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What factors influence Generation Y's employee retention in the hospitality industry?: An internal marketing approach

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ABSTRACT

Individuals from Generation Y are entering into the hospitality job market, but little is known about their intention to remain in the hospitality business. The purpose of this study was to examine what factors affect a Generation Y employee's intention to remain with a hospitality company with respect to internal marketing tactics. Qualtrics, an online survey service company, was used to distribute and collect a self-administered questionnaire survey. A theoretically proposed model was tested using structural equation modeling. The results of this study indicated that "work environment" significantly influence Generation Y employees' job satisfaction, followed by "empowerment," "pay," and "relationships with managers," which in turn, influences "employee commitment" and "intention to remain in hospitality business." The implications of the study are discussed.

1. Introduction

Job turnover rates in the hospitality industry are alarmingly high and have an impact on both a hospitality company's financial performance and its employee morale. Turnover increases a company's spending because it is costly to replace departing employees (Brown et al., 2015; Hinkin and Tracey, 2000). A study of restaurant employee turnover proved that the cost of losing and replacing one hourly employee can be as high as \$5864; and if a restaurant maintains a 73% annual employee turnover rate, the restaurant potentially loses \$428,072 or more annually as a result (Tracey and Hinkin, 2006). Hospitality companies desire to minimize their operating costs, which is why it is important to attempt to determine the causes of job turnover and to increase employee retention (Lu and Gursoy, 2016). The higher a company's job turnover rate, the more money will have to be spent on recruiting, hiring, and training new employees. High job turnover rates also cause resentment among seasoned employees who have to pick up the slack for slower and less experienced colleagues (Dermody et al., 2004).

One of the possible reasons for high job turnover in the hospitality industry is that hospitality businesses rely heavily on young employees. According to most recent restaurant industry data, more than two million teenagers get their first job in the restaurant industry and a number of students begin their careers in the catering industry,

resulting in a high staff proportion of jobs being staffed by students ("National Restaurant Association," 2018). Additionally, student employees' work schedules are often affected by their academic and holiday commitments, which frequently create scheduling challenges and contributes to a perception of less than total commitment to the employer and the job. Such perception, in turn, fosters an environment of high employee turnover. In addition, many owners and managers in the hospitality industry believe that the turnover rates will decrease if pay is increased; however, pay is a factor that initially attracts employees but does not predict their retention (DiPietro and Milman, 2008). Employees have stated that extrinsic rewards of jobs are not as important as intrinsic rewards, such as recognition, work autonomy, sense of achievement etc., and those non-physical rewards have a significant impact on employee turnover (Price and Mueller, 1986).

Several studies suggested that one way to improve employees' job satisfaction is through internal marketing. This is an intentional process designed to engage employees whereby a firm or organization promotes itself, its policies, benefits, and work cultural to its associates, who are referred to as "internal customers" (Ahmed and Rafiq, 2003; Arnett et al., 2002; Hwang and Der-Jang, 2005; Kusluvan et al., 2010; Shiu and Yu, 2010). Internal marketing can benefit an organization immensely because it will typically reduce the rate of employee turnover (Lings and Greenley, 2010; López-Cabarcos et al., 2015; Nadiri and Tanova, 2010). For example, when a company recognizes and treats their

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employees as internal customers, employees will likely feel more appreciated, engaged, valued by their employer, and resultantly, more satisfied with their organization (Arnett et al., 2002). An employee's relationship with their supervisors and managers, their feelings of empowerment, and the conditions of their work environment (Nadiri and Tanova, 2010) are all factors that can impact the success of an internal marketing strategy.

In addition to identifying and implementing successful human resource strategies, such as recruitment and retention, it is imperative that hospitality companies understand the work value differences among older and younger employees, especially in current ever-evolving workplace. The latest 2017 United States Census indicated that the U.S. population has reached 327 million people, with 37 percent of the population being born between 1980 and 2000 ("Estimates of U.S. population by age and sex," 2017). Baby Boomers were born 1946–1964, members of Generation X were born 1965–1979, and those born between 1980 and 2000 are often referred to as "Generation Y" or "Millennials" (Bolton et al., 2013; Huh and Chang, 2017; Kim et al., 2016; Naim and Lenka, 2017; Rentz, 2015). The attitudes, commitments, and motivations of these varying generations within the workplace are not consistent and, as such, must be realized if an employer chooses to engage in an internal marketing strategy.

A study conducted by Josiam et al. (2009) determined that Generation Y employees tend to have strong positive work attitudes, and are less cynical about work and less motivated by money than their predecessors. Millennials often choose to work for a company that cares about society, and they refuse to work for an employer that does not embrace corporate social responsibility ("Cone communications millennial csr study," 2015). Overall, Generation Y values the work environment, their relationship with supervisors and managers, individual responsibility (Kim et al., 2016), and challenging work (Naim and Lenka, 2018) as more important factors in a job than Generation X or Baby Boomers (Eisner, 2005). These are important concepts for employers and managers to understand and acknowledge; otherwise, they may face considerable challenges related to motivation, job recruitment, and retention (Josiam et al., 2009; Kim et al., 2016; Naim and Lenka, 2017).

Although Generation Y employees seem to have different perceptions and attitudes about their working preferences and job satisfaction from other generations, most hospitality employers have paid minimal attention to understanding their Generation Y employees and how to increase employee commitment, and by extension, their intent to stay with the company. Therefore, the purpose of this study was to examine what factors affect a Generation Y employee's intention to remain with a hospitality company. More specifically, this study investigated the relationships between internal marketing tactics (i.e., empowerment, work environment, relationships with managers, and pay), job satisfaction, employee commitment, and employee's intention to remain. The question guiding this study is: What factors may influence Generation Y employees' retention in the hospitality industry?

2. Literature review

The literature review focused on previous studies that addressed the contemporary trends of hospitality employee turnover, internal marketing tactics, and the linkage among internal marketing tactics such as job satisfaction, employee commitment, and intention to remain in the hospitality business.

2.1. An overview of hospitality employee turnover trends

According to a report of labor force statistics about the current population (Demographics, 2018), the number of employees between 20 to 24 years of age in the manufacturing industry increased by 4.5% while those between 25 to 34 years of age increased by 2.6% from years 2017 to 2018. By comparison, the number of employees between 20 to

24 years old that were employed in the leisure and hospitality industry decreased by 1.3%; and those between 25 to 34 years of age decreased by 3.0% between 2017 to 2018. In general, total employee turnover has increased over the last five years, rising from 15.7% in 2014 to 19.3% in 2018. Additionally, hospitality employee turnover held the highest level of all industries at 31.8%, followed by 20.4% for healthcare employees and 20% for manufacturing employees, as reported by the 2018 Turnover Report (Salarycom, 2018).

The hospitality industry is often characterized as a labor-intensive, people-focused, service industry in which frontline employees are critical to the firm's success (Guillet and Mattila, 2010; King et al., 2011; Tepeci, 1999). Reducing employee turnover can save training and recruiting dollars, lead to increased customer service, and reduce employee stress caused by being short staffed (Arnett et al., 2002; DiPietro and Milman, 2008). Not only can research on turnover help determine effective means to control a hospitality company's financial losses but it can also help managers identify why Generation Y employees stay, allowing them to better meet the needs of employees, satisfy them, and promote retention (Kim and Jogaratnam, 2010).

2.2. Internal marketing and job satisfaction

Internal marketing is managing a company's human resources based on a marketing perspective (Kotler et al., 2017; Wildes and Parks, 2005). One way to improve employees' job satisfaction is through internal marketing, which can have important payoffs for a company because it will reduce the rate of employee turnover (Arnett et al., 2002; Hoffman and Bateson, 2010). The underlying premise is that when a company treats their employees as internal customers, employees will be more satisfied with their organization.

The idea of the internal customer emerged in the mid-1980s and brought forth the importance of internal service quality. An internal customer philosophy exists when a company regards its employees as customers because employees depend on the output of other employees in order to serve their external customers (Paravantis et al., 2009). Former CEO of Starbucks, Howard Schultz, pointed out that his company's success was not dictated by how many coffees were sold to customers, but rather by taking care of his employees, who then take care of customers and community (Gallo, 2016). Internal marketing practices involve not only reflecting a strategic orientation of companies that includes caring about the well-being of employees, but also generating and disseminating information that meets the needs of those employees (Lings and Greenley, 2010). For instance, Huang and Rundle-Thiele (2014) showed that internal marketing practices, such as internal communication and training, influenced hospitality employees' level of job satisfaction, which in turn, affected their job performance positively. An empirical study about hotel employee satisfaction also revealed that hotel employees are more sensitive to communication and trust within their work team than to financial compensation (Lee and Way, 2010). Such internal marketing practices have a strong positive influence on job satisfaction, particularly in the hospitality industry (Huang and Rundle-Thiele, 2014; Hwang and Der-Jang, 2005; Yang, 2010).

2.3. Linkage between empowerment and job satisfaction

An empowered employee responds more quickly to customer service requests and complaints and is more engaged during service encounters (Lashey, 1999). In order to empower employees, managers should: explain what empowerment is, change their own behavior to create an empowered work environment, empower and train the right employees, communicate expectations, align reward and recognition programs, have patience, and expect problems (Gill et al., 2011; Kotler et al., 2017). If there is little empowerment in an organization, there will most likely be low employee retention. Low retention rates will lead to performance problems such as inferior customer service, low

productivity, and high labor costs. A study has shown a negative relationship between high empowerment and employees' intent to quit (Gill et al., 2011). Kim et al. (2009) suggested that Generation Y employees should be empowered to enhance their positive working experience. To test the relationship between employee empowerment and employee job satisfaction, the following hypothesis is proposed.

Hypothesis 1. Empowerment in the hospitality business positively influences Gen Y employees' job satisfaction.

2.4. Linkage between work environment and job satisfaction

Several studies have shown that employees are looking for jobs that offer growth opportunities, competent leadership, fair compensation, and fairness within the working environment (Lam et al., 2001; Nadiri and Tanova, 2010; Stewart et al., 2017; Walsh and Taylor, 2007). Nadiri and Tanova (2010) showed that organizational justice, such as fair rewards, being listened to, and being treated with courtesy, was an influential factor that make employees satisfied with their job and remain in the hospitality company. This finding is similar to the findings of López-Cabarcos et al. (2015) that the fairness within working environments influenced hospitality employees' job satisfaction on organizational commitment in Portugal's hotel industry.

If employees can take on more challenging and interesting jobs, they will be more involved and emotionally invested in their company and less likely to leave (Brown et al., 2015; Kim and Jogaratnam, 2010; Shiu and Yu, 2010). For example, Brown et al. (2015) found that Generation Y is more optimistic and confident than Generation X or Baby Boomers; they thrive on challenging work. They expect promotions and prefer constant feedback and/or recognition from their supervisors (Kultalahti and Liisa Viitala, 2014). If managers are unaware of what Generation Y workers look for in the work environment, they will face problems with motivation, recruitment, and retention (Josiam et al., 2009). In addition, Lee and Way (2010) pointed out that a work environment where employees achieved a feeling of satisfaction can be linked to retention of quality employees and the quality of external service. Thus, the following hypothesis is proposed based on the literature review:

Hypothesis 2. A work environment that is perceived favorably by Generation Y employees in the hospitality business positively influences their job satisfaction.

2.5. Linkage between employee relationships with managers and job satisfaction

Employees consider their relationship with their managers and supervisors to be the most important relationship in the workplace (Walsh and Taylor, 2007). Generation Y employees are not different. In fact, they place more importance on their relationships with managers than previous generational employees have (Eisner, 2005). They consider their relationship with their managers to be one of the important motivation factors in the workplace (Kim et al., 2009; Kultalahti and Liisa Viitala, 2014). Generation Y workers want to develop a sense of belonging and to be appreciated as a human being; they seek to work in a healthy workplace and receive support for growth from their managers (Kultalahti and Liisa Viitala, 2014). In general, a strong positive relationship between employees and managers will create greater job satisfaction (Mardanov et al., 2007) and reduce turnover. Based on the previous studies, this current study proposes the following hypothesis between managers and employees:

Hypothesis 3. A positive relationship between managers and employees increases Gen Y employees' job satisfaction.

2.6. Linkage between pay and job satisfaction

Some studies have determined that salary affects job satisfaction (Ghiselli et al., 2001; Qenani-Petrela et al., 2007). Ghiselli et al. (2001) found that managers' job satisfaction increased as their salary increased and that salary was also the most frequent response for why managers might leave. This could indicate that employees were not satisfied with the relationship between hours worked and monetary value received. Financial compensation was found to have a significant influence on the satisfaction of employees (Arnolds and Boshoff, 2004). Frequently, individuals view their remuneration as an indication of their value to the organization. Poor pay along with the lack of recognition often contribute to employee job dissatisfaction, leading to high employee turnover (Nel et al., 2005). Studies within generational categories indicate that Generation Y employees follow the same trend (Qenani-Petrela et al., 2007; Queiri et al., 2014). Good wages and compensation provide Generation Y employees with job satisfaction (Qenani-Petrela et al., 2007) resulting in an intent to remain (Queiri et al., 2014). Generation Y employees ranked good wages as the top important factor that motivated them to work (Qenani-Petrela et al., 2007). Based on the previous studies, this study proposes the following hypothesis:

Hypothesis 4. Generation Y employees who are satisfied with their pay have positive job satisfaction.

2.7. Linkage between job satisfaction and employee commitment

Increasing an employee's job satisfaction also has other positive effects, such as increasing the interest of prospective employees and the delivery of better customer service (Gallo, 2016). Not only do satisfied employees tend to spread positive word of mouth about their organization to others, they also tend to stay with that organization longer (Back et al., 2011; DiPietro and Milman, 2008). A strong inverse relationship between job satisfaction and intent to leave an organization or the hospitality industry was found (Yang, 2008). Clearly, job satisfaction positively influences an individual's commitment to the organization (Back et al., 2011; Yang, 2008). Job satisfaction leads to a higher level of organizational commitment and a possible lower turnover rate (Back et al., 2011). The findings of the relationship between employees' job satisfaction and their organizational commitment are similar to some Generation Y employee studies, which indicate that satisfied Generation Y employees seem to be more committed to their employer (Brown et al., 2015; Park and Gursoy, 2012). However, Park and Gursoy (2012) pointed out that Generation Y employees are less likely to leave their organization than their predecessors are as long as they feel experience in their job. Based on the previous studies, the following hypothesis is proposed to test a relationship between employees' job satisfaction and their commitment to an organization:

Hypothesis 5. Satisfied employees are most likely to have a strong commitment to their organization.

2.8. Linkage between employee commitment and intention to remain

Research has found that committed employees are less likely to leave their organization (Back et al., 2011). Labatmediene et al. (2007) found a strong negative correlation between intention to leave an organization and organizational commitment. Therefore, more committed employees are less likely to have intentions of leaving an organization than less committed employees. Naim and Lenka (2018) suggested that a company that focuses on Generation Y employee's competency development will benefit both from greater employee commitment to the organization and greater intention for an employee to remain with the company. This finding is in the line with the previous study of Park and Gursoy (2012), who showed that if Generation Y employees are deeply committed to their work roles, they are likely to

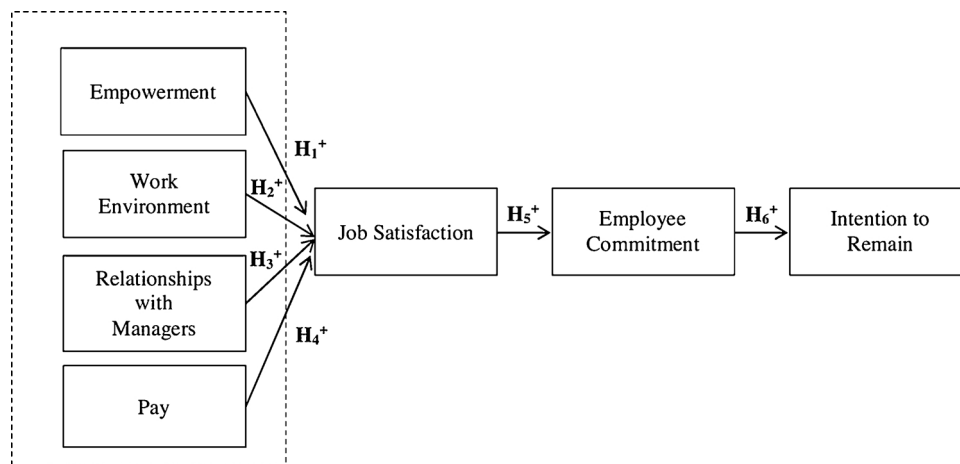


Fig. 1. A Proposed Model.

stay in the organization. The stronger an employee's commitment to their organization, the higher the retention rate will be. As a result, the following hypothesis was intended to test a relationship between employee commitment and their intention to remain in the hospitality business:

Hypothesis 6. Generation Y employees who have strong commitment to an employer's organization are more likely to remain in the hospitality business.

Based on the literature review, a proposed model is presented in Fig. 1.

3. Method

3.1. Measurement development

A series of measurement items were developed through the extensive review of literature in job motives and satisfaction (Brown, 2003; DiPietro and Milman, 2008; Firth et al., 2004; "Minnesota satisfaction questionnaire," 1977). The initial questionnaire was then refined with a careful review by an expert panel comprised of educators and researchers in hospitality management higher education. A pilot test was conducted with 150 hospitality management students currently enrolled in four-year hospitality management degree programs to ensure the content validity of the measures. The final questionnaire was comprised of four sections: 1) consent form, 2) internal marketing factors and job satisfaction, 3) intention to remain, and 4) respondents' socio-demographics. The consent form included the purpose of the study, the respondent's privacy protections, the researchers' contact information, and the participant's signature. A series of statements were included to measure survey participants' perceptions of employee empowerment, work environment, relationship with managers, pay, job satisfaction, and employee commitment. In this question section, respondents were asked to express their opinions using a five-point Likert scale with "1 = Strongly disagree," "2 = Disagree," "3 = Neutral," "4 = Agree," and "5 = Strongly agree." In section 3, four questions were included to measure employees' intention to remain in their job. In this section, respondents were asked to reveal their intention to remain in the hospitality business using a five-point scale with "1 = Very often", "2 = Fairly often", "3 = Sometimes", "4 = Occasionally", and "5 = Rarely"; "1 = Very likely", "2 = Likely", "3 = Not sure", "4 = Unlikely", and "5 = Very unlikely"; "1 = Less than 3 months", "2 = 3-5 months", "3 = 6-8 months", "4 = 9-11 months", and "5 = Above 12 months". In the last section of questionnaire, a series of socio-demographic queries were included to identify respondents' longevity of working at their current job, number of months of hospitality

experience, year they were born, gender, age, ethnic background, education, income, residential zip code, and citizenship.

3.2. Data collection

The population of this study are Generation Y employees who currently work in the hospitality industry and those who were born between 1980 to 2000. A web-based online survey was developed to collect data from panels of Qualtrics, an online market research company. Its panels are made up of more than 95 million people around the world. The panels participants met the following criteria to be sampled for the study: 1) study participants were born between 1980 to 2000 and reside in the United States, and 2) study participants must be employed by a hospitality business at the time they participated in the survey. After these screening questions, the qualified respondents were asked to answer all questions completely and thoroughly using at least pre-assigned minimum duration time. The data were collected during the second quarter of 2018; the data collection period was two weeks long. A total of 358 complete responses were collected for the initial data screening process. After deleting three outliers, a total of 355 usable responses were eventually retained for data analysis.

3.3. Data analysis and procedures

For data analysis, frequency and descriptive analyses were conducted to summarize respondents' socio-demographic characteristics. To test a theoretically proposed model, three steps of structural equation model (SEM) were employed (HOE, 2008; Schumacker and Lomax, 2004). The first step, model specification, was to specify the hypothesized model and explain how latent and indicator variables are related in a diagram. The second step, model identification, was followed to test whether the initial theoretical model fit well with the observed data. If the initial model would not fit the data well, some indicator variables would be removed from the model and then the model would be retested. The last step, model estimation, was to estimate the relationships between variables in the model. The estimated values indicated how strong, moderate, or weak each variable is related to each other. IBM SPSS Amos 20 was utilized to test the hypothesized theoretical relationships simultaneously.

4. Results

4.1. Socio-demographic profile

Frequency analysis was performed to review the overall profile of respondents' socio-demographics. A majority of respondents were

Table 1
Respondent's Socio-demographic Profile (N = 355).

Variable	Number of Respondents	Percentage of Respondents
Gender		
Female	209	59.0%
Male	145	41.0%
Total	354	100%
Age (Year Born)		
18-23 years old (1995-2000)	71	20.0%
24-29 years old (1989-1995)	115	32.4%
30-35 years old (1983-1988)	86	24.2%
36-38 years old (1980-1982)	83	23.4%
Total	355	100%
Education		
High school or less	102	28.7%
Some college or Associate (two-year) degree	140	39.5%
Baccalaureate (four-year) degree	91	25.6%
Post graduate studies	17	4.8%
Other	5	1.4%
Total	355	100%
Income		
Mean	\$35,765.41	\$2980.45 per month
Median	\$28,000.00	\$2333.33 per month
Mode	\$50,000.00	\$4166.67 per month
Ethnicity		
White/Caucasian	242	68.2%
Black/African American	36	10.2%
Hispanic/Spanish American	42	11.8%
Asian/Pacific Islander	20	5.6%
American Indian/Alaskan Native	6	1.7%
Other	9	2.5%
Total	355	100%

Note. The number of respondents varies due to missing answers.

females. Half the respondents were born between 1989 and 2000; they were between 18 and 29 years of age when they participated in the survey. A majority of respondents completed either two years or four years of college education. The respondents' median income was \$28,000 per year. More than two thirds of respondents were White/Caucasian followed by African American. A profile of respondent's socio-demographic information is summarized in Table 1.

4.2. Confirmatory factor analysis

As displayed in Table 2, the study estimated the measurement model by employing Maximum Likelihood Estimation (MLE) requiring a number of sample greater than 100 participants (Ding et al., 1995); therefore, the sample size of the study (N = 355) was adequate to be assessed with Confirmatory Factor Analysis (CFA). The initial hypothetical model was tested to assess the model fit. The first testing result showed that the model did not fit the observed data well. Prior to the second round of testing, indicator variables that had weak relationships with each latent construct were removed from the model based on the factor loadings of less than 0.50 (e.g., EP6, RM2, IR3) from the first testing result (Anderson, 1987). For instance, the "Empowerment (EP)" latent construct was measured by seven indicator variables; but one indicator variable, "EP6: My organization allows me to be responsible for the work of others," illustrated a weak relationship with other indicator variables. Therefore, these scales were removed from the second round of model testing. All factor loadings ranged from 0.82 to .92, indicating that constructs could explain 40% of the variance of the corresponding items if the factor loading of each item was greater than 0.63 (Tabachnick and Fidell, 2007).

A series of model construct validity assessments were carried out through examining the factor loadings, their associated t-values, composite reliability, and the average variance extracted (Fornell and

Larcker, 1981). With a factor loading of at least 0.65 and t-values ranging from 10.09 to 24.46 at a 0.01 level, two-tailed, convergent validity was satisfied (Bagozzi et al., 1991; Fornell and Larcker, 1981). The internal consistency of model constructs was established by the results of a composite reliability test indicating that their values ranged from 0.82 to .93, thus satisfying the required level of .60 (Hair et al., 2010). In addition, the average variances extracted (AVE) demonstrated that their values exceed 0.50, which means that the measurement error variance was less than the variance captured by the latent variable and that measurement error was not driving the results (Barclay et al., 1995).

An overall fit of the modified model was assessed using the following indexes: the chi-square (χ^2) test, the comparative fit index (CFI), the normed fit index (NFI), the root mean square error of approximation (RMSEA) and others. The proposed model in general was found to fit to the data satisfactorily ($\chi^2 = 2093.45$, $df = 696$, $\chi^2/df = 3.01$, $p < 0.00$, RMSEA .08, CFI = 0.86, NFI = 0.81, PNFI = 0.76, PCFI = 0.81), although some of fit indices were close to the exact cutoff thresholds proposed by Hu and Bentler (1999) and Meyers et al. (2016). Overall, approximate fit was sufficient to establish the validity of the model. Specifically, since the root mean square error of approximation (RMSEA) index is appropriate in more confirmatory contexts (Rigdon, 1996), it was concluded that the proposed model fits well enough to yield interpretable parameters. With regard to adequate parsimony correction, two parsimony of fit indices (PCFI: Parsimony Normed Fit Index and PNFI: Parsimony Comparative Fix Index) proved that the proposed model is theoretically rigorous enough with few necessary paths (Hooper et al., 2008).

4.3. Hypothesis testing

Based on the results of Confirmatory Factor Analysis, six hypotheses were tested to examine the relationships among internal marketing factors (empowerment, work environment, relationships with managers, and pay), job satisfaction, employee commitment, and intention to remain in the hospitality business. As presented in Table 3, each of the six hypotheses (H₁–H₆) were supported by the data in the proposed model. The results showed that empowerment positively influenced employee's job satisfaction ($\beta = 0.45$, $t = 8.54$, $p < .001$, two-tailed); a work environment that is perceived favorably by Generation Y employees in the hospitality business positively influenced employees' job satisfaction ($\beta = .54$, $t = 10.06$, $p < .001$, two-tailed); a positive relationship between managers and employees increased employee job satisfaction ($\beta = .20$, $t = 4.51$, $p < .001$, two-tailed); employees who were satisfied with their pay had positive job satisfaction ($\beta = .21$, $t = 4.71$, $p < .001$, two-tailed); satisfied employees were more likely to have a strong commitment to their organization ($\beta = .71$, $t = 9.39$, $p < .001$, two-tailed); employees who had strong commitment to an employer's organization were more likely to remain in the hospitality business ($\beta = .54$, $t = 7.56$, $p < .001$, two-tailed). In sum, all standardized path coefficients were above .20, so that they can be considered meaningful (Chin, 1998). The test results of relationships among them are also graphically summarized in Fig. 2.

5. Discussion

This study examined the relationships between internal marketing factors (i.e., empowerment, work environment, relationships with managers, and pay), job satisfaction, Generation Y employee commitment, and Generation Y employee intention to remain in the hospitality business. The results of the hypothesis testing showed that the internal marketing factors are positively associated with Generation Y employees' job satisfaction, which in turn, influences Generation Y employees' commitment to their organization and their intention to remain in the hospitality business. The following are managerial implications based on the findings of this study.

Table 2
Results of Confirmatory Factor Analysis.

Construct & Factor	Item	Factor Loading ^a (λ)	t value ^b	Composite Reliability ^c	AVE ^d
Empowerment (EP)				.87	.53
EP1	My organization gives me the chance to try out some of my own ideas	.76	N/A ^e		
EP2	My organization gives me the chance to do the kind of work that I do best	.69	12.80		
EP3	My organization allows me to make decisions on my own	.71	13.11		
EP4	My organization gives me the chance to make use of my best abilities	.75	13.97		
EP5	My organization gives me the chance to develop new and better ways to do my job	.71	13.24		
EP7	My organization allows me to try something different	.76	14.11		
Work Environment (WE)				.90	.55
WE1	I am satisfied with working conditions of my job	.82	N/A		
WE2	I am satisfied with the policies and practices toward employees of my company	.79	16.63		
WE3	I am satisfied with the physical surroundings where I work	.70	14.30		
WE4	I am satisfied with the pleasantness of the working conditions	.82	17.64		
WE5	The physical working conditions of the job match my expectations	.66	13.35		
WE6	My organization provides an environment in which I feel safe and secure	.67	13.47		
WE7	I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings	.73	14.96		
Relationship with Managers (RM)				.93	.68
RM1	I am satisfied with the way my boss (manager) treats the employees	.84	N/A		
RM3	My manager and I understand each other	.82	18.85		
RM4	My manager notices when I do a good job	.72	15.56		
RM5	I am satisfied with the way my boss handles his/her employees	.87	20.56		
RM6	My manager backs up his/her employees with top management	.84	19.73		
RM7	My manager is fair to me	.84	19.66		
Pay (PA)				.92	.70
PA1	I am satisfied with the amount of pay I receive for the work that I do	.89	N/A		
PA2	I receive reasonable pay when compared to similar positions at other organizations	.80	19.38		
PA3	I feel I am being paid a fair amount for the work I do	.90	24.46		
PA4	I feel appreciated by my company when I think about they pay me	.84	21.17		
PA5	I feel satisfied with my changes for pay increases	.73	16.79		
Job Satisfaction (JS)				.92	.54
JS1	I feel fairly well satisfied with my present job	.77	N/A		
JS2	I find real enjoyment in work	.69	13.03		
JS3	I get a feeling of accomplishment from my job	.70	13.24		
JS4	I feel that I am happy in my work	.81	15.56		
JS5	I am satisfied with my job for the time being	.69	12.91		
Employee Commitment (EC)				.89	.54
EC1	I really feel as if this company's problems are my own	.60	N/A		
EC2	I feel a strong sense of "belonging" to my company	.76	11.34		
EC3	I feel "emotionally" attached to this organization	.77	11.37		
EC4	I would feel guilty if I left my organization now	.65	10.09		
EC5	This company has a great deal of personal meaning to me	.82	11.83		
EC6	I owe a great deal to my organization	.77	11.38		
EC7	I am proud to work for this organization	.76	11.27		
Intention to Remain (IR)				.82	.61
IR1	How often do you think about leaving your present job?	.76	N/A		
IR2	How likely are you to look for a new job within 6 months?	.88	13.97		
IR4	I can see myself remaining at this job for another_____.	.68	12.23		

Note. Each item was measured by a 5-point Likert-type scale of 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree) except for Intention to Remain (IR) items. IR items were measured by an ordinal scale: IR1's scale consisted of 1 (very often), 2 (fairly often), 3 (sometimes), 4 (occasionally), and 5 (rarely); IR2's scale consisted of 1 (very likely), 2 (likely), 3 (not sure), 4 (unlikely), and 5 (very unlikely); IR4's scale consisted of 1 (less than 3 months), 2 (3–5 months), 3 (6–8 months), 4 (9–11 months), and 5 (above 12 months). Fit indices: $\chi^2(696) = 2093.45$, $\chi^2/df = 3.01$, $p < .00$, Root Mean Square Error of Approximation (RMSEA) = .08, Comparative Fit Index (CFI) = .86, Normed Fix Index (NFI) = .81, Parsimony Normed Fit Index (PNFI) = .76, Parsimony Comparative Fix Index (PCFI) = .81.

^a Standardized loading estimates.

^b t-values are greater than 2.58 at a 0.01 level, two-tailed.

^c Composite reliability shows internal consistency that should be greater than 0.60.

^d Average Variance Extracted (AVE) shows construct validity that should be greater than 0.50.

^e Not available due to parameter fixing at 1.0 for the maximum-likelihood estimation.

5.1. Managerial implications

Empowerment was one of the most influential factors that affect Generation Y employees' job satisfaction. Allowing Generation Y employees to try their own ideas and develop new ways to do their job were both important factors for job satisfaction. Generation Y

employees want to feel important at their company; they do not want to feel discounted or unheard. Being able to exercise a degree of control and autonomy within the workplace is essential for Millennials who detest being micro-managed and scrutinized as they perform their duties. In order to foster higher levels of satisfaction in the workplace, it is important for managers to create and promote an environment where

Table 3
Results of Hypothesis Testing.

Hypothesis	Hypothesized Path	Path Coefficients	t-value	Hypothesis Support
H ₁	EP → JS	.45	8.54 [*]	Yes
H ₂	WE → JS	.54	10.06 [*]	Yes
H ₃	RM → JS	.20	4.51 [*]	Yes
H ₄	PA → JS	.21	4.71 [*]	Yes
H ₅	JS → EC	.71	9.39 [*]	Yes
H ₆	EC → IR	.54	7.56 [*]	Yes

Note. Each abbreviation means EP (Empowerment), WE (Work Environment), RM (Relationships with Managers), PA (Pay), JS (Job Satisfaction), EC (Employee Commitment), and IR (Intention to Remain).

* $p < .001$.

employees are empowered to make decisions and shoulder greater responsibility. Generation Y employees value creativity much more than previous generations, which could be one reason why trying their own ideas in their job is so important to them. Most Generation Y employees have been educated in an environment that relies extensively on the use and adaption of technology coupled with individual critical reasoning skills. This is much different from the educational environment of older generations of employees who were raised to follow policies and procedures, to employ a structured and regimented process to identifying and solve challenges, and not to defy the status quo, unless it afforded greater profitability or competitive benefits to their sponsoring organization. Employers and managers should understand that allowing employees to try their own ideas and develop new ways of performing their job would encourage employees to be more creative. Promoting creativity can potentially lead to new, better, and more efficient ways to perform a job. This will likely not only decrease turnover but allow the business to grow, improve, and achieve greater profitability. From a human capital perspective, empowerment should be supported and encouraged by managers (Kim et al., 2009) because it is essential to achieving higher levels of employee job satisfaction, which will lead to higher retention rates.

Second, it is important for employers and managers to realize how important the actual work environment is to employees, otherwise their organization may suffer from low retention rates. The work environment was the most influential factor for Generation Y employees when deciding whether to remain in the hospitality business. The most important factors of the work environment for Generation Y employees are company policies and pleasantness of the working conditions. The results indicate that it is important for companies to ensure that employees understand all of the company's policies and procedures, but

forced compliance without input from the rank and file will not be met with a high level of support. Based on the characteristics of Generation Y employees, it is likely that they would prefer policies that allow them to be creative and active participants in the decision-making process. Hospitality businesses should try to create policies that allow employees to be creative, yet the policies also need to be clearly written. It is also important for managers to create a pleasant working environment for employees. In order to have a pleasant work environment the conditions need to be comfortable for employees. For instance, this could be as simple as ensuring the employee break room is clean, well-furnished, and appealing to provide employees with a workplace environment that they feel safe in. What is suggested is that employers seek out input across multiple channels from employees and then initiate such policies with a degree of moderating tolerance that enable said employees to retain perspectives of individuality and self-identity.

Third, Generation Y employees' relationship with their manager was a relatively moderate relationship that had an impact on Generation Y employees' job satisfaction. The two most important aspects of the relationships between Generation Y employees and managers were supportive and fair relationships (Kim et al., 2009). Managers need to be aware of how important their relationships with their employees are because Generation Y employees place more importance on these relationships than previous generations (Eisner, 2005). Having grown up in an age that advocates for social justice, much more than in the past, Generation Y employees want to be treated fairly and equitably by all, so managers should treat everyone fairly. It is very likely that managers will have favorite employees but it is extremely important that they do not favor those employees at the workplace. It can be uncomfortable for employees if they feel others are being favored; resultantly, they will begin to grow frustrated or resentful. These frustrations or resentment will eventually lead to those employees potentially lashing out against their employer or leaving their current job. Generation Y employees will also feel more satisfied with their jobs if their managers are supportive of them. Supportive managers advocate for their subordinates and ensure that training, tools, processes, and materials are provided for each employee to succeed. This is really no surprise as Millennials have grown up in a more affluent, technologically advanced, and better financed and educated society than have older generations. Most Millennials had accommodating parents, participated in inclusive student/youth organizations, and attended education institutions that afforded high levels of support that were designed to create well-rounded, albeit sometime dependent, citizens within society. Employees need to feel comfortable around their managers and should not be worried that their own managers will not support them. By creating fair and supportive relationships between

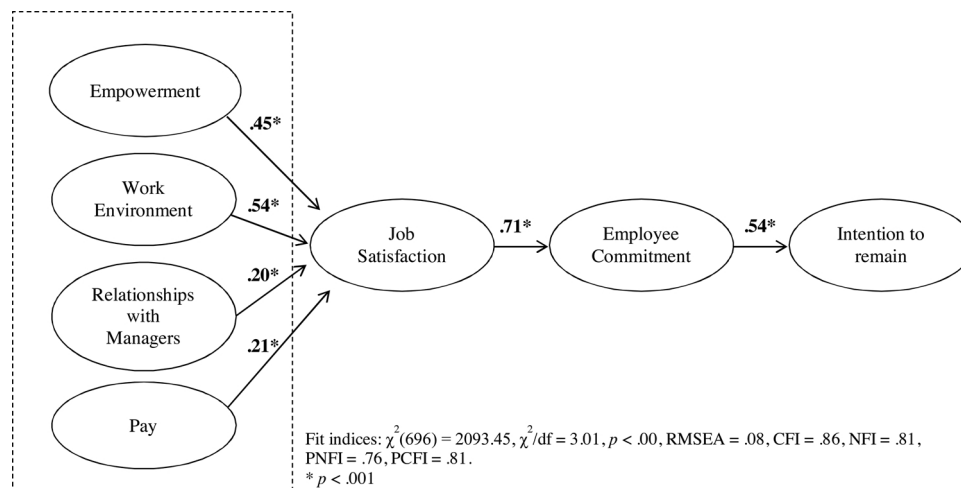


Fig. 2. Results of Hypothesis Testing.

managers and employees, Generation Y employees will be more satisfied with their job and less likely to seek out employment opportunities elsewhere.

Fourth, pay was a relatively moderate relationship and had an impact on a Generation Y employee's job satisfaction. However, it is still one of the most important extrinsic rewards that influences job satisfaction (Qenani-Petrela et al., 2007; Queiri et al., 2014). The main reason why pay is a relatively moderate association for Generation Y employees can be that they do not have a family to support yet at this stage of their careers. Since Generation Y employees are younger and tend to marry and have children later in life than their predecessors, they are not responsible for as many people as those generations who have an entire family to support. As Generation Y employees grow older, they will likely have greater responsibility for other people and, as a result, pay may become more important. However, no matter what generation employees are from, pay is still important because they are putting their time and effort towards their company. Employers and managers should realize that while pay is an important extrinsic reward, it is not the most important factor that influences job satisfaction.

Fifth, satisfied Generation Y employees showed they had a strong organizational commitment. Therefore, if employees were satisfied with their job, their commitment towards their company increased. Being able to have pride in their company was an important aspect to employees. It is logical to surmise that if Generation Y employees are proud to work for their company they will be more committed to that company (Gallo, 2016). It is important that employees have pride in their company because employees should want to tell people where they work. Companies should want to instill pride in their employees because it will spread positive word of mouth for them that will create a positive image of that company.

Sixth, the relationship between employee commitment and intention to remain was not as strong as predicted. There are several possible reasons for this moderate relationship. For one, it is much more common for Generation Y employees to have several jobs during their lifetime. Employees do not always leave because they are dissatisfied with their jobs; it could be for family reasons or that the job they want is not available at their current company. Another reason for this moderate relationship could be the fact that the half of respondents were between 18 and 29 years of age, including college-age respondents. Respondents who were college students were not likely focused attentively on their employer's success or the future of their part-time hospitality job. This would certainly affect the results because they individuals were likely not fully committed to their employer now. It is recommended that helping them develop their job competency can make them committed to their organization, which in turn, stay in the company (Park and Gursoy, 2012).

6. Conclusion

Generational Y employees are a clearly established constituency of the hospitality labor market, and will continue to be for the next several decades. Because of the simultaneous manufacture and consumption of the service experience in the hospitality industry coupled with the intangible nature of its offerings, the industry is reliant on the humanistic approach to delivering its outputs to the customer. Hence, attracting and retaining satisfied and faithful employees who are committed to ensuring high levels of guest satisfaction is critical for the economic success of the industry. However, the hospitality industry continues to experience much higher turnover rates compared to other major industries, such as manufacturing, education, healthcare, and retail. To alleviate Generation Y employees' high turnover and encourage them remain in the hospitality industry, we applied the strategy of internal marketing as a theoretical framework in order to examine factors that influence Generational Y employees to remain in the hospitality industry. Internal marketing tactics such as empowering employees, fostering positive work environments, managers establishing positive and

supporting relationships with their workers, and paying wages that are acceptable to employees, play a significant role in Generation Y employees' job satisfaction. These positively influence employee commitment and, by extension, their intent to remain in the hospitality industry.

Internal marketing is to treat employees as internal customers, which means employers and managers should make them satisfied, so that they become enthusiastic about their company and advance brand advocacy. This study identified that for Generation Y employees, "work environment," "empowerment," "relationships with managers," and "pay" are underlying factors to make them satisfied in the working place. Specifically, to Generational Y employees, "working environment" and "empowerment" are essential factors that affect their job satisfaction. Creating a positive and pleasant work environment and encouraging Generation Y employees' input on company policies, procedures, and operational initiatives are strongly recommended.

7. Limitations and future study

The results of this research should only be generalized with caution. Although the questionnaire was developed through extensive literature review and its validity and reliability was tested, the model seemed to be a moderate fit with the observed data. For this reason, it seems that there are other factors that could influence Generation Y employees' intention to remain in the hospitality business.

For future study, one factor the questionnaire did not take into account was what type of hospitality job the respondent was currently working in. Incorporating a hospitality job question that ascertains whether the respondent works in a hotel, restaurant, resort, club, etc. would allow researchers to select respondents based on which sector of the hospitality business they are employed in and then to discover whether there are different internal marketing tactics that might influence Generation Y employees. For example, what may be important to Generation Y employees in the lodging segment may not be as important to Generation Y employees in the restaurant segment, and vice versa.

The study did not address whether the respondents were full-time or part-time employees. Respondents merely had to acknowledge that they were currently employed in the hospitality industry to qualify for the survey. It stands to reason that part-time employees may be less affected by factors such as job satisfaction or compensation than working conditions, convenience, or personal availability. Part-time employees are likely focusing more on personal issues extraneous to the employer (e.g., families, college, travel time to/from work, etc.).

Finally, the respondents who participated in this study were living and working within the United States; therefore, the results presented within should not be generalized to employees living and working outside the U.S. National governmental and cultural factors such as minimum and prevailing wage, unemployment rate, availability of employment, average educational attainment, mean socioeconomic status in relation to the majority of the local population, access to and affordability of consumer goods and services, as well as familial priorities and responsibilities conveyed by society will likely play a role in shaping the perceptions and opinions of all potential respondents. This study, if expanded to hospitality employees outside the United States, may likely render dissimilar results from those presented here while introducing alternative factors that influence Generation Y employee retention.

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