforts. Bibi *et al*. (2018) and Eisenberger *et al*. (2001) argue that if HR practices are supportive of employees, they perform better and might remain for longer in the organization. Thus, if employees’ expectations are met, and they are valued and treated with respect, their commitment and embeddedness will be greater (Bibi *et al.,* 2018). From the above theory, it can be suggested that HR practices (particularly those founded on what Herzberg terms motivators – career development, employee voice, flexibility and creativity, etc.) could play a crucial role in retaining millennials in the Bangladeshi tourism industry which is credited with hard working conditions and low pay –though hygiene factors cannot be discounted.

**2.3 The Impact of HR Practices on Employee Retention**

There is an abundance of literature addressing the impact of HR practices on the organizational performance, outcome, and employee retention (Singh, 2004; Sabiu, Ringim, Mei, and Joarder, 2019). Some common dimensions of the practices include training and development, performance appraisal, employment security, career development, reward or compensation, employee participation in decision-making, job satisfaction, organizational commitment, HR planning, teamwork (Singh, 2004; Sabiu *et al*., 2019).

***2.3.1 Training and Development and Employee Retention***

Training and development (T&D) activities allow organizations to adapt, innovate, excel, compete, produce, improve service, and achieve their goals (Salas, Tannenbaum, Kraiger and Smith-Jentsch, 2012). According to Samuel and Chipunza, (2009) training and development contributes to develop employee commitment and loyalty towards an organisation, resulting in a lengthier period of employment, which in turn reduces staff turnover. The significant relationship between T&D and employee retention is reported in the results of research conducted by Chung (2013) and Bashir and Long (2015). However, there have been some negative results in terms of the role of T&D on employee retention. For example, Imna and Hassan, (2015) found that training and development has no influence on employee retention. The negative relationship between training and development and employee retention was corroborated by the results of Haider *et al*.’s, (2015) study. These conflicting results regarding the role of T&D on employee retention mean that there is a need for further investigation to better understand their relationship, particularly in the case of retaining millennial employees in the tourism industry. Therefore, it seems reasonable to hypothesise that:

***H1:*** *Training and development is significantly positive in relation to millennial employee retention.*

***2.3.2 Employee Participation in Decision-making***

Employee participation in decision-making is defined as the process of allowing employees to provide their opinions in organizational decisions. When employees are allowed to participate in organisational decision-making processes absenteeism and turnover decrease (Marks *et al*., 1986). Whilst Marks et al.’s study did not directly examine the role of employee participation in decision-making on employee retention, it can be assumed that employee participation in decision-making reduces both absenteeism and turnover; we could further assume that it may relate positively to employee retention. Many researchers (Spreitzer, Kizilos and Nason, 1997; Grissom, 2012) confirmed that increased employee empowerment and employee voice have positive incidence on job satisfaction (thus retention). However, there is a lack of contemporary research showing their relationship, direct influence, or the role of employee participation in decision-making on employee retention. This is particularly important in relation to millennial employee retention in the hospitality industry perspective. Hence, this study is timely owing to the lack of evidence about the role or relationship between employee participation in decision-making and employee turnover in the tourism industry. Therefore, we hypothesise that:

***H2:*** *Employee participation is significantly positively related to millennial employee retention.*

***2.3.3 Compensation and Employee Retention***

Anorganization can influence employee motivation through different processes. Many studies presented the positive impact of compensation on employee retention (Singh, 2004; Bibi *et al*., 2018). Compensation supports organisations’ employee retention by decreasing absenteeism (Bryant and Allen, 2013). Koitalek (2016) reported that compensation leads to employee commitment. Hausknecht, Rodda, and Howard (2009) also found an indirect effect of compensation on employee retention in the organisations. Some have suggested, contrary to Herzberg’s Two-Factor Theory, that compensation is the main process through which to retain employees (Bibi *et al.,* 2016, 2018), therefore alluding to a significant relationship between pay and employee retention (Nawab and Bhatti, 2011). Osibanjo *et al*. (2014) and Haider *et al*. (2015), in turn, reported a strong relationship between compensation strategy and employee retention in their study relating to the hospitality and tourism sector. Therefore, it is reasonable to hypothesise that:

***H3:*** *Compensation is significantly positively related to millennial employee retention.*

***2.3.4 Job Security and Employee Retention***

Job security is the psychological state of different employees relating to expectation of job continuity in an organization. For Meltz (1989), job security primarily exists when an employee remains employed with the same workplace with no reduction of pay, seniority and pension and other rights. Previous studies in tourism and hospitality management rarely presented the issue of job security (Zeytinoglu *et al*., 2012; Mohsin Lengler, and Kumar, 2013). Job security is significant for long-term continuity in organisations because high levels of job security provide reassurances about the continuity of employment (Ma, Liu, Liu and Wang, 2016). General observations and factual evidence demonstrate that job security can be a significant tool of employee retention (Mohsin *et al*., 2013). However, Mohsin *et al*.’s (2013) research contradicts the general observation that the greater job insecurity, the higher the employee’s intention to leave the job. This denotes that job security has a weaker relationship or weight on employee retention. Employee retention is influenced by several factors while job security is one of them. This is further supported by Arnold (2005) who argued that concerns about job security may lead employees to seek employment elsewhere. However, given the inconclusive debate, there is a need for further study to clarify the relationship between job security and employee retention particularly in the case of millennial employees in the tourism industry (Milman and Dickson, 2014; Lu and Gursoy, 2016). Thus, we hypothesise that:

***H4:*** *Job security is significantly positively related to millennial employee retention.*

***2.3.5 Performance Appraisal and Employee Retention***

Performance appraisal is about regular evaluation of employee performance and utilization of human resources within an organisation. Performance appraisal is used to measure and enhance employee performance. The performance appraisal system is deployed as a tool for the retention, development and motivation of employees. Levy and Williams (2004) argued that the development and application of performance appraisals have a positive impact on employees’ perceptions of being valued by their organisation, and it has a positive impact on employee retention. Kuvaas (2006) study produced a similar result. In contrast, several authors (Johari *et al.*, 2012; Riaz, Ayaz, Wain and Sajid, 2012; Imna and Hassan, 2015) found a non-significant relationship between performance appraisal and employees’ intention to stay. Thus, the conclusion on the relationship between performance appraisal and employee retention is controversial. This commands further research to fully explain the relationship between performance appraisal and employee retention. Thus, we hypothesise that:

***H5:*** *Performance Appraisal is significantly positively related to millennial employee retention.*

***2.3.6 Work Environment***

Work environment is an integrated perceived entirety of non-pecuniary elements that provide physical and non-physical surroundings to the workers’ job (Zeytinoglu *et al*., 2012; Kundu and Lata, 2017). This is one of the most vital factors that influence employees’ decision to stay with an organisation (Zeytinoglu *et al*., 2012). This is also supported by several research results (e.g. Bibi *et al*., 2016; Bibi *et al*., 2018). These authors found a strong influence of the work environment on employee retention. On this basis and consistent with the perspectives of other authors (Tsai, Horng, Liu and Hu, 2015; Bibi *et al*., 2018), our study suggests that the work environment be used as the moderating variable to better understand the influence of training and development, participation in the work environment. This study recommends the work environment is used as the moderating variable. We therefore hypothesise that:

***H6.*** *Work environment moderates the relationship between training and development and millennial employee retention.*

***H7.*** *Work environment moderates the relationship between employee participation in decision-making and millennial employee retention.*

Furthermore, the work environment has both positive and negative impacts on specific job outcomes for example employee involvement, intention to stay and employee commitment. For example, if the work environment is clean, attractive and organised it can encourage employees to work effectively and can have a positive impact on both employee commitment and retention (Kundu and Lata, 2017; Herzberg, 1968). According to Herzberg’s (1968) Two-factor theory, HR practices should be geared at effective employee retention. However, due to mixed and contradictory findings in previous studies relating to the impact that HR practices have on employee retention, the work environment in this study has been incorporated as the moderator to examine its impact on the relationship between those variables. Bibi *et al*. (2018) found that the work environment plays a vital moderating role in the relationship between HR practices such as compensation, training and development, performance appraisal and employee retention in the hospitality industry in Malaysia. This leads to hypothesise that:

***H8.*** *Work environment moderates the relationship between compensation and millennial employee retention.*

This is consistent with Jaworski’s (1988) finding that the adequacy of various control mechanisms could be dependent on the internal and external contingency variables. Furthermore, when there are inconsistent and mixed results in studies of the relationship between the criterion and predictor variable, a moderating variable is recommended to be applied. Tsai, Horng, Liu, and Hu (2015) and Bibi *et al*. (2018) found some loose evidence suggesting that the work environment could be a moderating factor with regards to the influence of job security and performance appraisal. Thus, this study recommends that work environment is used as the moderating variable, leading to hypothesise that:

***H9.*** *Work environment moderates the relationship between job security and millennial employee retention.*

***H10.*** *Work environment moderates the relationship between performance appraisal and millennial employee retention.*

Combining all the above discussions, the research framework of this study is presented in Figure 1:

**FIGURE-1-HERE**

**3. Methodology**

This study adopted a quantitative methodology because it allows the researchers to test the hypotheses derived from previous literature (Panter and Sterba, 2011; Barnham, 2015). A cross sectional Partial Least Square based Structural Equation model (PLS-SEM) analysis was conducted on the moderating role of the work environment. An empirical survey was carried out to measure a causal network relationship on HR practices and employee retention with particular attention to millennial employees in the hospitality industry of Bangladesh. A cross sectional survey technique was used to collect the views of the respondents at a single point of time. To maximise the response rate, a drop and pick-up questionnaire survey strategy was adopted rather than postal, telephone or online survey. This study applied simultaneous tests of many hypotheses and is therefore exploratory (Grove and Andreasen, 1982).

**3.1 Questionnaire Survey**

The data was collected from the largest geopolitical area (division or county) of Bangladesh, Dhaka from September to December 2019. Major organisations in the hospitality industry including restaurants, hotels, resorts and tour operators were selected using a convenience sample which offered the flexibility to diversify our participants to capture various aspects of the socio-cultural and socio-economic issues associated with HR practices and employee retention. Cochran’s (1963) formula is used to determine the appropriate sample size for this study. Based on Cochran’s formula our desired sample size is 384. More importantly, this computed sample size is sufficient for structural equation modelling (Hair *et al.,* 2016). Equally, Hosen *et al.* (2021) advocated that the prolific researchers should distribute 10%-25% more questionnaires than their required questionnaires because some respondents may not respond or appropriately fill up. We used a drop-off and pick up approach to collect valid responses from respondents. 500 questionnaires were distributed among millennial participants. The population for the survey was defined as the millennial employees working in different sectors of the hospitality and tourism industry. 384 responses (76.8%) were received.

The data for this paper was collected from a diverse cross-sectional population working in tourism organisations such as restaurant, hotel, resort and package tour organisations. Of the 384 responses, 78% of the respondents are male, 22% female; 43% are married and 57% unmarried. Some 23% were aged between 20-25, 51% between 26-30 and 26% between 31-35. In terms of employment status, 34% work in Restaurants, 41% in Hotels, 16% in Resort and 9% in Package Tour Companies. Demographic details of the participants have been outlined in the Table 1:

**TABLE-1-HERE**

Items of the questionnaire were identified from a systematic review of the literature. The questionnaires were measured using a five-point Likert scale. To measure the factors related to employee retention, 8 items were adapted from Kyndt *et al.* (2009). A sample item is “I would like to stay in the organisation.” Four items measuring training and development were adapted from Delery and Doty (1996); for example, “My organisation provides training and development opportunities for employees.” Similarly, four items of Delery and Doty (1996) were used to measure employee participation in decision-making. To measure compensation five items were adapted from (Tessema and Soeters, 2006). A sample item is “There is an effective compensation system in the organisation”. Furthermore, five items of Delery and Doty (1996) were used to measure performance appraisal. A sample item is “I am evaluated fairly on the basis of performance.” To measure job security 9 items were adapted from Oldham, Kulik, Stepina, and Ambrose (1986). A sample item is “I would be able to keep my present job as long as I wish”. Finally, to measure the work environment five items were adapted from Edgar and Geare (2005). A sample item is “Working conditions in my organisation are good.”

**4. Results and Analysis**

***4.1 Common Method Variance Test***

This study collected data from respondents via a single questionnaire in a short period of time that implied a possibility of having an issue of common method variance (CMV) or common method bias (CMB) (Mendy and Rahman, 2019; Mendy *et al.,* 2020). Podsakoff and Organ (1986) explained common method variance as a concern when data of variables are collected from the same sources. The current study adopted Harman’s (1967) single-factor test proposed by Podsakoff and Organ (1986) to examine common method variance. According to Podsakoff, Mackenzie, Lee and Podsakoff (2003), method bias is powerful in a study where data of both predictors and criterion are collected from the same respondents with the same measures and the same items at the same time.  Harman’s single factor test was done using unrotated principal component factor analysis in SPSS. The result showed that seven distinct factors having eigenvalue 1.00 accounted for 72.793% of variance rather than a single factor. Furthermore, the results indicated that no single factor had high covariance in the predictor and criterion variables (Podsakoff, MacKenzie, and Podsakoff, 2012). The current study inferred that common method variance is not a major concern.

***4.2 Measurement Model***

Measurement model includes construct validity and reliability (convergent reliability and discriminant validity) in Table 2 (Anderson and Gerbing, 1988).  Convergent validity is assured when scores from two instruments measuring the same concept are highly correlated (Sekaran and Bougie, 2016). According to Hair, Hult and Ringgle (2017), one must examine the outer loadings of the factors and the average variance extracted (AVE) to assess the convergent validity of reflective construct. Outer loadings are also called indicator reliability and should be 0.708 or 0.70 (Hair *et al.,* 2017). Seven items from various factors such as Com\_3, Com\_5, ER\_5, ER\_6, JS\_2, JS\_3 and JS\_9 were removed from analysis for poor outer loading (i.e. loading less than 0.70) (Table 2). Finally, the range of outer loading is within 0.746 and 0.979 which are above 0.70. Secondly, Average Variance Extracted (AVE) is another common measure of convergent validity whose value is to be higher than 0.50 (Rahman *et al.,* 2017). The AVE is more than 0.50 that confirms convergent validity (Hair *et al.,* 2017; Rahman *et al.,* 2020). Cronbach’s alpha (CA) and composite reliability are the indicators of internal consistency of the factors whose values are expected to be more than 0.70 (Hair *et al.,* 2017).

**TABLE-2-HERE**

***4.3 Discriminant Validity***

Discriminant validity refers to ‘the extent to which a particular latent construct is different from other constructs’ (Duarte and Raposo, 2010). Discriminant validity is established when two variables are unrelated and scores obtained from empirical results are unrelated (Sekaran and Bougie, 2016). We followed Fornell and Larcker’s criterion, which refers that a construct should share more variance with its indicators that with the other constructs in a particular model (Fornell and Lacker, 1981). Hence, the appropriate process of assessing discriminant validity of a construct is by presenting that its AVE is higher than the variance the construct shares with the other model constructs. In other words, all the correlations between the constructs must be shown at lower than the square root of AVE. Table 3 shows that square root of AVE is greater than their respective row and column value. This indicated that discriminant validity has been ascertained.

**TABLE-3-HERE**

***4.5 Structural Model***

Based on the positive results of the measurement model regarding reliability and validity, the structural model was analysed in this stage. Hair et al. (2017) proposed six criteria to assess the Structural Model using PLS-SEM. Initially, it is important to present the latent collinearity issues. Moreover, it is significant to evaluate the relevance of the structural model relationship by assessing the variance level explained of the dependent variable (R2), the level of effect size (f2), and the predictive relevance (Q2). Moreover, it is also necessary to evaluate the corresponding t-values of the path coefficients based on bootstrapping with 500 resamples. In addition, the effect sizes of relationships should also be assessed according to Sullivan and Feinn (2012) where the p-value signifies whether any effect exists, however, it does not reveal the effect size.

Table 4 and Figure 2 showed that five hypotheses (H1, H3, H4, H5 and H6) were supported; one hypothesis, H2, was rejected. Compensation has a positive and significant relationship with employee retention as beta value is 0.140, t-value is 2.981 and p value is 0.003. At 95% confidence interval p value is less than 0.05; therefore, this relationship is statistically significant. However, according to the results, hypothesis 2 has been rejected as the beta value is 0.041, t-value is 1.245 and p value is 0.214. Results also revealed that job security is positively and significantly related with employee retention. Here beta value = 0.154, t-value = 2.278 and p value = 0.023 implies statistical significant relationship. The result also revealed that performance appraisal (beta = 0.203, t-value = 2.076 and p value = 0.038), training and development (beta = 0.176, t-value = 2.490 and p value = 0.013) and working environment (beta = 0.216, t-value = 3.216 and p value = 0.001) have significant and positive relationship with employee retentions.

**TABLE-4-HERE**

**FIGURE-2-HERE**

***4.6 Moderation effect of Working Environment:***

The current research utilized a ‘product-indicator approach’ through PLS-SEM to examine moderating effect or role of work environment on the relationship between compensation, training and development, job security, employee participation in decision-making, performance appraisal with employee retention (Helm, Eggert and Garnefeld, 2010; Henseler and Chin, 2010). Moderating construct is a continuous, hence product-indicator approach is deemed to be suitable for this current research (Rigdon, Schumacker and Wothke, 1998). According to Henseler and Fassott (2010), for continuous variable product-indicator approach produces better and appropriate results compared to a multi-group approach (p. 721).

The findings are depicted in Table 5 and Figure 3.

**TABLE-5-HERE**

**FIGURE-3-HERE**

The Table 5 and Figure 3 depict that the work environment did not moderate the relationship between compensation and millennial employee retention as beta value is -0.122, t-value is 1.140 and p value is 0.255. The study further indicates that there is no moderating effect of work environment on relationship between performance appraisal and retention of millennials as we found that the beta value is 0.107, t-value is 0.874 and p value is 0.383. At 95% confidence interval p value 0.420 is greater than 0.05; therefore, the moderating effect of the work environment is statistically insignificant with regard to the relationship between employee participation in decision making and millennial employee retention in the tourism industry. Likewise, the findings failed to indicate a significant moderating effect of the work environment on relationship between training and development, job security and millennial employee retention and hence hypotheses H6 and H10 are not supported.

**5. Discussions and conclusions**

This study examined the relationship between T&D, employee participation in decision-making, compensation, performance appraisal, job security, work environment and millennial employee retention in the tourism industry in Bangladesh. Aligned with Herzberg’s two-factor theory, the findings of the study reveal that HR practices included in this study, except employee participation in decision-making, have a significant relationship with millennial employee retention in hospitality and tourism. These results are consistent with previous research conducted on T&D and employee retention (Chung, 2013; Bashir and Long, 2015). Compensation was found to be a significant determinant of millennial employee retention in the tourism industry of Bangladesh; that is consistent with earlier findings (e.g. Singh, 2004; Bibi *et al*., 2018). However, this study found a negative relationship between employee participation in decision-making and employee retention in the tourism industry in Bangladesh. In this regard, institutional void and local cultural values in Bangladesh could be possible reasons behind this (Mair and Marti, 2009; Raisina, 2018; Hofstede, 2021). It is because when employees are allowed to participate in the decision-making process or given authority to make decisions, the institutional void and cultural issues arise that could lead to the negative result in this study (Mair and Marti, 2009; Raisina, 2018; Hofstede, 2021). Bangladeshi culture, from which our participants were recruited, exhibits a culture that represents a market-oriented value system despite being a highly collectivist and high power distance society. More specifically the touris industry in Bangladesh is considered to be a very competitive market where decision making plays a vital role. As a result of intolerable pressure on decision-makers, they may leave the company.

Furthermore, this study found a positive relationship between performance appraisal and millennial employee retention in the tourism industry in Bangladesh, which is consistent with previous studies on employee retention (e.g. Kuvaas, 2006; Johari *et al*., 2012). Similarly, the study found a significant relationship between job security and millennial employee retention that is consistent with Arnold’s (2005) studies. However, our findings showed a negative relationship between employee participation in decision-making and millennial employee retention in the tourism industry in Bangladesh. This finding is inconsistent with the results of some previous studies (e.g. Spreitzer, Kizilos and Nason, 1997; Grissom, 2012). However, this finding is supported by Bhuiyan’s (2010) study in relation to Bangladeshi ready-made garments industry where he found an absence of willingness of managers to allow employee participation in decision-making as one of the most significant reasons for lower employee participation in decision-making processes. Overall, the findings support Herzberg’s theory, which suggests that when employees are nurtured, they feel obligated to be loyal to their organisations (Mossholder *et al*., 2005).

The study found no moderating effect of the work environment on the relationship between two HR practices, i.e. compensation and millennial employee retention as well as between performance appraisal and millennial employee retention. This finding is inconsistent with Bibi *et al*., (2018), who found a moderating effect of the work environment on the relationship between compensation, performance appraisal and employee retention in the context of the Malaysian hotel industry. The authors focused mostly on millennial individuals and those who worked in food production, customer services and food and beverage departments for more than six months. This study found no moderating effect of the work environment on the relationship between training and development, employee participation in decision-making and job security and millennial employee retention. In essence, the significance of the work environment is reflected in Sjoberg and Sverke (2000), in which creating a supportive work environment is seen as imperative for organisations to retain loyal and talented millennials.

***5.1 Implications***

Our research sheds light on the current hospitality HRM literature in Bangladesh and developing countries generally. Firstly, based on Herzberg’s (1968) two-factor theory, the results reveal the relationship between training and development, performance appraisal, job security and millennial employee retention (the motivators). However, compensation has been found to play a sizeable role in retention. In fact, given the degree of poverty in Bangladesh and the cost of living, as well as the collectivist culture (Hofstede, 2021), in which helping relatives is axiomatic. Thus, it can be argued that millennial employees may perceive HR practices as the positive organisational efforts to retain them, therefore, they might tend to stay in the organisation for a longer time if they are compensated enough. The findings are consistent with previous studies (Kuvaas, 2006; Johari *et al*., 2012; Arnold, 2005; Osibanjo *et al.*, 2014; Haider *et al.,* 2015; Bibi *et al*., 2018), confirming that researchers can deploy Herzberg’s two-factor theory as a valuable theoretical framework to explain the relationship between HR practices and millennial employee retention. However, based on the findings of this study, researchers, as well as practitioners such as HR professionals, should be cautious to employ the employee participation in decision-making to retain millennials since a negative relationship between these two variables (employee participation in decision-making and millennial employee retention) found in this study. This is inconsistent with the results of previous studies (i.e., Marks *et al*., 1986; Spreitzer *et al.*, 1997; Grissom, 2012) that leave room for further examination of the variables.

Furthermore, the study provides empirical evidence for the first time that the Two-Factor Theory can be applied in the hospitality and tourism sector in a non-Western context such as Bangladesh to examine the relationship between HR practices and millennials’ retention. In this regard, future researchers can adopt the Two-Factor Theory for studies relating to HR practices and employee retention in different contexts.

The research provides some information to HR professionals and key decision-makers to understand what retains millennials in Bangladesh’s tourism industry, which is growing fast and can be a significant source of income for the country. The study provides empirical evidence relating to the weight HR practices in millennial retention for government officials specially policy makers of tourism industry, various practitioners and strategic management personnel of tourism industry of Bangladesh. In addition, the study strongly encourages top management in the tourism industry sector to develop organisational core values aimed at developing effective HR practices for retaining millennial employees who play a critical role in organisational success. It is significant to mention that the findings could be a learning platform for the practitioners in tourism industries in other Asian such as India, Sri Lanka, Myanmar and Vietnam. Furthermore, in a post-covid-19 era, recovery will be contingent upon the ability of the hospitality and tourism sector to foster a more positive work environment (Assaf and Scuderi, 2020). This is because competition to lure the customers back is likely to be fierce and HR practices deployed to enhance the work environment will act as drivers of retention, thus competitive advantage.

***5.2 Limitations and Directions for Future Study***

Due to resource and time constraints, this research has some limitations. For example, the survey was conducted only in the Dhaka Division of Bangladesh while future researchers could extend the study into other divisions in Bangladesh, where tourism is economically important. Moreover, the study only included employees from 4 types of organisations in the tourism industry; future research could examine other sectors in Bangladesh and other countries. Moreover, this study only included five HR practices to test their relationship with millennial employee retention, thus, we recommend future research could include other variables from HR practices, such as supervisor support, human resource planning (HRP), organisational commitment, teamwork that improve understanding HR practitioners and enrich the current literature. Surprisingly, our finding cited that decision-making has a negative impact on millennial employee retention which could happen due to the cultural variation. Therefore, future researchers may include organizational culture as an independent variable. Further research considering the variables of our study in a post-COVID 19 era can provide additional explanations useful for practitioners and tourism and hospitality researchers.

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**INSERT APPENDIX 1 HERE**

**Appendix 1: Items used in Questionnaire**

**Training and Development (T&D)**

|  |  |
| --- | --- |
| My organisation provides training and development opportunities for employees. | Delery & Doty, (1996) |
| All employees in the organisation are given training in a regular basis for example in every year. |
| There are formal training for new employees to learn to perform in best way in the position. |
| Formal training in my organisation is given so that employee promotion can be enhanced. |

**Employee Participation in Decision Making (EPDM)**

|  |  |
| --- | --- |
| Employees in my organisation are allowed to make many decisions. | Delery & Doty, (1996) |
| Employees in my organisation are regularly asked by supervisor/manager to participate in decision making process. |
| Employee are given opportunity to suggest improvements in the things or operations exist. |
| Managers and superiors keep open communications with employees in this job. |

**Compensations**

|  |  |
| --- | --- |
| There is an effective compensation systems in the organisation. | Tessema and Soeters, (2006) |
| The company has equitable internal salary. |
| The company has also equitable external salary. |
| The salary at my institution encourages better performance. |
| There is the presence of salary in the organisation that reflects the standard of living. |

**Performance Appraisal**

|  |  |
| --- | --- |
| I am evaluated fairly on the basis of performance. | Delery & Doty, (1996) |
| Performance appraisal is based on individual performance. |
| Performance is regularly measured in my organisation. |
| Performance in my organisation is based on objectives and results. |
| Individual contributions are encouraged and recognized in my organisation. |

**Job Security (JS)**

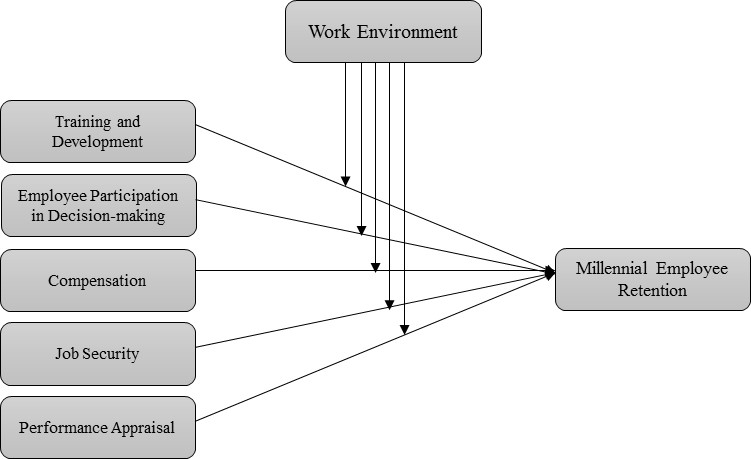
|  |  |
| --- | --- |
| I would be able to keep my present job as long as I wish. | Oldham, Kulik, Stepina, & Ambrose, (1986) |
| If this organization were facing economic problems, my job would be the first to go. |
| I feel confident that I would be able to work for this organization as long as I wish. |
| My job would be there as long as I would like to have it; |
| If my job in this organisation were eliminated, I would be offered another job internally. |
| Regardless of economic conditions, I would have a job in this organization. |
| I feel secure in my job at the organisation. |
| The organization would transfer me to another job if this job were laid off from the present job. |
| My job is not much secure one. |

**Work Environment**

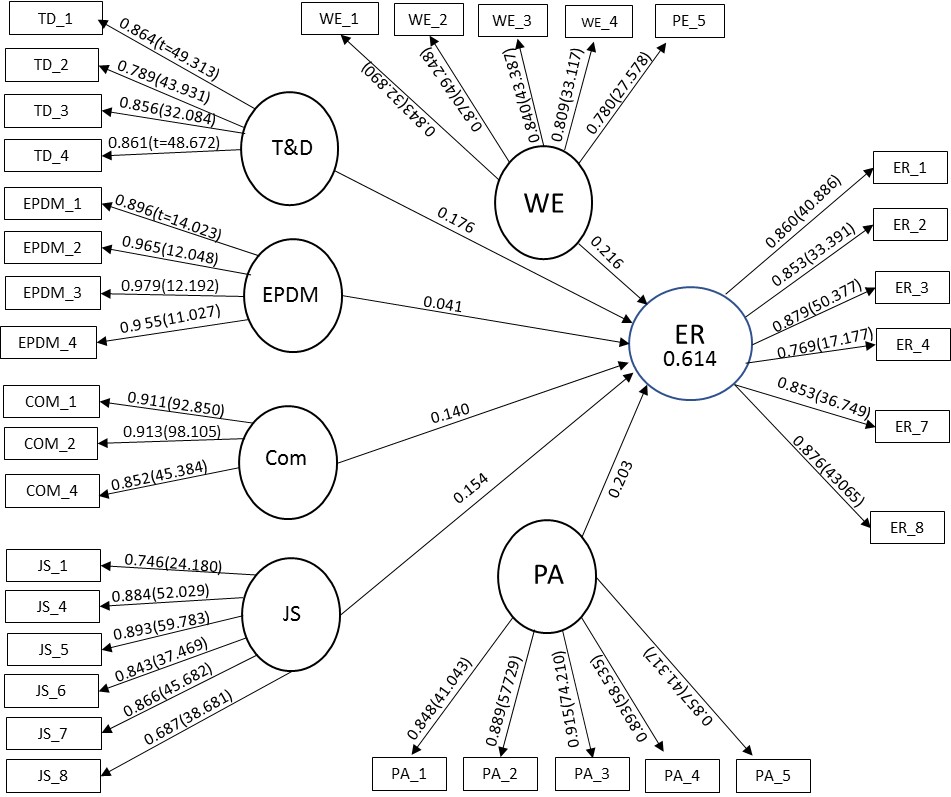
|  |  |
| --- | --- |
| Working conditions in my organisation are good. | **(**Edgar & Geare (2005**)** |
| My health is not suffered as a result of working in this organisation. |
| I always feel safe working here in these conditions. |
| This organisation does what it can to ensure the wellbeing of its employees. |
| This organisation spends enough money on health and safety-related matters. |

**Employee Retention**

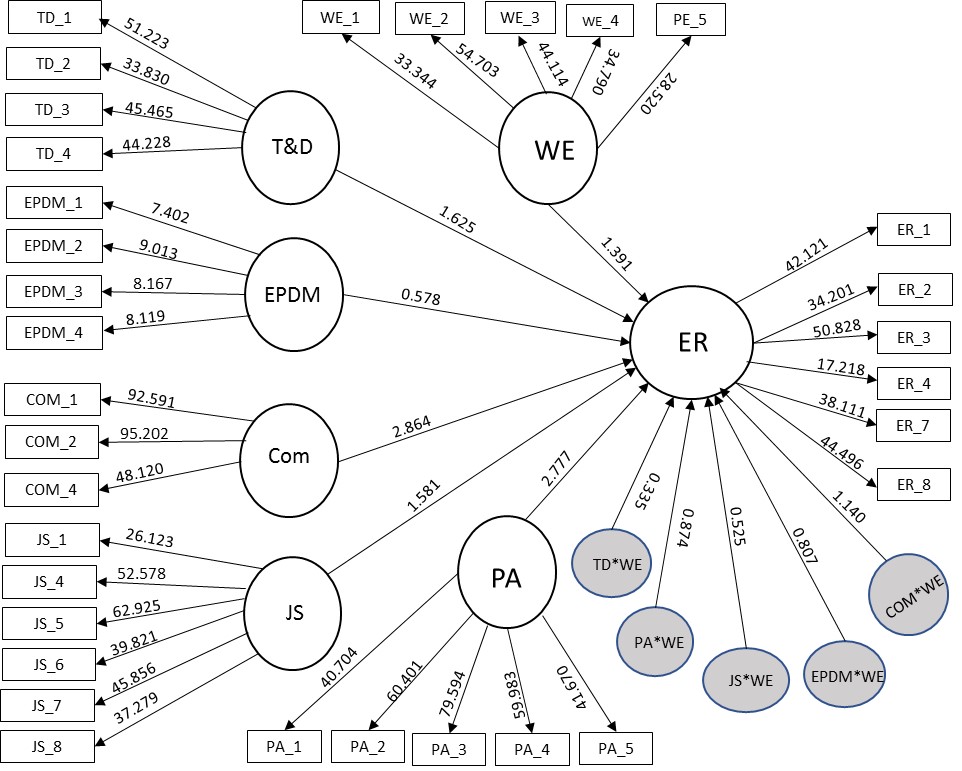
|  |  |
| --- | --- |
| I would like to stay in the organisation. | (Kyndt, Dochy, Michielsen, and Moeyart, 2009) |
| If I wanted to do another job or function, I would look first at the possibilities within this company. |
| I see a future for myself within this company. |
| If it were up to me, I will definitely be working for this company for the next five years. |
| If I could start over again, I would choose to work for another company. |
| If I received an attractive job offer from another company, I would take the job. |
| The work I’m doing is very important to me. |
| I love working for this company. |



**Figure 1: Research Framework**



**Figure 2: Structural Model**



**Figure 3: Moderating Effect**

**Tables**

**Table 1: Demographic Details**

|  |  |  |
| --- | --- | --- |
| **Variables** | **Values** | **✓** |
| Age | 20-25 | 23% |
| 26-30 | 51% |
| 31-35 | 26% |
| Gender | Male | 78% |
| Female | 22% |
| Marital Status | Married | 43% |
| Unmarried | 57% |
| Organisation Type | Restaurant | 34% |
| Hotel | 41% |
| Resort | 16% |
| Package Tour | 9% |

Table 2: Convergent Validity

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Constructs** | **Items** | **Cross Loadings** | **CA** | **CR** | **AVE** |
| Training and Development | TD\_1 | 0.864 | 0.867 | 0.909 | 0.715 |
| TD\_2 | 0.798 |  |  |  |
| TD\_3 | 0.856 |  |  |  |
| TD\_4 | 0.862 |  |  |  |
| Employee participation in Decision-making | EPDM\_1 | 0.896 | 0.963 | 0.973 | 0.901 |
| EPDM\_2 | 0.965 |  |  |  |
| EPDM\_3 | 0.979 |  |  |  |
| EPDM\_4 | 0.955 |  |  |  |
| Compensation | COM\_1 | 0.911 | 0.872 | 0.921 | 0.796 |
| COM\_2 | 0.913 |  |  |  |
| COM\_4 | 0.852 |  |  |  |
| Job Security | JS\_1 | 0.848 | 0.928 | 0.945 | 0.776 |
| JS\_4 | 0.889 |  |  |  |
| JS\_5 | 0.915 |  |  |  |
| JS\_6 | 0.893 |  |  |  |
| JS\_7 | 0.857 |  |  |  |
| JS\_8 | 0.848 |  |  |  |
| Performance Appraisal | PA\_1 | 0.746 | 0.924 | 0.940 | 0.725 |
| PA\_2 | 0.884 |  |  |  |
| PA\_3 | 0.893 |  |  |  |
| PA\_4 | 0.843 |  |  |  |
| PA\_5 | 0.866 |  |  |  |
| Employee Retention | ER\_1 | 0.860 | 0.922 | 0.939 | 0.721 |
| ER\_2 | 0.854 |  |  |  |
| ER\_3 | 0.880 |  |  |  |
| ER\_4 | 0.769 |  |  |  |
| ER\_7 | 0.852 |  |  |  |
| ER\_8 | 0.876 |  |  |  |
| Work Environment | WE\_1 | 0.843 | 0.887 | 0.916 | 0.687 |
| WE\_2 | 0.870 |  |  |  |
| WE\_3 | 0.840 |  |  |  |
| WE\_4 | 0.809 |  |  |  |
|  | WE\_5 | 0.780 |  |  |  |

Table 3: Fornell and Lacker Criteria

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **Compens** | **EPDM** | **Emp Reten** | **JS** | **PA** | **T&D** | **WE** |
| Compens | **0.892** |  |  |  |  |  |  |
| EPDM | 0.019 | **0.949** |  |  |  |  |  |
| Emp Reten | 0.584 | 0.072 | **0.849** |  |  |  |  |
| JS | 0.587 | -0.008 | 0.701 | **0.851** |  |  |  |
| PA | 0.566 | 0.051 | 0.699 | 0.774 | **0.881** |  |  |
| T&D | 0.618 | 0.061 | 0.712 | 0.801 | 0.754 | **0.845** |  |
| WE | 0.599 | 0.039 | 0.712 | 0.772 | 0.752 | 0.790 | **0.829** |

Table 4: Structural Model and Hypothesis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **Original Sample (O)** | **Sample Mean (M)** | **Standard Deviation (STDEV)** | **T Statistics (|O/STDEV|)** | **P Values** | **Decision** |
| Compens -> Emp Reten | 0.140 | 0.141 | 0.047 | 2.981 | 0.003 | Supported |
| EPDM -> Emp Reten | 0.041 | 0.043 | 0.033 | 1.245 | 0.214 | Non-supported |
| JS -> Emp Reten | 0.154 | 0.152 | 0.068 | 2.278 | 0.023 | Supported |
| PA -> Emp Reten | 0.203 | 0.210 | 0.098 | 2.076 | 0.038 | Supported |
| T&D -> Emp Reten | 0.176 | 0.179 | 0.071 | 2.490 | 0.013 | Supported |
| WE -> Emp Reten | 0.216 | 0.207 | 0.067 | 3.216 | 0.001 | Supported |

Table 5: Moderation Effect

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Original Sample (O)** | **Sample Mean (M)** | **Standard Deviation (STDEV)** | **T Statistics (|O/STDEV|)** | **P Values** |
| Com\*WE -> Emp Reten | -0.122 | -0.128 | 0.107 | 1.140 | 0.255 |
| Compens -> Emp Reten | 0.133 | 0.136 | 0.047 | 2.864 | 0.004 |
| EPDM -> Emp Reten | 0.020 | 0.023 | 0.034 | 0.578 | 0.564 |
| EPDM\*WE -> Emp Reten | -0.051 | -0.063 | 0.063 | 0.807 | 0.420 |
| JS -> Emp Reten | 0.104 | 0.102 | 0.065 | 1.581 | 0.115 |
| JS\*WE -> Emp Reten | -0.065 | -0.048 | 0.123 | 0.525 | 0.600 |
| PA -> Emp Reten | 0.249 | 0.236 | 0.090 | 2.777 | 0.006 |
| PA\*WE -> Emp Reten | 0.107 | 0.072 | 0.123 | 0.874 | 0.383 |
| T&D -> Emp Reten | 0.105 | 0.096 | 0.065 | 1.625 | 0.105 |
| TD\*WE -> Emp Reten | -0.052 | -0.034 | 0.155 | 0.335 | 0.738 |
| WE -> Emp Reten | 0.105 | 0.099 | 0.076 | 1.391 | 0.165 |