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**ASSESSMENT OF EMPLOYEE TURNOVER AND RETENTION
SCHEMES IN HOSPITALITY INDUSTRIES THE CASE OF SIX
SELECTED STAR RATED HOTELS**

BY:
MEDHANIT KEBEDE BULCHA

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APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature & Date

Advisor

Signature & Date

External Examiner

Signature & Date

Internal Examiner

Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

Advisor's Name

Date & Signature

DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of **Dr. Tilaye Kassahun**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Student's Name

Date & Signature

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Acronyms

- **CIPD** - Chartered Institute of Personnel and Development
- **ILO** - International Labor Organization
- **HR** - Human Resource
- **MOCT**- Ministry of Culture and Tourism of Ethiopia
- **SPSS** - Statistical Package for the Social Sciences
- **UAE**- United Arab Emirates
- **UNESCO**.- United Nations Educational Scientific and Cultural Organization
- **WTO** - World Tourism Organization

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Chapter One

Introduction

1.1 Background of the Study

In today's global economy, hospitality industry is one of the world largest and the most dynamic industry (Stancious et al, 2011). This industry is growing around the world and also become a major source of income generation and employment creation for several countries. As confirmed by the World Tourism Organization (2009), the industry create local economic stability through increasing foreign exchange earnings, create employment, investment opportunities, enhancing government revenues, building a country's image and supporting all sectors in the economy, as well as local communities.

The stock of hotels in Ethiopia has increased sharply over the last few years. The increment on tourist accommodations demand is one of the pushing factors for the augment in the number of Hotel in Ethiopia. Based on Ministry of Culture and Tourism (MOCT) in 2012 data, the Inbound Tourist Arrivals in Ethiopia continued to grow from 76,844 in 1989 to 115,000 in 1999; 184,078 in 2004; 427,286 in 2009 and reaching 523,438 in 2011. According to Growth and Transformation Plan (GTP) the target for the number of tourist arrivals by the end of 2014/15 will be reach to 1 million in-bound tourist arrivals. The total number of hotel rooms and beds of all hotel establishments in Ethiopia was 19,025 and 24,083, respectively in 2011. A total of 37 investors have taken investment permit in Addis Ababa alone to construct star designated hotels in 2012/13 (Ebisa et al, 2013). The supply of hotel beds in Addis has tripled in the last three years (2010-2012) which reached to 6,000 hotel beds. Higher demand in the market could potentially push the number over 10,000 hotel beds in the next few years. The hotel industry is the essential industry to Ethiopia not only to improve people's life but also for overall national economy.

Nowadays in any economy level globalization have an impact on doing business. This leads the enterprises to sustain a successful business operating in a competitive environment. The process of economic globalization will be further accelerated. The world economy has entered a period of major development, greater opening ups, tough competition, and higher adjustment. With this regard, talent competition gradually replaced the tradition of competitive technologies and

products. Thus, succeed from competitive environment has become one of the focus of bigger hotels. Besides this, improve the knowledge of personnel, retaining talented people, enhance their work performance, further to develop company performance, has become intimidating task that hotels has to face.

On the other hand, the increased globalization of hotel development has created a great challenge for the hotel corporations to recruit technically competent and culturally sensitive employees plus managers for managing their outstanding operations. A failure to cope up with this environment will not only spoil customer's attention, but also put the hotel into greater loss and may extend to shut down.

1.2 Background of study areas

According to (Mackenzie & Chan 2001:7) hotels can be classified by Location, Function, Market Segment, Distinctive property, Price and staff/ room ratio, Size, Rating (grading). Out of the classification criteria's the researcher took rating (grading). Therefore, hotels which have five, four, and three stars were selected. Out of the six chosen hotels, One 5 star, four 4 stars, and one three star hotels that started operation before 2009 were chosen to conduct the study.

1.2.1 Hilton Hotel

The Hilton Addis Ababa hotel was established Nov 3, 1969 which is located in a hub of international diplomacy, with proximity to the headquarters of the African Union and the United Nations Economic Commission for Africa. This historic five star hotel, constructed and opened during the reign of Emperor Haile Salasse, is just 15 minutes from Bole International Airport and close to many of the city's popular attractions, including the Holy Trinity Church. It is a partnership with International Chain Company within agreement between Hilton worldwide (HWW) & Ethiopian government. (30% -70%). There were around 200 employees at the beginning and now 680 permanent full time employees.

1.2.2 Jupiter Hotel (Kazanchis)

Jupiter International Hotel is a privately owned four star hotel established on December 2008 with a capital of 80 million Ethiopian birr. It's a four star Hotel dedicated to provide exceptional accommodations with a hospitable service at affordable price with a mission to be the best and

preferred hotel by consistently striving for daily improvements in all areas of their business. Currently, the hotel is operating with the total number of 285 employees.

1.2.3 Harmony Hotel

Harmony Hotel is a privately owned company established on December 2008 as a partnership. It represents an initial investment of over 100 million Ethiopian birr and brings it to the forefront of four star accommodation venues in this rapidly growing East Africa hub. Situated 2 Kms from the ring road and 5 minutes from Bole International Airport, Harmony Hotel is conveniently located in Bole Medhanialem area. The Hotel has started its operations with 97 employees (From top to non-managerial staffs). Currently, the number of staffs increased to 310 out of which 92.6% are permanent employees.

1.2.4 Siyonat Hotel

In 2009, Siyonat hotel came to an existence as one of the major competing four star hotels. It is located in Bole Medhanialem where there are many neighboring hotels, cinema and shopping centers. The hotel represents an initial investment of 62 million Ethiopian birr. During inauguration there were about 57 employees now the hotel has 90 permanent employees.

1.2.5 King's Hotel (Sar bet)

A four star hotel located in Rosvelt St. a 5minutes walk from Head quarter of African Union. Kings Hotel was established in 2005 with a capital of nearly 35.7million. It's a sole proprietor having over 65 permanent employees during establishment and now 103 permanent and 20 contract employees.

1.2.6 Hotel Concord

As one of the early privately established hotels in Addis Ababa, Hotel Concord was established in 1996. As it is indicated in Ministry of Cultures' website the hotel is a three star hotel. With regard to human resource development, the Hotel started operation with 70 permanent employees and enhanced to 147 permanent employees.

1.3 Statement of the problem

Hotel business has a great opportunity for countries like Ethiopia for rapid growth in tourism sector. Ethiopia have the well diversified cultural and religious heritages in different nations and nationalities which registered by UNESCO.

The capital city, being a business center, a conference venue, hosts annual conferences for Africa Union, UN branches, Pan-African business organizations and special interest groups are attracting escort for a growing number of delegates to the country each year. Conference tourism creates great potential to grow and it's on the edge to gain greater significance attributable to the development of several top hotels in Addis Ababa to meet the demand.

Apart from the good designed hotels, the hotel facilities and encouraged investment permits, the development of Human resource is another core issue. Training staff is one thing and retaining the trained staff is also a crucial item. Other tourism-based counties such as UAE attract the trained/ skilled workers with better working conditions. Starting from trainings, ergonomics, the work life balance, the working hours, and the incentives available to the employees and the non-financial rewards are the main thing to be considered in hotels sector. In this study, the researcher assesses these points briefly.

Currently, as a result of the rapid economic growth for last ten years and political stability in country, Ethiopia is hosting major international conferences. Moreover, the customers are not only tourists but also higher officials, famous and celebrity peoples. Because of this, it is expected to satisfy the needs of its customers by providing quality service through its trained employees. Some of the services that are delivered by the hotels are: Bedrooms, Restaurants and Bar, Banquet and Conference rooms, laundry, cultural and duty free shops, swimming pool, Gymnasiums, Jacuzzi steam, sauna and hair salon.

But according to the management staff of some hotels, the hotel industry is not meeting the service requirement to its customers as per their expectation due to some reasons. Among those reasons the turnover rate of employee is the major one. From different company experience, the below average rate of payment, discrimination in recruitment, selection and hiring of employees, poor leadership, weak leadership, unreasonable expectations, interference of owners and poor management styles are to be discussed in the paper.

Hiring employees that are good “fit” with the culture of the hotel industry, meaning employees who can accept the company's values, principles, and goals clearly match those of the hotel and then training as necessary will go a long way toward ensuring employee loyalty and retention.

As it is stated by the human resource of the six star designated hotels, the turnover rate of the past 5 years is portrayed as follows:-

- Turnover rate of the past five years (2009-2013) is 6-9%. (Human resource manager of Hilton Addis, 2014)
- Turnover rate of the past five years (2009-2013) is between 14-20% (Human resource manager of Jupiter Hotel Kazanchis, 2014).
- Turnover rate of the past five years (2009-2013) is estimated to be 11-15% (Human resource manager of Harmony Hotel, 2014).
- The turnover rate of the past five years (2009-2013) is estimated to be 19 % (Human resource manager of Siyonat Hotel, 2014).
- The turnover rate of the past five years (2009-2013) is estimated to be 19-27 % (Human resource manager of King's Hotel, 2014).
- The turnover rate of the past five years (2009-2013) is estimated to be 15-19 % (Human resource manager of Hotel Concord, 2014).

Therefore, the main reason for this research to be done is to check the reason behind the fast rate of employee's turnover and its effects in the hotel industry by selecting some of star rated hotels.

Thus, the questions to be answered in this study are:-

- ❖ What is the extent of employee turnover in Hospitality Industry?
- ❖ What are the factors behind the fast rate of employee turnover?
- ❖ How does this turnover affect the hospitality industries?
- ❖ What kind of retention mechanisms do the hotels apply for the employee's?

1.4 Objectives of the study

The main objective of this study is to assess employee turnover and retention scheme in hospitality Industries for star designated selected hotels.

Specifically, the research addresses the following points:

- To examine the magnitude of employee turnover in hospitality industries.
- To assess the factors behind turnover.
- To evaluate consequences of turnover.
- To assess if there are retention schemes in the hotels.

1.5 Significance of the study

Ethiopia's hospitality industry in both tourism and hotel has witnessed tremendous boom in recent years. It has immense potential to satisfy both the business as well as the leisure travelers. Even though many employees join hotel industry, the industry is facing mismatch between the demand and supply of skilled human power. The necessity of hotel management professionals is increasing due to the growing rate of hospitality industry.

This research is done to give an overall insight concerning the employee's turnover of hospitality industries, to create awareness to the investors as to what to do regarding the issue. The outcome of this study will help the employer to identify the causes and effects of turnover. This result gives all possible solution for the management and HR department of hotels to improve performance of the service in general.

Meanwhile, this study made the student researcher has a good know on the area of turnover in the hospitality industries.

Moreover, the study finding is also important for future researcher as their guide and reference.

1.6 Scope of the study

As to the Ministry of Culture and Tourism of Ethiopia (MOCT) official website, the total number of hotels in Ethiopia until May 12, 2014 is 3,000 hotel rooms, and of that only 2000 are tourist class rooms. This number includes all five stars, four stars, three stars, two stars, one star and not classified categories of hotels. However, this study is concerned only six hotels in Addis Ababa which are having three, four, and five star hotels. In addition, the study used five years data from 2009-2013.

1.7 Limitation of the study

While conducting the research, many difficulties were faced. Among which willingness of the managers to show the employees' document, accessibility to get written materials relevant to the study, time and finance constraint were the major problems the researcher faced.

1.8 Organization of the Study

This part gives a description in summary form of the main content and the ways that study is organized and structured. The study is divided into five chapters. In chapter one of this study, background of the study, statement of the problem, objective of the study, Significance of the study and limitation of the study are presented. In chapter two, overview of the hospitality industry, review of literature and definition of some operational terms is presented. Chapter three highlights the description of research methodology that is used is presented. In chapter four, data collected by both quantitative and qualitative methods are analyzed and presented. Finally the finding and conclusions are depicted and possible recommendations and implications for the management and for the over hotel industry is stated in chapter five.

Chapter Two

Review of the Literature

2.1 Overview of Hospitality Industry

There are different definitions of Hospitality. Broadly speaking, Hospitality is the act of kindness in welcoming and looking after the basic needs of guests or strangers, mainly in relation to food, drink and accommodation. (Mackenzie & Chan 2001:1) A contemporary explanation of Hospitality refers to the relationship process between a guest and a host. The “Hospitality Industry”, we are referring to the companies which provide food and/or drink and/or accommodation to people. (ibid)

2.2 Tangible and Intangible Nature of the Hospitality Industry

The physical products of hospitality, e.g. food and drink in a restaurant or the actual hotel room, are products that are sold at a price to the guests or customers (e.g. the price a guest paid for renting a hotel room, or the price a customer paid for buying a meal in a restaurant). These are often regarded as the *tangible* aspects of hospitality. However, a guest’s experience of the hospitality industry does not only rely on the tangibles.

A successful hospitality business does not only count on its products and services, but also how they are delivered. The qualities of staff and the way they deliver the service are often more important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. These are called the *intangible* aspects of hospitality. (Mackenzie & Chan 2001:2)

2.3 Human Resource Management in hospitality Industry

To understand the nature of HRM in the hospitality industry, it is important to understand the situational factors of hospitality work and different stakeholder points of view. In terms of the main situational factors, the sensitivity and vulnerability of hospitality and tourism markets due to varying economic, political, seasonal and meteorological factors, lead to employment structures that rely heavily on a combination of core staff and large numbers of temporary employees who are often young employees (Keep et al, 1999).

According to Keep et al (1999) hospitality industry has Pessimistic and Optimistic views to the stakeholders.

From the perspective of hospitality employees, work can have a number of negative features.

To mention some the non-existence of little or no trade union in the organization; the variability of unsocial hours to conduct some social obligations; the usage of over reliance on informal recruitment methods; typically low pay scales and benefit packages; relatively low status; the difficulties in recruitment and retention of employees; the workplace violence; dealing with violent customers (high to female employees); lack of evidence of good practice in HRM practices; over representation of women and ethnic minorities in low-level operative positions while better paid, higher status and more skilled jobs filled with by men; the existence of underdeveloped equal opportunities policies in the sector; but in a country like ours Ethiopia there are no such discriminatory rules and regulations; poor or non-existent career structures and use of seasonal employment; work can be stressful due to physical workloads; many jobs are part time and casual which makes them hard for HRM and full time core jobs often involve very long working hours, especially for managers (ibid).

As to the researchers experiences the hospitality industry has positive features in the work it offers too. To mention some, job variety in which one employee can give service in one service outlet and next time can be shifted to other; team work; the personal incentives; the great opportunities to interact with different background of people in which the exposure would help to think outside of the box; pleasant working environment; and though this it somehow ideal in Ethiopia, since many countries are developed in there tourism and hospitality industries there are chance of wide choices in the number and types of employers that the industry creates.

According International Labor Organization (ILO) recent report on the international tourism industry, hospitality industry is characterized as an industry with sensitive market and high level of staff turnover; as an industry which can be subject to intense competition; as an organization with high proportion of female, young and international staffs; as working environment where

work can be done and extended up to 24-7, 24 hours a day, seven days per week; and finally as industry representing a high proportion of operating costs due to the labor intensity of hospitality service offerings.

Above all, for both employees and employers, hospitality work is characterized by the provision of service and the need for quality service. Yet hospitality jobs are often demanding and generally not well rewarded, hence employees may not be too motivated to consistently deliver the necessary quality service. The primary role of HRM can then become to mediate between the business and employee needs in order to encourage and facilitate quality service. In the absence of substantial financial rewards, for example, more intangible and intrinsic rewards such as teamwork and training can be offered to reverse the employee morale and to compensate intrinsic needs with extrinsic ones. And in the absence of labor unions the researcher suggests that the HR managers and staffs act as one.

2.4 Characteristics of Hospitality Industry

As per Pizam (2010) the hospitality industry is characterized by: high staff turnover and thus the ongoing level development and loss of instructional and social capital are a significant issue in the day to day management of an organization; a long irregular hour, over a 24/7 week causes individuals to react and deal with stress in different ways which will affect their performance; hierarchical structure of many businesses resists the development of inter organizational networks and the sharing of organizational knowledge and the diversity of workforce in terms of culture, age, and gender as well as the diversity of skills required by individual departments results in a multitude of issues for the efficient management of human capital.

Therefore the use and management of human resource is particularly relevant to the hospitality industry due to the use of intangibles in the product (service), the diversity of the workforce and high staff turnover rates. These factors contribute to the constant review of training standards and education as well as a constant evaluation of the human capital available within the workforce.

According to the Chartered Institute of Personnel and Development (CIPD) survey labor turnover in 2003 report, based on information from around 1000 respondents, includes the following findings:-

- The average turnover was 16% compared to 26% in 2000.

- Those working in a sales and service environment had the highest turnover at 18% with rates in call centers especially high at 51%.
- Management, professional, technical and scientific staff had the lowest turnover at 12%.
- Hotels and catering (46%), retailing (27%) and communication (27%) were the sectors with the highest turnover while utilities (9%), paper and printing (9%), chemicals (12%) and local government (12%) were the lowest.
- The average estimated cost per leaver was \$4807 for managerial staff and averaged \$4301.

Among the characteristics of hospitality industry, the human resource element “Turnover” was the concern of the researcher (CIPD 2007).

2.5 Definitions of Employee Turnover

Different authors have defined the term employee turnover in different ways. Some of the definitions are as follows;

According to Pizam (2010), Turnover occurs when an employee leaves his or her organization either voluntarily or involuntarily. Operationally, turnover is often expressed as a percentage either within a hospitality organizations department or the organization as a whole, or sometimes both.

As per, Robbins (2003) definition turnover as the voluntary and involuntary permanent withdrawal from an organization, and a high turnover rate results in increased recruiting, selection, and training costs. However, this study will many focus on voluntary turnover.

The Chartered Institute of Personnel and Development (CIPD 2007) defines employee turnover as the “ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees”.

Mani etal (2006) define as Turnover is a reduction in the number of employees through retirement, resignation, reassignment, transfer or other means than layoffs.

Turnover, as per the free encyclopedia, in a human resources context refers to the characteristic of a given company or industry, relative to rate at which an employer gains and losses staffs. Price (1977) defined turnover as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period.

Frequently, managers refer to turnover as the entire process associated with filling a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover (Woods, 1995). This term is also often utilized in an effort to measure relationships of employees in an organization as they leave, regardless of reason.

2.5.1 Turnover Culture

Staff turnover is generally acknowledged as particularly high within the hospitality industry (Pizam, 2010). Turnover culture tends to be correlated with poor communication within organizations and more autocratic styles of management. Turnover culture is a product of a number of factors, including the seasonality of employment, the limited career structure in smaller establishments, the semi or unskilled nature of some jobs and finally, the percentage of employees from secondary labor markets. Where the industry has faced a significant problem for certain labor intensive or semi-skilled jobs it has tended to turn to labor from foreign countries.

However, these low skilled employees are often more motivated by extrinsic rewards such as pay and conditions and are therefore more likely to be attracted to another employer by higher wages or to escape poor working conditions therefore be responsible for the problem. However, despite these industries related turnover factors, many employees who leave a job voluntarily do not move out of the sector. Instead, it is accepted that people move from establishment to establishment with little organizational loyalty. This perpetuates a turnover culture that produces a higher level of employee mix than experienced in other sectors. Turnover rate is typically expressed as an annualized percentage.

One firm had a turnover rate of more than 120% per year! It cost the company \$1.5 million a year in lost productivity, increased training time, increased employee selection time, lost work efficiency, and other indirect costs. But cost is not the only reason turnover is important. Lengthy training times, interrupted schedules, additional overtime, mistakes, and not having knowledgeable employees in place are some of the frustrations associated with excessive turnover.

While turnover rates in the hospitality industry vary considerably by country, they tend to be significantly higher than in most other industries. For example, within the US turnover in all industries was estimated at 13% in 1995, whereas in the hospitality industry it was estimated to range from '58 to 154 percent among staff, and 15 48% among management personnel' (Pizam

etal 1999). Turnover is associated with both costs and benefits. Turnover costs include: (1) replacement costs such as those associated with recruitment, selection, and training, (2) reduced customer service and product quality, and (3) poor morale resulting from insecurity and increased workload for remaining employees (Deery etal, 1999).

On the positive side, turnover can bring resolution to performance issues, provide opportunities for promotion, and result in new skills and ideas being introduced to the organization. Some organizations have what can be described as a turnover culture in which a high rate of turnover is accepted as standard business practice and little is done to rectify the situation (Deery, 2002).

High rates of voluntary turnover have been linked to many factors including job dissatisfaction, lack of connection between subordinate and supervisor (Pizam etal, 1999), and by events called shocks positive, negative, or neutral jarring events that precipitate the cognitive analysis that precedes quitting (Holtom etal, 2005). Shocks such as a fight with the boss or an unexpected job offer may trigger voluntary turnover, and contrary to popular wisdom, shocks cause more voluntary turnover than job dissatisfaction (ibid).

The unfolding model of turnover (Lee etal, 1994) suggests that people leave their jobs through one of four 'paths,' and shocks are involved them.

In the *first path* a shock activates a pre-existing action plan (e.g., if a spouse gets a job some were in other city and you had hoped to move there). The *second path* involves a type shock (usually negative) that causes the person to reevaluate his or her attachment to the organization. The *third path* involves a type shock that causes a person to begin comparing his or her current job to other alternatives. The *final path* involves a pre-existing low level of job satisfaction Each of these paths to turnover calls for different management action.

2.5.2 Types of Turnover

Turnover often is classified as voluntary or involuntary. The *involuntary turnover* occurs when an employee is fired, terminated. *Voluntary turnover* occurs when an employee leaves by choice and can be caused by many factors. Causes include lack of challenge, better opportunity elsewhere, pay, supervision, geography, and pressure. Certainly, not all turnovers are negative. Some workforce losses are quite desirable, especially if those workers who leave are lower-performing, less reliable individuals.

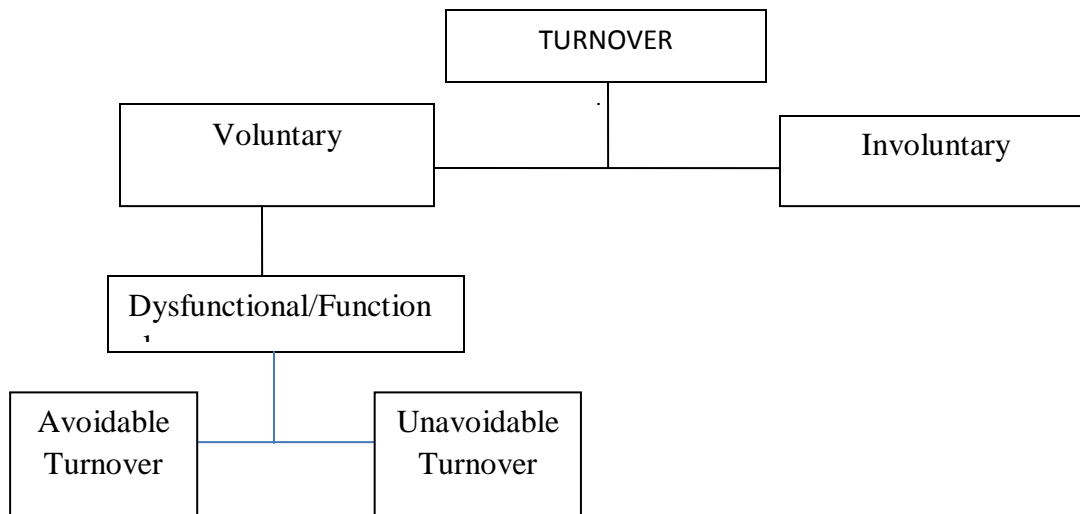


Fig 1. Types of Employee Turnover

Source: - Griffeth and Hom 2001

2.6 Measuring Labor Turnover

The turnover rate for an organization can be computed in different ways. The following formula from the U.S. Department of Labor is widely used.

$$\frac{\text{Number of employee separations during the month}}{\text{(Total number of employees at midmonth)}} \times 100$$

Common turnover figures range from almost zero to over 100% per year, and normal turnover rates vary among industries. Organizations that require entry level employees to have few skills are likely to have higher turnover rates among those employees than among managerial personnel. As a result, it is important that turnover rates be computed by work units. For instance, one organization had a companywide turnover rate that was not severe—but 80% of the turnover occurred within one department. This imbalance indicated that some action was needed to resolve problems in that unit.

The simplest measure involves calculating the number of leavers in a period of time (usually a year) as a percentage of the number employed during the same period. This is known as the "separation rate" or "crude wastage rate" and is calculated as follows:

Number of leavers / average no employed x 100

For example, if a business has 150 leavers during the year and, on average, it employed 2,000 people during the year, the labor turnover figure would be 7.5%

An alternative calculation of labor turnover is known as the "**Stability Index**". This illustrates the extent to which the experienced workforce is being retained and is calculated as follows:

$$\frac{\text{Number of employees with one or more years' service now}}{\text{Number employed one year ago}} \times 100$$

Labor turnover will vary between different groups of employees and measurement is more useful if broken down by department or section or according to such factors as length of service, age or occupation.

Nine variables employee's turnover intention, managerial attitude, job satisfaction, job involvement, communication levels, flexible work environment, training consistency, employee priorities and organizational outcomes are considered to measure employee's turnover intention and its impact on organizational outcomes. (CIPD 2004)

2.7 Controlling Turnover

Turnover can be controlled in several ways. During the *recruiting* process, the job should be outlined and a realistic preview of the job presented, so that the reality of the job matches the expectations of the new employee. A good way to eliminate voluntary turnover is to *improve selection* and to better match applicants to jobs. By fine-tuning the selection process and hiring people who will not have disciplinary problems and low performance, employers can reduce involuntary turnover.

Good *employee orientation* also helps reduce turnover, because employees who are properly inducted into the company and are well-trained tend to be less likely to leave. *Compensation* also is important. A fair and equitable pay system can help prevent turnover. Inadequate rewards may lead to voluntary turnover, especially with employees such as salespeople, whose compensation is tied directly to their performance. *Career planning* and *internal promotion* can help an organization keep employees, because if individuals believe they have no opportunities for career advancement, they may leave the organization. (Stredwick 2005)

2. 8 Turnover as cost benefit to organizations

A recent study by the United Kingdom Chartered Institute of Personnel and Development (2007) reveals that not all turnovers are harmful to organizations. Some turnovers impact positively and are cost effective. This happens mostly whenever a poor performer is replaced by a more effective and efficient employee. As stated by CIPD, yes some involuntary turnovers are end up to be very good for organizations. Of course there might still be costs related the turnover but in this case the benefits from the replaced employee exceed the costs to be incurred.

According to Mello (2006), turnover allows the organization to hire new employees with more current training who are not locked into existing ways of doing things. Fresh ideas from outsiders can be crucial to organizations that have become stagnant and are in need of innovation. Turnover can also lower the average tenure of employees and translate into lower payroll expenses. Furthermore contends that turnover may allow the organization to find an even better performer than the employee who left, possibly at a lower salary. The UK based Braun Consulting (2005) suggests that managing turnover in terms of keeping it low just for the sake of having a low rate is not necessarily the most profitable practice for organizations. Instead of managing turnover and giving equal value to all employees, the effort should be geared towards certain categories of employees rather than across the board. For example, some employers do not reward managers for keeping turnover low; rather, they reward them for keeping turnover low for high performing employees.

Some employees are difficult to replace when they leave due to the acute scarcity of their skills and their expertise. Retention strategies for such employees might involve additional career development opportunities, incentive compensation that rewards high performance, or innovative benefits that are tailored to the needs of the employee. Accordingly, Mello (2006) back-ups should be developed by the organization for employees who would be difficult to replace. The strategy for managing turnover involves keeping high performers rewarded through innovative compensation and recognition and reward programs while engaging HR planning to ensure that as few employees as possible occupy positions that will make them difficult to replace. Particularly in hotels the human resource management has to think through these issues more

than anything, because if one potential or key employee leave his/her place the guests might not be comfortable to get service with the next available employee. Sometimes the frequent customers might follow that employee to place were he/she moves on.

2.9 The reason for the employees to leave the hotel industry

One of the purposes of this study is to find out the reasons for hotel employees choose to leave the Hotel Industry.

Few researches indicated that the main reasons for leaving the hotel industry are interests change, better opportunity in other service segments, low compensation, little opportunity for advancement in hotels, incompatible with family/social life, long hours and management issues and policies. It was not one reason that caused hotel employees to leave the industry but rather a combination of factors.

Sixty percent of employees left the hotel industry because of unsuitable/ unsociable working hours coupled with poor remuneration (OLeary, 2003).

Hospitality graduates in the industry liked challenging jobs, direct involvement, working with others, a good work environment and career advancement opportunities (Pavesic etal 1989).

The graduates still in the industry did not like about their jobs were hours and schedules quality of life and low pay. Frustration about routine job activities, lack of advancement opportunities and little recognition were also mentioned. Management politics and labor concerns were also cited. (ibid)

Stressed employees are not happy employees and they will eventually leave to find less stressful work. The major reasons for staff erosion in hotel industry are the followings:

Low Salaries: -Different surveys done on employee's commitment to organizations and the industry have found compensation ranked immediately below chances to grow and to have a challenging job (Withiam, 2005).

Employees need to be able to start at the bottom and work their way up gaining experience as they go. They are hungry to take responsibility and learn. They want challenging jobs that allow them to make a contribution and that offer growth opportunities. Plus, just like their older colleagues, they want to be paid what they are worth. (ibid)

Long working hours: - the standardized official weekly working hours are 48 hours per week which means 1day off per week and 8hours per day. But the legal limit for working hours is not

followed by the hotel industry. The researcher can be witness to this situation in that though the hoteliers apply this law, the employees due to one and other reason they work in different hotels by trying to arrange their shift. This has both advantage and disadvantage for the hotel. The advantage is, the employees will practice the good working procedures learnt from other hotels and the disadvantage will be the employees will get tired of not having sufficient time to rest. This is mostly done by operational level employees.

There is variability across hotel occupations for example; managers working in rooms division and food and beverage division reported being particularly challenged by long, nonstandard hours, including weekends and holidays. While managers in human resources, engineering, and accounting tended to have 8 a.m. or 9 a.m. to 5 p.m. or 6 p.m. schedules that are probably more compatible with life off the job. Employers sometimes promote people so that they can take on more job responsibilities. Instead of being given the authority to delegate and make decisions, they are given more job tasks thus increasing their hours and job demands.

Opportunity for betterment: -the hospitality industry has not developed the image of being a career opportunity. It needs to show people that they have the opportunity to grow into higher level positions. Like other industries, hospitality needs to give its star employees a possible career path, get them to embrace it and monitor their progress. (Higley,2003). Few years back, our societies attitude towards hotel employees were poor due to this employees were ashamed to be an employee of hotels and even if they do they were afraid to reveal where they are working. There are reports highlighting that hotel managers report both dissatisfaction with their career progression and intentions to leave. Furthermore, managerial advancement in hotels is frequently unplanned and unsystematic, there are fewer training and development opportunities, managers experience work overload, have low levels of remuneration and experience managerial stress. (Garava, 2006).

Disturbance of Family/Social life: - Long working hours in hotel industry effect on social life of employees as they don't have much time to spend with their family and friends. Hotel employees usually either go early on his duty or come at late. In both the conditions they are not able to give proper time to their family. In particular for country like Ethiopia, where social life is highly relevant due to our different social commitments it's going to be very hard for the employees to cope up with outsiders.

2.10 Costs and Effects of Turn over

Analyses of the costs associated with turnover yield surprisingly high estimates. The high cost of losing key employees has long been recognized. However, it is important for organizations to understand that general turnover rates in the workforce can also have a serious impact on an organization's profitability, and even survival. There are a number of costs incurred as a result of employee turnover. These costs are derived from a number of different sources, a few of which are listed below. (Phillips & Connell 2003:1)

- I. Recruitment of replacements, including administrative expenses, advertising, screening and interviewing, and services associated with selection, such as security checks, processing of references, and, possibly, psychological testing.
- II. Administrative hiring costs.
- III. Turnover leads to more turnovers: When an employee terminates, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.
- IV. Lost productivity associated with the interim period before a replacement can be placed on the job.
- V. Lost productivity due to the time required for a new worker to get up to speed on the job.
- VI. Lost productivity associated with the time that coworkers must spend away from their work to help a new worker.
- VII. Costs of training, including supervisory and coworker time spent in formal training, as well as the time that the worker in training must spend off the job.
- VIII. Costs associated with the period prior to voluntary termination when workers tend to be less productive.
- IX. In some cases costs associated with the communication of proprietary trade secrets, procedures, and skills to competitive organizations.

- X. Public relations costs associated with having a large number of voluntary or involuntary terminations in the community spreading gossip about the organization.
- XI. Increased unemployment insurance costs.

2.11 Definition of Employee Retention

Retention is a voluntary move by an organization to create an environment which engages employees for long term. According to Chaminade (2007), this attachment relationship should be durable and constant and link the employee to the organization by common values and by the way in which the organization responds to the needs of the employees. The main purpose of retention is to prevent the loss of competent employees from the organization, which could have an adverse effect on productivity and service delivery. Also, retention allows senior and line managers to attract and effectively retain critical skills and high performing employees. This is achieved by providing these managers with information on retention and retention strategies that will ensure that the goals and objectives of the organization are realized.

Creating a retention strategy means placing the employees' needs and expectations at the centre of the organization's long-term agenda in order to ensure the professional satisfaction of the employee and create a trusted relationship. In this stable relationship, the employee remains in the organization by personal choice based on free will and considered decision.

Retention of employees is crucial to the overall success of any organization.

Talented and high performing employees should be encouraged to remain in the organization by designing retention policies that will provide individual employees with opportunities to demonstrate their skills and ensure that they are matched with the right jobs. Such retention policies should, in the view of Nyoka (2006) also include strategies that will enable employees to balance their work life demand with their family life by establishing family friendly policies and enabling flexible work arrangements to accommodate essential personal commitments. With such effective retention policies in place, managers are able to keep the employee turnover at a manageable rate.

It is imperative for organizations through the employment process, to attract quality employees to the organization. However, it is more important for managers to device strategies with which

to retain these talented employees in the service of their organizations in order for employers to benefit from the investment already made in them. Employee retention is one of the most critical issues facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover. Phillips et al (2002) state that employee retention involves being sensitive to employees' needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005) include career growth and development, competitive compensation benefits, opportunities for training and supportive management. Apart from the strategies mentioned above, employers should use a flexible approach to encourage retention and this approach should consider a number of value-adding components. Such components, contends include mentoring/coaching, opportunities for skill and career development, as well as flexibility around the frequency and size of performance rewards and incentives. The whole process of retention is to ensure that employees are retained in the organization, especially employees with valued or needed skills or experience in a scarce/critical field where recruitment is difficult competitive advantage. Turnover is a costly expense and a huge concern to employers and must be avoided. High turnover represents a considerable burden on human resource and line managers, who constantly have to recruit and train new employees (Brown, 2006).

2.12 Relationship between recruitment sources, turnover and retention

Employee retention stems from the employment recruitment process. Three employment processes (recruitment, selection & placement) predetermines the effectiveness of retention strategy.

For employee retention to be successful, it has to be linked positively to the processes and practices of recruitment and the sources from which job candidates are recruited. Recruitment practice and empirical research suggests that employees may differ in their tendency to quit depending on the source from which they are recruited. Two rather different approaches to recruitment identified by are; the "*traditional*" approach which suggests that the ultimate goal of recruitment is to attract a maximum number of applicants to the recruiting organization.

Wanous (1975) cited in Raub et al (2006) In the traditional approach, providing incomplete or even biased information about the job and/ or the organization may be an acceptable means for reaching this goal. The other approach is the "*realistic*" approach which suggests that a "realistic

job preview” whereby recruiters provide balanced and honest information about both the negative and positive aspects of the job and the organization is undertaken. The traditional approach was criticized by researchers such as Wanous (1978) who hypothesized that its benefits in terms of attracting a large number of candidates may be more than outweighed by its negative consequences for the selection and retention of those candidates. Following Wanous’s criticism, many HRM scholars like Raub et al 2006 posit that an unrealistic presentation of job-related information may lead to a “rude awakening” when newly hired employees discover the reality of the job. The researcher also disagrees with the traditional approach in that, if an employee is treated with faulty promises, and if she/he finds out the end, the damage they cause will be more costly than the turnover, as the employees will use the current organization as a stepping stone. This means they are not working with their full capacity due to the physiological influence that they are incurred with.

The larger the gap between what has been promised during recruitment and what the employees experience during their first weeks and months on the job, the higher the propensity to quit. The resultant effect is that the new appointees will be frustrated, dissatisfied, and unproductive and in the end they may quit rapidly. Similarly, Lee (2006) proposes two mediators to recruitment theory as they affect turnover. These are the “realism” with which the candidate comes into the job and the job fit that is the extent to which the employee feels that the job accords with his/ her personality, ability and so on. He also contends that if various recruitment sources can be found to have different realism and job-fit, and these in turn affect turnover, then retention strategies can be crafted around these recruitment techniques.

A large number of empirical studies have confirmed that realistic recruitment does indeed lead to a reduction in turnover. Wanous et al (1984), Phillips et al (1987) cited in Raub et al (2006: 280) explain that realistic recruitment does not mean that recruiters should communicate positive information only. Indeed, a combination of both “reduction” (i.e. negative) and “enhancement” (i.e. positive) previews seems to work best. The message source seems to play an important role in employee turnover. It is crucial to attribute great importance to providing realistic information about the job and the organization; and to this extent, HR practitioners or recruitment agencies must be familiar with the working conditions in the organizations they are recruiting for. Raub et al (2006: 283) stress that recruiters must be honest about the job-related information they give to job candidates at interview level. For example, when recruiting candidates for a manufacturing organization, recruiters must be willing to disclose details about certain hazards that are

associated with the manufacturing process such as industrial accidents, polluted working environment, and the general work context. The general work context may be characterized by long working hours, restrictive overtime regulations, and several limitations to the number of days off. This information may assist job applicants to decide if these working conditions fit into their career aspiration and help their decision making process on whether to accept or reject the job offer.

2.13 Empirical review

Dr. Ondigi Alice and Prof. Peter Mwangi Wanderi Kenyatta University in his study entitled “Assessment of Causes of Labor Turnover in Three and Five Star-Rated Hotels” in Kenya founded a corresponded finding with Gupta and Shaw (2001) that pay is the most critical outcome of organizational membership for employees to stay on. In his study respondents described their salaries as poor, a pointer to their dissatisfaction with the employers therefore constantly looking for greener pastures. The unfavorable work conditions resulted to the employees developing work related stress and reduced employees’ organizational commitment. This was evident where few hotels, had employees who worked up to their retirement. Reigel (1995) asserts that, labor turnover can be desirable in some instances, especially when pay is linked to length of tenure. As a result, this study observed the employee resignation as the major form of labor wastage in both the three and five star-rated hotels in Nairobi. The study established that, about thirty two percent of the respondents readily accessed information they needed for work done. According to the study, most of the respondents were familiar with the vision and mission statements of the organizations they were working with. This perhaps enabled them to achieve more satisfaction derived from the work they do and therefore staying longer in the current employments. The study further established that employees were not involved in decision making process, even those decisions which affected their jobs. Perhaps this resulted to the main causes of resignation in the hotels under the study. According to the study, thirty five percent of the respondents did not receive training which enabled them to do their jobs well. Hence, were dissatisfied with their jobs and low morale among them. This perhaps also resulted to the employees looking for jobs elsewhere. It was equally evident from the findings of the study that, the management did not treat their employees well as cited by the respondents. Employers were described as inflexible and they did not provide a balance between work and

employees' personal life. This resulted to sixty percent of the respondents to indicate that, they would not recommend others to work for the organization. According to the study, majority of the respondents did not know whether they utilized their abilities and skills. Based on the result the paper recommend on causes of labor turnover in three and five star-rated hotels in Nairobi, Kenya. The first and obvious solution for pay is to compensate employees with the highest possible wages. The study also established that the major causes of employee turnover in the hotels were the poor working conditions and lack of shared decision making between the employees and the management.

Huang-Wei Su, Li-Tze, and Chiang-Ku Fan in their study entitled "Turnover Determinants of New Employees in International Hotels", concluded that predicting the potential highest turnover risk hotel is often a complicated task. Especially in the rapidly changing economic environment, human resources managers lack precise and objective decision-making procedures and evaluation criteria. Therefore, integrating quantitative methods into the evaluation procedure enables decision makers to identify the potential highest turnover risk international hotel objectively and efficiently. Research results find that the potential highest turnover risk international hotel for the new employees based on the following rank: Internal Contentment (0.343), External Contentment (0.333), and Organizational Proffer (0.323), respectively. The result from the sensitivity analysis indicates the changing of the criteria weight will result in different alternative ranking. This finding implies the economic environment changing, such as economical tsunami, will lead to a different pursuing goal for new employees. The study recommends that not only human resources managers but also the other managers in hotel industry can use this model to evaluate and predict the potential highest turnover risk international hotel to strengthen the competition capacity.

Ahmad Rasmi S.A and Ahmad Puad M.S. in their study entitled "Employee Dissatisfaction and Turnover Crises in the Malaysian Hospitality Industry" attempts to present the impacts of demographic factors, salaries and wages, and the organizational environment on employee satisfaction. Their study also aims to discover whether job dissatisfaction could lead to turnover intention which will lead the employee to the actual turnover and leave their present employment. Much literature has been previously done to investigate labor satisfaction, turnover intention, and customer loyalty. The Malaysian hospitality and tourism industry should be aware of the Mobley model and its applications as its one of the most valid models which explains the series an employee transitions when faced with the case of dissatisfaction. Moreover, Mobley

assumed that the case of employee dissatisfaction will come from unacceptable working conditions, low salaries, and injustice, influencing them to quit. Based on the literature review, a theoretical framework has been developed. This study attempted to explain the Mobley Model and encouraged the Malaysian hospitality stakeholders to review and develop their employment strategies to reduce the effects of turnover crises. As expected, the findings of the study based on the literature review supported the Mobley Model and its applications. The findings also suggested that Malaysian hospitality stakeholders should recognize that poor working conditions, low salaries, and injustice will lead an employee to turnover and change job. Identical results have been found from the study of (Hemdi et al., 2012; Lam et al., 2003; Pathak, 2012) which revealed that bad working conditions, low salaries, work stress, and injustice between the employees will help them consider the idea of leaving their work to cause an actual turnover.

2.14 Conceptual Framework

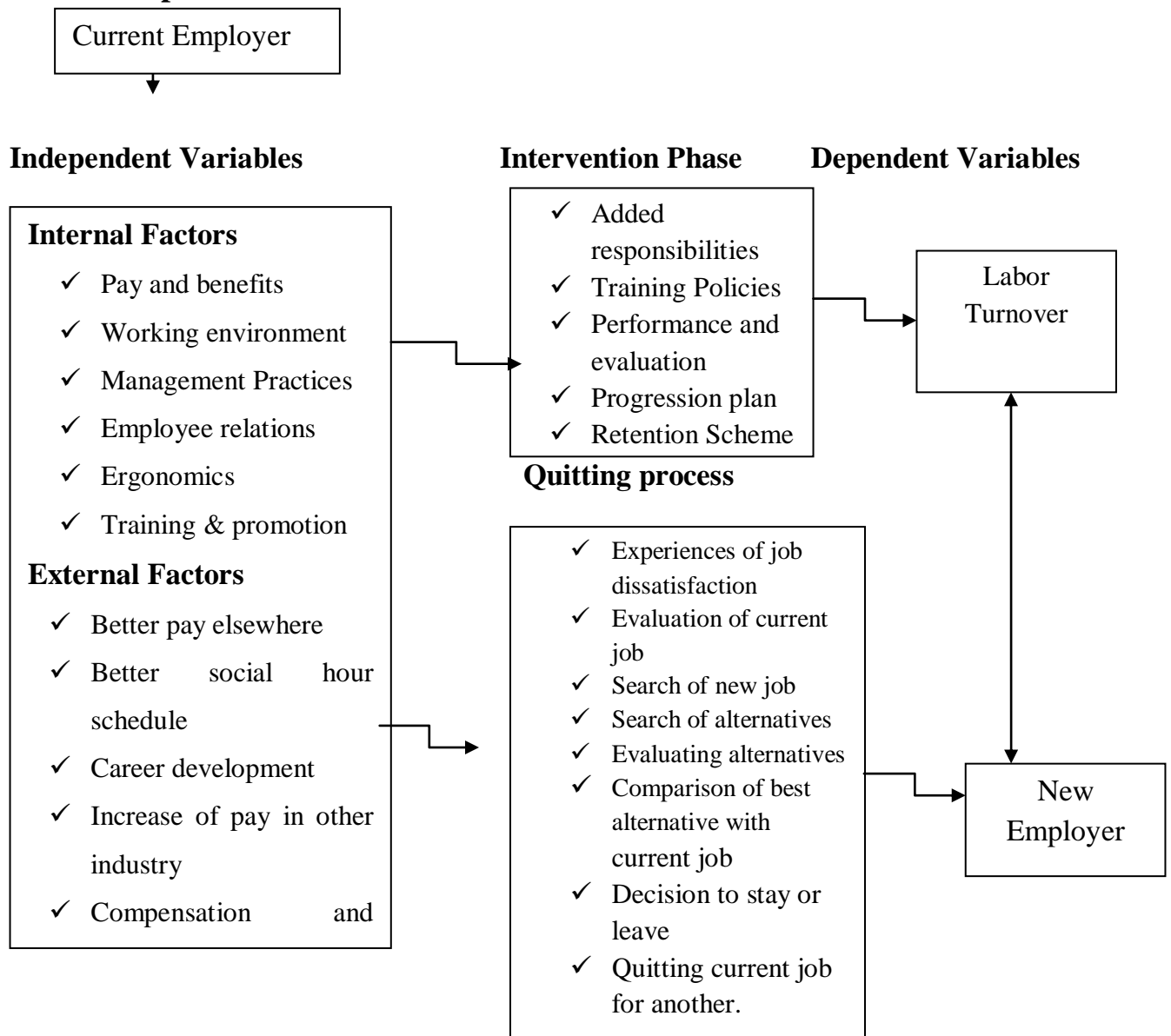


Fig. 2 Modified decision making process adopted form Mobley (1977)

2.15 Description of the conceptual framework

The conceptual framework indicates the crucial process, which are useful to show the direction of the study. One of the aims of this research is to find out factors that contribute to the turnover rates in hospitality industry. As depicted in the frame work the independent variables the external and internal are very crucial factors that contributes to the turnover process of the industry. The employers are the responsible human resource managers in the current organization have to formulate the best intervention methods so as to retain the employees in the hotel. As stated earlier in unfolding model of turnover Lee etal (1994), the *second path* involves a type shock (usually negative) that causes the person to reevaluate his or her attachment to the organization and the same here in the quitting process the next step after dissatisfaction, the employee starts to evaluate the job that he/she or given to do. If the responsible intervenes having the best offer the employees will be in doubt off looking to other alternatives. And at the comparison stages of the alternatives and the current jobs, which means the *third path* that involves a type shock that causes a person to begin comparing his or her current job to other alternatives. The management, if conditions are possible has to offer better off as compared with the available alternatives or at least equal to the new job in order to retain the employee's and decrease the turnover rate of the organization.

Chapter Three

Research Methodology

3.1 Research design

It is known that the research design is the most critical part of the research and it needs attention starting from the selection to the implementation part. According to O'Leary (2004) good research design methodology must meet main basic characteristics like address the question, be within your capacity and interest and be practical and doable.

On the other hand, as said by Dawson (2002), there are three types of research design: quantitative, qualitative and mixed method. The researcher implements more of quantitative method with a descriptive and inferential statistics that collect data at only one point in time (cross sectional study) to answer the research questions and some of qualitative method to investigate more about factors that contribute to the turnover rate in hotel industries.

This study is assessing factors that contribute to the turnover rate of hotel employees, explanatory research design is used as main research method, because it is a method that examines and investigates the study systematically utilizing facts, behaviors and relationship between the subjects being studied.

3.2 Source and procedure of data collection

In order to gather the data from relevant sources, the study used both primary and secondary data sources.

Primary data: are data originated by the researcher for the specific purpose of addressing the research problem. It is the researcher originally collects from the sample population. In this study the primary data were gathered from both the human resource management bodies of the hotels by using depth-interview and the operation employees which are currently working with the hotels through self-designed questionnaire.

Secondary data: collected from review of journals, articles, company profile, book and magazines.

3.3 Target Population

The target populations of this study are operational level employees (Front desk, guest relation officers, Bar and Restaurant employees, housekeepers, food preparation, and securities) and human resource managers working in the six selected star rated hotels and the total population are 1,615.

3.4 Sample and Sampling Technique

In order to apply the recent data, the researcher considered hotels that came into existence before year 2009 that is all the six selected star designated hotels were in operation before 2009.

To make the study manageable with time and cost constraint the random sampling methods were employed. Moreover, the random sampling method gives equal chance for all respondents being chosen in the sample.

The sample size for the study was determined by using the sample size determination table developed by Yamen, (1967) with precision level of $\pm 7\%$ is used.

3.4.1 Procedure of Data collection

The procedures that were followed when collecting data in this study was started first by asking the willingness of the Hotels to conduct the research on their company with a supportive letter from St. Marry University. Then after getting the permission from the Hotels, first pilot test on the questionnaire was conducted on 15 participants to check if there are missed points that have to be included and if the design of the questionnaire is comfortable to respondents. Then the primary data which was relevant to the study was collected from the sample through questionnaire. All information provided by respondent would be kept private and confidential. The questionnaires were distributed randomly for the study and also the researcher briefly explain to respondents if there were any unclear points when they fill up the questionnaires. Side

by side the relevant secondary data was collected from different documents, different websites, other research works and journals.

3.5 Method of data analysis

In this study, after collecting the relevant data, data's were analyzed and interpreted using both qualitative and quantitative techniques which includes descriptive statistics, and percentage method using tables. SPSS software version 20.0 was employed to analyze the data. Then, after analyzing the data and properly interpreting those findings were summarized and based on the findings the appropriate conclusion was drawn and the possible recommendations were suggested.

3.6 Validity and reliability of the data collection Instruments

Specific to factor analysis part, reliability refers to the extent to which a scale produces consistent result if repeated measurements are made on the characteristics. Besides, reliability has to do with the extent to which measures obtained by using a particular instrument are repeatable. There are a number of coefficients of reliability that can provide the researcher with a check on the quality of an instrument (Hair et al, 2002)

Even if the reliability of the questioner was tasted by the developer of the model and in the pilot study of this research, for accuracy analysis and interpretation, its reliability is tasted for the second time. According to Cortina (1993) when we use a likert scale data, the lower cronbach alpha coefficient must be 0.97. Thus, initially the model incorporate 13 variables that supposed to be factors for fast rate of employee turnover in the hospitality industry.

The sample size was selected based on Yamane (1967) sample size determination formula and for its adequacy the Kasier-Meyer-Olkin(KMO) measure of sample adequacy is utilized and to

determine the relative importance of each employee turnover influence the variance method is implemented .

Chapter Four

Results and Discussions

This chapter consists of presentation, analysis and interpretation of data gathered through primary and secondary data. To collect the data from questionnaire was prepared and distributed to operational level employees and some to department heads of the six selected star rated hotel to extract findings.

In this study, 130 questionnaires were distributed to the respondents and only 113 questionnaires were returned. That means the response rate was 87%. The remaining 17 of the respondents failed to return the questionnaires. The data covered 7% of the total population which is compatible with sample size determination table developed by Yamen, (1967)

4.1 General Background of Respondents

Under this section the researcher collected information about the general background of the respondents.

The researcher collected demographic characteristics of respondents like age, gender, marital status and educational background. In addition to the above data's like respondents year of service in the industry and in their last hotel, salary before service charge and after service charge and tax are presented in this section.

Table 4.1 Personal background of respondents

Personal Data	Number of respondents	Percentage
<i>Age</i>		

Below 25	33	29.2
25-30	29	25.7
31-35	25	22.1
36-40	19	16.8
More than 40	7	6.2
TOTAL	113	100
<i>Gender</i>		
Female	63	55.8
Male	50	44.2
TOTAL	113	100
<i>Marital Status</i>		
Single	69	61.1
Married	44	38.9
TOTAL	113	100
<i>Educational Background</i>		
Certificate	33	29.2
Diploma	49	43.4
BSc/BA	24	21.2
MSc/MA	7	6.2
PhD	0	0
TOTAL	113	100

Source: Own Questionnaire

The above first table indicates that most of the respondents are in below 25 years old with the frequency of 29.2%, followed by respondents whose age ranges are 25-30 with a frequency of 25.7%. The next group ranges are 31-35 with 22.1%. Among the age bracket more than 40years has the lowest frequency consisting 6.2%. As to the press release of National Youth Policy, young age range is 14-35. Thus it can be said that majority of the respondent engaged in the industry as employees are young aged, this implies that the respondents are of young age and are willing to work energetically and face challenges that's their jobs may brought them.

There were more females as compared to males. Female respondent's represented 55.8% and 44.2% were male respondents. Many of the respondents comprising 61.1% were singles while 38.9% of them are not married or leave a single life. When we look into the educational levels of the employees, the figure indicates that majorities of the respondent are Diploma holders, i.e. 43.4%, Certificate holders 29.2%, BSc/BA holders are 21.2% whereas, the remaining 6.2% have MSc/MA. This result indicates that more than half of the respondents are certificate and diploma holders.

Table 4.2: Service year and Service charge

<i>Year of service in the industry</i>		
Less than 1 year	24	21.2
1-3 years	35	31.0
4-6 years	27	23.9
7-9 years	16	14.2
More than 10 years	11	9.7
TOTAL	113	100
<i>Year of service in your last hotel</i>		
Less than 1 year	40	35.4
1-3 years	29	25.7
4-6 years	20	17.7
7-9 years	5	4.4
More than 10 years	3	2.7
Missing	16	14.2
TOTAL	113	100
<i>Salary before service charge</i>		
Less than 800 ETB	13	11.5
801-1,500 ETB	19	16.8
1,501-2,000 ETB	24	21.2
2,001-3,000 ETB	20	17.7
3,001-4,000 ETB	21	18.6
More than 4,000ETB	12	10.6
Missing	4	3.5

Total	113	100	
<i>Salary after service charge and tax</i>			
Less than 1,200 ETB	8	7.1	
1,200-2,000 ETB	18	15.9	
2,001-3,000 ETB	26	23.0	
3,001-4,000 ETB	31	27.4	
4,000-5,000 ETB	18	15.9	
More than 5,000ETB	8	7.1	
Missing	4	3.5	
Total	113	100	

Source:
Own
Question
naire

Regardin
g the
year of

service they spent in the hospitality industry many of the respondent's representing 31% of the respondents stayed 1-3 years. 23.9% of respondents stayed 4-6 years, 21.2% of respondents spent less than a year in the hospitality industry, 14.2% had stayed in the industry for 7-9 years and only 9.7% of respondents stayed industry for more than 10 years. This indicates the services need experience and young employee. On the other hand 35.4% of the respondent replied they work for only less than one year in their previous jobs. 25.7% respondents worked for 1-3 years, 17.7% respondents replied that they had worked in their previous hotel for 4-6 years, 4.4% respondents for 7-9 years and only 2.7% respondent responded that they had worked more than 10 years in her previous hotel. Unfortunately 14 respondents didn't fill in any of the listed ranges. This shows as there is high turnover in the industry.

As it is depicted under Table 4.2, 11.5% of respondents earn less than 800ETB, 16.8% between 801-1,500ETB, 21.2% earns between 1,501-2,000ETB and 17.7% of respondents earns between 2,001-3,000ETB, 18.6% respondents gets between 3,000-4,000ETB, 10.6% of respondents responded that they earn more than 4,000ETB before service charge and the rest 4 respondents didn't say anything to the question. This result indicates more 67% the employee get below 3000. Therefore, most of respondent in the sector does not earn attractive salary.

This table also portrays that, 7.1% of respondents earns for less than 1,200ETB net of tax and service charge, 15.9% respondents gets between 1,200-2,000 ETB, 23 % earns between 2,001-3,000ETB and 27.4% earns between 3,001-4,000ETB, 15.9% between 4,000-5,000ETB, 7.1% of

respondents responded that they earn more than 5,000 ETB and the rest 4 respondents didn't say anything to the question. This outcome pointed out the services charges have significant role assisting the employee salary.

4.2. Magnitude of employee turnover in hospitality industry

The next section discusses on employee's magnitude towards turnover in the hospitality industry by raising some points as shown below.

Table 4.3 Magnitude of employees turn over in hospitality industry

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Attitude about the management of the section</i>				
Strongly Agree	37	32.7	32.7	32.7
Agree	30	26.5	26.5	59.2
Neutral	17	15.0	15.0	74.3
Disagree	21	18.6	18.6	92.9
Strongly Disagree	8	7.1	7.1	100.0
TOTAL	113	100.0	100.0	
<i>Availability of fair treatment</i>				
Strongly Agree	17	15.0	15.0	15
Agree	18	15.9	15.9	30.9
Neutral	11	9.7	9.7	40.7
Disagree	32	28.3	28.3	69.0
Strongly Disagree	35	31.0	31.0	100.0
TOTAL	113	100.0	100.0	
<i>Encouragement for innovation and decision making</i>				
Strongly Agree	16	14.2	14.2	14.2
Agree	17	15.0	15.0	29.2
Neutral	26	23.0	23.0	52.3
Disagree	30	26.5	26.5	78.8
Strongly Disagree	24	21.2	21.2	100.0
TOTAL	113	100.0	100.0	
<i>Acceptance of work life balance</i>				
Strongly Agree	5	4.4	4.4	4.4
Agree	11	9.7	9.7	14.1
Neutral	5	4.4	4.4	18.6
Disagree	40	35.4	35.4	54.0
Strongly Disagree	52	46.0	46.0	100.0
TOTAL	113	100.0	100.0	
<i>Commitment to job</i>				

Strongly Agree	15	13.3	13.3	13.3
Agree	23	20.4	20.4	33.7
Neutral	26	23.0	23.0	56.7
Disagree	22	19.5	19.5	76.1
Strongly Disagree	27	23.9	23.9	100.0
TOTAL	113	100.0	100.0	
<i>Attitude about work shift</i>				
Strongly Agree	13	11.5	11.5	11.5
Agree	16	14.2	14.2	25.7
Neutral	22	19.5	19.5	45.1
Disagree	24	21.2	21.2	66.4
Strongly Disagree	35	31.0	31.0	97.3
Missing	3	2.7	2.7	100.0
TOTAL	113	100.0	100.0	
<i>Incentives Vs. performance</i>				
Strongly Agree	47	41.6	41.6	41.6
Agree	39	34.5	34.5	76.1
Neutral	12	10.6	10.6	86.7
Disagree	7	6.2	6.2	92.9
Strongly Disagree	8	7.1	7.1	100.0
TOTAL	113	100	100	
<i>Promotion criteria's are qualification and experience</i>				
Strongly Agree	25	22.1	22.1	22.1
Agree	39	34.5	34.5	56.6
Neutral	13	11.5	11.5	68.1
Disagree	15	13.3	13.3	81.4
Strongly Disagree	21	18.6	18.6	100.0
TOTAL	113	100	100	

Source: Own Questionnaire

As illustrated in above Table 4.3, 32.7% and 26.5% respondents strongly agreed and agreed respectively, 18.6% ,15% and 7.1% respondents disagree, neutral and strongly disagreed respectively as to comfort ability of their section management. This indicates more half the respondents concur management ability has a considerable role for turnover. On the other hand 31% of the respondents strongly disagreed and 28.3% disagreed and 15.9% responded agree and 15% strongly agreed to the existence of fair treatment in the hotel. 9.7% were in doubt to this question this shows that there is good relationship between immediate supervisors or management bodies of their section. The result shows the existence of fairness and justices is something plus to the employees.

26.5% respondents responded that they disagree and 21.2% respondents' responded that they strong disagreed, 15% agree and 14% have strong agree and 23% remained neutral to the encouragement of innovation and decision making. This response specifies the extent of encouragement of innovation and decision making is petite.

Besides, 46% respondents have strongly disagreed and 35.4% have disagreed that there is no work life balance in the hotel. This is about 81.4% of the total and 9.7% respondents have agreed and 4.4% have strongly agreed and again 4.4% reserved neutral. This shows the variable does not have much extent to the employee turnover.

Table 4.3 further illustrates that, 23.9% respondents have strongly disagreed and 19.5% responded disagree that they have no feeling of job commitment and 23 have neutral points, 20.4% and 13.3% respondents agreed and strongly agreed respectively. As to my understanding commitment plays a great role to organizations success but as table 4.3 many employees who constitute 43.4% of the total respondents have responded that they had less commitment to their job. This happen may be due to work habit of the employee.

On the other side 31% respondents have strongly disagreed, 21.2% disagreed, 19.5% have decided to remain neutral, 11.5% respondents have strongly agreed, 14.2% respondents agreed and the rest 3 respondent's missed the point. As can be seen from the table 4.3 majority of the respondents who make up about 35.7% responded that they are not satisfied with the working schedule that they are given with. That means many of them don't have good feeling while they are on duty. The turns have negative performance to its own output. Some of the neutral respondents are employees with normal office hours.

In addition it also stated that the number of respondents who strongly agree are 41.6% and 34.5% respondents agreed that the incentives and the duties are not balanced, 10.6 remained neutral, and 7.1% strongly agreed and 6.2% agreed that the incentives are good as compared to the work the employees duties. This implies the extent incentive have major role for the turnover in this industries. Finally, 34.5% respondents responded strongly agreed that promotions are based on qualification and experience and 22.1% of them also agreed but 18.6% disagreed that promotion is based on qualification and experience and 13.3% strongly disagreed and the rest 11.5 remained neutral. This shows that there is gap in the practice of human resource management that result show this variables is an important contribution for employee turnover.

4.3. Factors behind fast rate of employee turnover in the hospitality industry

Table 4.4: KMO, Bartlett's Test and Cronbach's Alpha

Cronbach's Alpha	0.97
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.924
Approx. Chi-Square	3617.192
Df	91
Bartlett's Test of Sphericity	Sig. .000

Source: - SPSS Output

Table 4.5: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.154	79.669	79.669	11.154	79.669	79.669	7.945	56.751	56.751
2	1.949	13.923	93.592	1.949	13.923	93.592	5.158	36.840	93.592
3	.317	2.263	95.855						
4	.167	1.191	97.046						
5	.117	.834	97.880						
6	.080	.569	98.449						
7	.064	.455	98.904						
8	.049	.352	99.256						
9	.029	.209	99.465						
10	.023	.166	99.631						
11	.021	.147	99.778						

12	.012	.087	99.865					
13	.012	.085	99.951					
14	.007	.049	100.000					

Extraction Method: Principal Component Analysis.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is utilized to ensure that the samples used are adequate. According to Field (2007), if the KMO values within a range of 0.7 to 0.9 are great and if the Bartlett's Test values are below 0.005 it indicates that the data are suitable for multivariate statistical analysis like factor analysis and also Cronbach's alpha coefficient above 0.8 means the items are consistent internally. Thus, the value in the table above indicates that the KMO result is great, Sphericity is suitable and the data reliability is also highly acceptable.

Table 4.6: Rotated Component Matrix

	Component	
	1	2
There is pleasant work surrounding.	.982	
Satisfaction about pay package		.943
Happiness about their job		.933

Source: SPSS Output

The Total Variance Explained section presents the number of common factors computed, the eigen values associated with these factors, the percentage of total variance accounted for by each factor, and the cumulative percentage of total variance accounted for by the factors. Fourteen variables have been computed to see the reason behind the fast rate of employee's turnover in the star designated hotel; it is obvious that not all 14 factors will be useful in fast rate of employee's turnover. In deciding how many factors to extract to represent the data, it is helpful to examine the eigen values associated with the factors. Using the criterion of retaining only factors with eigen values of 1 or greater, the first two factors will be retained for rotation.

The Rotated Component Matrix presents the two factors after vari-max rotation. To identify what these factors represent, it would be necessary to consider what items loaded on each of the two

factors. The clustering of the items in each factor and their wording offer the best clue as to the meaning of that factor. One items loaded in factor1 which indicates service charge is fair and in Factor 2 contains two items that clearly reflect Satisfaction and Happiness about their job. Factor one (i.e There is pleasant work surrounding) contributes 79.6% reason behind the fast rate of employee’s turnover and Factor two (Satisfaction and Happiness about their job) contributes 14% reason behind the fast rate of employee’s turnover. The two factors contribute 93.6% reason behind the fast rate of employee’s turnover in the star designated hotel. Beside this, the remaining 6.4% is not capture by the mentioned 14 variables.

4.4. Effect of turnover in the industry

Under this section the researcher presents effects of turnover in the industries as the whole presented below.

Table 4.7 Effects of turnover in the industry

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Availability of training and information about the job</i>				
Strongly Agree	32	28.3	28.3	28.3
Agree	34	30.1	30.1	58.4
Neutral	17	15.0	15.0	73.4
Disagree	18	15.9	15.9	89.4
Strongly Disagree	12	10.6	10.6	100.0
TOTAL	113	100	100	
<i>Existence of good relationship among colleagues</i>				
Strongly Agree	37	32.7	32.7	32.7
Agree	32	28.3	28.3	61.0
Neutral	18	15.9	15.9	76.9
Disagree	15	13.3	13.3	90.2
Strongly Disagree	11	9.7	9.7	100.0
TOTAL	113	100	100	
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Lack of good human resource management</i>				
Strongly Agree	33	29.2	29.2	29.2
Agree	21	18.6	18.6	47.8
Neutral	17	15.0	15.0	62.8
Disagree	23	20.4	20.4	83.2
Strongly Disagree	19	16.8	16.8	100.0
TOTAL	113	100.0	100.0	
<i>Good work surrounding</i>				
Strongly Agree	25	22.1	22.1	22.1

Agree	39	34.5	34.5	56.6
Neutral	21	18.6	18.6	75.2
Disagree	17	15.0	15.0	90.2
Strongly Disagree	11	9.7	9.7	100.0
TOTAL	113	100.0	100.0	
<i>Supposition of being successful</i>				
Strongly Agree	19	16.8	16.8	16.8
Agree	21	18.6	18.6	35.4
Neutral	25	22.1	22.1	57.5
Disagree	23	20.4	20.4	77.9
Strongly Disagree	25	22.1	22.1	100.0
TOTAL	113	100.0	100.0	
<i>Sense of belongingness to the hotel</i>				
Strongly Agree	11	9.7	9.7	9.7
Agree	18	15.9	15.9	25.6
Neutral	23	20.4	20.4	46.0
Disagree	34	30.1	30.1	76.1
Strongly Disagree	27	23.9	23.9	100.0
TOTAL	113	100.0	100.0	
<i>Existence of team work</i>				
Strongly Agree	27	23.9	23.9	23.9
Agree	33	29.2	29.2	53.1
Neutral	14	12.4	12.4	65.5
Disagree	22	19.5	19.5	85.0
Strongly Disagree	17	15.0	15.0	100.0
TOTAL	113	100.0	100.0	
<i>Chance of switching hotel</i>				
Strongly Agree	27	23.9	23.9	23.9
Agree	42	37.2	37.2	61.1
Neutral	16	14.2	14.2	75.2
Disagree	18	15.9	15.9	91.2
Strongly Disagree	10	8.8	8.8	100.0
TOTAL	113	100.0	100.0	

Source: - Source: Own Questionnaire

Table 4.7 describes that 30.1% of respondents agreed that they get training and information 28.3% have strongly agreed, 15.9% disagreed 10.6% strongly disagreed and the rest 15% have neutral. This response shows adequate training and information has positive effect on employee performance whereas the reverse is vice versa. In addition, table 4.7 also depicts that, 29.2% and 18.6% responded strongly agree and agree respectively that there is lack of good human resource management. 37.2% of the respondents responded that there is no lack of good human resource

management. The rest 15% were neutral of their human resource management. In reality, for service providing company human resource is the major contributor to success. Therefore, lack of proper human resource management will lead to failures for the company.

The above table also shows that, 32.7% and 28.3% respondents responded that they strongly agree and agrees respectively that they have good relationship among their colleagues. This refers high turnover leads poor relation among colleagues and vice versa. 13.3% and 9.7% responded disagree and strongly disagree respectively that they have no good relationships between their colleagues. The rest 15.9% respondents were neutral. Besides Table 4.7 presents that, 34.5% respondents agree, 22.1% respondents have strongly agreed that there is good work surrounding environment. 19 respondents pointed neutral, 15 respondents disagree and 9 have strongly disagreed that there is no good working environment. Ergonomics has to be considered while performing any simple task. To make job simple and attractive the environment has to be comfortable for employees. This result indicates turnover has a negative impact on working environment.

Table 4.7 also displays that, 16.8% numbers of respondents strongly agrees and 18.6% numbers of respondents agreed that they have no future of being successful. 22.1% respondents assumed that neither successful nor unsuccessful. 20.4% and 22.1% numbers of respondents responded that they disagree and strongly disagree that they will be successful. Well it is not good if the employees don't think they will be successful, as they will not be motivated and eagerly work for the industry. They will only work to earn their daily bread.

Furthermore, 23.9% respondents disagreed, 30.1% have strongly disagreed, 21 kept neutral, 18.6% replied agree and 16.8% strongly agreed that they feel a sense of belongingness to the hotel they working for. Many of the respondents didn't feel that they belong to the hotel that they are working for. This clearly shows that their mind still thinks outside for so many reasons.

Meanwhile, Table 4.7 shows that, 29.2% respondents agreed 23.9% respondents have strongly agreed, 19.5% respondents have disagreed and 15% respondents replied that they strongly disagreed. 12.4% respondents replied neutral to the existence of team work. The work in the hotel industry is like manipulating a human body one can't perform separate operation opposite to the other. To this edge the hotels that doesn't respect and promote team work will defiantly

face difficulties in their operation. Thus, the turnover affect the negatively the team work sprit in the hotels.

Finally Table 4.7 demonstrates that, 37.2% respondents agreed and 23.9% respondents strongly agreed that if they get a chance to be hired in other hotel they will use their chance. 14.2% respondents choose to stay neutral, 15.9% respondents disagreed and 8.8% respondents highly disagreed that they will not go to other hotel even if they got the chance to go. Hence, the turnover of peoples makes employee to change their jobs to other hotels. This is totally true the friends get better aggravate them to think about themselves.

4.5. Summarized answers for open ended questions

Under this topic three open ended questions were forwarded from the respondents.

When the respondents mention some of the most important conditions that kept them working in their current job were listed as follows-

The first and for most that everyone agrees on was to get paid good salary earn more income change their living condition. In addition to the high service charges and the tips are also the essential ones. Beside this, some of the respondents hope for promotion and salary increment. Some other reasons are:-

- ✓ Due to the nature of the industry, there are different kinds of local and global guests in their respective hotels therefore one of the reasons that tempted the employees to stay is potential customers that they meet. And these guests are curious about everything and want to discover everything with this the working place creates jobs other than hotels duty. And at the end there will be more satisfied customers.
- ✓ Even though security issue is relatively not a concern in Ethiopia, they feel that their respective hotels are more secured than other hotels. Locations of the hotels are convenient for some of the respondents and they are persuaded by the good will of the hotel.

- ✓ Some respondents valued the specific trainings and development, delegation and motivations their chance that they work with their profession, and the working hours that that they are given.

On the other five most tempting conditions of leaving their current job were mentioned by the respondents.

- ✓ Among those reasons low payment and too much intervention of the owners in professional duties were mentioned by most of the respondents. Moreover, less time for life, the constant pressure of work and long working hours were also mentioned by almost all of the respondents. Unfair and unequal treatment of employees by senior managers, bad working environment, lack of training and promotion, lack of transparency and no bonus or appreciation from upper level managements.
- ✓ In addition some respondents responded that there are bossy and dictator managers in that it hinders the freedom to implement ideas. As the industry is new in to the country, the attitude of the society to the industry is not developed well. This makes the young employees hard to convince everyone and stick to the industry.
- ✓ The subjectivity of the rules and regulation, the lazier-fair management style, the lack of fairness around the management, and luck of recognition to the employees are some of the factors that employees consider while they think of leaving the hotel.

Finally, benefits that their current hotel offers were also mentioned below.

- Transport allowance, entertainment allowance, duty meals, food and beverage allowances, medical service, bonuses, mobile card, 50% Laundry discounts, 50% Pastry discounts and 50% discounts in other chain hotel.

4.6 Interview questions with the human resource manager/representatives of the hotels

1) What are the main challenges of employees in the hotel?

- Since hotels are providing services to guests of different background, culture, religion and needs, this leads employees always face problems of adopting needs and wants of the guests.
- The working hours are not like office hours to the service giving employees so sometimes they get offend with this situation.
- The seasonality nature of the industry will keep some employees idle for some time and stressed in other time.
- Even though the outlook is somehow changed these days, before the years ago the society doesn't have good attitude to hotel employees.
- Sometimes it's hard for the service giving women because they face sexual harassments by the guest's.
- Some of the employees can't cope up with the high changes in technologies, due to that they usually are penalized of shortages.
- Language is one of the problems.
- Workloads during high seasons.
- Problems with the managements and customers.

2) How do you recruit employees?

Many of them responded that they get new employees through, internal employee references, through agencies, publishing vacancies on newspaper, promoting internal employees, recommendations of customers and walk-in CV's.

3) What do you think are the reasons for employee turnover in hospitality industry?

Employee retirement, illness or disability, unfair treatment, location inconveniences, poor management, lack of team work, the benefit packages given, and shortage of quality staffs where points mentioned by the interviewed representatives.

4) What retention mechanisms does your hotel use to retain employees?

- All most all of the interviewees mentioned that they strive to make good environment for their employees by creating open communication between employees and management, adjusting their working schedule, considering their work life balance, showing appreciations, giving opportunities to make decisions, recognitions and appraisal and in some hotels there is award systems like employee of the month and above all they try to get feed backs from the employees by conducting exit interviews.

5) What do you think is the view of your current employees to the hotel?

- Though question, but in my opinion, most of them likes to work in the hotel because they get good salary, benefits and due to the good will of the hotel.(Hilton's hotel)
- Due to owners intervention on normal operations becomes aggressive, high informal communication, and rumors, currently the view of employees towards the hotel is deteriorating.(Siyonat's hotel)
- Comparing to the last two years the current employees seems somehow settled and associated their life with the hotel.(King's hotel)
- Concerning JIH (Jupiter International hotel),I think most of the employees like the hotel however I know they will go to other hotels if they have better chances for their life.(Jupiter's hotel)
- We are now expanding our services to different sales outlets, I think they like to face this opportunities by staying longer with us.(Condord's hotel)

6) What impact does turnover has in customers?

- A customer doesn't feel comfortable when they are faced with the new employees.
- While they follow the employee's new hotel, they might be charged high, and will encounter inconveniences.
- Confidentiality of the guests will be endangered.

7) What costs can you mention in relation to turnover to the hotel?

- Loss of potential customers that follow the employees, for example if the employee is in marketing area, when she/he leaves the hotel he/she will take those customers to the new hotel.
- A customer doesn't feel comfortable when they are faced with the new employees.
- Vacancy announcement costs, train premature employee costs, recruitment costs, training costs.
- Low work place morale will be aggravated this will lesser productivity in the work force of their daily operation which will have direct cost to the company.

Chapter Five

Summary, Conclusion and Recommendations

As it was stated in this study, the intentions of the study was to evaluate magnitude of employees in hospitality industry, factors behind turnover, consequence of turnover, effects that are related to image building, profitability and retentions schemes applied in the industry of selected star designated hotels. Consequently, the researcher reached at the following summaries which are extracted from the interviews made and distributed questioners.

5.1 Summary of Findings

1. 87 % of the respondents are young aged who would have more interest to turnover and the researcher estimates that there will be high interest of getting exposed to different variety of job as this age range is kind of early to settle.
2. There were 55.8% female and 44.2% male respondents.
3. Surprisingly out of 113 respondents, only 38.9% of them were married and the rest 61.1% were single.
4. Majority of the respondents consisting 52.2% stayed in their previous hotels less than 3 years, 38.1% stayed for 4-9 years and very few, around 9.7% stayed for more than 10 years in their previous hotels.
5. Many respondents are in net salary range between 1501-2000 ETB, followed by 3,001-4,000ETB, and in the third range we find equal level of respondents with range of 2001-3,000ETB and 801-1,500ETB and 3.5% didn't want to mention anything regarding their salary range.
6. The employee's magnitude towards turnover in the hospitality industry creates by the incentives and the duties which shares 76.1%.
7. Out of total respondent more half of them agree management ability has a considerable role for turnover.
8. Accordingly, 61% respondents responded that they agree a relationship among their colleagues affected by turn over employee.

9. Consequently, 53.1% of the respondents agreed the team work arrangement to do their intended job has negatively affected by the turnover of the employee.
10. The turnover of people's makes employee to change their jobs to other hotels constitute 61.1%.
11. Derived from interview, mostly low payment and too much intervention of the owners in professional duties, the minimal work life balance, the constant pressure of work and long working, unfair and unequal treatment of employees by senior managers, bad working environment, lack of training and promotion, lack of transparency, bonus or appreciation from upper level managements are the top reasons that employees think of leaving there current hotel.
12. Many of the respondents mentioned that they get transport allowance, entertainment allowance, duty meal, medical service, and mobile cards as benefit packages of their current positions.
13. Based on manager responded to the main challenges of employees in the hotel they raise points like the cases related to guests background, culture, religion and needs; the working hours, poor societies attitude to hotel employees, sexual harassments for females, technology, language is one of the problems, workloads during high seasons, problems with the managements and some customers.
14. Some hotels expressed the same exact strategy in hiring, training or the culture within the hotel. Each manager reacted and responded differently to the idea of exploring the labor turnover rates in their hotel.
15. Many of the retention mechanisms exercised to retain employees were conducted on exit interview comments to solve the problems, opportunity to make decisions, creation of good environment, reviews of salary and other benefit packages, creating open communication between employees and management, adjustments to work shifts on some regular basis and rewards, recognition and promotion.
16. From each interview the study got reliable conclusions for the reason high turnover is present and problematic. Those are costs mentioned in relation to turnover to the hotel were lose of potential customers by discomforts faced with the new employees, vacancy announcement costs, recruitment, training, and low work place morale aggravated to the remaining colleagues.

5.2 Conclusion

By implication of the sampled six selected star rated hotels, the researcher can conclude that the size of employee turnover in hospitality industry is high. The industry is service delivery type which is growing in alarming rate in Ethiopia. Due to this, the nature of service based industries; there is a high dependency on the working labor. Thus, apart from other factors, the need to expose themselves in better environment create high turnover in the industry. Especially in times of our country's investors are competing by providing better ergonomics by making replica of some countries practices, the employees will be doubtful to stay still.

There are characteristics that make the industry both attractive and unattractive. These unappealing characteristics challenge employee's intentions to leave. As per the gathered information, turnover in the hospitality industry occurs for many reasons. Large contributors are the mismatch between employee's jobs and the pay, bonuses and incentives provided for them, seasonal characteristics of the industry, high intervention of the owners in professional duties, the minimal work life balance, the constant pressure of work and long working, unfair and unequal treatment of employees by senior managers, bad working environment, lack of training and promotion, lack of transparency, bonus or appreciation from upper level managements and the like. So employees would leave the hotel for one of the single factor or for more.

Since the employee's intentions to leave are diverse and plentiful, the hoteliers and the concerned body have to well formulate a strategy to retain employees. The management needs to understand what really motivates their workforce and to adopt a clearly defined strategy for both recruitment and retention. Whether labor turnover is a problem or not in an organization, the strategy and approach of management and the organization towards employee retention is important because the frequent turnover can lead to more issues in the workplace, such as understaffing, low morale, and poor customer service, companies will spend more on hiring and training costs, less-trained employees place more stress on trained staff. However the hotel

applies different retention mechanism such as giving the opportunity to make decisions, striving to make good environment, reviewing salary and other benefit packages, create open communication between employees and management and adjusting their work shifts on some regular basis.

5.3 Recommendations

On the basis of the findings and conclusions drawn with regard to the employee turnover, the following recommendations are made with the hope that implementation would help to contribute the infant stage hotel industry to alleviate the problem identified. As per the findings the points are forwarded as a recommendation.

- 1) It might be hard to make all employee satisfied with the pay and benefit package, but since all most all agreed that they are not happy with this issue the management has to keep on adjusting their pay scale, fringe benefits and allowances.
- 2) Unhappy staff can't serve the customer happily; If there are negative workforces and a negative company culture, it its even hard for a most optimist person to withstand the hassle and work positively with them. The management or the concerned body has to create this happiness through different mechanisms to make them feel comfortable and be devoted to their job.
- 3) As many employees agreed they are comfortable with the management of their section but this has to go through upper level of the management system so as to maintain that pleasant working environment.
- 4) Intervention of owners in their job in professional operations has to be automatically corrected; everything has to be cascaded down in the organizational hierarchy.
- 5) Since lack of training is one of the reasons for changing jobs, employers should invest some time and money into satisfying employee's needs in order to gain more.
- 6) Qualification, experience and performance should be the main criteria's for promoting an employee.
- 7) Owners or a concerned body has to give attentions to creation of labor unions. And they should be helpful to the points that they come up too.

- 8) Be it weekly or monthly, regular staff meetings, especially where all staff has the opportunity to feedback their issues and concerns, are required to communicate and create transparent environment.
- 9) Employees has to be encouraged to have their own innovative thinking and the concerned body has to give credit and even reward to those innovative thinkers and support them in any case because this will not only help the hotel owners it will be something plus for the industry in general.
- 10) Empowering staffs can also help to boost their confidence in the workplace, making them feel needed. By handing down some responsibility to employees they can get an immediate feeling of being a key element of the business, leading to a sensitive sense of pride of their work and also creates a sense of belongingness.
- 11) The human resource department should work closely with subordinates fairly and equally for example they can and arrange flexible working schedule that can be rounded to all on a weekly basis, in order to help them share both the benefit and hassle of the job (the constant pressure and the tips).
- 12) The rules and regulations has to work for all staffs and they it should be properly laid dawn without any impartiality.
- 13) In general the owners as well as the manager has to highly focus on extrinsic and intrinsic motivational values has to retain employees and minimize cost of turnover as possible as they could.

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