

**EMPLOYEE EMPOWERMENT AND INNOVATIVE BEHAVIOUR
IN HOTEL INDUSTRY IN BATTICALOA DISTRICT:
INVESTIGATING THE MEDIATING INFLUENCE OF
EMPLOYEE LOYALTY**



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ABSTRACT

The aim of this study is to investigate the mediating role of employee loyalty in the relationship between employee empowerment and innovative behaviour in the hotel industry of Batticaloa district. The hotel industry is a vital sector of the economy and has been experiencing significant growth over the years. According to the literature review, there is a dearth of studies examining the interrelationships among employee empowerment, employee loyalty, and their impact on employee innovative behaviour. Thus, this study seeks to fill a critical gap in the literature. This study contains three specific objectives, each designed to explore the direct and indirect effects of empowerment and loyalty on innovation within the hotel sector.

This study was conducted across ten hotels in the Batticaloa district, focusing on the relationship between employee empowerment, employee loyalty, and employee innovative behaviour. A large-scale survey was conducted to 264 hotel employees, and data were collected using structured questionnaires. The responses were analyzed using SPSS version 23.0 to ensure statistical accuracy and reliability.

The study adopted a quantitative research design and employed a cross-sectional survey method to collect data from respondents in the hotel sector of Batticaloa. The findings revealed that the levels of all key variables, Employee Empowerment, Employee Loyalty, and Employee Innovative Behaviour were high. Moreover, the analysis showed positive relationships between Employee Empowerment and Employee Innovative Behaviour, Employee Empowerment and Employee Loyalty, and Employee Loyalty and Employee Innovative Behaviour. Employee Loyalty was also found to partially mediate the relationship between Employee Empowerment and Employee Innovative Behaviour, accounting for 58 percent of the total effect and highlighting its significant role in enhancing innovative outcomes through empowerment. Hotels should priorities improving these factors to enhance employee innovative behaviour and ultimately, the success of the organization.

Keywords: *Employee Empowerment, Employee Innovative Behaviour, Employee Loyalty.*

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