

# A Comprehensive Literature Review on Employee Attrition in the Hotel Industry

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## ABSTRACT

Employee turnover is a rampant issue in the hospitality industry. The purpose of this study is to evaluate the effect of attrition rates in the hospitality industry. This study majorly aims at understanding the literature pertaining to attrition in the hospitality sector. Various methods have been suggested in the past by the researchers. However, high employee turnover is still a major problem in the hotel industry. Being in customer service business, hospitality industry relies profoundly on its human resources to have a competitive advantage edge over others. The hospitality industry is labour-intensive and that where the problem lies. So, if this industry fails to understand the reasons for attrition, it can no longer have that competitive edge over its competitors. Various theories have been given which explain the behaviour of employees and such a theoretical background has been used to understand behaviour of the employees. The literature review has brought into focus various reasons because of which employees leave the organization. Compensation, shifts, work stress, work life imbalance and lack of support from the top management.

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## I. RESEARCH OBJECTIVE

To review the literature pertaining to employee attrition in the Hotel Industry and to identify the factors responsible for the same.

## II. RESEARCH METHODOLOGY

The research is based on secondary data drawn from research papers, abstracts and websites.

## III. INTRODUCTION

### Employee Attrition

Employee turnover is defined as 'the ratio of the number of workers that had to be replaced in a given time period to the average number of workers'. Thus it basically talks about how long employees stay in a particular organization. Attrition rate is usually defined in percentage. High turnover can be detrimental to a company's productivity, revenue generation and image if skilled workers leave them. (Taylor, 1998).

There are various reasons because of each employees leave an organisation. Taylor (1998) has identified two types of employee turnover – voluntary and involuntary turnover. According to Taylor, whenever any employee leaves the organization by his/her own wish, without the formal initiation of the employer, then that is termed as voluntary turnover. Whereas, whenever an employee is asked to leave by the employer for various reasons, then that is termed as involuntary turnover. Taylor claims that voluntary turnover is avoidable and manageable whereas involuntary turnover is unavoidable.

However, for this study, our focus is to understand the reasons because of which an employee leaves an organization out of his/her own will.

## IV. HOTEL INDUSTRY

The Indian tourism and hospitality industry has appeared as one of the crucial drivers of growth amid the services sector in India. Tourism in India has substantial future considering the ethnic and historic legacy, diversity in ecology, territories and places of natural exquisiteness. Hospitality industry has a key potential to generate lot of employment and of course foreign exchange for the country.

It is expected that the total contribution by travel and tourism sector to India's GDP will go up to US\$ 275.2 billion in 2025. This sector is the third largest foreign exchange earner for India.

As suggested by HCITB report in 1984 employee turnover in the hotel industry was probably higher than in any other industry (Mullins, 1998). It is also seen that the employee turnover is usually higher in the initial months. The turnover where employees leave in the first few months is termed as the 'induction crisis' and is troublesome and costly (Mullins, 1998).

It is clearly evident that the hotel industry has two important challenges: one is that the hotel industry has found it really hard to attract appropriate employee and another challenge is the high employee turnover which ultimately brings a lot of losses to this industry.

## **V. THEORETICAL BACKGROUND**

This research emphasises on understanding the reasons behind why people leave and probably what can help people stay in the industry. For the same, certain theories are studied to understand their relevance in today's context.

Maslow's hierarchy of needs, Herzberg's motivation-hygiene theory and McGregor's Theory X and Theory Y talk about what motivates people and how they handle their different needs.

Maslow hierarchy talks about five levels of the hierarchy, namely: physiological needs, need for security, social needs, self-esteem and self-actualization. So, basically, as per Maslow, one needs to satisfy the lower level need and they can then move up to the next level of need. Also, when a particular need is satisfied, then it no longer motivates someone and hence the next level need comes up. Critics of Maslow theory have mentioned that this is not how everybody works. Every individual is different and not everyone can follow the sequence shared by Maslow.

Frederick Herzberg's motivation-hygiene theory defines the factors that cause satisfaction or dissatisfaction in an employees' work environment. Herzberg interviewed employees and eventually found that the factors which cause job satisfaction (motivation) were actually different from those that cause job dissatisfaction (Marchington and Wilkinson, 2008)

Critics of the Herzberg's theory argue that the two-factor result is observed because it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors. Furthermore, job satisfaction does not necessarily imply a high level of motivation or productivity

Douglas McGregor's Theory X and Theory Y were about types of employees who are either lethargic, don't feel like taking up challenging work, have no interest or enthusiasm for work or are those who are ready to take up challenging work, are more creative and innovative and can work well without supervision. (Marchington and Wilkinson, 2008)

## **VI LITERATURE REVIEW**

Farooque, A. and Habibuddin (2015) observed that the maximum attrition rate was within the initial 0-1 year time frame. In a study conducted at JW Marriott Bangalore, it was observed that 79% of the attrition was at the associate level. This research also highlighted that the new employees who join the organization, face challenges in settling down and hence the result of which is that they tend to leave the organization. Remuneration and long working hours were seen as the key factors or causes.

Soni, H. and Rawal, Y.S (2014) conducted a research on 300 respondents from various departments of chain and Non-Chain hotels of Udaipur District. Most of the employees of Non chain hotels were neutral on questions pertaining to work environment, worker relationship, job satisfaction, organization commitment, salary and perks. The only area where their opinion could be seen was that the employees of non-chain hotels have higher intention to leave the organization.

Aminudin, N. (2013) studied to analyse the turnover intention among hotel employees and to discuss the relevance of CSR in employee attrition. Management concern on environmental issues, encouraging employees to share ideas and develop creativity, intrinsic motivation and Supervisory support were the factors identified which affect employee attrition in Malaysian green hotels.

Gangai, K.N. (2013) in his descriptive and survey method approach conducted on the employees of Country inn & Suites hotel and resorts, Sahibabad highlighted that the attrition was higher in the younger age group of 18 to 35 year. Also it was observed that attrition was more in the F&B department followed by security and front office. Attrition was seen to be higher in the first 6 months.

Panwar (2012) explained why associates of organisations aren't able to keep up with the changing industrial environment. This was done through a survey of various employees at hotels and it was found that majority of the employees wanted to switch to other hospitality related industries like retail, ecommerce, aviation or tourism related sectors. Remuneration and long shift timings are the two major areas of discontent for the employees of the hotel. The project would also highlight pointers for the hospitality industry to retain its associates.

Laghane (2012) did a study on managing retention in the hospitality industry in India. According to this study, it is possible to streamline the thought process of employees of human resources in order to focus on aspects of recruitments and Training & Development. This study also showcases that it is important to streamline the above mentioned pointers as these are important aspects in making a business successful. Sugandha (2010) also highlighted important aspects of attrition rate in the hotel industry. Her study primarily focused on various tools and techniques used to better the retention of employees in the hotel industry.

Lee (2010) tried understanding work related characteristics that had an influence on the satisfaction of employees and retention of employees. According to his study, it was found that different work related characteristics played multiple roles to measure retention of employees. His study also inferred that work place environment related issues like accomplishment at work place had to be dealt with independently irrespective of how the characteristics of the employee are.

Cho (2009) conducted a study which examined if the factors that lead to the decrease in retention of employees in turn lead to the increase of employees wanting to stay back with the organisation. The outcome of the research implied that professed support and commitment from the organisation can have a positive impact on the employees' intention to stay back at the organisation.

Deery (2008), made a significant impact in this field of study by carefully examining the texts and literature which were related to retaining of good workforce and also maintaining a good work life balance. His research began with an overview of general management concepts and then he linked that to the concepts and theories related to the hospitality and tourism industry.

Brooker, (2008) and Manpower (2008b) highlighted the fact that attracting the right professionals, training them and then further maintaining them and motivating them to stay with the organization is an intensifying challenge for the service industry firms.

Chand (2007) showed in his research that the performance of the hotel was linked to the categorization and nature of the hotel chain. According to his research, it was also inferred that the performance of the hotel was directly proportional to the Human Resources practices of man power management, controlling of the attrition rate, learning and development, total quality management and pay roll management.

Glass, (2007) concluded that employee attrition can be ascribed to both push and pull factors. Push factors include employee intentions to change jobs because of elements related to job dissatisfaction. Pull factors include factors that attract an individual towards alternative work placements.

Armstrong et al.,( 2007), and Dunne, (2007) emphasized the importance of work life balance as one of the crucial reason because of which employees leave the organization. Variables like long working hours, work overloads, limited leave and requirements for relocation can interfere with employees work life balance. It is this work life conflict which becomes the reason for employee turnover.

Hora, (2005) talked about the difficulties faced by managers. He emphasized that employees do not like it when they receive orders from the 'outsiders'. So, managers need to be very careful about the expectations and mind set of the employees.

Anderson, (2005) mentioned the factors that results in employee attrition. These factors include perceived interference with work family-lifestyle balance, poor relations with co-workers, work stressors, unsatisfactory supervisory relationships and supposed inequity in remuneration or work tasks.

Gupta, (2004) highlighted the concept of gold collared workers, where employers need to understand that employees are the assets who generates revenues for the organization. He also emphasized that one cannot generalize the reasons for employee turnover and hence there is a need to understand the factors responsible for the same. Following reasons are recognized by industry professionals, highly demanding, nightshift ; lack of clearly defined career growth opportunities; mismatch of expectations between employer and employees; competitive pressure in the industry, resulting in heavy inter- firm „poaching“; and the desire to pursue higher education or alternative occupations.

Price, (2001) identified reasons like uncontrollable workloads and scarce resources that increase the work stress. The study also highlighted the relevance of immediate superiors and co-workers as they form the social support pillars for the employees. So, if one has an unsatisfactory relationship with supervisors or for that matter with peers, it adversely influences performance of an individual.

Atchley, (1996) highlighted that internal working factors had an undesirable outcome on employees' job satisfaction. It is because of this that the employees decides to leave the work environment

Brymer, (1991) showcased in his research on how work related stress is managed in hotels alongside keeping up with the policies of the hotel. It was also inferred from his research that it is vital for organisations to design strategies to cope up with stress as this is a major factor leading to high attrition rate.

## **VII. RESEARCH GAP**

- A lot of research has been done on 'attrition'. However, there is a dearth of research when it comes to 'attrition in the hotel industry'.
- There are different categories when it comes to hotel. And it is necessary to understand that every category has different reasons when it comes to attrition and one cannot generalize it for all.
- Attrition also depends on the department in which one works and the level at which one works. Thus there is a need for a study that caters to department as well as level (or rank) of the employee before generalizing the factors.
- It is seen that attrition is highest in first 6 months when an employee joins. There is a need to identify the reasons specifically limited to those 6 months which initiates the idea of attrition.
- Research linking Sustainable practices to Employee attrition is limited.

### **VIII. FACTORS IDENTIFIED FROM THE REVIEW**

- Compensation
- Stress in job
- Better opportunities and
- Stake Issues
- Service Abandoned
- Personal reasons
- Work Life Imbalance
- Lack of opportunity to present creative and innovative ideas
- Lack of Support (from superior , peer or subordinates)
- Departmental issues
- Inadequate Training & Development
- Faulty Recruitment
- Management's concern on environmental issues
- Difference between expectation and reality
- Work Timings

### **IX. FUTURE SCOPE**

- These factors can be used to understand the reasons for attrition.
- One needs to understand the hotels which are representative of the population and conduct a study on these hotels so as to generalize the result.
- Linkage of sustainable practices to attrition needs to be understood.
- The results thus found should be shared with the hotel with the aiming of reducing the attrition.

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