


Chapter 4

The Impact of Employee Empowerment and Job Satisfaction on Perceived Financial Performance: Evidence From Hotels During the COVID-19 Pandemic

Alkistis Papaioannou

 <https://orcid.org/0000-0002-7155-1147>
Hellenic Open University, Greece

Panagiotis Dimitropoulos

University of Peloponnese, Greece

ABSTRACT

The scope of the study is to examine the impact of employee empowerment and employees' job satisfaction on the perceived financial performance of Greek hotel firms during the COVID-19 pandemic crisis. The study utilises primary data collected through a questionnaire from 526 hotel employees of luxury hotels in Greece during the period May-June 2021. Principal component analysis was performed for the extraction of the main variables and regression analysis was used for examining the impact of employee empowerment and job satisfaction on hotel firms perceived financial performance. Regression results revealed that both employee empowerment and job satisfaction impact positively on perceived financial performance, with employee empowerment having the largest impact among the two. This chapter is the first within the Greek hotel industry that tries to examine the significance of employee empowerment and job satisfaction on perceived financial performance, under the pandemic outbreak.

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1. INTRODUCTION

Tourism and hospitality have become one of the most prominent and developed economic sectors, with enhanced added value on national economies, increased employability, and contribution to GDP growth. According to Tomčíková et al. (2021), during the pre-pandemic period the expansion of the hospitality industry was paramount for the development of national economies and even for some of them it was the “heavy industry” creating numerous job positions. Nevertheless, the current COVID-19 pandemic exerted an unexpected shock on the world’s social and economic activity leading to long lasting lockdowns and other forms of restrictions on citizens’ social discourse and businesses’ production and distribution processes. Those decisions had a drastic effect on the economic activity, leading to a significant reduction of revenues, investment projects, and even employability within almost all sectors of the economy (Kaushal and Srivastava, 2021).

According to Dimitropoulos et al. (2021), the tourism industry received a huge blast on their operations, revenues, and profits since international flights were halted and foreign visitors were reluctant to visit other countries. Especially in Greece the hospitality industry also experienced a significant reduction on their operation for more than a year, with a vast reduction on occupancy rates and international arrivals on the country’s major airports. According to the Eurostats’ data on the accommodation sector, EU hospitality firms experienced a reduction of 84 billion euro on revenues during 2020 relative to 2019. This fact had a backlash on human resources employability on this sector because during 2021 more than a one hundred thousand employees lost their jobs, compared to 2020.

The prolonged lockdowns and the limitations on economic activities created a serious job crisis within small and medium sized firms since they are overrepresented withing the European and Greek hospitality sector. According to Karacsony et al. (2022), the reduced working hours, the downsizing of production processes and the overall uncertainty on the markets, increased job insecurity. Several studies provide evidence of an increased perception of job insecurity within employees (Choi et al., 2020; Karacsony et al., 2022) having repercussions on employees’ mental health and wellbeing, and even on the sustainability of businesses since the loss of talented workforce (with cultivated skills and knowledge) reduced further the firms’ potential for recovery.

Several studies have provided evidence that human resource management (HRM) practices have contributed on organizational performance, competitiveness, and profitability (Jiang et al., 2012; Tomčíková et al., 2021). In order to achieve the abovementioned goals, employee engagement and empowerment are crucial since they are affected by employee skills, motivational factors and their satisfaction with their working environment. Specifically on the tourism sector, Tomčíková

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