



## Employee Retention in Luxury Accommodation Business in Da Nang, Viet Nam

Pham Quang Tin<sup>1</sup>, Tran Thi Minh Y<sup>2</sup>, Thai Thi Hieu<sup>3</sup>, Huynh Thi Thu Trang<sup>4</sup>

<sup>1</sup>University of Economics - The University of Danang, Viet Nam

<sup>2</sup>FPT Greenwich DaNang Centre, FPT University, Viet Nam

<sup>3</sup>Dong A University, Viet Nam

<sup>4</sup>Huynh Trang Education Company Limited, Viet Nam

### ARTICLE INFO

Published Online:  
08 May 2023

Corresponding Author:

**Pham Quang Tin**

### ABSTRACT

Employee retention, a strategy towards sustainable development of each enterprise, affects greatly its productivity, quality and efficiency. This paper employs primary data collected from questionnaire, both in online and face-to-face forms, of 390 employees working in high-class accommodation system in Da Nang – Viet Nam. Using quantitative analysis techniques of scale testing, exploratory factor analysis, and multivariable regression analysis, we found that there are 9 major factors having positive effects on employee retention in luxury accommodation business system in Da Nang – Viet Nam. These factors, both material and non-material, include, from higher to lower levels: welfare, salary; manager's support; corporate social responsibility; recognition and reward; working environment; promotion opportunities; training and development; working conditions.

**KEYWORDS:** Employee retention; material factor; non-material factor; luxury accommodation; Da Nang-Viet Nam.

### I. INTRODUCTION

Human resource plays an important role in development of a nation, economic sector, and enterprises. At national level, research findings by (Swan, 1956) and (Solow, 1956) indicated that human resource is one of the key elements affecting economic development of a country. At enterprise level, human resource is an inevitable factor despite technological advancements enabling enterprises to save yet replace human labour in their operation. Particularly in the field of service, human resource has become more and more important because of its special characteristics requiring more human labour element than that of manufacturing field. In fact, employee retention is a basic condition for an enterprise to maintain normal operation, brand development, formulating and ensuring competitive advantage, increasing profit and revenue (Collins, 2021); (Anwar, 2017); (Cloutier, et al., 2015). According to (Brown, et al., 2015), employee turnover, especially qualified ones, causes company's revenue to decrease. According to (Hebenstreit, 2008), the cost for recruitment and training of a new employee could be up to 200% compared to retaining a former employee. In this sense, methods to retain existing employees, especially qualified ones, have always been concerned by high-level managers to look for feasible, effective retention solutions.

Da Nang, Viet Nam is one the five centrally-controlled municipalities, and the leading socio-economic development centre in the Central and Highlands region (Yeu, 1996). On October 16<sup>th</sup> 2003, the Politburo issued Resolution No. 33-NQ/TW on direction and tasks to develop Da Nang by 2020 with leading economic structure in the order of: Service, Industry, and Agriculture-Forestry, focusing on "Strongly invest in tourism as a spear-head economic sector of the city; build Da Nang into a major tourism centre of Viet Nam, a hub for transshipment, transit and exchange of service and goods in the Central and Highlands region" (Manh, 2003). Tourism services have made significant contributions to local economic growth. Regarding class-1 economic sector, accommodation and catering contribute from 8.33% to 10.24% to local GRDP. Especially in 2022, a year considered as a recovery after COVID-19 pandemic complication, this figure is 9.07% (Vu, 2022). According to (CBRE, 2022), there are 81 luxury hotels (rating 4-star and 5-star) with totally 15.343 rooms, ranking Da Nang the second in Viet Nam in terms of luxury hotel quantity, only after Ho Chi Minh City. Therefore, there is a need of a large number of human resource to operate the entire system of these high-end facilities in Da Nang.

However, requirements for human resources working in luxury accommodation system are very high and strict. As specified in Hotel Quality Standards in Viet Nam, 4-star hotels have to meet at least 231 mandatory criteria and 46/75 incentive criteria; those figures for 5-star hotels would be 258 and 42/53 respectively (TCVN-4319, 2015). Regarding human resource, 4-star hotels have to meet 74 and 77 criteria for staff and manager respectively, those figures for 5-star hotels are 84 and 87 respectively. In this respect, sufficient and qualified human resource is crucial for successful hotel operation in Da Nang – Viet Nam. The COVID-19 pandemic complications caused a number of employees to quit hospitality jobs, posing more challenges to human resource stability and development. Consequently, it is necessary to research systematically employee retention and factors affecting their retention for the current system of luxury accommodation business in Da Nang.

Previous research on employee retention in both organizations and accommodation businesses has been conducted as a basis for effective human resource management decision-making by (Islam, et al., 2021); (Frye, et al., 2020); (Ohunakin, et al., 2019); (Msengeti & Obwogi, 2015); (Lu & Gursoy, 2013); (Lee & Way, 2010); and so forth. However, there have been no publications on human resource retention in accommodation business, particularly in time of COVID-19 pandemic, in Da Nang - Viet Nam. Thereby, this paper would be a valuable source of reference for high-level managers of luxury accommodation business in Da Nang in their decision-making in terms of employee retention.

## II. THEORETICAL BACKGROUND

### 2.1. Employee retention in luxury accommodation business

Luxury accommodation refers to a place providing high-end accommodation services in terms of facilities, amenities, safety of people and properties, etc. In the research scope of this paper, luxury accommodation refers to 4-star and 5-star accommodations classified by Viet Nam Hotel Quality Standards (TCVN-4319, 2015). These businesses have to satisfy at least 231 mandatory criteria and 46/57 incentive criteria as required in the Standards checklist.

Employee retention is a method to generate employees' engagement and dedication to their organization (Maertz & Campion, 1998) “Employee retention is a process of motivating employees to stay with the organization for maximum time or until project completion”, (Huang, et al., 2006) “Employee retention is all about facilitating employees' loyalty and intentions to stay with their current jobs”, (Mita, et al., 2014) “Employee retention consists of techniques to retain employee in an organization”. Accordingly, in this paper, employee retention is a set of measures to motivate commitment, interest, dedication, and priority in the selection of professional promotion of an employee to their enterprise and work place.

### 2.2. Factors affecting employee retention

There are a variety of factors affecting employee retention, yet, most of which are related to benefits that an employee receives while working for an enterprise. The higher the benefits, the more likely he will stay longer with the enterprise. In this paper, we study two main groups of factors: material and non-material factors to analyse their impacts on employee retention.

Material factors refer to monetary or incentive benefits that employee receives while working at an enterprise. Material benefits are measured using two factors: salary and welfare that an employee receives.

Salary is the sum of wages periodically paid to an employee by their employer. Depending on enterprise operation, salary could be paid according to employee's contract or based on his contribution to the overall business outcomes (Chiekezie, et al., 2017); (Zingheim & Schuster, 2007). Although salary payment methods are flexible agreements between employers and their employees, the common principle is a balance of benefits between employees and their enterprise. According to (Zingheim & Schuster, 2007), salary motivate employees to work harder and strive more for their work, so if salary is considered not worth their efforts, they will leave. Similarly, (Iqbal, et al., 2017) found that salary motivate employees' loyalty to stay and develop with the enterprise. In this sense, salary that is reasonable, paid timely, and competitive will influence employees' commitment and engagement with their enterprise.

*H1: Salary has positive effects on employee retention.*

Welfare is economic benefits paid to an employee in addition to their salary. Normally, welfare includes: money, preferential conditions such as the right to buy shares; or specific bonuses namely gifts, paid vacations, etc. Welfare is paid to employees according to labour contract or business performance; occupational allowances; and insurance policies as regulated by law (Iqbal, et al., 2017). According to (Lee & Liu, 2021), welfare is considered as a compensation for employees to improve their work performance and motivate long-term commitment with the enterprise. Similarly, (Anis, et al., 2011) found that welfare motivates employees to complete their assigned tasks satisfactorily and stay with the enterprise for a longer period of time.

*H2: Welfare has positive effects on employee retention.*

Non-material factors refer to non-financial benefits including mental ones, enterprise support to improve short-term work efficiency, professional development prospects, or opportunities to increase long-term income that an employee receives while working at an enterprise.

Corporate Social Responsibility (CSR) is “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.” (UNIDO, 2002); (Ali, et al., 2010); (Moosa, et al., 2021); (Zainee & Puteh, 2020). Fulfilling all requirements related to social responsibility is a competitive advantage of an enterprise contributing to

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employee retention as well. Employees will feel secure when working for an enterprise adhering to its social responsibility which could improve their working efficiency and productivity (Shen & Benson, 2016); (Boutmaghzoute & Moustaghfir, 2021). On the contrary, employees tend to leave if the enterprise fails to fulfil their social responsibilities (Hayzlett, 2017).

*H3: Corporate social responsibility has positive effects on employee retention.*

Working condition, in general, is a combination of all conditions for employees to successfully complete assigned tasks. In this paper, working conditions refer to facilities, regulations on working time, and commitment of enterprise that need to be implemented for its employees to work effectively (ILO, 2022); (Bigirimana, et al., 2016). A research finding by (Shahrawat & Shahrawat, 2017) indicated that employees want to work for enterprises with good working conditions for a long period of time.

*H4: Working conditions have positive effects on employee retention.*

Working environment is considered as a mental factor (Chao, 2008); (Shoab, et al., 2009), reflecting in the communication; trust; levels of respect among employees; and policies to stimulate working spirit, resulting in a sense of comfort for employees (Ghosh, et al., 2011). A good working environment helps motivate employees' working performance and strengthen their commitment with the enterprise and vice versa, they will leave if the environment is not good enough (Ghosh & Sahney, 2011); (Bibi, et al., 2016).

*H5: Working environment has positive effects on employee retention.*

Training and development refer to programmes and plans constructed and implemented by enterprise to improve employees' knowledge, skills and attitude in the form of knowledge sharing and skill building (Elnaga & Imran, 2018); (Noe, 1999). According to (Hong, et al., 2012), participating in training programmes to improve knowledge and develop problem-solving skills helps employees feel more confident and increase their working efficiency, resulting in longer engagement with the enterprise. This finding is similar to that of (Cuong & An, 2020); (Amen, et al., 2021).

*H6: Training and development have positive effects on employee retention.*

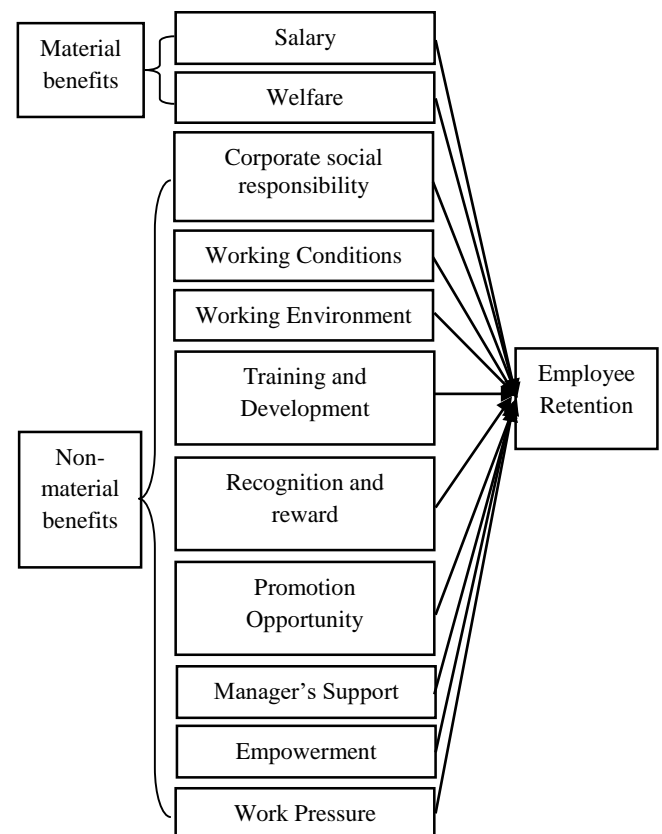
Recognition and reward are among crucial factors contributing to successful employee retention (Cho, et al., 2006). Prompt recognition and objective reward motivate employees to work effectively and devote more to the enterprise (Alhmoud & Rjoub, 2020). Recognition and reward can be either material or mental benefits paid to employees (Nasir & Mahmood, 2018). In this research, recognition and reward refer to mental benefits reflecting in honouring, recognizing, and care from managers to employees with good working performance or practical

initiatives contributing to short-term and long-term development of an enterprise (Ndungu, 2017); (Morgan, et al., 2013).

*H7: Recognition and reward have positive effects on employee retention.*

Promotion opportunities are demonstrated in policies and regulations on employee's training qualifications; professional competence; and working efficiency. They also detailed in plans and roadmaps of an enterprise, developed in an objective and fair manner, constructed as a basis for staff promotion and appointment to leadership positions, salary rise, or participating in important decision-making (Hofhuis, et al., 2014); (Collin, 2018). Once an employee is promoted, he will have a sense of success. Moreover, appointment to important positions in the enterprise will increase employee's self-esteem satisfaction leading to his loyalty to stay with the enterprise for a long period of time (Sija, 2021). Promotion opportunity is a crucial factor influencing employee retention. When employees can sense clearly the chance for promotion, they will be inspired to work more efficiently and stay longer with the enterprise (Sija, 2021); (Gul, et al., 2012); (Pergamit & Veum, 1999).

*H8: Promotion opportunity has positive effects on employee retention.*



**Figure 1.** Proposed Research Model

Manager's support refers to experience sharing; empathy, and support by manager to their employees (Yang, et al., 2011). A research by (Salleh, et al., 2012) found that once employees feel comfortable working with their manager's

support, they will be willing to work with that manager for a long time. Besides, manager is often perceived as representative for an enterprise, thus, when employees are supported by their manager, they tend to consider it as a support from the enterprise (Sija, 2021), as a result, develop their loyalty to stay longer (Mitchell, et al., 2001); (Rhoades, et al., 2001).

*H9: Manager’s support has positive effects on employee retention.*

Employee empowerment is a form of decentralization or delegating authority for employees in terms of decision-making and accountability for their assigned tasks with an aim of motivating them to generate innovations and develop themselves to improve work efficiency (Sari, 2022); (Yin, et al., 2019); (Durai, 2010). Research findings by (GanjiNia, et al., 2013) showed that empowerment creates a sense of trust for employees to make effective and successful decisions at work. Once given autonomy to make decisions, employees will feel more respected, increasing self-esteem, and greater

responsibility for assigned work (Brown & Harvey, 2006). Once they feel a sense of trust and empowerment at work, they will be motivated to stay with the enterprise for a long time (Abdullah & Almanie, 2022); (Seibert, et al., 2011).

*H10: Employee empowerment has positive effects on employee retention.*

Work pressure is a state of psychological imbalance resulting from the stress from assigned tasks, internal competition; time-consuming; exhaustion; and failure to balance time between family and work (Calisir, et al., 2011); (Tsaour & Tang, 2012) (Beehr, 2014). Work-related stress causes productivity and efficiency to decline, resulting in employee’s depression and intentions to avoid and leave work (Tongchaiprasit & Ariyabuddhiphongs, 2016); (Kurniawatya, et al., 2019); (Chung, et al., 2021).

*H11: Work pressure has negative effects on employee retention.*

**III. RESEARCH FINDINGS**

**3.1. Research sample**

**Table 1:** Research sample data

Variable		Frequency	Percentage
Hotel standard	4-star	224	57.44
	5-star	166	42.57
Scope of employees	Fewer than 100	63	16.15
	100-300	202	51.79
	More than 100	125	32.06
Job positions	Manager	137	35.13
	Staff	253	64.87
Gender	Male	155	39.74
	Female	235	60.26
Age	Under 26	126	32.31
	26-41	217	55.64
	Over 41	47	12.05
Training	Tertiary level	173	44.36
	Bachelor’s degree and above	217	55.64
<b>Total</b>		<b>390</b>	<b>100.0</b>

To assess impacts of material and non-material factors on employee retention in luxury accommodation business in Da Nang – Viet Nam, this paper employs proportional Likert scale (see Appendix 1) with online and offline questionnaire delivered in four months from August to December 2022. Survey respondents are employees working in 4-star and 5-star hotels, with a total of 390 people (see Table 1).

Currently, in 81 luxury accommodation businesses in Da Nang, there are 224 people (accounted for 57.44%) working in 4-star hotels; 166 people (accounted for 42.57%) working in 5-star hotels. This sample research pattern is in accordance

with actual scope and structure of luxury accommodation system in Da Nang – Viet Nam.

Regarding scope of current employees, there are 63 people (accounted for 16.15%) working in hotels of fewer than 100 employees, 202 people (accounted for 51.79%) working in hotels having 100 – 300 employees, and 125 people (accounted for 32.06%) working in hotels having over 300 employees. At present, with the total number of 81 accommodations and 15343 rooms, there are 189.42 rooms/one accommodation on average (CBRE, 2022), requiring normally over 100 people to operate efficiently. In

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this sense, the research sample in which the rate of accommodation having fewer than 100 employees is the lowest (16.15%) is consistent with reality.

Regarding job positions, there are 137 people (35.13%) with managerial roles from team leader and above; and 253 staff (64.87%). This research structure is reasonable as job positions of staff will always be more than those of managerial positions in any business in general and in luxury accommodation units in particular.

Regarding gender, there are 155 males (39.74%); and 235 females (60.26%) meaning there are gender differences. Yet, in fact, typical characteristics of service and accommodation business will be more suitable with female employees than their male counterparts. Accordingly, during career orientation and recruitment, female staff is more prioritised. Thus, this research structure is practical.

Regarding age structure, there are 126 people (32.31%) under 26 years old (Gen Z); 217 people (55.64%) from 26-41 years old (Gen Y); and 47 people (12.05%) over 41 years old (Gen X). Accommodation service is more suitable with younger staff, especially Gen Y, with good health, qualified professional capacity, skills, and attitude, thus, they tend to be prioritised in retention and recruitment compared to other age groups. In this sense, the research age structure is reasonable.

Regarding training qualifications, there are 217 people (55.64%) with Bachelor’s degrees and above, and 173 people

(44.36%) with tertiary education. In order to work for 4-star and 5-star hotels as regulated in the Viet Nam Hotel Quality Standards (TCVN-4319, 2015), there are high requirements for staff with well-trained skills. Besides, in Da Nang and neighbouring provinces such as Hue and Quang Nam, there are a number of educational institutions training human resource majoring in tourism, hospitality, and F&B services. This helps improve training qualifications of staff working in 4-star and 5-star hotels, resulting in higher proportion of survey respondents with Bachelor’s degrees and above. Therefore, the training qualification structure is suitable with practical situation of Da Nang and accommodation business as well.

The research sample is totally 390 people. According to (Kline & B., 2015), the best random research sample is within a range from 200 to 300. (Lee & Comrey, 2016) indicated that research sample of 200 observations can satisfy research requirements. Findings by (Hair, et al., 2006) showed that a research sample can represent the research population if its observations are 5 times the survey questions ( $45 \times 5 = 225$ ). As a result, the research sample of 390 satisfies research requirements (Kline & B., 2015), (Lee & Comrey, 2016), (Hair, et al., 2006). In other words, the research sample is reliable (see Table 1) to represent the research population in employee retention and factors affecting retention in luxury accommodation system in Da Nang – Viet Nam

### 3.2. Scale reliability testing and exploratory factor analysis

**Table 2:** Results of scale reliability testing and exploratory factor analysis

No.	Factors	Cronbach's Alpha	Initial Eigenvalues	Kaiser-Meyer-Olkin (KMO)	Sig	Sums of Squared Loadings
1	Employee retention	.888	2.471	.733	.000	82.359
2	Salary	.958	8.868			
3	Welfare	.923	6.670			
4	Corporate social responsibility	.977	3.898			
5	Working Conditions	.945	4.332			
6	Working Environment	.966	2.671			
7	Training and Development	.956	3.747	.911	.000	90.516
8	Recognition and reward	.963	1.587			
9	Promotion Opportunity	.958	1.546			
10	Manager’s Support	.963	6.369			
11	Empowerment	.953	1.453			
12	Work Pressure	.968	1.102			

To test Likert scale reliability, some scale testing methods have been used: firstly, exploratory factor analysis is used to test reliability of component questions in the questionnaire. If a question fails to meet requirements of scale testing or exploratory factor analysis, it will be rejected from the analysis. Then, multivariable regression analysis is used to test impacts of material and non-material factors on employee retention in luxury accommodation system in Da Nang – Viet Nam.

As can be seen from Table 2, Cronbach's Alpha, corresponding to 12 factors of Employee retention (at 0.888); Salary (at 0.958); Welfare (at 0.923); Corporate social responsibility (at 0.977); Working Conditions (at 0.945); Training and Development (at 0.956); Recognition and reward (at 0.963); Promotion Opportunity (at 0.958); Manager’s Support (at 0.963); Empowerment (at 0.953), and Work Pressure (at 0.968), are all greater than 0.6. According to (Lavrakas, 2008), results of scale reliability testing of 11

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factors, both material and non-material, in the research model (see Figure 1) are reliable enough to conduct other analysis methods.

Results of exploratory factor analysis (EFA) show that factor of employee retention and the above-mentioned 11 factors affecting employee retention in luxury accommodation system in Da Nang – Viet Nam have Kaiser-Meyer-Olkin (KMO) results of 0.733 and 0.911 respectively, both greater than 0.5. The sig values of Barlett’s testing are

0.000 (smaller than 5%). Initial Eigenvalues result of employee retention is 2.471 and the smallest value among 11 factors is 1.102 (greater than 1). In addition, loading value of 45 component questions (1 less than previously suggested scale) both greater than 0.5 (see Appendix 1). According to (Hair, et al., 2006) this EFA results (Table 2) and (Appendix 1) are reliable enough to conduct other research methods.

### 3.3. Regression analysis

**Table 3:** Results of model testing and assumption testing

Content	Tests	Sig
1. Model testing	Fisher	.000
2. Normality of residuals	One-Sample Kolmogorov-Smirnov	.167
3. Residual mean	One-Sample	1.00
4. Autocorrelation	Runs	.227
5. Multicollinearity	VIF	6. Heteroskedacity (Spearman’s RHO)
Salary	1.00	Salary
Welfare	1.00	Welfare
Corporate social responsibility	1.00	Corporate social responsibility
Working Conditions	1.00	Working Conditions
Working Environment	1.00	Working Environment
Training and Development	1.00	Training and Development
Recognition and reward	1.00	Recognition and reward
Promotion Opportunity	1.00	Promotion Opportunity
Manager’s Support	1.00	Manager’s Support
Empowerment	1.00	Empowerment
Work Pressure	1.00	Work Pressure

As can be seen from Table 3, the sig value of Fisher test is 0.00 (smaller than 5%) so it can be concluded that the proposed research model (Figure 1) is significant. This means at least 1 among 11 factors, in both groups of material and non-material, affecting employee retention in luxury accommodation business in Da Nang – Viet Nam. Since the research model is estimated and tested with ordinary least squares method (OLS) so all research assumptions have to be tested for reliability. The sig value of One-Sample Kolmogorov-Smirnov is 0.167 (greater than 5%) so model residual is normally distributed. The sig value of One-Sample test is 1 (greater than 5%) so residual mean is 0. The sig value of runs test is 0.227 (greater than 5%) so there is no autocorrelation. All VIF values corresponding to 11 factors are smaller than 2 so there is no Multicollinearity. All sig value of Spearman’s RHO values are greater than 5% so there is no rank correlation between 11 factors and model residual, which means there is no Heteroskedacity. All model assumptions satisfy research requirements so estimation and tests of factors in the two groups of material and non-material affecting employee retention using ordinary least squares method (OLS) are reliable.

### 3.3. Findings and Discussion

Results of research hypotheses (see Table 4) show that there are 9 Sig values of 9/11 factors corresponding with 9 research hypotheses (H1; H2; H3; H4; H5; H6; H7; H8; H9) in the research model (Figure 1) smaller than 5% so all 9 research hypotheses are accepted. Two research hypotheses about empowerment and work pressure (H10; H11) with Sig values of 0.504 and 0.676 are both greater than 5% so both of them are rejected.

Result of the R Square, reflected in the 2 factors in the material group namely Salary; Welfare, and 7 factors in the non-material group namely: Corporate social responsibility; Working conditions; Working environment; Training and development; Recognition and reward; Promotion opportunity; and Manager’s support is 70.6%, whereas other factors affecting employee retention has not yet been researched is 29.4%. The standardised Beta results corresponding with 9 factors according to 9 research hypotheses (H1; H2; H3; H4; H5; H6; H7; H8; H9) are all greater than 0, showing a positive effect correlation. This means when material and non-material factors are improved,

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it is more likely to retain employee working in luxury accommodation business in Da Nang – Viet Nam.

**Table 4:** Results of research hypothesis testing

Research hypotheses		Standardized Coefficients Beta	Sig	Conclusion	Rank
H1:	<i>Salary has positive effects on employee retention.</i>	.442	.000	<i>Accepted</i>	2
H2:	<i>Welfare has positive effects on employee retention.</i>	.556	.000	<i>Accepted</i>	1
H3:	<i>Corporate social responsibility has positive effects on employee retention.</i>	.182	.000	<i>Accepted</i>	4
H4:	<i>Working conditions have positive effects on employee retention.</i>	.064	.024	<i>Accepted</i>	9
H5:	<i>Working environment has positive effects on employee retention.</i>	.175	.000	<i>Accepted</i>	6
H6:	<i>Training and development have positive effects on employee retention.</i>	.115	.000	<i>Accepted</i>	8
H7:	<i>Recognition and reward have positive effects on employee retention.</i>	.181	.000	<i>Accepted</i>	5
H8:	<i>Promotion opportunity have positive effects on employee retention.</i>	.164	.000	<i>Accepted</i>	7
H9:	<i>Manager’s support has positive effects on employee retention.</i>	.250	.000	<i>Accepted</i>	3
H10:	<i>Empowerment has positive effects on employee retention.</i>	.019	.504	<i>Rejected</i>	-
H11:	<i>Work pressure has negative effects on employee retention.</i>	.012	.676	<i>Rejected</i>	-
R Square		.706			

In the two groups of factors, the material group (salary and welfare) has strong effects on employee retention in luxury accommodation business in Da Nang – Viet Nam. This is showed in the standardized beta values of welfare at 0.556 (the highest value); followed by salary at 0.442. Therefore, this finding is in line with practical situation in Viet Nam in general and in Da Nang in particular. According to (IMF, 2023), average income per capita of Viet Nam in 2022 was 4162.94 USD/person which is very low compared to average level of ASEAN member states, just higher than that of Laos; Cambodia and Myanmar. Accordingly, income and financial benefits are great motivations for Vietnamese employees, particularly those working in luxury accommodation business in Da Nang. In fact, financial benefits enable employees to cover basic daily expenditures as well as other more advanced needs with reference to Maslow’s Hierarchy of Needs (Maslow, 1943). Moreover, in the past 10 years, Da Nang has become a leading city in tourism development attracting international and domestic tourists in Viet Nam (CBRE, 2022). This generates chances for higher income for people working in luxury accommodation business compared to those working in other fields. Also, implementing employee welfare policies has always been concerned and supervised periodically by both central and provincial governments, ensuring good practices in terms of policy implementation. If salary refers to short-term benefits, welfare is longer-term benefits ensuring employee’s living standards when they reach retiring age. In both short term and long term, material

factors have positive effects on employee retention in luxury accommodation business in Da Nang – Viet Nam. This finding is similar to that of (Msengeti & Obwogi, 2015); (Iqbal, et al., 2017); (Chiekezie, et al., 2017); (Biason, 2020).

Impact levels of non-material factors on employee retention in luxury accommodation business in Da Nang based on standardised Beta values are: manager’s support (at 0.250); corporate social responsibility (at 0.182); recognition and reward (at 0.181); working environment (at 0.175); Promotion opportunity (at 0.164); training and development (at 0.115); and the lowest is working condition (at 0.064).

Among non-material factors, manager’s support has the strongest effect on employee retention. Typical characteristics of service industry shows more direct communication between staff and customers, staff and managers than other manufacturing industries. The more frequent the direct communication is, the more likely conflict and disagreement happen. To address those conflicts and disagreements, employees have to be oriented, supported, and consulted for appropriate problem solving. At this point, managers will be the source of support for staff to overcome difficulties and challenges to complete assigned tasks successfully. In fact, the luxury accommodation business in Da Nang - Viet Nam has complied with regulations stated in the Viet Nam Hotel Quality Standards (TCVN-4319, 2015), in which hotel operation is delegated to department, service team, and working shift. This emphasizes the significance of direct manager in assigning tasks, supervising, recording

work results, and handling staff conflicts. In addition, since level of communication between staff and their direct manager is high, if there are conflicts between them, not only is staff's performance negatively affected, but also enterprise working efficiency reduces. As a result, manager's support is extremely important with employee retention in luxury accommodation business in Da Nang -Viet Nam. The research finding is in line with respect to Maslow's Hierarchy of Needs (Maslow, 1943), and experimental research by (Kim, 2012) on tourism in South Korea; (Fatima, 2011); (Arasanmi & Krishna, 2019).

Corporate social responsibility is ranked the second among 7 non-material factors affecting employee retention in luxury accommodation business in Da Nang – Viet Nam. An enterprise's good implementation of legal regulations, social norms, and commitment to its customer help them avoid legal problems, minimise conflict risks with customers. Limiting risks to the business also helps limit risks to its employees. At present, Viet Nam has completed legal documents and a system to monitor nationwide law enforcement, which contributes to improving the implementation of legal obligations and rights for all sectors of society and for accommodation business as well. Besides, the Viet Nam tourism association has regulated quantitative standards to control service quality and rate accommodation businesses (TCVN-4319, 2015), which are both a form of incentive and measure to require accommodation businesses to provide high-quality products and services as committed and worth published price on their media channels. In addition, enterprises have to invest a large sum of capital into modern, synchronous, qualified facilities and equipment for long-term and sustainable business to create prestige and branding. This motivates enterprises to perform good social responsibility. This finding is similar to the research by (Aminudin, 2013) in green hotel system in Malaysia.

Ranked the third is Recognition and reward factor. In fact, leaders' recognition creates a sense of respect, honour, and appreciation for employees, satisfying their need for dedication according the Maslow's Hierarchy of Needs (Maslow, 1943), and motivating them to stay longer with the enterprise. Currently, the luxury accommodation business in Da Nang has standardized and digitalized the evaluation of staff's performance according to KPI (Key Performance Indicator). In addition to facilitating convenient payment of salary and welfare, this system serves as a basis for recognition and awarding symbolic items to employees with outstanding achievements and exemplary initiatives on a yearly, quarterly, and monthly basis, which motivates staff to work with the enterprise for a long period of time. This finding is in line with Social Exchange Theory by (Emerson, 1976); experimental research by (Islam, et al., 2021) in hospitability in Bangladesh; (Fatima, 2011); (Noordin, et al., 2021).

longer (Fatima, 2011); (Hong, et al., 2012); (Alias, et al., 2014).

Environment factor is ranked the fourth among 7 non-material factors affecting employee retention in luxury accommodation business in Da Nang – Viet Nam. It describes communication and collaboration between departments of an enterprise with an aim of enhancing overall working efficiency. If this communication and collaboration is harmonious and supportive, employees will be motivated to stay with the enterprise (Kossivi, et al., 2016). This is also in line with respect to the Maslow's Hierarchy of Needs (Maslow, 1943). In fact, in Viet Nam in general and Da Nang in particular, in order to be rated with 4 stars and 5 stars (TCVN-4319, 2015), the accommodation business has to promulgate regulations on working time, collaboration mechanism and operational procedures in a synchronous and professional manner for quality assurance. Besides, it is obligatory to distribute appropriately staff into teams, shifts, and departments to enable convenient service providing and quality assurance. In this context, communication happens mostly between staff of the same teams, shifts, and units, contributing to limiting staff conflicts. The clear mechanism and professionalism help shape an attractive and friendly working environment to encourage employees to stay with the enterprise. This finding is in line with that of (Fatima, 2011); (Msengeti & Obwogi, 2015); (Kundu & Lata, 2017); (Tadesse, 2018); (Noordin, et al., 2021).

Promotion opportunity is ranked the fifth among 7 non-material factors affecting employee retention in luxury accommodation business in Da Nang – Viet Nam. Presently, most of the accommodation businesses in Da Nang are privately owned and FDI enterprises (Vu, 2022), thus, their mechanism of staff promotion and appointment is not so complicated as that of the public sector. The most important basis for staff promotion and appointment is work efficiency and benefits brought about by employees with the focus on staff performance evaluation using KPI. This creates a sense of trust and confidence for employees to foresee promotional chances as a source of motivation for their stay with the enterprise. This finding is similar to that of (Fatima, 2011); (Kossivi, et al., 2016); (Biaison, 2020).

The next factor in line is training and development. Presently, there are training programmes for new employees, staff internal transfer, new products and service provision, which help improve staff's knowledge, skills, and attitude to better meet requirements of Viet Nam Hotel Quality Standards (TCVN-4319, 2015). Thanks to these programmes, employees feel more confident to complete assigned tasks, maintain their positions, and increase income accordingly. Also, in the long run, if they are shifted to another position in the same enterprise or move to another one, their accumulated knowledge and acquired skills will be an advantage to negotiate benefits during recruitment interview. In this respect, the enterprise development of effective training plans with clear roadmaps helps attract their employees to stay

Ranked the lowest among 7 non-material factors is working condition. Good working condition is actually



desired by all staff, yet, this factor does not have a strong effect in employee retention in luxury accommodation business in Da Nang. It can be explained by the existing good, modern facilities of 4-star and 5-star hotels as required by Vietnam Hotel Quality Standards (TCVN-4319, 2015). Also, compliance to legal requirements and organization regulations have become both an obligation and rights of employees. Another reason to this is strictly periodical supervision and inspection of implementation of the Labour Law by authorities at all levels in Viet Nam. Altogether, they contribute to facilitating luxury accommodation businesses in Da Nang to better implement policies with respect to Labour Law to create a friendly, secure, and good working environment, both physically, legally and mentally, resulting in a sense of trust and loyalty for employees to stay with the enterprise for a long time (Edgar & Geare, 2005); (Markowitsch, 2018); (Ashraf, 2019).

Empowerment and working pressure have no effects on employee retention in luxury accommodation system in Da Nang – Viet Nam. A typical characteristic of luxury accommodation business is professionalism and delegation to department, team, and working shift, which requires a strict compliance with existing step-by-step procedures to ensure stable service quality rather than flexible empowerment. In fact, flexible empowerment or delegation of rights may lead to asynchrony among staff in service provision. This is appropriately perceived by both employees and managers, thus, empowerment has no effects on staff retention. In terms of working pressure, working in luxury accommodation business in Da Nang and Viet Nam has been considered one of the jobs that do not cause much pressure compared to other sectors. Consequently, working pressure is not a reason for employee turnover in luxury accommodation business in Da Nang.

#### IV. CONCLUSION

The research findings show levels of effects of both material factors (including salary and welfare), and non-material factors (including Corporate social responsibility; Working condition; Working environment; Training and development; Recognition and reward; Promotion opportunities; and Manager’s support) on employee retention of luxury accommodation business in Da Nang. Regarding factors affecting employee retention, the aforementioned factors in this research have just explained about 70.6% of all related factors. This paper also explains the reasons why the two factors of empowerment and working pressure have no effects on employee retention in luxury accommodation system in Da Nang – Viet Nam.

In addition, other external objective factors affecting employee retention in luxury accommodation system in Da Nang – Viet Nam namely COVID-19 pandemic; decrease in the number of international tourists visiting Da Nang; strong competition within luxury accommodation business; development of other industries; and labour shifts according

to the labour market or employees’ needs for dedication to the business have not been considered. These will be future research topics about employee retention in luxury accommodation system in Da Nang – Viet Nam.

**Acknowledgement:** This research is partly funded by the University of Danang, University of Economics, Viet Nam.

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### Appendix 1: Questionnaire

N0	Symbol	Content	Loading value	References
<b>I</b>	<b>ER</b>	<b>Employee retention</b>		
1	ER1	I want to stay with the company for a long time	.919	(Nguyen & Duong, 2020), (Lyons, 1981), (Butt, et al., 2020)
2	ER2	If I had to quit work for a while (for example because of personal/family reasons), I would return to this company	.926	(Arasanmi & Krishna, 2019), (Kyndt, et al., 2009)
3	ER3	If I wanted to do another job or move to another position, I would look first at the possibilities within this company	.877	(Arasanmi & Krishna, 2019), (Kyndt, et al., 2009)
<b>II</b>	<b>SA</b>	<b>Salary</b>		
1	SA1	I am satisfied with my salary package offered by the company	.735	(Schlager, et al., 2011), (Butt, et al., 2020), (Ohunakin, et al., 2019), (Frye, et al., 2020)
2	SA2	I receive reasonable salary when compared to similar positions at other organizations	.787	(Frye, et al., 2020)
3	SA3	I feel I am paid a fair salary for the assigned tasks.	.793	(Frye, et al., 2020)
4	SA4	I agree with salary rise proposal	.694	(Frye, et al., 2020)
<b>III</b>	<b>WE</b>	<b>Welfare</b>		
1	WE1	Company provides other bonuses apart from my salary	.602	(Ohunakin, et al., 2019)
2	WE2	Company offers paid vacation	.560	(Frye, et al., 2020), (Schlager, et al., 2011), (Butt, et al., 2020), (Ohunakin, et al., 2019)
3	WE3	Company offers health-related welfare	.516	(Frye, et al., 2020), (Schlager, et al., 2011), (Butt, et al., 2020), (Ohunakin, et al., 2019)
4	WE4	Company offers accommodation support	.688	(Adjeikwame, 2019)
5	WE5	Company offers clear welfare plan for employee turnover	.544	(Frye, et al., 2020), (Schlager, et al., 2011), (Butt, et al., 2020), (Ohunakin, et al., 2019)
<b>IV</b>	<b>CSR</b>	<b>Corporate social responsibility</b>		
1	CSR1	Company adheres to legal regulations.	.720	(Fadun, 2014), (Zainee & Puteh, 2020)

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2	CSR2	Company provides products that meet legal requirements	.781	(Fadun, 2014), (Zainee & Puteh, 2020)
3	CSR3	Company has clearly defined code of ethics	.770	(Fadun, 2014), (Zainee & Puteh, 2020)
4	CSR4	Company implements programmes to minimize negative impacts on the environment	.689	(Fadun, 2014), (Zainee & Puteh, 2020)
5	CSR5	Company respects its commitments to customers	.780	(Latif, et al., 2020)
<b>V</b>	<b>WC</b>	<b>Working Condition</b>		
1	WC1	Company provides safe working conditions with respect to the Labor law	.689	(Zainee & Puteh, 2020), (Fadun, 2014)
2	WC2	Company regulates suitable working hour patterns	.762	(Ohunakin, et al., 2019)
3	WC3	Company implements policies toward employees as commitment	.724	(Frye, et al., 2020)
4	WC4	Company’s physical working conditions meet employee’s expectations	.859	(Frye, et al., 2020)
<b>VI</b>	<b>WE</b>	<b>Working Environment</b>		
1	WE1	Company has a friendly working environment	.859	(Schlager, et al., 2011), (Butt, et al., 2020), (Ohunakin, et al., 2019)
2	WE2	Company gives a respectful environment	.824	(Schlager, et al., 2011), (Butt, et al., 2020)
3	WE3	Company develops strong team spirit	.781	(Schlager, et al., 2011), (Butt, et al., 2020)
4	WE4	Company has employee-related policies that are well communicated to all departments	.748	(Asiedu, 2015)
<b>VII</b>	<b>TD</b>	<b>Training &amp; Development</b>		
1	TD1	There are many opportunities for employees to develop their personal skills	.585	(Nguyen & Duong, 2020)
2	TD2	Employees receive good training from the company	.591	(Schlager, et al., 2011), (Butt, et al., 2020), (Nguyen & Duong, 2020)
3	TD3	Employees are encouraged to share training experiences	.565	(Abba, 2018)
4	TD4	Employees experience good mentoring culture since recruitment	.568	(Schlager, et al., 2011), (Butt, et al., 2020)
5	TD5	Employees are motivated to develop their own work-related interests	.657	(Kyndt, et al., 2009)
<b>VIII</b>	<b>RR</b>	<b>Recognition and Reward</b>		
1	RR1	I am noticed by manager when doing a good job	.773	(Frye, et al., 2020)
2	RR2	I am recognised for good performance	.764	(Khan & Jabbar, 2013), (Sidhu & Nizam, 2020)
3	RR3	I am given non-monetary rewards for excellent performance	.764	(Pousa & Mathieu, 2014), (Sidhu & Nizam, 2020)
4	RR4	I am generally motivated as I am recognized and rewarded	.811	(Pousa & Mathieu, 2014), (Sidhu & Nizam, 2020)
<b>IX</b>	<b>PO</b>	<b>Promotion Opportunity</b>		
1	PO1	I have a chance for advancement on my job	.769	(Ohunakin, et al., 2019)
2	PO2	I am communicated with well defined promotion criteria	.754	(Ohunakin, et al., 2019)
3	PO3	I agree that the performance evaluation in my company is fair	.756	(Ohunakin, et al., 2019)
4	PO4	I am promoted based on my working performance	.768	(Ohunakin, et al., 2019)
<b>X</b>	<b>MS</b>	<b>Manager’s Support</b>		
1	MS1	Manager gives me useful feedback about how to improve my work efficiency	.705	(Ohunakin, et al., 2019), (Kyndt, et al., 2009), (Frye, et al., 2020)

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2	MS2	Manager actively listens to my suggestions	.725	(Ohunakin, et al., 2019), (Kyndt, et al., 2009), (Frye, et al., 2020)
3	MS3	Manager backs up his/her employees before top management	.694	(Ohunakin, et al., 2019), (Kyndt, et al., 2009), (Frye, et al., 2020)
4	MS4	Manager tries to understand the problems employees experience in their work	.693	(Kyndt, et al., 2009)
<b>XI</b>	<b>EM</b>	<b>Empowerment</b>		
1	EM1	Company gives me the chance to try out some of my own ideas	.642	(Frye, et al., 2020), (Schlager, et al., 2011), (Butt, et al., 2020), (Kyndt, et al., 2009)
3	EM2	Company gives me the chance to do the kind of work that I do best	.679	(Frye, et al., 2020), (Kyndt, et al., 2009)
4	EM3	Company allows me to try something different at work	.650	(Kyndt, et al., 2009)
<b>XII</b>	<b>WP</b>	<b>Work Pressure</b>		
1	WP1	I think the work pressure in my company is too high	.947	(Kyndt, et al., 2009)
2	WP2	I think that my job requires too many different things from me	.947	(Kyndt, et al., 2009)
3	WP3	I feel depressed of deadlines in my company	.961	(Kyndt, et al., 2009)
4	WP4	I feel depressed of competition in my company	.950	(Kyndt, et al., 2009)