



ST. MARY'S UNIVERSITY
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**FACTORS AFFECTING THE INTENTION OF EMPLOYEE
TUROVER: CASE STUDY OF THREE TO FIVE STAR RATED
HOTELS IN ADDIS ABABA**

BY:

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STUDY THREE TO FIVE STAR RATED HOTELS IN ADDIS ABABA**

**BY
MEDHANIT GETACHEW EDAO**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr . Temesgen Belayneh. All sources of material 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.

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.....

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Endorsement

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

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May 2019

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ACRONMY/ABBREVIATION

GDP- Gross Domestic Product

HR- Human Resource

MOCT- Ministry of Culture and Tourism

SPSS- Software Package for Social Science

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Abstract

Employee turnover has become one of the central challenges faced by organizations today. As its one of human intensive industries, managers of businesses should be asking themselves the following pivotal question: Why are skilled and top-performing employees leaving organizations? The purpose of this study was to assess factors affecting the intention of employee turnover in Ethiopian hospitality industry with reference to three to five star hotels in Addis Ababa. The study was delimited to three and above rated hotels that are operating in Addis Ababa and only Internal (organization related) factors were assessed. To conduct this research, the data was collected from both the Human Resource department managers and employees who are currently working in the above star rated hotels. Therefore, the respondents are selected using stratified sampling technique. In order to gather the relevant data, 345 sample questionnaires and 12(twelve) structured interviews were administered. Three hundred of them were accepted and used as a valid base for the data analysis. In addition, the collected data were classified, analyzed, and interpreted with the help of SPSS and the result of the study shows that Wage and remuneration, Career advancement opportunities, training and development, Proper leadership and reward and recognition are the dominant factors, which affect the employee's decision to leave. According to the finding, though, Four and Five star have a good range of execution on the above factors, three star hotels shows relatively lower execution. As a result, they are paying that price with a high employee turnover.

Key words: Employee turnover, Hotel, Wage, Remuneration, Career advancement, Training, Development, Proper leadership, Reward and Recognition.

CHAPTER I

INTRODUCTION

Under this part of the study; background of the study, statement of the problem, the research questions, research objectives, significance, scope and limitation of the study are addressed.

1.1. Background of the Study

Hospitality is a term generally refers to a kind of business or establishment which offers facilities to tourists or rovers; this comprises of food, accommodation and travel (Ishani, 2015). Even though most people think of hospitality as only hotels and restaurants, the true meaning of hospitality is much border in scope. According to the Oxford English Dictionary, hospitality means the quality or disposition of receiving and treating guests and strangers in a warm, friendly, generous way. The word hospitality is derived from the Latin “*hospes*”, which is formed from *hostis*, originally meant to have power” (Rahimi, 2007).

Hotels are one of the most important institutions in the field of hospitality in providing services and also play a sufficient role in expanding the tourism industry and in improving and developing economic circumstances. Historically, however, viewed as an industry providing a luxury service valuable to the economy only as a foreign exchange earner but now, the industry contributes directly to employment (employing around 2.9 million people in the globe as of 2016), and indirectly facilitates tourism and commerce. (www.wttc.org)

In Ethiopia, according to Jumia travel, an online booking portal that isoperating in Ethiopian hospitality for many years, the contribution of the industry for overall Ethiopian economy is inevitable.

*“The direct contribution of Travel & Tourism to GDP was ETB 51.3 billion (USD 2.26 billion) - **4.1% of total GDP in 2015** - and is forecast to rise by 5% by 2026 to ETB 85 billion (USD 3.7 billion). This largely reflects the economic activity generated by industries*

*such as hotels, travel agents, airlines and other passenger transportation services, restaurant and leisure industries. In 2015, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was **8.4% of total employment creating 2,326,500 jobs**. Although this was expected to fall by 3.1% in 2016 to 2,254,500 jobs it is expected to increase to 6.6% generating 2,422,000 jobs in 2026(Jumia.com, 2017)''.*

When we talk about hospitality and hotels, employees are the most valuable assets. In fact, the success of every company or business is entirely dependent on the effectiveness of its workforce (Samuel and Chipunza, 2009). A business may invest many resources into its core operations and activities, but without a highly effective human resource, success in the end cannot be achieved (Ton and Huckman, 2008). In the current era, doing business is becoming tough. This constantly changing environment is not only affecting the business firms but also the employees working in it, leads to employee instability and finally ends with employee turnover.

Low employee retention rates often lead to business failure, an unmotivated workforce, and lack of attractiveness to skilled workers in the industry (Surji, 2013). If organizations have a high turnover relative to their competitors, employees of that industry have a shorter average tenure than those of other organizations in the same sector (Swarbalatha&Prasanna, 2014). High turnover will obviously harm an industry's productivity and costs related with recruiting, selecting, and training new employees often exceeds 100% of the annual salary for the vacated positions (Bryant & Allen, 2013).

Although retention strategies reduce turnover and retention costs, only few organizations have retention plans in place. Reduction of the employee turnover rate could universally help the hospitality industry and the economy in the globalized world. Globalization has created business mobilization opportunities for individuals that are beneficial for the hospitality industry (Grobelna, 2015).

According to MedhanitKebede (2014), the hotel industry in Ethiopia is not meeting the service requirement of its customers as per their expectation due to some reasons. Among those reasons, the high turnover rate of employees is the major one. In this study, the researcher examined the various factors that contribute for employee turnover in the sample hotel and oversees the retention methods

/plans/ being implemented by three to five-star hotels. Moreover, the researcher examined the effect of high employee turnover on the overall performance of the business organizations.

1.2. Statement of the Problem

Today's service industry has expanded to such an extent that it is to be the world's largest industry, with high number of employees, and bringing a lot of revenue for countries like Ethiopia (Yeshiwond, 2009). According to the Ministry of Culture and Tourism (MOCT) of Ethiopia, the service sector contributes 45% of the total gross domestic product (GDP) of the country for the fiscal year 2015. On the other hand, the total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts), was 1,236,000 jobs in 2016 (5.1% of total employment). By 2027, Travel & Tourism is forecast to support 1,751,000 jobs (7.2% of total employment), an increase of 2.1% pa over the period. However, the industry is having difficulties for the last couple of years. This is due to political instability and public unrests externally and high employee turnover and lack of retention internally.

In this contemporary era, every company should be able to satisfy and even exceed customer's expectation. This requires a well-trained work force (Goldenberg, 2002). While both technology and business processes are critical to have a satisfied customer, it is the employees who are the building blocks of every organization (Chen and Popovich, 2003).

In the hotel industry, the basic products (rooms) are closely similar (Fiseha, 2011). When comparing hotels with the same quality level, the other soft factors like personal treatment and personalization will be the base for differentiation and employees are the main resources behind these personalized services. Besides, to saving recruitment and selection expenses, retaining employees is the tool behind providing consistent services and standing in the top position in this challenging industry.

Retention of talent in both developing and developed countries is becoming more critical as organizations' intellectual capabilities are now becoming the key source of maintaining competitive advantage (Powell & Snellman, 2004). As a result, an increasing number of organizations are realizing that they need to release the untapped potential of their employees if they are to compete successfully in an increasingly demanding global economy. In this regard, recognizing the need to keep employees in their current employment is also critical in achieving competitive advantage.

Inability by firms to retain talented staff has serious repercussions on their operations. For instance, turnover diminishes organization's returns on investment. This reduction in return is evidenced by lost investments made in recruitment, selection, induction and training (Kammeyer-Mueller & Wanberg, 2003). Turnover also negatively affects organizations through lost organizational knowledge and lower employee morale, two areas that directly affect team and organizational productivity (Frank, Finnegan & Taylor, 2004). Being aware of these negative results of labor turnover, managements of some organizations have proactively developed effective talent management strategies to enable them remain competitive (Whitfield & Landeros, 2006).

Agrela, et al (2008) states the need to focus on the factors that affects retention leading to growth and success of organizations. Effective retention strategies can satisfy the needs of all employees and consequently enhances the ability of companies to adapt more to ongoing organizational change. Research shows that trends redefining modern retention strategies go beyond the traditional salary and benefits package and compensation embracing employee motivation (Thomas, 2000), as one of the key factors to cater to the diversity and long stay of the workforce in the organization.

Retention factors incorporating the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty, and commitment (Boomer Authority, 2009).

Ethiopia is becoming the most adventurous tourist destination and many tourists are flowing to the country from all over the world. A lot of known international hotel brands are already operating their branches in different parts of the country and a lot more are coming. Likewise, service expectation of customers is increasing. It is obvious that successful implementation of employee retention strategies by the hotels is believed to enhance service standard of the hotel and result in guest satisfaction and customer retention thereby increases competitiveness and profitability of the hotels. However, very limited number of studies has been conducted in the issue related to factors affecting employee retention and turnover in Ethiopian hotel industry.

To this end, the researcher was addressed the following research questions:

1. What are the main factors that affect employee's intention for turnover?
2. What is the degree of execution of this factors across three to five star rated hotels?
3. How is the extent of employee turnover in between three, four and five star hotels looks like?

1.3. Objectives of the Study

The general objective of the research was to assess factors affecting the intention of employee turnover in Ethiopian hospitality industry (by taking the case of three to five star hotels in Addis Ababa).

The specific objectives of the research were:

- To evaluate the dominant internal factors which affect the intention of employee turnover
- To Explore the degree of execution of this factors across three to five star rated hotels
- To evaluate the extent of employee turnover in between three, four and five star hotels

1.4. Operational Definition of Key Terms

Employee turnover: - refers to the number of percentage of workers who leave an organization and are replaced by new employees

Hospitality Industry: the hospitality industry is a broad category of fields within the service industry that includes mainly hotels and lodging.

Hotel industry: Hotel industry is all forms of business relating to the provision of accommodation in lodging, food and drinks and various types of other related services.

1.5. Significance of the Study

In any type of business, employees are the main resource behind the success of every organization. Given that the countless theoretical and empirical supports from literatures, answering why employees leave organizations is crucially important. Therefore, the outcomes of this study will have a number of significances.

1. Would help the management of hotels under study, to identify the factors behind employee's intention to leave
2. May provide important insights to those involved in the industry to better understand the factors that are contributing for employee turnover in the industry.

3. It may serve as an important springboard for other researchers who want to investigate the subject further.
4. It would also give general and specific recommendations that may help the hotels to improve their employee satisfaction level so that they will stay with them for long period of time.

In general, the outcomes of this study could be relevant to the works of managers and researchers by providing the aforementioned significance.

1.6. Scope of the Study

Even if a broader research that encompasses all the hotels involved in the sector would give a more holistic view on the subject; however, due to the broadness of the subject to be studied and to achieve the objectives of the study within the timeframe, certain delimitations was made by the researcher. First, the study was restricted to Addis Ababa town in geographical sense. Second, even though there are a lot of one and two star hotels which are affected by employee turnover, the study focused on the factors that affect intention of employee turnover in those hotels which are three to five stars only. Finally, employee turnover could be affected by different internal and external factors; however, the researcher only examines limited number of internal factors.

1.7. Organization of the Paper

This study has five chapters. The first chapter deals with background information, statement of the problem, objective of the study, significance of the study, scope of the study. The second chapter discusses concepts and theories related to the area of study. The third chapter deals with the methodology of the study. The fourth chapter discusses the findings and analyzes the data. The last chapter makes summary, conclusion and recommendations

CHAPTER II

REVIEW OF RELATED LITERATURE

Under this part of the study, literature review and conceptual frame work of the research are addressed.

2.1. Introduction

The hospitality industry is an industry that comprises of businesses that attend to guests away from home (Chon and Maier, 2009, p. 5). The hospitality industry is characterized by high mobility and abnormal working hours as well as frequent interactions with clients, which require top-notch customer relations and emotional labor by the employees. These the industry characteristics have been cited as part of the reason the industry posts a relatively high rate of turnover compared to other industries turnover is one of the major problems for the hospitality industry, with many negative impacts on the organizations. Human resources management practices, in particular organizational commitment and job satisfaction, are often indicated as possible instruments to make turnover rates lower (Faldetta et al., 2013)

Employee turnover is the ratio of the number of organizational members who have left during the period divided by the average number of people in that organization during the period. This term often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of the reason (Dwomoh&Korankye, 2012). Agnes (1999) defined employee turnover as a ratio expression of the number of employees a company must replace in a given time period to the average number of total employees. Price (1977) defines turnover as “the degree of individual movement across the membership boundaries of a social system” (p.4). When a group of employees is considered a social system, this definition would apply and includes accession and the hiring of new employees within an organization. Macy &Mirvis (1976) succinctly state that turnover is “any departure beyond organizational boundaries

Part I :-Theoretical Literature Review

2.2. Definition of Turnover

Employee turnover refers to the proportion of employees who leave an organization over a set period of time usually a year. Turnover expressed as a percentage of total workforce numbers who leave the organization. Employee's turnover as the rate of people leaving an organization, (Griffeth and Hom 2001)

Multiple researchers and scholars have given 'Turnover' different definitions. As a concept, it could mean the circulation of staff members, whether inside or outside an organization (Assefa, 2014). Commonly used, 'Employee Turnover' describes employees who move from the place they work for to a different one (Allen, 2008). Lots of scholars, though, have defined 'Turnover' in a simple way; to Tett and Meyer (1993), Turnover is when employees consciously want to search for other possible organizations. It is also defined as the cessation of membership in an organization by an individual who received monetary compensation from the organization (Mobley, 1992,p. 10).Harkins (1998) Employee Turnover is, when some staff members leave a certain organization, and a new staff joins. Therefore, it is safe to say that Turnover happens when a new employee, replacing the one who left, becomes part of the organization. It is as the choice a person makes to leave his position at a certain organization. Turnover can also mean the end of employees' journeys at a certain organization, where they move from one position to another, or remain the same during their work at that organization (Arokiasamy, 2013).

Employee Turnover is the number of employees who quit their jobs in a certain time period; that is before the termination date set in their contracts. Employee Turnover, as put by Singh, Chhabra, and Taneja (1994), is the amount of change in the employees, who are hired and who quit, that occurs at a certain time at an organization. It can also be defined as the sum of the number of employees who leave and join an organization. Kossen (1991), too, defines it as the number of employees who become part of an organization and those who leave. In addition, Employee Turnover is seen as the circulation of employees around the labor market, between other organizations, work places and professions; also, between being employed or unemployed (Abbasi & Hollman, 2000).

2.2.1. Types of Turnover

2.2.1.1. Voluntary Vs Involuntary Turnover

i. Voluntary Turnover

When employees leave their job at their own discretion, we call it voluntary turnover (Curran, 2012). Abdali (2011), stated voluntary turnover as “The turnover in which employee has own choice to quit or instances of turnover initiated at the choice of employees”. Voluntary turnover is voluntary cessation of membership of an organization by an employee of that organization (Katamba, 2011). Ronra and Chaisawat (2009), had described that voluntary turnover is the situation when an employee decides to end the relationship with the employer for personal or professional reasons. As per this description, the decision to leave the organization is associated with being unsatisfied with the circumstances of current job and having attractive alternative from other organization. Employee turnover, as a voluntary phenomenon, refers to an individual’s self-initiated and permanent termination of membership in an organization (Reiche, 2008). Voluntary turnover are not employer controlled. According to Nawaz, Rahman and Siraji (2009), Voluntary Employee Turnover means when an employee leaves the company with his own intension. It might be due to better job opportunity, existing job dissatisfaction, bad working conditions or negative behavior of supervisor. This indicates that voluntary turnover is caused by better job opportunity from other organizations, existing job dissatisfactions due to different factors in the current organization, bad working condition in the current organization, and unenthusiastic behavior of manager in the current organization

ii. Involuntary Turnover

Involuntary turnover when employers terminating workers due to organizational policies and work rule. Involuntary turnover is the turnover initiated by the organization (often among people who would prefer to stay). An involuntary separation occurs when manager decides to terminate its relationship with an employee due to economic necessity or a poor fit between the employee and the organization. Involuntary turnover can be defined as (Ronra and Chaisawat, 2009)

“The turnover in which employees have no choice in their termination e.g. sickness, death, moving abroad or employer’s initiated termination” (Abdali, 2011:3).

As per this explanation, the turnover is initiated by the natural phenomenon or by the organization itself. Curran (2012:11- 12), define involuntary turnover as “an instance of involuntary turnover, or a discharge that reflects an employer’s decision to terminate the employment relationship”. This type of turnover is initiated by the employer and the relationship between employee and employer come to an end. The involuntary turnover includes retirement, death, and dismissal because of poor performance result or unethical behavior at work place, as well as resigning to take care of a lethally ill family member or movement of a spouse to another area. The employer may initiate involuntary turnover due to organizational bankruptcy, desires to decrease costs, introduction of new technology, and organizational restructure.

2.2.1.2. Functional Turnover and Dysfunctional Turnover

i. Functional Turnover

Functional turnover is a turnover in which poor performers leave (Abdali, 2011) this type of turnover can be seen from cost-benefit analysis dimensions. The functional turnover is needed for the organization as it creates the opportunity to substitute low performer employee by high performer or energetic employee and in this case, the organization welcomes the leaving of an employee.

ii. Dysfunctional Turnover

The dysfunctional turnover is when Key employees and high performers leave organization at critical times, in contrast, has a negative impact on the organizations performance because the organization loses good performing employees (Lee & Jimenez, 2011).

2.2.1.3 Controllable and uncontrollable turnover

a) Controllable Turnover

This occurs when employees leave a company for the reasons that were caused by the employer. Employees leave for reasons that could be influenced by the employer.

a) Uncontrollable Turnover

This occurs when Employees leave for reasons outside the control of the employer. (Mathis, 2011).

2.2.2. Employee Turnover in Hospitality Industry

The hospitality industry has one of the highest employee turnover rates of any industry, making the issue a serious challenge for organizations in this sector.

The high rate of employee turnover in the industry has been linked to the low-skill requirement in most of the entry-level positions in the industry (Taylor and Finley, 2010). The low-skill requirement implies that the employees in the entry jobs receive poor wages and are also easy to replace. Work-life conflict has also been associated with the high employee turnover rate in the hospitality industry. In any industry, basically, work-life balance is an important factor that usually determines the satisfaction of employees with their work (O’Leary and Deegan, 2005). The hospitality industry however, is more associated with poor work-life balance (WLB) than other industries. Bloome, Rheede, and Tromp (2010) reported that work-life conflict contributed significantly to turnover intentions for employees within the hospitality industry.

The hospitality industry is also characterized by high flexibility in work demands, which has also been linked to poor job satisfaction (Chiang, Birtch, and Cal, 2014). This is because employees are likely to be redundant without much notice when the demand for services drops. Dissatisfaction with the progression of their careers is another important factor that contributes to the high employee turnover rate in the industry (McGinley et al. 2014). This occurs as employees usually consider work opportunities in this industry only as stepping-stones to better opportunities in other industries and, as a result, they rarely get into the industry with the intention of remaining and building a career (McGinley et al. 2014).

The characteristics of the hospitality industry including the abnormal working hours, poor wages, and variability of demand also mean that the motivation of employee is likely to be poor. A study of hospitality workplaces by Poulston (2009) reported that the motivation of employees in the hospitality industry negatively affected by dissatisfaction with remuneration, their supervisors, and the general working conditions. The result of poor motivation influenced the decision to seek an alternative place of work.

2.2.3. Factors Affecting Employee Turnover

Generally, the factors affecting Employee turnover could be voluntarily resign their engagements in organizations for various reasons, which can be classified into two: pull, push and outside factors.

Employees are “pulled” to resign by number of attractive alternatives outside the organization Pull factors are those reasons that attract the employee to a new place of work. In some papers pull factors named as uncontrolled factors because it is out of the control of organizations. (IqtidarAlishah,EC.AL 2010). Pull factors are the series of reasons that attract the employees to a new workplace. In this category the employees satisfy with better paying job, a career advancement opportunity that they would not receive in the short term when they stayed with their present employer. Employee leaves their current job in order to improve their life standards and concerning to the new benefits package, which they expect to receive. In addition, there are broader notions of career development, the wish to move into new areas of work for which there are better practical questions commuting time (Torrington, D, Hall, L & Taylor, S2002).

“Push” factors are when employees are 'pushed' due to dissatisfaction in their current jobs to seek alternative employment (Loquercio, D 2006) Employees start thinking about other choices, talking to recruiters, looking at the job advertisement in the newspaper, on the internet or to others advertisement sources. In some case, employees will even leave without having a new job prepared. A wide range of problems can be mentioned to explain such resignations. Insufficient development opportunities, boredom, ineffective supervision, low levels of employee involvement and straightforward personality's conflicts are the most common accelerating factors for the employees to leave their job (Torrington, D, Hall, L & Taylor, S2002).

Outside factors associate to the situation in which someone leaves the organization for reasons that are mainly not related to their work. In most common cases, people involve moving away or resign when a spouse or family is relocated. Others factor includes the wish to carry out a long-term ambition to travel, pressures associated with juggling the needs of work, family and illness. To an extent this type of turnover is unavoidable, although it is possible to reduce it through the provision of career breaks, forms of flexible working and/or childcare facilities. However, this study is focused on Remuneration/wage, career advancement opportunities, training and development, effective supervision and leadership styles, recognition and reward.

A. Remuneration/Wage

According to Sinha and Shukla (2013) one common cause of high employee turnover rates is low pay and benefits package. When a worker is employed in a low-wage position with limited benefits, there is little initiative to stay, if a similar employer offers even a slightly higher rate of pay. Workers who make more, but whose salaries fall short of the going market rate, may feel undervalued at their current companies and look for a company that will pay them what they're worth. Employees quit from organization due to economic reasons.

The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well. Low pay is good reason as to why an employee may be lacking in performance. Unequal or substandard wage structures fall under this category as well. When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. If you pay less than other employers do for similar work, employees are likely to jump ship for higher pay, if other factors are relatively equal. (Shukla & Sinha, 2013) Adequate and flexible benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that benefits are at the top of the list of the reason why employees choose to stay with their employer or to join the company in the first place (Lockhead and Stephens 2004). Flexibility in benefits package can enhance retention, as it creates responsiveness to the specific needs and circumstances of individual employees (Rampur, 2009).

Employees always search for organizations that provide more benefits and compensation package. Besides, compensation and lack of challenge and opportunity were the most common factors in contemplating leaving the organization (Ramlall, 2003). It also found that, unequal or substandard wage structures that fall under salary and benefits category as a factor to leave the organization. In line with salary and benefit packages, assistance or voluntary benefits provided by the organizations encourage employees to stay in the company (Rion,2009). Organizations also used such assistance for creating good relationship in the organization with employees.

B. Career Advancement Opportunities

Career progress creates stress on employee's understanding of the worth of his or her career prospects. Obstacles in career development can appear at any time during an employee's

employment period, which serves as source of stress for them. These stressing factors can include an array of problems like being stuck at a position without any hopes of progress or threats of downsizing. Career growth is much more important than salary in Europe or America but it is counted equivalent to salary in Asian context. “Moving Up or Moving Out” counts career growth as basic for turnover. High employee turnover could also be due to no potential opportunity for advancements or promotions. Employees prefer other companies, which may provide them with higher posts and increased compensation packages. (Shukla & Sinha, 2013)

C. Training, Professional Development

Training and development are so enthusiastically embraced as key factor to good retention with no doubt, due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of most modern organizations, whether or not retention is an important issue to that organization. To the extent that operational paradigms such as “The Learning Organization” or the “Knowledge-Based Organization” continue to take hold in the contemporary business world, training is only likely to become more important (Lochhead C. & Stephens A., 2004). In any event, retention reflects a desire to keep one’s valued people; but it is just as much about keeping and managing the skills that a company needs to meet its goals. The provision of training is a way of developing those skills in the first place. The fact that providing it also turns out to be a benefit that is highly valued by those who receive it makes for a very powerful approach to doing business (Lochhead C. & Stephens A., 2004). Because training and professional development are so fundamental to the operation of an organization, it goes against intuition to suggest that training and development are to be thought of primarily as “retention” tools. The evidence seems to confirm that the link between training and retention is even stronger for more highly skilled workers (Paré et al, 2000).

Meyer et al. (2003) suggest that employee learning which encompasses training and development, it also related to socialization within the workplace - contributes to retention by: Building employee commitment through a show of support, Providing employees with the means to deal with stress related to job demands and change, Serving as an incentive to stay, and creating a culture of caring. Thus, training and professional development are seen as ways of building employee commitment in that they allow employees to “see a future” where they work, and provide them with the support necessary to face the on-going challenges related to their work. Many employers will voice the

familiar concern that there is a risk that once trained workers may be tempted to leave the company for other opportunities. This is no doubt a valid concern amongst many employers, particularly those in large industrial centers. Lochhead C. & Stephens A. (2004) As such, companies are only willing to provide training at the minimum level or to provide more extensive training on proprietary equipment and processes. The picture may be somewhat different for more highly skilled segments of the workforce, where employers appear to be more willing to make greater investments.

There is a good fit between training and a number of other retention-related practices, such as career development and planning, skill-based pay, and others. Taken together such practices can usefully complement one another. Training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Meyer et al, 2003). It sends a very strong signal to employees that they are important to the company, and that the company is willing to make real investments in keeping them there. In addition, the advantage to training-related incentives is that they can allow companies to focus particularly on employees who demonstrate a strong potential for growth and contribution to the company. Such arrangements end up being to the advantage of both parties.

The company is able to secure the skills it needs while at the same gaining some reassurance that its skills development investments are also creating the conditions that will keep those skills in the company. The employee, meanwhile, gains the opportunity to securely move towards better pay and more challenging responsibilities. Training is always unique to the circumstances of each company and that there is no formula that dictates how much and what kind of training is given. It does seem plausible that training, when combined with well-communicated plans for advancement and ongoing professional development within the company, can help organizations to keep their valued employees (Lochhead C. & Stephens A., 2004)

D. Superior and Subordinate Relationship

The superior-subordinate relationship is, the most important relationship in an organization (Taylor, 2002). Superior and subordinate relationship determines how happy and satisfied the employees are with their jobs and work environment, how good their prospects of career development are within the organization and the quality of their day-to-day experiences in the workplace.

Brunetto and Farr-Wharton (2002) argued that supervision from the immediate manager increases the level of job satisfaction. Paille, Grima, and Bernardeau, (2013), suggested that trust in a superior and perceived support from superiors increases the probability of employees to stay within an organization whereas, a poor or non-existent relationship, increases the chances of voluntary resignation by the employees. Leadership style can affect organizational commitment and work satisfaction positively and work satisfaction can affect organizational commitment and work performance positively. (Hanaysha et al., 2012).

E. Benefits and Rewards

“Reward system consists of explicit policies practices and procedures which are organized and managed as a whole” (Armstrong 2008, p.133) rewarding employees makes them feel appreciated and wanted, which enhances their bond with the organization. Rewards, therefore, play a role in retention of employees by making them feel wanted and motivated which in return leads to job satisfaction and a higher probability of staying within an organization. (Jehanzeb, Rasheed, Rasheed, and Aamir, 2012). Organizations need to understand the factors that determine the degree to which rewards satisfy people as this contributes to their motivation and engagement. (Armstrong 2008, p.134) rewards have an enduring impression on employees, which in turn gives the employees an impression that they are valued in the organization (Silbert, cited in Das and Baruah 2013).

Conversely, the importance of employee benefits have grown over the decades, employee benefits are the membership based and non-financial rewards offered to attract and keep employees (Decenzo and Robbins cited in HungTsai, Don Yu and Yi Fu 2005).

Organisation benefits could be seen as a means to meet organisation objectives, retain and attract good employees however, the operation of a benefits program can affect employees' attitude and performance. (McCaffrey cited HungTsai, Don Yu and Yi Fu 2005) research conducted by HungTsai, Don Yu and Yi Fu (2005) suggested that employee benefits contribute to the firm productivity, thus enhancing labour efficiency the effect of benefits on organisation productivity is quite big and is significant.

Part II:- Empirical Literature Review

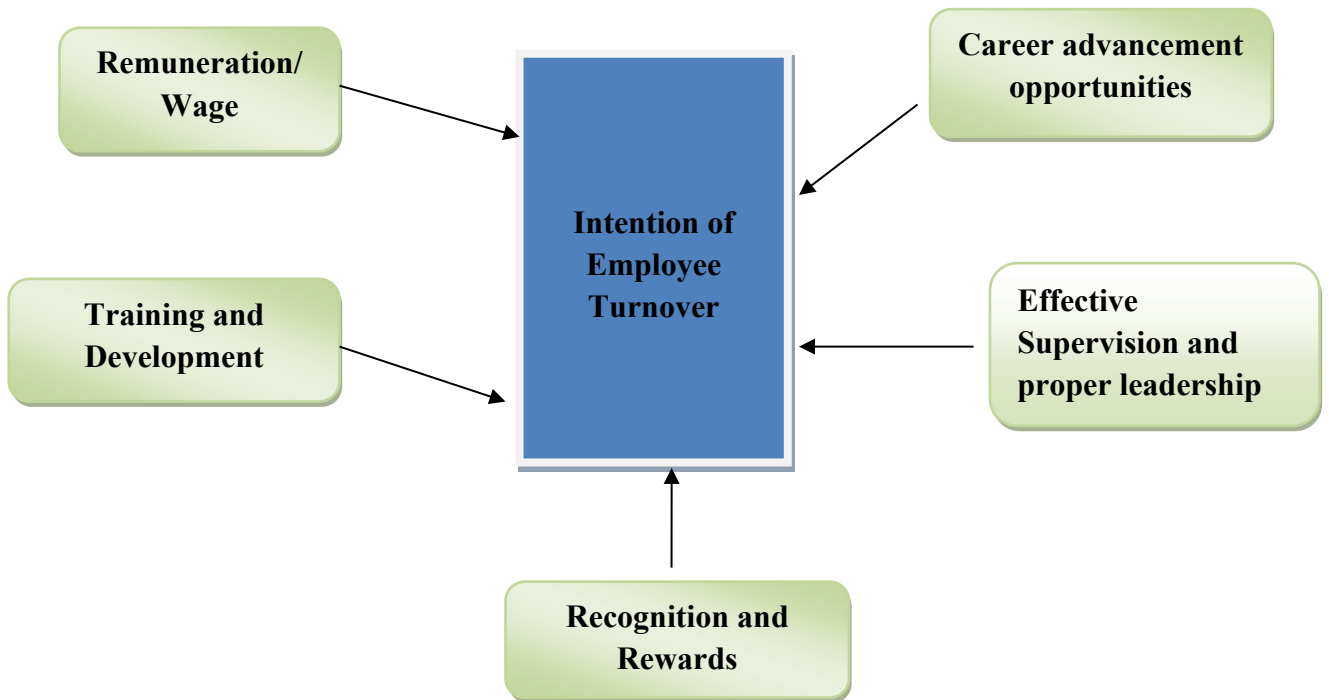
Medhanit (2014) studied assessment of employee turnover and retention schemes in hospitality industries the case of six selected star rated hotels uses random sampling methods and 147 respondents were participated. From the study findings, among the various factors that causes employee turnover is low pay scale and too much intervention of the owners in professional duties, the constant pressure of work and long hour working, unfair and unequal treatment of employees, lack of training and promotion, lack of transparency, bonus or appreciation from upper level managements are the top reasons for the high turnover in hotel industry. The study therefore, recommends that the management of the hotels should make adjustment in pay scale, fringe benefits and allowances, Intervention of owners in their job in professional operations has to be automatically corrected; everything has to be cascaded down in the organizational hierarchy, develop mechanisms to provide training to develop their skill

Joseph (2016) studied factors influencing employee turnover in the hotel industry in Machakos town in Kenya using stratified random sampling and 54 respondents were participated. Form the study motivation and pay package given to employees were the major factors influencing employees to shift to other hotels and industries. the study recommends the hotel management should also come up with structures that support career growth including; training and workshops to provide its employees with career growth opportunities. The hospitality industry is one of the key sectors contributing to the development of this country and it consumes a lot of human capital. However, this sector is experiencing high rate of employee turnover. Based on this there is need to investigate and provide empirical evidence on the factors affecting employee turnover in Machakos town and the solutions to the same.

Stalcup, D. & Pearson, A. (2001) studied on causes and effects of employee turnover in Bangladesh, found out that poor pay and irregular payments were the major contributors to employee turnover together accounting for a combined 45% of the total respondents citing. These were followed by the availability of a better job option cited by a marginal 10% of the total respondents sampled. On the other hand, respondents were asked to propose solutions to the problem of high employee turnover, 80% of the respondents gave standard salary structure as the possible cure to the problem. This was followed by regular salary increment at 70% of the total respondents. This study shows that pay is a very critical factor which influences the decision by staff to quit or stay.

Conceptual Framework of the Research Work

Figure 1:-Conceptual Frame Work.



Source: Own Construction (2019)

2.3. Research hypotheses

The researcher has drawn the following hypothesis to be tested.

H1: Remuneration/wage has a significant and negative effect on turnover intention.

H2: Career development has a significant and negative effect on turnover intention

H3: Training and development has a significant and negative effect on turnover intention

H4: Effective supervision has a significant and negative effect on turnover intention

H5: Recognition and reward has significant and negative effect on turn over intention

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

Under this part of the study; research approach, target population, source of data, data collection, sampling technique and data analysis of the research are addressed.

3.1 Research Approach

The nature of this research, which aims at identifying critical factors, which affect the intention of employee turnover, helped the researcher to select the research approach. In order to acquire a good insight about the research problem and questions, the researcher conducted a library research about employee turnover and came up with a comprehensive theoretical framework.

Any research could follow deductive or inductive approach. As far as this study is concerned, the deductive approach was chosen, since, the research is based on review of existing literatures.

3.2 Target Population

The target populations of this study included supervisors and lower level employees from both operations and admin divisions (Including staffs from Front desk, guest relation officers, Bar and Restaurant employees, housekeepers, food preparation, engineering, marketing, finance and securities) and Human Resource Managers working in the selected star rated hotels and the total population was 3220.

3.3 Sampling Techniques and Procedures

As per the data from ministry of culture and tourism, the total number of hotels operating throughout the country is 373 out of which 57 are found in Addis Ababa. As mentioned in the delimitation part of this research, hotels operating in Addis Ababa are the target population for the study. The data was collected and analyzed accordingly for the purpose of making a conclusion about the city's hotel sector. Moreover, the variety and size of the hotels can also help to figure out that the population is heterogeneous.

The heterogenous nature of the target population, therefore, had lead the researcher to apply stratified sampling technique to further identify homogenous groups within the target population by forming hotel groups based on their official star rate which is three to five star. The premise for this type of grouping is that hotels having the same standard do have the same level of turnover

3.4 Sources of Data

To obtain the relevant information the researcher collected data from the hotel staffs and Human Resource Management department heads of sample hotels in the city plus previous literatures were used from different books and articles. Therefore, to better meet the research objectives, the researcher exploited both primary and secondary data sources.

3.5 Data Collection Instrument

In order to collect primary data, the researcher used both structured interview and questionnaire survey. Questionnaire was mainly developed to gather data from the hotel's staffs. Thus, the researcher employed likert scale questionnaire type for measuring the extent that respondents agree on each statement. The researcher also employed structured interview with Human resource Managers of selected hotels to triangulate the data that was collect through questionnaire.

3.6 Sampling Size

In order to select the samples from the population, the researcher used stratified sampling technique and the base for the classification is their star. Therefore, based on the criterion, this study basically included three strata's (five star, four star and three star hotels respectively). Based on this, there are seven five star, fourteen four star and twenty-five three-star rated hotels in Addis Ababa.

In order to determine the appropriate sample size, Taro Yamane's (1967) simplified formula was used. This formula helped to determine the sample size of Finite Population. Currently, each hotel is having an average of 70 employees to run the day-to-day operation smoothly. Based on this, the total population size is 3220, we use 95% confidence level, $P=.5$ (maximum Variability) and the desired precision level $\pm 5\%$.

Then, we get the following sample size figure by using the simplified formula of Taro Yamane below.

$$n = \frac{N}{1 + N(e)^2}$$

Legend:

n - Sample size

N - Population Size

e - the desired level of precision

$$n = \frac{3220}{1 + 3220(0.05)^2} \approx 357$$
$$n = 3220/9.1 \approx 353$$

3.7 Data analysis

The data was collected through questionnaire and analyzed through quantitative tools for descriptive research type using Software Package for Social Science (SPSS) Whereas, qualitative technique and content analysis was employed to analyze unstructured data and information collected through interview. Therefore, a qualitative and quantitative analysis technique was held to better understand and conclude about the factors affecting intention of employee turnover.

3.8 Reliability and Validity

In order to reduce the possibility of getting the answer wrong, attention need to be paid to two particular issues: reliability and validity (Saunders, 2003).

3.8.1. Validity

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure (Saunders 2003). Numbers of different steps were taken to ensure the validity of the study:

- Data were collected from line employees & HR managers of the above rated hotels. So, the data was representative and from a reliable source.
- Questions was made based on literature review and frame of reference to ensure the validity of the result;
- The questionnaire was reviewed by an expert who has an experience in human resource operation of the hotel industry and based on his comments, re-arrangement and modification will be made.

3.8.2. Reliability

According to Saunders, (2003) reliability refers to the degree to which data collection method or methods will yield consistent findings In order to ensure the internal consistency of the variables,. According to Bonett and Wright (2014), Cronbach's alpha coefficient of .70 or higher is acceptable to determine the reliability of variables. Cronbach's alpha was used in this study, the value of Cronbach's Alpha comes to 0.843 which is above the standard value proposed by (Nummally, 1978) the instrument is reliable and we can confidently apply different statistical tests and interpret the results with confidence.

Table 1 Reliability test of variables

| Variables | Cronbach's alpha coefficient | No of items |
|---------------------------|------------------------------|-------------|
| Remuneration/wage | .603 | 4 |
| Career advancement | .855 | 3 |
| Training and development | .774 | 2 |
| Recognition and reward | .513 | 3 |
| Proper leadership | .787 | 4 |
| All variables reliability | .889 | 16 |

Source: own survey (2019)

Table 1 illustrated above, the overall cronbachs alpha value is 0.889. and this indicated that the data's have good reliability. From the variables career advancement has the highest cronbachs alpha value of(0.855) which means the data are at acceptable range of reliability. Proper leadership has the second highest cronbachs alpha value of (0.787). This shows data are at acceptable range of reliability. Training and development has the third highest cronbachs alpha vale of (.774) this shows that data are at moderately acceptable range of reliability but remuneration/wage and recognition and reward have the lowest cronbachs alpha value of 0.603 and 0.513 respectively which shows that the data of those questions under both independent factors are poor reliability.

3.9 Ethical Consideration

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. The researcher assured, on the introductory part of the questionnaire, about the purpose of the research paper and confidentiality of any information gathered through questionnaire. The recorded data during the interview time was destroyed after the data has been transcribed into word.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter the empirical data collected from hotel customer and HR Managers has been analyzed through SPSS and then interpreted as follows.

This chapter consists of presentation, analysis and interpretation of the data collected through questioner and structured interview.

The analysis and interpretation are given after each table, 353 questionnaires were distributed for customers and 12 structured interviews were handled with HR managers of the sampled hotels. Out of this, 315 questionnaires were returned. However, 15 question papers were not properly filled and they are discarded. Therefore, the analysis is done with 300 valid responses. On the other hand, from 16 hotel HR managers approached, only 12 of them were willing for interview. Profile analysis of the respondents is presented as follows.

4.1. Analysis of respondents profile

Table 2 Background information of respondents

| Item | Measurement | N | % |
|---------------|-------------------------|-----|-------|
| Gender | Male | 163 | 54.3 |
| | Female | 137 | 45.7 |
| | Total | 300 | 100.0 |
| Age | Below 25 | 66 | 22.0 |
| | From 25-45 | 202 | 67.3 |
| | From 46-65 | 32 | 10.7 |
| | Total | 300 | 100.0 |
| Qualification | High school graduate | 16 | 5.3 |
| | Diploma | 79 | 26.3 |
| | First Degree | 173 | 57.7 |
| | Second degree and above | 32 | 10.7 |

| | | | |
|-----------------------------|----------------------|-----|-------|
| | Total | 300 | 100.0 |
| Star level of hotels | Five stars | 58 | 19.2 |
| | Four stars | 94 | 31.4 |
| | Three stars | 148 | 49.4 |
| | Total | 300 | 100.0 |
| Service Year | Below one year | 34 | 11.3 |
| | One-two year | 23 | 7.7 |
| | Two- Three years | 55 | 18.3 |
| | Three- four years | 50 | 16.7 |
| | more than four years | 138 | 46.0 |
| | Total | 300 | 100.0 |

SPSS output from own survey (2019)

a. Sex composition of the respondents

As the above table 2 depicts, 54.3% of the respondents were male and the remaining 45.7% were females. It is impressive to see almost the same figures in both genders and female's involvement in the growing hotel business truly undeniable.

b. Age composition of the respondents

As per the table above reveals, the majority of the sampled hotel employees are in between 25 and 45 age zone, which accounts 67.3% of valid response. Whereas, age group below 25 respondents cover 22% and very small portion of the respondents, 10.7%, are from 46 – 65. From this, we can infer that the working population is involving in the hotel business and the old day's mentality of thinking hotel jobs as a bad one is fading away.

c. Educational qualification of respondents

According to table 2, more than half, 57.7%, of the respondents have first degree, 26.3% has diploma and respondents that have second degree and above and high school graduates accounted for 10.7% and 5.3% respectively.

d. Star level of hotels

Alike the number of hotels that Addis Ababa has in each star, half of the respondents, 49.4% of the respondents are from three stars, 31.4% are from Four stars and the last 19.2% of the employees are from Five stars.

e. Service year of respondents

The above table implies, 46% of the respondents have longer service year with more than 4 years, 18.3% are in between two to three years, 16.7% are serving in their respective hotels for three to four years and the last 19% of the respondents have less than 2 years of service with their current employer.

4.2. Analysis of Factors Affecting Intention of Employee Turnover

Here, the implementation trend of factors affecting employee's intention to resign in hotels understudy is properly examined, based on the data collected via questionnaire, from hotel team, and department heads through structured interview. Employees' response is analyzed in terms of mean score. The mean is stated out of 5 points in which employees provide for each question. The more it approaches to 5, the more the hotels move towards the variable.

4.2.1. Wage and Remuneration

According to P. Suadicani and others (2013), equal to psychosocial factors, economic factors plays a significant role in employees' intent to resign. Therefore, taking a detailed view of these economic factors has undisputable importance to know the root cause behind each employee's intent.

Taking this into consideration, based on the data collected, hotels in the city has some good and bad cultures in remuneration related measuring question. As 3.12 mean score of respondent simplified, rewards and incentives provided by the hotels are performance based. However, the results show pretty low on the other two remuneration measuring questions. Based on the data collected, respondents satisfaction level on existing payment scheme is almost average, 2.88 and only 2.36 mean score of respondents said there is an annual salary increment plan. This implies, there is a big gap to be filled in this perspective.

In relation to this, as per the structured interview, hotel HR Managers also agreed, that majority of employees are underpaid. When an employee is hired in a low-wage position with limited benefits, there is little initiative to stay, if a similar employer offers even a slightly higher rate of pay. One common cause of high employee turnover rates is low pay and benefits Sinha and Shukla (2013).

The same as the employees, the other problem mentioned by majority of the HR managers are, most of the hotels do not have annual increment policy. Even those hotels who have an increment policy didn't apply it. However, almost all managers agreed on the importance of annual increment policy on employee retention.

Table 3 Wage and remuneration system of hotels

| | Item | N | Mean | SD |
|---|--|----------|-------------|-----------|
| 1 | You are satisfied with the existing payment scheme of the hotel | 300 | 2.8833 | 1.05202 |
| 2 | You are satisfied with the other benefits that the hotel provides | 300 | 3.1600 | 1.02856 |
| 3 | The rewards and incentives provided by the hotel are based on fairness and performance | 300 | 3.1233 | 1.04167 |
| 4 | Your hotel has annual increment policy | 300 | 2.3600 | 0.85765 |
| | | | 2.85 | |

Source: SPSS output from own survey (2019)

4.2.2. Career Advancement Opportunities

As it's defined by Mohammad Islam of Stamford University, intent to resign is a cognitive process of thinking, planning, & desiring to leave a job and Intention to stay that result in loyalty and cohesion among employees towards their organizations, Mohammed et.al (2014). One of the factors that affect this cognitive process is employee's future growth opportunity in the same company.

As per the table below, 3.84 of the respondents mean score implies that there are opportunities for staff promotion within the company that they are currently working and 3.33 of the respondents

agree with the career advancement opportunities in the hotel and 3.02 mean score of the hotel team are satisfied with the opportunities that the hotel provides.

According to Shukla and Sinha, Employees prefer other companies that may provide them with higher positions and increased compensation packages (Shukla & Sinha, 2013). Career growth is much more important than salary. As per the interview data with HR managers, lack of career advancement could be the reason for staff turnover. Alike employee respondents, managers also said that there are career advancement opportunities in their hotels. However, the opportunity looks relatively low in three star hotels versus their four and five counterparts and this is playing a vital role to manage employee’s intent to resign in the latter group of hotels.

Table 4 Career advancement programs

| | Item | N | Mean | SD |
|---|---|----------|-------------|-----------|
| 1 | There is career advancement opportunity in the hotel | 300 | 3.0200 | 1.01989 |
| 2 | You are satisfied with the opportunities that the hotel provides to advance your career | 300 | 3.3367 | 1.03290 |
| 3 | There are opportunities for staff promotion | 300 | 3.8433 | 1.04038 |
| | All items of the field | | 3.6 | 1.05106 |

Source: SPSS output from own survey (2019)

4.2.3. Training and Development

As the renowned American motivational speaker Zig Ziglar rightly said, “What’s worse than training your workers and losing them? Not training them and keeping them!”. Capable and ambitious employees are constantly looking to expand their expertise and sharpen their skills so that they stay up-to-date in their chosen field. If an employer does not offer learning and development opportunities, they risk losing talented staff and ending up with poor performers. De motivation due to inadequate training or opportunities to learn and to advance within the company forces frustrated

employees to look elsewhere for professional and personal satisfaction. Conversely, happier and more contented workers who are supported through training are more likely to be loyal to their employer (Cathy Wellings, 2015).

As per table 4, majority of the respondents said there are trainings available in their respective hotels and almost equal (3.58) number of employees believe the training provided by their hotel is relatively better than other competitive hotels.

The structured interview with the HR manager tells that, almost the same proportion of managers agreed on the availability of training and development plans in all group of hotels. As Meyer stated, training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Meyer et al, 2003). In this regard, hotels in Addis Ababa are at the right track to manage this significant factor and reduce turnover.

Table 5 Training and development practice

| | Item | N | Mean | SD |
|---|---|----------|-------------|-----------|
| 1 | Are trainings being available in your organization | 300 | 3.8333 | 1.15325 |
| 2 | Staff development program of your hotel is relatively stronger than other competitive hotel | 300 | 3.5867 | 1.26007 |
| | All items of the field | 300 | 3.71 | 1.20666 |

Source: SPSS output from own survey (2019)

4.2.4. Recognition and Reward

According to table 5 below, 4.2 mean score of respondents said they are motivated by a recognition and reward given after any productive job and 3.9 of those employees believe recognized employees have a high tendency of staying longer with the company. According to the mean scores of the respondents, 3.6, they said there is a recognition scheme in their hotel.

This implies that the hotel management of the sampled hotels understood the value of recognizing top performing employees would have a positive impact on employees stay.

The HR Managers also agreed that recognition and reward have positive effect in retaining employees. There is a recognition and reward culture across star rated hotels, however, it's relatively low in three star and four star rated hotels. According to them, while five stars have a good culture of rewarding a performing employee on events like employee of the month, the other two groups of stars do not have a consistent execution of this culture. As Armstrong mentioned, rewarding employees makes them feel appreciated and wanted, which enhances their bond with the organization. (Armstrong, 2008)

Table 6 Recognition and Reward experience of hotels

| | Item | N | Mean | SD |
|---|--|----------|-------------|-----------|
| 1 | There is a clear recognition scheme in the hotel | 300 | 3.6000 | 1.00500 |
| 2 | Recognition and reward give motivation to employees | 300 | 4.2333 | 1.00777 |
| 3 | Do you believe that recognized employees stay in the company | 300 | 3.9233 | 1.12621 |
| | All items of the field | | 3.918867 | 1.046327 |

Source: SPSS output from own survey (2019)

4.2.5. Proper leadership

Employee's relationship to their supervisors or the supervisor's way of leadership has a significant role for employee decision to leave or to stay.

As per the table below, the 3.76 mean value implies the nature of the manager and his way of leadership has a direct impact on their decision of either to stay or leave the company and luckily, 3.68 mean value of the same table shows, the employees believe in the presence of proper leadership in their hotels. The dominant majority of the respondents, 3.64, are also getting support from their managers.

Table 7 leadership practice of selected hotels

| | Item | N | Mean | SD |
|---|--|----------|-------------|-----------|
| 1 | There is proper leadership in your hotel | 300 | 3.6867 | 1.09506 |
| 2 | Does proper leadership have direct impact for employees to stay with the company | 300 | 3.7533 | 1.00791 |
| 3 | Your manager gives the support you need | 300 | 3.6467 | 1.12221 |
| 4 | Do nature of the manager has direct implication to stay in the hotel | 300 | 3.7667 | .99777 |
| | All items of the field | | 3.71335 | 1.055738 |

Source: SPSS output from own survey (2019)

The same as the employee respondents, HR managers also believe that there is proper leadership at every level in their organizations.

4.2.6. Intent to Resign (as an outcome for the Factors)

As per table 8 below, though there is a good result in most of the above factors, majority of the respondents are usually thinking to find a new job and 3.49 mean score of respondents also shows they are interested to search a new job during the next 6 months. This is due to the expectation that there will be new opportunities that comes with the new employers.

Table 8 Employee's Intent to resign from their company

| | Item | N | Mean | SD |
|----------|--|----------|-------------|-----------|
| 1 | I usually think finding a new job | 300 | 3.8000 | 1.07573 |
| 2 | planning to search a new job during next 6 month | 300 | 3.4900 | 1.16953 |
| | All items of the field | | 3.645 | 1.12263 |

Source: SPSS output from own survey (2019)

Finally, 70% of the three star HR Managers answered there is more than 35% turnover rate annually in the last three years, while four star hotels have a turnover rate of in between 21% - 30% and Five star hotels have 11-20% turnover rate. This simply shows three stars are suffering due to incapability to retain their trained staff. This might mainly due to the lack of execution in the above factors.

4.3. Correlation Analysis

The correlation between factors affecting turnover intention and intention of turnover

Table 9 Summary of correlation

| | | Remuneration | Career advancement | Recognition and reward | Proper leadership | Training and development | Intention of turnover |
|------------------------|---------------------|--------------|--------------------|------------------------|-------------------|--------------------------|-----------------------|
| Remuneration | Pearson Correlation | 1 | | | | | |
| | Sig. (2-tailed) | | | | | | |
| | N | 300 | | | | | |
| Career advancement | Pearson Correlation | .688** | 1 | | | | |
| | Sig. (2-tailed) | .000 | | | | | |
| | N | 300 | 300 | | | | |
| Recognition and reward | Pearson Correlation | .324** | .338** | 1 | | | |
| | Sig. (2-tailed) | .000 | .000 | | | | |
| | N | 300 | 300 | 300 | | | |
| Proper leadership | Pearson Correlation | .588** | .476** | .615** | 1** | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | | |

| | | | | | | | |
|--------------------------|---------------------|---------|---------|---------|---------|---------|-----|
| | N | 300 | 300 | 300 | 300 | | |
| Training and development | Pearson Correlation | .586** | .495** | .436** | .564** | 1** | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | |
| | N | 300 | 300 | 300 | 300 | 300 | |
| Intention of turnover | Pearson Correlation | -.462** | -.295** | -.323** | -.568** | -.392** | 1** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 300 | 300 | 300 | 300 | 300 | 300 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output from own survey (2019)

As it is shown in table 9 Pearson's bivariate correlation using a two tailed test, shows there is a negative relationship between remuneration and intention to turnover. Pearson's correlation result at $r = -.462$ means that as remuneration increases, the intention of turnover decrease. This means there is negative correlation. This outcome is the same as the study conducted by Topel and Ward (1992). According to them, companies that offers higher wages are significantly less likely to end in worker-firm separations than companies offering lower wage rates.

Pearson's correlation result at $-.295$ this means; as career advancement increases, the intention of turnover decrease. This implies the negative correlation in between these two variables. According to Talatu Umar et.al(2013) turnover decisions involves continuous evaluation of career advancement opportunities in the person's current workplace relative to his/her expectations of opportunities for career growth in other organizations.

As per table 9 Pearson's correlation of training and development result at $-.392$, shows the negative relationship between training and development with intention of turnover. Hotels that have a designated training department and give continuous training for their team has a high probability of retaining their well-trained staff.

Pearson's correlation result for proper leadership and intent to leave is at $-.568$. This means there is a negative relationship between the dependent and independent variables. As there exists a proper

leadership with in the chain, the employees' intention to resign reduces. In a study conducted among white-collar employees in a business school in France by Paillé, Bourdeau and Galios (2010), a workplace that encouraged trust in between the leader and the subordinate was found to sustain employees in their desire to cooperate, which in turn decreased their intention to leave the organization. The relationship between a leader and his or her employee influences variables such as job satisfaction and staff commitment, thus impacting intention to quit (Gregory et al., 2007). Results of a study conducted by Connell et al. (2003) found that increased trust in managers could be expected to increase levels of affective and continual commitment and reduce turnover.

Pearson's correlation result of recognition and reward is -.392 this indicates the negative correlation between recognition and reward and intention to leave. When employees are valued by their hotel their intention to go to other company will decrease. When Recognition and reward increases the intention to resign from the hotel decreases.

4.4. Model Assumptions

4.4.1. Normality Test

While conducting a research, before delving in to the analysis of the main part of the study, certain assumptions need to be fulfilled. Among the most critical of which is to check whether the data is normally distributed (Muzaffar, 2016). Hence, in order to assess the normality of the data collected, descriptive statistics was produced. Based on this, Skewness and Kurtosis were applied to validate the normality of the data. The table below elaborated the Skewness and Kurtosis results of the data collected for this study:

Table 10 Normality test

| | N | Skewness | | Kurtosis | |
|--------------------------|-----------|-----------|------------|-----------|------------|
| | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Remuneration | 300 | .284 | .141 | -.694 | .281 |
| Career advancement | 300 | -.584 | .141 | .006 | .281 |
| Training and development | 300 | -.736 | .141 | -.193 | .281 |
| Recognition and reward | 300 | -1.428 | .141 | -.083 | .281 |
| Proper leadership | 300 | -.361 | .141 | -.410 | .281 |
| Valid N (list wise) | 300 | | | | |

Source: SPSS output from own survey (2019)

Table 10 illustrated that Skewness and Kurtosis results of the data collected for this study. According to George and Mallery, (2010) and Muzzafar (2016), Skewness and Kurtosis values between -2 to +2 within acceptable range. Based on the descriptive statistics result above, it can be noted that the Skewness and Kurtosis results fall within the acceptable range of -2 to +2. Thus, it could be concluded that the data was fairly normal, and the basic assumptions or normality test were fulfilled.

4.5. Multicollinearity Assumption

Multicollinearity is a phenomenon in statistics in which two or more independent variables in a multiple regression model are highly interrelated. Multi collinearity resulted in a change in the signs and the magnitudes of the partial regression coefficients from one sample to the other sample and makes it difficult to assess the relative importance of the independent variables in explaining the variation caused by the dependent variable (Daoud, 2009).

In tandem with this, study was checked for multicollinearity of the regression deploying Variance Inflation Factors (VIF) and Tolerance Values. The VIF and Tolerance Values helped to spot a possible existence of multicollinearity at times even when the problem is not apparent in the correlation analysis. The table below checked for existence of the multicollinearity of the data using VIF and Tolerance Values:

Table 11 Multicollinearity test

| Model | Collinearity statistics | |
|--------------------------|-------------------------|-------|
| | Tolerance | VIF |
| Remuneration | .399 | 2.508 |
| Career advancement | .505 | 1.980 |
| Training and development | .560 | 1.787 |
| Recognition and reward | .595 | 1.682 |
| Proper leadership | .435 | 2.299 |

Dependent Variable: Intention of turnover

Source: SPSS output from own survey (2019)

As stipulated in Table 11 the tolerance values and VIF fall within a range of 0.399 to 0.595 and 1.682 and 2.508 respectively. Tolerance values below 0.01 and VIF values above 10 suggested the existence of multicollinearity problem (Pallant, 2005). This indicated that Tolerance Values greater

than 0.01 and VIF values less than 10 are fairly acceptable. Accordingly, as indicated in the table above, both the tolerance values and VIF indicators revealed the data were free from multicollinearity.

4.6. Regression Result Analysis

Table 12 Model summary

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .619 ^a | .384 | .369 | 1.64089 |

- a. Predictors:(Constant),proper leadership, career advancement, Recognition and reward, training and development, Remuneration
- b. Dependent Variable: Turnover intention

The above table telling us the value of R, shows that 38 % of the variations of Turnover Intention explained by the independent variables that are Remuneration, career advancement, Personal development and training, proper leadership and Recognition and reward. The other variations 62% comes from unobservable variables other than what it mentioned from the independent variables.

Table 13 ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 489.556 | 7 | 69.937 | 25.974 | .000 ^b |
| | Residual | 786.214 | 292 | 2.693 | | |
| | Total | 1275.770 | 299 | | | |

- a. Dependent Variable: Intention of turnover
- b. Predictors: (Constant), proper leadership, career advancement, Recognition and reward, training and development, Remuneration

When doing regression analysis, we determine whether or not there is a relationship between the Independent Variable and the Dependent Variable by examining the ANOVA table. This can be thought of as the overall fit of the regression model. If the F statistic is significant, we can assume the Independent Variables, taken together, have a relationship with the Dependent Variable. In this case, the probability of the F statistic for the regression analysis is 0.000, less than the level of significance of 0.05 which, shows all independent variables do a good job in explaining the dependent variable.

Table 14 Regression result

| | Model | Un standardized | | Standardized | t | Sig. |
|--|--------------------------|-----------------|-----------|--------------|--------|------|
| | | Coefficients | | Coefficients | | |
| | | B | Std.Error | Beta | | |
| | (Constant) | 13.061 | .585 | | 22.315 | .000 |
| | Remuneration | -.172 | .049 | -.253 | -3.479 | .001 |
| | Career advancement | .126 | .051 | .170 | 2.501 | .013 |
| | Training and development | .014 | .062 | .015 | .228 | .820 |
| | Proper leadership | -.112 | .042 | -.158 | -2.663 | .008 |
| | Recognition and reward | .039 | .056 | .043 | .700 | .484 |

SPSS output from own survey (2019)

4.7. Discussion of the finding

Hypothesis testing

H1: *There is significant negative effect between Remuneration/wage and employee intention to turnover*

According to table 10 regression result, the p-value of Remuneration/wage is 0.001, which is less than 0.05. This shows that there is significant effect between Remuneration/wage and turnover intention. This finding goes in line with the findings of a research by Singh&Loncar (2010). As per their finding, pay satisfaction has a negative effect to intent to turnover and the intensity of these relationships vary depending on cognitive processes involved in judging fairness by the pay component. Therefore, the hypothesis is supported.

H2: There is significant negative effect between career development and employee Intention to turnover

From the regression result, the p-value of career advancement is 0.013 which is Less than 0.05. This shows that there is significant association between career development and turnover intention. The above finding it exactly the same as the findings of a research conducted on Nepalese Private Commercial Banks by Gangaram Biswakarma (2016). According to the findings of the above researcher, there is a negative or inverse Relationship between the Organizational Career Growth and Employees Turnover Intentions. Therefore, the hypothesis is supported

H3: There is significant negative effect between training and development and employee Intention to turnover

From the regression result, the p-value of training and development is 0.820 which is greater than 0.05. This shows that there is no significant association between training and development and turnover Intention. The finding of this study match with previous study conducted by Afzaal, Mehkar and Adnan (2015). According to their finding, though, training and development activities are very important to enhance the employee's competencies, it increases the employee's intentions to leave the organization if an organization has a weak system to retain its employees. Furthermore, employees with higher levels of psychological ownership may stay with the organizations for longer period. Therefore, the hypothesis is fail to support

H4: There is significant negative effect between proper leadership and employee Intention to turnover

From the regression result, the p-value of proper leadership is 0.008 which is less than 0.05. This shows that there is significant association between proper leadership and turnover intention. The result lays on the same ground as Paillé, Bourdeau and Galios (2010). In a study conducted among white-collar employees in a business school in France, a work place that encouraged trust between the leader and subordinates was found to sustain employees in their desire to cooperate, which in turn decreased their intention to leave the organization. The relationship between a leader and his or her employee together with his/her way of leadership helps to increase job satisfaction and staff commitment, thus decrease intention to quit. Therefore, the hypothesis is supported.

H5: There is significant negative effect between recognition and reward and employee

Intention to Turnover.

From the regression result in table 14, the p-value of recognition and reward is 0.4 which is greater than 0.05. This shows that there is no significant association between recognition and reward and turnover intention. This finding contradicts with the conclusions of M.V.S Mendis. As per her finding, there is a strong negative relationship between rewards (financial and non-financial) and employees 'turnover intention and this relationship is significant. That means, if the reward system is effective and attractive to employees, their turnover intention will be reduced gradually. Therefore, the hypothesis is fail to support.

As conclusion Remuneration/wage, career development and proper leadership have a significant impact on turnover intention meanwhile, training and development and recognition and reward have no significant impact on turnover intention in this case, therefore they need further study.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

Under this chapter summary, limitation, conclusions and recommendations are forwarded according to the findings.

5.1. Summary of the major finding

The main objective of the research is to identify the impact of factors affecting the intention of employee turnover in Ethiopian hospitality industry (by taking the case of three to five star hotels in Addis Ababa) by focusing on limited number of internal factors such as remuneration (wage), career advancement, training and development, proper leadership and recognition and reward. The researcher has distributed 327 questionnaires and sixteen structured interview papers for sampled respondents. From the total 315, 300 papers were properly filled and returned and data obtained from these instruments were analyzed. Based on the objectives, analysis of data and discussion of results, the researcher refined the following major findings for this study:

- Large numbers of the respondents have more than 4 years of service experience. Most of the respondents are qualified and majority are first-degree holders. Both sex groups take almost the same portion of the respondents.
- Majority of the respondents are in between 25 – 45 age groups and Dominant numbers of respondents are from three Star hotels. Majority of five and four star rated hotel respondents agreed on the value of good wage and remuneration in their hotel but their level of satisfaction on their hotels benefit plan is significantly low.
- Respondents also agreed that career advancement opportunities in three star hotels are low in relation to four to five star rated hotels and it plays a major role in managing employee intention to resign.
- Majority of respondents agreed on the availability of training opportunities in the hotels.
- Unlike three and four stars, the reward and recognition factors got good attention on Five star rated hotels. The respondents agreed on the availability of proper leadership in sampled hotels.
- As per the result from the correlation and regression analysis Remuneration/wage, career development and proper leadership variables have a significant impact on turnover intention however, training and development and recognition and reward have no significant effect on turnover intention of the employees.

5.1. Limitation of the study

While conducting the research the researcher face different limitations among these; the respondents were not be available as planed schedule due to the tight schedule of their work. Therefore, the researcher ought to reschedule the time in order to fill the demand. In addition, unavailability of HR Mangers on the work place due to different reason makes it difficult and also some of the respondents reluctant in filling and returning back the filled questioner and this may affect the quality of the result

5.2. Conclusion

As per the finding extracted from regression analysis, it is concluded that intention of employee turnover significantly affected by remuneration, Career advancement opportunities and Proper leadership however, training and development and reward and recognition have no significantly affect employees intention to turnover. There is a good range of execution on the above factors through time. There is a big gap to be filled by hotel management on wage and remuneration, career advancement opportunities and recognition and reward factors. Against all the odds, the employees are unsettled and there is still a high range of employee turnover in the growing hotel business. Though there is a significant difference in execution across star's, the hotel management is trying to implement the above factors to manage turnover. Statistics shows that there is a notably high degree of employee turnover in three star hotels as compared to four and five star hotels.

5.3. Recommendation

It is advisable for three star hotels to consider their wage and remuneration plan as it significantly affects employee's intention to resign. Their pay scale should be evaluated against the growing market demand and by implementing performance based annual increment policy, they can bring a positive impression in employee's state of mind and productivity. The "Future" is important for the working population found in between 25 and 45 years of age. Therefore, hotels should first give a wide variety of opportunities to grow for their existing employees before they start looking the new ones outside. Implementing a culture of succession could be a best practice.

In addition, Recognition and reward is very important in order to create a positive and productive state work force. In this regard, three and four star hotels should not wait for a monthly or quarterly event to appreciate and recognize employees. It is recommended that this activates can be done every day and at every level of the organizational hierarchy. This will create a positive psychological connection in between the employer and the employee. Though it's fact that there is a structural difference in between three, four and five star hotels, three star rated hotels could learn and implement a lot of quick wins from the other two counter parts and adopt it as per their capacity and demand.

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ST MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES MBA PROGRAM

Dear Respondents,

I would like to extend my heart full thanks in advance to all which this questioner would appear. I am postgraduate student in st.Marry University. Currently I am doing a research on “factors affecting the intention of employee turnover a case study three to five star hotels in Addis Ababa” and suggest possible solutions for problems identified while conducting the study. The objective of this questioner is for academic purpose therefore; your cooperation in filling out the questioner is highly indispensable to the success of the research.

Please be informed that your identity will not be disclosed to any party, you are also welcome to give comments and suggestion and to share ideas for the success of the research.

Please put "✓" mark on check boxes that fit your response and provide your statement when necessary in the spare provided.

Thank you In advance.

Medhanit Getachew

PART I. Background information

Direction: For the following items please mark ‘√’ on the one which suits your response

Sex

- Male.....
- Female

Age

- Below 25.....
- From 25-45
- From 46-65.....
- Above 66.....

Educational Qualification

- Primary school.....
- High school graduate.....
- Diploma
- First Degree.....
- Second Degree and above...

Star level of the hotel now you are working

- Five star
- Four star
- Three star

No of service years

- Below one year
- One – two years
- Two – three years
- Three – four years
- More than four years

Position

- Top Management
- Mid Level Management
- Supervisor
- Line Staff

PART II: Questions for factors affecting the intention of employee turnover

Direction: please make (√) sign on the space provided in a way which express your degree of agreement about the statements written in the first column.

| | Questions | Strongly | agree | Neutral | disagree | Strongly |
|-----|--|----------|-------|---------|----------|----------|
| | Remuneration/wage | | | | | |
| 1- | You are satisfied with the existing payment scheme of the Hotel | | | | | |
| 2- | You are satisfied with the other benefits that the hotel provides | | | | | |
| 3- | The rewards and incentives provided by the hotel are based on fairness and performance | | | | | |
| 4- | Your hotel has annual increment policy | | | | | |
| | Career Advancement opportunities | | | | | |
| 5- | There is carrier advancement opportunity in the hotel | | | | | |
| 6- | You are satisfied with the opportunities that the hotel provides to advance your carrier | | | | | |
| 7- | In your hotel there are opportunities for staff promotion | | | | | |
| | Training and development | | | | | |
| 8- | Are trainings being available in your organization | | | | | |
| 9- | Staff development program of your hotel is relatively stronger that other competitive hotels | | | | | |
| | Recognition and rewards | | | | | |
| 10- | There is a clear recognition scheme in the hotel | | | | | |
| 11- | Recognition and reward gives motivation to employees | | | | | |

| | | | | | | |
|--------------------------|--|--|--|--|--|--|
| 12- | do you believe that the recognized employees stay in the company. | | | | | |
| Proper leadership | | | | | | |
| 13- | There is proper leadership in your hotel | | | | | |
| 14- | if your response to question number 23 is “strongly agree” or “agree”, does it has a direct implication for the employees to stay in the | | | | | |
| 15- | Your manager/supervisor gives the support that you need | | | | | |
| 16- | if your response to question number 25 is “strongly agree” or “agree”, does it has a direct implication for the you to stay in the | | | | | |

Intention of staff turnover

| | Questions | Strongly | agree | Neutral | disagree | Strongly |
|----|--|----------|-------|---------|----------|----------|
| 1- | I usually think finding a new job | | | | | |
| 2- | I am planning to search a new job during next 6 months | | | | | |

If your response for the above questions strongly agree and agree please specify your reasons.....
.....
.....
.....

Thank You

ST MARY UNIVERSITY
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Structured interview for Hotel HR Managers

Dear Respondent:

This interview is prepared to make a study on *factors affecting the intention of employee turnover case study three to five star hotels in Addis Ababa*". The interview is formulated to give a brief view about the Industry Human resource problem for Hotel owners and managers and in order to satisfy and retain the existing hotel team. Most importantly to enhance organizational productivity. Thus, please, pay attention to respond the questions.

I thank you very much in advance for your cooperation.

1. Do you believe staff retention has a vital role in organizational performance?
 Yes
 No
2. Do you believe personal development and training given by the organization result employee retention?
 Yes
 No
3. Do your company avail trainings for all company employees?
 Yes
 No
4. If your response for the above question is yes, do the trained employees have a longer stay in the company than the other counter parts?
 Yes
 No
 It's not clearly known
5. Does your company recognize its employees?
 Yes
 No
6. Do you company have a consistent benefit plan for employees?
 Yes
 No

7. Do you believe that your company has a better pay?
- Yes
 - No
8. Does your company have annual increment policy?
- Yes
 - No
9. If your response to question No 7 & 8 is yes, do the increment has vital role for the company to retain employees?
- Yes
 - No
10. Do you believe that the company has suitable way of leadership for company employees?
- Yes
 - No
11. If your response to question number 10 is yes, do you believe that leadership has direct implication for the employees to stay in the company?
- Yes
 - No
12. What is the average turnover rate of your hotel
- 7-15%
 - 16-25%
 - 26-35%
 - above 35%
13. Do you believe that benefit package is a reason for staff turnover?
- Always
 - Sometimes
 - Never
14. Do you believe carrier development is a reason for staff turnover?
- Always
 - Sometimes
 - Never
15. Do you think wish to move to new areas of work resulted staff turnover?
- Yes
 - No
 - I'm not sure
16. Do you believe personal development opportunities could have a direct effect on staff turnover?
- Yes
 - No
17. Do you think ineffective supervision has an implication over staff turnover?
- Yes
 - No

18. Do you think employees could resign due to reasons other than the above mentioned once?

Yes

No

19. If your answer is yes, please mention some of the reasons.

Thank you

