THE ROLE OF LEADERSHIP ON EMPLOYEES' SATISFACTION AND RETENTION AFTER THE COVID-19 PANDEMIC: A CASE STUDY OF HOTEL INDUSTRY IN PAKISTAN

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ASIA e UNIVERSITY
2025

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A Thesis Submitted to Asia e University in
Fulfilment of the Requirements for the
Degree of Doctor of Philosophy

June 2025

ABSTRACT

This study examines the critical role of leadership in shaping employee satisfaction and retention within Pakistan's hospitality sector during the post COVID 19 recovery period. The pandemic created unprecedented operational challenges, underscoring the necessity for adaptive leadership and robust organizational support systems to maintain workforce stability. The research specifically analyzes how crisis leadership competencies influence employee outcomes, with organizational support mechanisms including flexible work arrangements and professional development programs serving as key mediating factors. Utilizing a quantitative methodology, structured surveys were administered to hotel employees across various organizational levels and geographic locations in Pakistan. Employee satisfaction was assessed using the Minnesota Satisfaction Questionnaire, while turnover intentions were measured through the Turnover Intention Scale. Advanced statistical analysis revealed significant positive correlations between effective crisis leadership and employee satisfaction, with organizational support demonstrating substantial mediating effects. The findings highlight that hospitality organizations combining strong crisis leadership with comprehensive support frameworks achieve higher workforce retention and engagement levels. This research contributes to academic discourse by integrating leadership and organizational support theories within Pakistan's unique hospitality context, while offering practical insights for industry practitioners. Key recommendations include investing in crisis leadership training programs and implementing evidence based support policies to enhance employee wellbeing and organizational resilience. The study provides contemporary perspectives on improving workforce stability in turbulent environments, ultimately emphasizing the interdependent relationship between leadership, organizational support, and sustainable employee outcomes.

Keywords: Leadership, employee satisfaction, employee retention, organizational support, crisis leadership

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Philosophy.

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DECLARATION

I hereby declare that the thesis submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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ACKNOWLEDGEMENTS

First and foremost, I would like to thank Almighty Allah for granting me the strength, persistence, and determination to complete this research. Without His blessings, none of this would have been possible. Peace and blessings be upon our beloved Prophet Muhammad (P.B.U.H), whose life, character, and teachings continue to guide and inspire millions in their personal and professional endeavors.

I am deeply grateful to my supervisor, Professor Dato Dr. Sayed Mushtaq Hussain, whose expertise, patience, and encouragement were invaluable in shaping this research. Their insightful feedback and unwavering support guided me through the many challenges I faced during this journey.

I would also like to extend my sincere thanks to the hotel industry professionals who participated in this study. Their cooperation and willingness to share their experiences provided the essential data and insights that were crucial to the success of this project. I am also thankful to all those who assisted in data collection and analysis, without whom this research would not have been possible.

Finally, I want to express my profound gratitude to my family — especially my mother, brother, and kids (Zavian, Rania, and Eshal) for their prayers, endless love, tolerance, and understanding. Their support and sacrifice of time, especially during the many long hours of my PhD journey, kept me motivated and focused. A very special thanks to Dr. Ponum, my spouse, for reviewing my work and helping with the corrections despite her busy schedule.

This thesis is dedicated to my Mamo Jan, Dr. Jahangir Asad, who remained a great support throughout my life. I wish he was with us to witness this moment.

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LIST OF ABBREVIATION

AeU   Asia e University

CFA   Confirmatory Factor Analysis

COVID-19   Novel Coronavirus Disease 2019

ER   Employee Retention

ES   Employee Satisfaction

HRM   Human Resource Management

JS   Job Satisfaction

MSQ   Minnesota Satisfaction Questionnaire

NEPRA   National Electric Power Regulatory Authority

P-value   Probability Value

SMART PLS   Statistical Software

TI   Turnover intention

TIS   Turnover Intention Scale

CHAPTER 1

INTRODUCTION

1.0   Background of Study

The complexity of business operations necessitates the effective participation of all levels of the organization. Human Resource is the key asset in addition to labor, land and capital resources of the organization. Effectively managed and satisfied employees' plays a vibrant role in achieving annual and long-term goals of the organization. There is a significant influence of leaders on subordinates and they play key role in team satisfaction and employee retention. Leadership is the ability to motivate, inspire and guide the subordinates and peers towards achieving higher goals for the organization. It is the process by which a person influences other individuals to acquire a common motive or goal. It is sort of a bond between leader and his peers who make them satisfied and achieve the results together in harmony.

When there is a lack of appropriate information of employee's feelings, the ultimate outcome will be low job satisfaction and turnover intention. Intention to resign from current job and seek employment elsewhere is labeled as turnover intention. This is the probability of worker leaving the job in near future. Employee turnover refers reflects that the employees are not satisfied and want to change the job. Measuring employee satisfaction is important for employee retention and help in organizational growth.

The job satisfaction is the feeling of an employee towards their workplace (Robbins, 2002). It is also defined as fulfilling the employees need at the workplace. It is important for the employer to identify the needs of employee and the try to fulfill it to satisfy the employee (Togia, 2004). The low satisfaction level of employee will

impact on morale and quality of performance at work place. Its impact is enormous over the employer and organization. Employees' dissatisfaction results in increased turn-over that will eventually increase staff hiring and training expenditure. There are multiple factors affecting employee satisfaction, i.e. lack of feedback and recognition, lack of growth, being overworked, little opportunity for decision-making, lack of rewards, low compensation, toxic work culture, employee hate their bosses, and lack of training opportunities. The good leadership can resolve majority of the above mentioned reasons of dissatisfaction. But first it is important to understand the cause behind the employee satisfaction, then employer and leaders can work on improving that particular factor. The lack of understanding the reason behind employee satisfaction is one of the contributors to increase employee turnover. Almost 42 million US employees left their jobs voluntarily in 2019 that is 27% of the workforce. This was an increase of over 2 million as compared to year 2018, which saw 40 million voluntary departures. Some studies predict each time a company replaces an experienced trained employee; it costs six to nine months' salary on average. It mainly includes advertising, interviewing, screening, hiring, training, productivity lose, etc. (Merhar, 2020).

The global pandemic, COVID-19, left an unprecedented impact on organizations worldwide, Pakistan not exempted. The disruptions caused by COVID-19 led to business upheavals, resulting in economic uncertainties and substantial job losses. The aftermath of COVID-19 placed immense pressure on employees, necessitating their adaptation to new work paradigms while navigating heightened levels of uncertainty. In these challenging circumstances, effective leadership emerges as a pivotal factor in ensuring employee satisfaction and retention.

In businesses that could use technology to keep the economy growing, remote work was permitted. But after months of social exclusion, deaths in the community and among families, people are beginning to experience psychological anguish and work-related stress. Managing business operations and maintaining employee engagement and positivity toward their work and deliverables posed a dual challenge for organizations across many industries. Similar to other nations, Pakistan's economy faced its own unique set of challenges in dealing with the contagious virus. The country's economic structure heavily relies on the agriculture sector, which is labor-intensive and serves as the primary contributor to the GDP. This is followed by the industry and service sectors, which also play significant roles in the economic framework. In today's fast-paced and competitive business world, it is more important than ever for organizations to support and engage with their most important assets: their employees. While some employees are always passionate and dedicated, others remain apathetic and cynical. Clearly, employee satisfaction makes the organization successful. They also benefit from higher productivity, reduced costs, and increased creativity and collaboration. When employees are satisfied with their relationships with managers, co-workers or teams, they will be happy to go to work. (How Employee Satisfaction Affects Organizational Performance, 2017).

Job satisfaction can be divided into two distinct components: intrinsic and extrinsic factors. Intrinsic factors relate to an employee's internal feelings about the nature of their work, such as their sense of accomplishment or enjoyment of the tasks they perform. On the other hand, extrinsic factors refer to external elements that influence an employee's satisfaction, such as salary, work environment, and relationships with colleagues or supervisors.

If organizations understand the factors that influence satisfaction level of their employees, in this way attitudes and beliefs of employees are modified. Mission and goals of the organization are achieved by working with and through the employees. Beliefs, attitudes, values and behaviors of employees are influenced in such a way that they work beyond exchanges and rewards.

This study is designed to determine if organizations, in Pakistan can benefit from the analysis that how different factors that effect on employee satisfaction. This will help in improving organizational culture in reducing employee turnover. This is a unique study as data was collected during a disruptive pandemic situation and results showed the factors that have more impact during a pandemic situation.

1.1 Introduction of COVID-19

The COVID-19 pandemic, caused by the novel coronavirus SARS-CoV-2, has been one of the most significant global crises in over a century. Emerging in late 2019 in Wuhan, China, the virus quickly spread across the globe, disrupting economies, healthcare systems, and daily life. Unlike previous pandemics, COVID-19 occurred in an era of globalization, advanced technology, and interconnected societies, making its impact uniquely profound. This essay explores the origins of COVID-19, its global consequences, and how it compares to historical pandemics, particularly the Spanish Flu of 1918. By examining its economic, social, and political effects, we can better understand why COVID-19 stands out as a once-in-a-century crisis.

1.1.1 Origin of COVID-19

COVID-19 first emerged in Wuhan, China, in December 2019, initially mistaken for a localized pneumonia outbreak. It was later identified as a novel coronavirus named SARS-CoV-2, belonging to the same viral family as SARS and MERS but

significantly more transmissible. Early infections were associated with the Huanan Seafood Wholesale Market, pointing toward a possible zoonotic transmission from animals to humans. Despite global research efforts, the precise origin of the virus remains uncertain, with theories suggesting either a natural spillover from wildlife or a potential accidental laboratory release. The outbreak rapidly evolved into a global pandemic, prompting unprecedented public health measures worldwide.

1.1.2   Global Spread

By January 2020, the virus had spread beyond China's borders, with cases reported in Thailand, Japan, and South Korea. On January 30, 2020, the World Health Organization (WHO) classified COVID-19 as a Public Health Emergency of International Concern. By March 2020, the virus had reached nearly every country, prompting the WHO to declare it a global pandemic. The rapid spread was fueled by international travel, urbanization, and the highly contagious nature of the virus.

1.1.3   Scientific Understanding of COVID-19

SARS-CoV-2 is an RNA virus with a single-stranded structure, mainly transmitted via respiratory droplets released when an infected person coughs, sneezes, or talks. It attaches to human cells via the ACE2 receptor, leading to respiratory and systemic symptoms. The virus's ability to mutate quickly, resulting in variants like Delta and Omicron, has posed ongoing challenges for containment and vaccination efforts.

1.1.4   Comparison to Historical Pandemic

The Spanish Flu, which occurred from 1918 to 1920, infected an estimated 500 million people and killed 50 million worldwide. Like COVID-19, it spread rapidly due to global movement during World War I. However, the Spanish Flu primarily affected

young adults, while COVID-19 has disproportionately impacted older adults and those with pre-existing conditions.

1.1.5   Why COVID-19 is Unique?

COVID-19 is unique in its global scale, rapid spread, and impact on a highly interconnected world. Unlike previous pandemics, it occurred in an era of advanced technology, allowing for rapid vaccine development and widespread communication. However, it also highlighted the vulnerabilities of globalization, as supply chains and economies were disrupted.

COVID-19, triggered by the SARS-CoV-2 virus, represents an extraordinary global health emergency because of its unusual blend of high transmissibility, widespread impact, and significant disruption to societies. Unlike many previous pandemics, its rapid spread, varied clinical outcomes, and the global response it triggered highlight its distinct nature.

The virus's high transmissibility sets it apart. SARS-CoV-2 is mainly transmitted through respiratory droplets and airborne particles, with individuals showing no symptoms playing a major role in its widespread transmission. This silent transmission, unlike diseases like SARS or Ebola that require symptomatic spread, made containment challenging. Its basic reproduction number (R0) of 2–3, higher than seasonal influenza, fueled rapid global outbreaks, overwhelming healthcare systems within months of its emergence in late 2019.

COVID-19's clinical variability adds to its uniqueness. It causes a spectrum of outcomes, from mild respiratory symptoms to severe pneumonia, organ failure, and death, mostly in older adults or those with comorbidities. The emergence of long COVID, where symptoms like fatigue and brain fog persist for months, introduced a

new dimension to post-viral syndromes, affecting millions and complicating recovery efforts. This unpredictability strained medical resources and demanded adaptive treatment protocols.

The global response to COVID-19 was unparalleled. Unlike past pandemics, it prompted swift, coordinated international action, including lockdowns, travel bans, and mask mandates. The development of vaccines within a year, leveraging mRNA technology, marked a scientific breakthrough, contrasting with the slower vaccine timelines for diseases like polio or smallpox. However, vaccine distribution inequities highlighted global health disparities, a challenge less prominent in prior pandemics.

Socioeconomically, COVID-19 disrupted modern life in ways unmatched by earlier diseases. Remote work, virtual education, and supply chain interruptions became widespread, exposing vulnerabilities in globalized economies. Mental health crises surged due to isolation and economic stress, unlike the more localized impacts of diseases like the 1918 flu.

Finally, the virus's ability to mutate rapidly, producing variants like Delta and Omicron, sustained its threat, necessitating ongoing booster campaigns and policy adjustments. This adaptability, combined with its global reach and societal impact, distinguishes COVID-19 as a uniquely complex pandemic, reshaping public health, science, and society in enduring ways.

1.2 Impact of COVID-19 - Different Industries / Businesses

It is a reality that COVID-19 has affected each and every individual of the world. In this the impact on businesses that are most affected was evaluated.

1.2.1 Businesses that are Highly Affected by COVID

The COVID-19 pandemic has severely impacted economies worldwide, sparing virtually no sector. According to global estimates, the world's GDP was shrined by approximately 5.2% due to the crisis. The situation is no different in Pakistan because the country's economy is already weak and this is reflected in weak macroeconomic indicators. The result was another shock that reduced Pakistan's 2020 GDP growth to negative. This figure compared to the original estimation of around 3 per cent GDP growth suggests that Pakistan's economy has shrunk by nearly 9 per cent in the last quarter of 2020.

Numerous industries in Pakistan experienced significant challenges due to the COVID-19 pandemic, encountering issues such as financial instability, disruptions in supply chains, declining demand, and reduced sales and profits. A study revealed that most businesses were unprepared and lacked any strategic plans to manage such a crisis effectively.

The S&P Global released a report stating that the market intelligence shows that the Airline and leisure sectors are most affected by the COVID-19 (S&P Global Market Intelligence, 2021). As other liesure businesses like Cinema, Bus services, etc have not formal HR structure in Pakistan. Also the employees in that sectors are not very educated, so they cannot understand the question and results will not be true representative. That's why it is concluded that data was colledted from the Hotel (Employees of Hotels) in the category of major sufferer of this pandemic during COVID-19.

In response to the COVID-19 outbreak, governments across the globe enforced critical measures including international travel restrictions, lockdowns, and physical

distancing guidelines to control the virus's transmission. A significant number of countries either partially or completely closed their borders, impacting a large portion of the global population (Connor P. Pew Research Center, n.d.). The sudden rise in unemployment, economic instability, and ongoing concerns about potential future waves of the virus created widespread uncertainty. Among the hardest-hit sectors was the hospitality industry, which faced immediate challenges and is expected to be one of the last to fully recover (CNN, n.d.).

The first confirmed case of COVID-19 in the United States was reported on January 20, 2020. Between February and March of that year, the pandemic began to exert a significant and unprecedented impact on both the economy and society. The U.S. hotel industry experienced a sharp decline in room revenue as public health concerns escalated in mid-February. According to STR data, as of June 3, 2020, approximately 60% of hotel rooms across the country remained unoccupied. From August 2020 through the end of 2021, nearly half of hotel industry employees were not working, and occupancy rates continued to hover at around 50%.

Among all sectors of real estate, hospitality-related assets—particularly hotels—and retail properties were hit the hardest by the pandemic. The risk associated with hotel properties, often considered high-value heritage assets, reflects a broader concern over the potential deterioration of the built environment and global tourism infrastructure.

This analysis explores both the immediate and long-term impacts of COVID-19 on the hospitality sector, particularly in terms of operational challenges and asset management strategies. It draws upon a mix of academic research, industry reports, and expert commentary to offer insights that are valuable to both business