

CHALLENGE OF EMPLOYEE TURNOVER: THE CRITICAL ISSUE FACED BY THE UNORGANIZED HOSPITALITY SECTOR IN KERALA

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ABSTRACT

Hospitality organisations in the unorganised sector make huge investments in human resources concerning the efforts of hiring, training, development and retention of employees with them. Therefore, employee turnover is critical for any organisation in the industry as it is a common phenomenon in recent times. It bears lots of negative impacts on the productivity and consistency of the organisations, in providing proposed product and services. The frequent change in the workforce will change the quality of output as well as the work culture of the organization. It is exorbitant to any service organization. An efficient Human Resource Department is indispensable in this concern to recognize the mess timely and to do accordingly to get a committed and satisfied workforce. The article focuses on the reasons for high turnover and employee satisfaction on job, company and superior related matters.

KEYWORDS: Employee Turnover, Employee Satisfaction, Hospitality Industry, Kerala Tourism

INTRODUCTION

The Hospitality Industry in Kerala is one of the focal contributors to the economic, social, cultural and leisure interests of the nation. The hospitality industry consists of a broad category of services like lodging, dining, event management and different modes of transportation associated with the tourism industry in a state. This industry is one of the major employers and one of the fastest growing sectors in Kerala. Just like many other sectors the segment is booming at an unprecedented pace. Kerala faces a huge challenge of being under roomed while the economy is growing rapidly. This provides for huge prospects for the hospitality industry. Along with the rapid industrial growth and promotion of tourism, the hospitality sector is booming and offering huge job prospects to the young bloods in Kerala. In this era of globalization, the growth and prosperity of the hospitality industry demand for highly qualified, trained and experienced professionals at the national and international level. Global researches depict that the hospitality industry is characterized for high employee turnover. Hotels, resorts and other hospitality service provider spend huge amount every year for hiring and training of new employees. It is no longer a surprising fact that the cost of losing an employee is between half and one-and-a-half times their annual salary. Many companies in the hospitality sector are making intensive efforts to control employee turnover through enhanced emoluments, benefits, or incentive systems, as well as by training managers. However, it is untoward to state that the hospitality industry is still suffering from the highest rate of employee turnover in the state compared to other associated industries, despite a significant improvement in the past years. The hospitality industry faces a high degree of employee turnover, which will reduce productivity and increases the costs of organisations'

time and other resources. The organisations in the said industry struggle to identify and hire the right employees. The task of retention becomes a challenging job for the personnel management in the dynamic environment of the industry. Proper understanding of the reasons for the high employee turnover will help them to reduce the switching behaviour.

LITERATURE REVIEW

The hospitality sector is one of the world's fastest growing industries. But, massive problems still exist in attracting and retaining the skilled work force. Wasmuth, W. J. (1983)¹ "Turnover is one of the most prevalent, longstanding concerns in the hotel industry, which has been characterized as having a turnover culture". Price, P. P. (1989)² "Involvement of employees in work would influence job satisfaction and increase organizational commitment. Employees who are more involved in their work are more satisfied with their jobs and more committed to their organization". Barrows, C. (1990)³ "High turnover rates might have negative effects on the profitability of organizations if those are not managed properly". Bonn, M. A (1992)⁴ "The recruitment and selection procedures have a relationship with employee turnover. A variety of recruitment and selection methods viz., formal referral system, hiring of minorities, elderly and disabled, rigorous interviewing procedures, realistic job previews, bio-data collection and personality tests might be used to get right employees positive affectivity. Employees with high negative affectivity experience a lower level of task involvement, are less inclined to seek to control their work environment, and are less likely to seek communications from co-workers and supervisors offering task and informational support. The negative affectivity may lead to turnover". Hom and Griffeth (1995)⁵ "The unfolding model of voluntary turnover represents a divergence from traditional thinking by focusing more on the decisional aspect of employee turnover i.e. showing instances of voluntary turnover as decisions to quit. The image theory describes the process of how employees process information during decision making. The employees may leave organizations after they have analyzed the reasons for quitting". Abassi SM & Hollman KW (2000)⁶ "Employee turnover is featured as the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment". Aksu, A.A. (2004)⁷ "High turnover happens due to low-skilled and low-paying work, unsocial working hours, low job satisfaction and the lack of opportunities for career advancement within the organisation". Hemdi & Nasrudin,(2006)⁸ "Hotels all over the world experience high turnover rates. The turnover rate in the hotel industry is estimated to range from 60 percent to 300 percent annually far higher than the percentage reported in the manufacturing industry". Ongori, H. (2007)⁹ "Focus on the causes of employee turnover has been done on the examining the sources of employee turnover, effects and advising various strategies which can be used by managers in various organizations to ensure that there is employee continuity in their organizations to enhance organizational competitiveness". Kung, M. O. (2007)¹⁰ "Organizations tend to underestimate the cost of turnover. Perhaps it is because there is not a line item in most profit and loss statements, nor is it typically adequately defined in the budget and no one submits an invoice at the end of the month for turnover. The turnover costs organizations crores of rupees a year". Csaba, D. K. (2013)¹¹ "High turnover happens when the employees of one industry have shorter tenure than those of another industry. A certain rate of turnover is necessary and healthy for an organisation. But high turnover may lead to excessive costs. Motivations to improve service quality, consolidate employee to employee and manager to employee relationships, offer standard benefit package, create employee –friendly work environment, providing career advancement opportunities, arrange mentoring programmes, adoption of suitable leadership styles, acknowledge abilities of employees and avoidance of bringing new people at a higher rate than the existing employees play vital role in the reduction of employee turnover". Arokiasamy, A. R. (2013)¹² "Employee turnover is an important measure that is pivotal to organizations' workforce planning and strategy. Employees leave their organisation; not just the fact that they leave

have critical implications for future retention among current staff, job satisfaction and engagements of employee and an organization's ability to attract skilled people for job vacancies. Job satisfaction, payments to employees, career promotion, fringe benefits, Management's attitude, Job fit, personality traits, alternative employment opportunities, influence of trade unions, influence of co-workers, strategies to minimize employee turnover, recruit suitable employees, retain valuable employees, organizational factors, economic factors, effective leadership, training and development clear job expectations, job satisfaction, balancing work and family life are the common reasons for employee turnover". The review of literature strongly emphasis on the effect of employee turnover in an industry, especially in the Hospitality sector as studies exhibits. The proper management intervention backed by appropriate retention strategy is found crucial in this regard to circumvent the problems confronted with in the competitive market.

Statement of the Problem

The unorganised hospitality sector in Kerala is characterised by recurrent switching of the workforce. The severity of the problem of high employee turnover affects the consistency in the quality of service as well as the profitability of the organisation. Smooth functioning of the organisations and the public confidence will be disturbed due to the common phenomena. In this situation, this research work makes an attempt to find a solution to certain research questions. What are the major reasons for the high rate of employee turnover? What is the level of employee satisfaction towards the various job, company and superior related factors? What all steps can be taken to curtail the degree of employee turnover?

Objectives

- To identify the major reasons for the high employee turnover in the unorganised hospitality sector in Kerala.
- To assess the level of employee satisfaction on the job, company and superior related factors.
- To propose steps to be taken to reduce the rate of employee turnover.

Methodology

The present study, which is descriptive in nature, was conducted on a sample of ninety six employees who left from selected hotels and resorts in Wayanad, Ernakulum and Kollam districts of Kerala. The empirical data collected are analyzed to identify the reasons for employee turnover, level of employee satisfaction and their attitudes as well as expectation towards work related matters. The purposive sampling method has been adopted to select samples from the accessible population. Primary data were collected from the respondents by administering a detailed questionnaire.

RESULTS OF ANALYSIS

Reasons of Employee Turnover

The employee turnover is very critical for the unorganised hospitality sector, especially when they want to provide high-quality services to their customers. They focus on providing outstanding service that exceeds guests' expectations, and, therefore, invests a lot into employ, train and retain qualified employees. A high rate of employee turnover has an instant effect on the performance of the industry, especially in the guest service areas. The major reason for the turnover is that the employees in the unorganised hospitality sector are always looking for better job opportunities [MS 8.92]. Whenever an organization in the same industry offers comparatively better job opportunities or positions, turnover will become a routine. So, it will result in heavy employee turnovers. The demographic profile of the respondents depicts that most of them (75%) are below the age of 40. Therefore, working in a hospitality organisation is a first step in the career

for them and as soon as they get experience from the organisation they may go for better opportunities in other organisations.

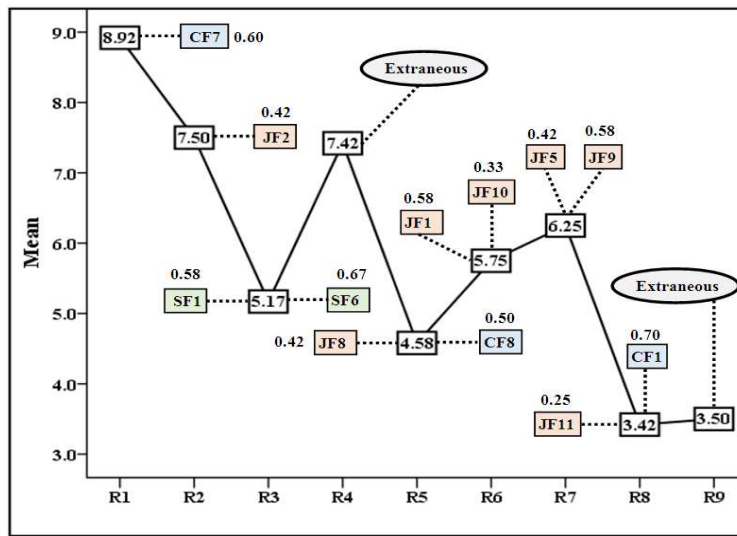


Figure 1: Reasons for Turnover- Mean Plot

Table 1

Reasons for Turnover	MS*	Σ
Better Job Opportunities [R1]	8.92	1.19
Better salary offers [R2]	7.50	2.23
Conflicts [R3]	5.17	2.42
Family and personal problems[R4]	7.42	2.23
Company instability [R5]	4.58	1.76
Job Stress [R6]	5.75	2.36
Poor Personnel Management [R7]	6.25	1.84
Rigid Company policies [R8]	3.42	1.90
Communication Gap [R9]	3.50	1.95
* MS – Mean Score		

Another notable reason that may lead to turnover is better salary offers by other organizations in the same or similar industry [MS 7.50]. It is observed that salary and perquisites given to employees, especially non-executives are very low compared to other industries. This may lead them to search for a better salary or benefit offers in and outside the industry. Many employees, especially women employees are quitting from this field because of family and personal problems [MS 7.42). There was an allegation against this industry in Kerala that it is not suitable for women employees as with the problem of working time and resistance from the family. Lack of proper personnel management [MS 6.25] is another serious cause for employee turnover. The respondents were opined that most of the hotels and resorts are not showing a keen interest to maintain better personal management practices to solve grievances and other issues of employees. Employees unanimously agreed that job stress [MS 5.75] is comparatively very high in the hospitality sector. They are being given higher responsibilities and high targets compared to their position and emoluments. The employees are of the opinion that they have to work more than 14 hours a day, which is definitely hard when it is compared with working hours of other industries and be considered one of the major allegations against the job market in the industry.

Conflict with colleagues and supervisors [MS 5.17] is a stern reason for employee turnover. Unexpected scolding from the superior even for minor mistakes, negatively hits workers squarely in the ego. Company instability [MS 4.58] may lead to the loss of employee confidence in the affairs of the company. In order to secure their work and income, employees will find new opportunities. Rigid company policies [MS 3.42] would perturb employees as they lack flexibility and freedom in the work pattern and environment. Communication gap [MS 3.50] widens the distance between the minds of employees and superiors. Misunderstandings among the employees and superiors may happen due to communication gap.

Satisfaction on Job Related Factors

It is understood from the result that the respondents have very distinct opinions on various job-related matters. The Weighted Mean Score [0.667] agrees that the respondents are satisfied with these factors in general.

Table 2

Job Related Factors	*MS	σ	Weighted Mean Score : 0.667, σ : 0.32
Work load [JF1]	0.58	1.45	
Salary [JF2]	0.42	1.33	
Working environment [JF3]	1.00	1.23	
Challenging Job [JF4]	1.08	0.64	
Orientation and trainings [JF5]	0.42	0.96	
Job information [JF6]	1.00	1.00	
Physical working condition [JF7]	0.75	1.37	
Job security [JF8]	0.42	0.87	
Application of training [JF9]	0.58	1.04	
Job stress [JF10]	0.33	1.03	
Working time [JF11]	0.25	1.49	
Prospects to initiate skills [JF12]	1.17	0.55	
*MS- Mean Score			

It is found that these organisations provide enough opportunities to employees to initiate their skills and potentials in the job [MS1.17]. They state that the organization provides safe and comfortable working environment and enough information to do their job accurately [MS 1.00]. But, at the same time, they are not satisfied with work load [MS 0.58], salary and perks [MS 0.42], job orientation and training [MS 0.42] and physical working conditions [MS 0.75] provided by the organization, especially lower level employees. Moreover, they have high dissatisfaction regarding working time [MS 0.25], stress on the job [MS 0.33], and easy to apply training received [MS 0.58] in general.

Satisfaction on Company Factors

The descriptive statistics disclose a fact that the employees are satisfied with the company related policies in general (Weighted Mean score 0.89). The employees are satisfied with productivity and efficiency [MS 1.17], Cost efficiency [MS 1.00] and opportunities for developing skills [MS 1.00]. Employee satisfaction on other attributes [Table No. 3] is not remarkable. However, modern hospitality organisations have good infrastructure facilities and all sorts of capabilities to cater the requirements of both employees and customers. Such facilities and capabilities should be accessible to the employees otherwise it is very difficult to build a sense of belongingness. From the result, it is clearly evident that employee turnover happens due to certain company- related matters.

Table 3

Company Related Factors	*MS	σ	
Company policies [CF1]	0.70	1.24	WMS: 0.89, σ : 0.19
Productivity & efficiency [CF2]	1.17	0.55	
Cost efficiency [CF3]	1.00	0.71	
Awareness of the process [CF4]	0.85	1.15	
Individual differences [CF5]	0.83	0.99	
Prospects to develop skills [CF6]	1.00	0.41	
Career development [CF7]	0.60	0.64	
Goodwill [CF8]	0.50	0.87	
Loyalty to the organisation [CF9]	0.83	1.14	
<i>*MS- Mean Score, WMS- Weighted mean Score</i>			

Table 4

Superior Related Factors	*MS	σ	
Impartial superior [SF1]	0.58	1.26	WMS: 1.09, σ : 0.26
Availability [SF2]	1.17	0.69	
Encouragement [SF3]	1.42	0.49	
Feedback [SF4]	1.33	0.63	
Commitments [SF5]	1.33	0.47	
Credit from superior [SF6]	0.67	1.32	
Coaching and training [SF7]	1.17	0.90	
Fair evaluation [SF8]	1.10	0.76	
Empathetic acceptance [SF9]	1.08	0.75	
Vision and strategy [SF10]	1.00	0.92	
Considering suggestions [SF11]	1.17	0.55	
<i>MS- Mean Score, WMS-Weighted Mean Score</i>			

Satisfaction on Superior Related Factors

The analysis illustrates that the respondents are satisfied with the supervisor related matters in general [Weighted Mean score 1.091]. As far the various attributes in this regard are considered, they all have a very impressive opinion except partiality of the superior [MS 0.58] and getting credit from the superior for the best completion of the works [0.67]. Therefore, it is understood that the employee turnover is not primarily due to the issues linked with superior-subordinate relationship. From the analysis of responses it is apparent that superiors are keeping warm relationships with their employees. Even though, some employees quit the job due to conflict with superiors.

Reduce Employee Turnover

It is very crucial to know what is to be done in or order to reduce employee's turnover from their own part. The result clearly states that effective Human Resource Department is very essential in this connection [MS 9.75]. Many hospitality organisations lack this factor. HRD is inefficient and remains dormant about the discussion of employees' problems. Many times, it fails to understand the value of human resources and its importance in achieving objectives. Employees should be considered as the resources of the organisation rather simply as workers [MS 8.75]. There must be a strategic compensation package for employees in hospitality sector, according to their work load [MS 8.67]. Employees expect recognition and words of appreciation from the superiors and management for the exceptional works and efforts [MS 8.17]. It is a vital aspect for motivation to curtail the rate of employee turnover. A full –fledged and efficient grievance handling systems is essential in all hospitality organisations to hear employees [MS 8.0]. Other important

strategies for reducing employee turnovers are employees’ participation in management and strategy formulation [MS 7.83], opening avenues for good career growth [MS 7.25], competitive pay and benefits [MS 5.67] etc. Provide better job opportunities and social status through timely promotion and change in authority and responsibilities is inevitable for employee retention. Working hours must be reasonable and competent with other industries. Proper amenities and benefits should be provided to employees, especially in the lower levels.

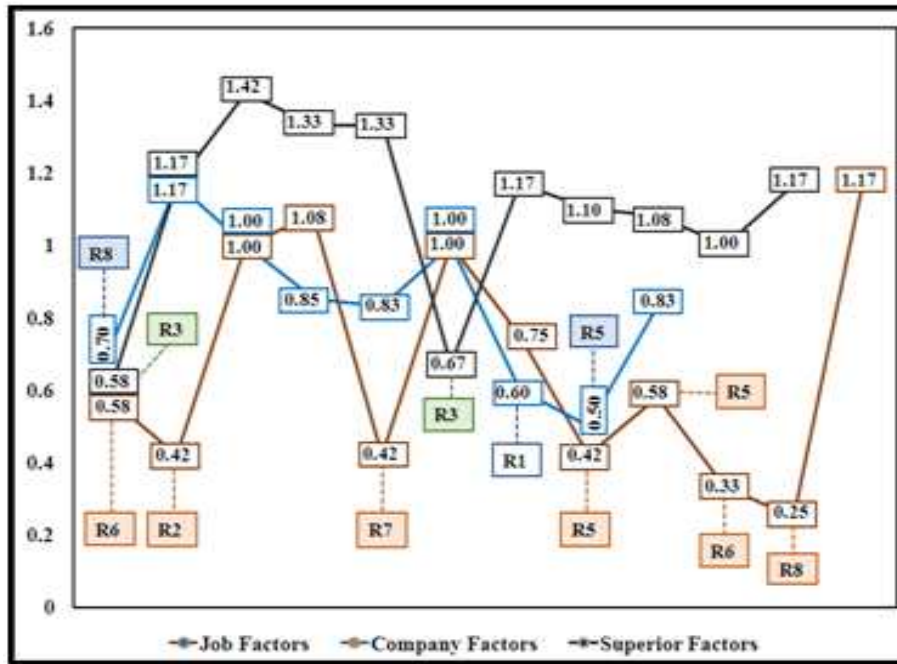


Figure 2: Employee Satisfaction – Mean Plot

Table 5

Factors	Mean	σ
Effective HRD	9.75	3.145
Efficient grievance handling	8.00	3.352
Employee participation	7.83	2.636
Employees as resources	8.75	2.613
Strategic compensation	8.67	2.684
Recognize employee success	8.17	2.364
Good career path	7.25	2.188
Offer competitive payments	5.67	1.767
Policies for discussion	3.08	2.201
<i>Source: primary data</i>		

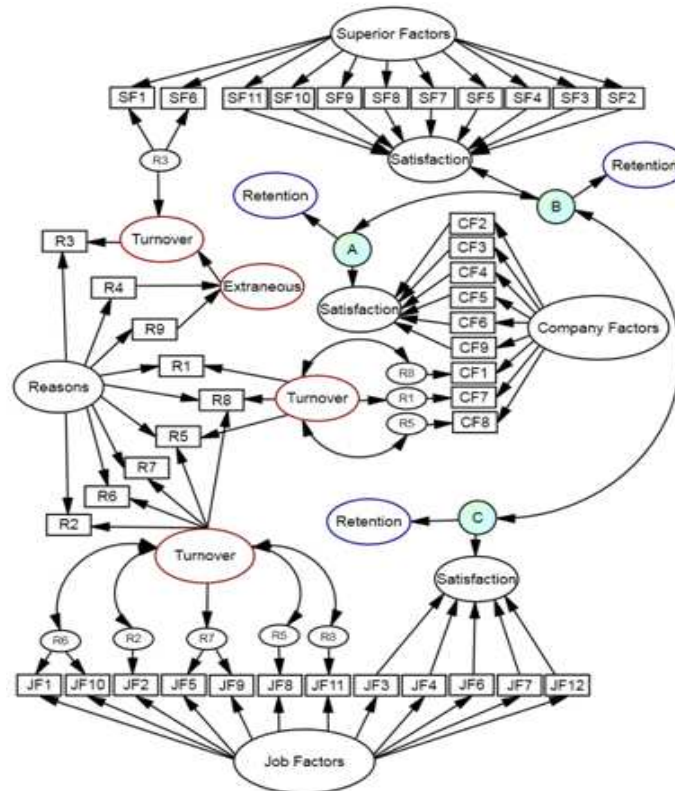


Figure 3: Theoretical Model

FINDINGS

The main reason for employee turnover in the hospitality industry in Kerala is better job opportunities provided by other organizations and industries. The other important reasons are family and personal problems, poor personnel management, job stress, conflict with colleagues, rigid company policies etc. Employees are not much impressed with working time, workload, salary and perks, job orientation and training and physical working conditions provided by the organization. Job stress is very high in the unorganized hospitality sector. The employees are keeping a good relation with their superiors and management in general. But, some employees left the organization due to conflict with superiors. Effective HRD is the crucial element to reduce the rate of employee turnover.

Other important factors under consideration are offering strategic compensation package, recognition of employee success, efficient grievance handling and exit interview system, employee participation in planning and strategy formulation, etc. Lower level employees are suffering a lot due to overload of work and timing, low quality accommodation and food and inadequate salary offers or increment.

CONCLUSIONS

In summary, the major research findings from this study suggest that the hospitality industry in Kerala has witnessed a turnover culture. Employees generally get into the industry with the belief that there are wide scope career development and promotional opportunity. It is clearly evident that they switch from one organization to another just because of this fact as the result exhibits. The contradiction prevails in the situation is the respondents are satisfied with certain job, company and superior related factors. At the same time they had several bitter experiences with factors beyond this level. However, they used to adopt an itinerant behavior in this regard. It indicates that turnover in this industry

happened is not only related to employee satisfaction, but also with some factors beyond the level of satisfaction.

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