

Employee turnover in the hospitality sector in china



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People are one of the most significant resources for business, especially in the people-intensive and service-intensive hospitality industry (Kong and Baum, 2006). Additionally, front office plays a role of reception and marketing as well as the “brain” in the hotel, and it is an important factor that has impact on hotel’s image and reputation. An increasing number of research in China and in the world are keen on investigating human resources management about the turnover in hospitality industry (Liu, 2002; Baum et al., 2006).

Gustafson (2002) indicated that high employee turnover had been widely accepted and documented in the hospitality industry. The study also showed the relationship between managers’ perceptions and staff turnover.

Moreover, Poulston (2008) found the poor training was associated with workplace problems, and improving in the training part is likely to reduce the thorny problems such as under-staffing. The result proved via questionnaires indicated that in the hospitality industry, the employers were not generally looking for hard technical skills, especially in the front line positions, but rather soft skills (Nickson et al., 2005). Such soft skills encompass attitude and it was also the essential parts affect staff aspirations about changing work all the time. In brief, turnover in hospitality is affects not only including psychological factors but also physical factors.

It is clear that China has a bright future in the hospitality industry, and absolutely it is with potential to open the outside world and thus to obtain advanced international management skills as a result. China is still facing the problem of shortage of quality personnel and high staff turnover which might relate to culture of bias to the hotel jobs (Kong et al., 2006). Due to the <https://assignbuster.com/employee-turnover-in-the-hospitality-sector-in-china/>

importance of about turnover in the hospitality industry, some of the psychological and physical factors may similar be all around the world, yet in China, culture differentials also exist about the job nature in the hospitality industry.

2. 2 Turnover

KPMG (1991) and Timo (1999) pointed out that high staff turnover rates in the hospitality industry are largely higher than manufacturing industries in Australian labor market. Timo (1999) indicated that hospitality sector employment is always described as a mode of instability and flexible form of employment. In addition, findings in Timo's survey (2005), a unit of percentage can evidence this statement: only 23. 2% of employee respondents had been employed by the hotel 3-5years. It is also worth mentioned that only a little more half or 56. 5% of respondents had been employed for less than two years. Similarly, about half of the manager respondents have been employed by one hotel for more or less two years. A survey conducted by Kong and Baum (2006) found that 75% respondents in front office was their first experience of working in hotel sector. Only about 30% respondents indicated that they plan to stay on their job for one to three years. This percentage largely reflects the potential workforce turnover in hospitality environment.

Awareness about staff turnover cannot just stay on the surface, it must recognize that staff instability is not only the loss of talent, but that also would result in more costs in hotels. According to the survey by Mitchell (2001), he indicated that turnover is costly in any kind of operations. Cost

here is a general concept. It concluded intangible and tangible factors. The <https://assignbuster.com/employee-turnover-in-the-hospitality-sector-in-china/>

former involved loss of experience, technical skills, relationships knowledge etc. The latter is concerned about adding money to recruitment, training, creating of candidates. Additionally, Hinkin and Tracey (2008) also published a report regarding the cost profiles associated with staff turnover in Cornell Hospitality Quarterly. They divided the turnover cost into hard costs, soft costs and opportunity costs. Meanwhile they listed five cost categories during the recruitment, selection, training and development, and performance. The authors found out that the results that the managers spent a great amount of time and money in recruitment and selection new staff because of the poor quality of the candidates' pool and high turnover rates existing in the hotels.

The front office is the first place that customers have contact with a hotel, which employees provided the first impression to the customers about the hotel service. In other words, the front office represents the hotel's image and as a consequence staff in front office must know all the answers concerned in hotel to make customers happy(Kaye, Thomas, 2000, pp24-P25). Meanwhile, the clerks in hotel front office face big challenge on daily work. Working stress is one of the reasons that caused staff turnover can be found (Lo and Lamm, 2005). Pressure caused by working challenge may give rise to staff's leaving desire and foreshadowing the final turnover in the hospitality.

Moreover, several physical factors have an effect on staff satisfaction about the current job. In Hinkin and Tracey's (2000) work, they analyzed major causes for turnover arose, poor working environment, low wages,

unreasonable management and lacking guiding for employees and poor
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training is also mentioned in this work. From the literature it is evident that human resource challenges found that there are many regions all around the world are confronted with the same issue about staff turnover and specifically, the problem of seasonal employment in tourist regions trouble the hotel managers a lot. Martin et al. (2006) published a research paper and summarized that the bad image of tourism & hospitality industry, unfavorable working environment, few development and promotional opportunities, these are all the candidates' perceptions and the most significant factors for managers to improve and in order to attract and retain the workforce.

Specifically, there is an outstanding issue in the hospitality industry that the staff working in hotels is younger and younger and it has closely relationship with turnover issue. According to a New Zealand survey, almost half or 40% of the employees in hospitality sector are less than 25-years-old, the biggest group of the staff being 15-19 year (Whiteford and Nolan 2007). Working in hotel, as well as in front office, the most significant requirement for the staff is not skill levels but service attitude. Selection methods for recruitment can discern such feature, it relied 79% on application forms, 74% on curriculum vitae or/and 89% on interviews and references (60%) (Nickson, Warhurst and Dutton, 2005). A pertinent study conducted by Norris (1995) found that there are low barriers for person to enter most of the hotels, to be front-line personnel. Therefore, low barriers interests young workforce to looking for job in hospitality industry. Meanwhile, the youth staff in front office is one of the reasons for its workforce instability. " Play and work", this notion may attract those employees to choose jobs in hotel which has low skill barriers

to enter as well as opportunities to travel and exciting. (Accirrt, 1996; Chalmers and Kalb, 2001)

In other words, with the phenomenon of the seasonal turnover, human resource managers in the hotel cannot ignore the using of the students as a temporary labor pool (Farnsworth, 2003). There is no doubt that the close relationship among the local hospitalities and the hospitality manager schools and the tourism manager colleges, they can help provide potential workforce to the hotels. Also, the author advocates that hospitality operators should provide job related training to the students and improve their working competitive strength.

Organizational commitment, missions, goals and direction

Organization commitment is playing a significant role which as a factor reducing employee turnover in the hospitality industry (Kazlauskaite et al.,). According to Greenberg and Baron (2000, pp. 181) definition, organization commitment is an “ extent to which an individual identifies and is involved with his or her organization or is unwilling to leave it”. And there are three types of organizational commitment: affective commitment, continuance commitment and normative commitment (Meyer and Allen, 1991). Among these three types of commitment, affective commitment may be considered most desirable for an organization. In addition to the reduction of employee turnover, according to Schuler and Jackson’s research result (1999), they found out that employee organizational commitment was also seen to be important for quality improvement and maintain the importance of such human resource practices as teamwork, appropriate feedback system.

Furthermore, employee empowerment as a factor can enhance
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organizational commitment. Empowerment is a rather complex process and it is hard to definite until now, but Lovelock and Wright (1999) define empowerment in service industry as the authorization of an employee without asking for a supervisor's approval to help customers to find out service problem solutions and make appropriate decisions. And with regard to the relationship between psychological empowerment and organizational commitment, Sigler and Pearson (2000) found the positive relationship between them and Janssen (2004) indicated that psychological empowerment can be viewed as a way to stimulate an individual's commitment to the organization.

Basically, empirical evidence suggests that the hotel's organization mission, goals and direction influence employee retention and job productivity. And the organization development direction and support had a significant impact on employee job satisfaction and overall commitment (Kim, Leong, & Lee, 2005). Susskind et al.'s (2000) research also indicated that perceived organizational support strongly influences job satisfaction and employees' commitment to their organizations. US Department of Labor (1993) on high performance work practices revealed that involving employees in decision-making, goals and the direction of an organization through participation in terms will help reduce turnover rate and produce job employee satisfaction. Furthermore, Cho et al. (2006) also reported that organizations which non-managerial employees are more likely to experience higher turnover rate comparing with which have high-performance work practice in the organization.

Hotel culture and communication

According to Becker and Huselid (1999), hotel culture creates competitiveness since it changes staff's working behavior by making them act consistently with the hotel's desired corporate culture, thus influencing employee retention. Most of other researches indicated that there were uncovered similar findings between hotel culture and staff turnover rate and retention. For instance, according to Milman and Ricci (2004), they revealed that among the most powerful indicators to predict hourly staff retention in the hospitality industry were positive experiences with the hotel's policies and with the hotel's humane approach to staff.

Work environment and job design

In terms of the working environment and job design, most of the studies found that employees who had positive experience with regards to working hours, sense of fulfillment with their jobs and higher level of job satisfaction are more likely to stay with current employer. Although employees care lots about the monetary rewards which can be a top motivator for employee retention, having a comfortable working environment and flexible working hours were also important motivators (Wildes, 2007). The research work performed by Martin (2004), he pointed out the working situation has a quite important influence on the staff's perception and working attitudes.

Accordingly, the working performance also impacted by the employees' satisfaction of the working environment. Continuously improving the ethical problem in the hospitality, it will ultimately lead to the lower staff turnover and the successful retention of the talent workforce. What is more, the result that hourly employees' retention was predicted by self-fulfillment and

working conditions, even over monetary rewards was confirmed by empirical studies of lodging properties in Central Florida (Milman & Ricci, 2004).

Hires and promotions

According to the searching result, numerous of the studies examine the impact of hiring and promotion activities on retention and performance (Becker & Huselid, 1999; Cho, Woods, Jang, & Erdem, 2006; Huselid, 1995; Milman, Hourly employee retention in small and medium attractions: the central Florida example, 2003). Based on the Pfeffer (1999) research, hotels which wishing to succeed in today's global competitive environment must make adequate HR investment and build staff who possess better skills and capabilities than their competitors. In addition, it is important that selective hiring procedures can ensure effective retention of the most qualified employees while lowering staff turnover in the long term (Huselid, 1995).

Customer relationship

The relationship between employees and customers is a connection that cannot be ignored. A theory about employees and customers satisfaction was tested by Heskett (1990), clients' satisfaction is base on the employees' satisfaction in the hotel. More precisely, employees in the hotel are the significant factor which is root for hospitality operation. Furthermore, the research study by Dienhart et al. (1992) found that there were positive relationship between customer centeredness and the staff's constructive views of job involvement, job security and satisfaction. If staff can feel that the hotel takes good cares of them, in return, they will provide a better service to customers to meet and/or exceed their expectation. They are more likely lead a higher satisfaction both staff and customers, also to better

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staff performance, thus making them less likely to leave (Arnett, Laverie, & McLane, 2002), positively influencing staff retention.

Training

High quality level training is one effective measure for staff retention.

Several studies show that the close relationship between training activities and productivity and retention. In hotels where staff receives the proper training needed to assume greater responsibility, turnover rates are generally lower (Youndt, Snell, Dean, & Lepak, 1996). And meanwhile Youndt et al. (1996) theorize that human resource practices designed to develop talented and team-oriented workers improve staff productivity and customer satisfaction. With the same working situation for choosing, to the candidates, they prefer to apply for work at the hotel properties which have done well with the career progression image (Martin et al, 2006). Alexander and Nuchols (1994) also support a positive relationship between high quality level training and employees turnover. Moreover, work by Poulston (2008) investigated that some turnover is redeemable, meanwhile some is inevitable. In such a case, if hotel provides proper training focus on individual development features, employees are likely to stay long, and try their best to enjoy a complex and stressed environment. Obviously, hotels with substantial training opportunities should experience lower turnover rates according to Shaw et al.'s (1998) research. However, an interesting finding also by Shaw et al. (1998) included a positive relationship between training and the discharge rate. They indicated that hotels provide more training opportunities are concerned about staff skills and performance, and therefore experience a high percentage of staff terminations. Conversely,

hospitalities that experience a high discharge rate initiate training activities because of lower workforce skill levels.

Employee recognition, rewards and compensation

The most notable among hotels' retention initiatives is compensation and benefits. Numerous studies have addressed the impact of employee compensation, rewards and recognition on turnover and retention (Walsh & Taylor, 2007). In terms of wages, a survey by Norris(1995) indicated that workforce in hotel are usually low paid, compared with government average wage, staff in hotel earns just about 73% of the whole industry average. Another survey conducted by Choy (1995) pointed out that hospitality employees' average annual salaried have been found to be about 16. 5% to 31. 6 % below than the hotel industry average and government average wage. Additionally, highly competitive wage system promotes employee commitment and thus results in the attraction and retention of a superior workforce (Guthrie, 2001). And other further survey noted that staff will remain with an organization as long as it serves their self-interest to do so better than the alternatives available to them elsewhere (Shaw, Jenkins, & Gupta, 1998). Although several study investigated the compensation can strongly influenced the staff turnover rate, also several other research have indicated that compensation in the form of base or variable pay may not be sufficient to attract or retain staff. The most important retention predictors included intrinsic fulfillment and working conditions rather than monetary rewards were confirmed by Milman (2003). Moreover, the absence of opportunity for professional growth and development affects hotels' turnover

rate and retention instead of compensation and work-life balance (Walsh & Taylor, 2007).

Leadership and human resource management partnership

Furthermore, another survey (Gustafson, 2002) found that the frequency of managers in hotel sector filling in for workers has a negative relationship with turnover. If front office's managers working side-by-side with front-line clerks, teamwork sense developed from staff so that they will recognize that they are needed. At the same time, the managers' action will lead to a sense of belonging and heightened communication, and therefore they would be less likely to leave. Contrarily, poor management, conflict between manager and front-line employees are all negative for daily operation in front office. It is not only negative for customer satisfactory, but also passive for staff to set career perspective it will lead employees more likely to turnover. A survey by Tutuncu and Kozak (2007) noted that supervision within the hospitality industry can bring job dissatisfaction, and otherwise staff turnover. What is more, Chew et al. (2005) reveals that hotel with a value profile of either elite or leadership, complemented with strategic HRM effectiveness will enhance financial performance. Instead of just focusing on single practice like staffing, the simultaneous use of multiple sophisticated human resource practices was assessed, which was identified as a link between organization-level outcomes and groups of high performance work practices (Huselid, 1995). All the prior work has consistently found that the effective of human resource management initiatives increased staff productivity and retentions. Specially, recruitment and training process, working environment, labor-management and performance appraisal, promotion and incentive compensation system

that all been linked with valued firm-level outcomes (Huselid, 1995).

Although the effects of human resource management practices on employee turnover and retention of organization-level is significant, many of the research in the hotel industry paid more attention to the individual-level predictors of turnover (Shaw, Jenkins, & Gupta, 1998).

2.3 Turnover in China

According to the statistics from China National Tourism Administration Office(2008), it is shown that China's current tourism related staff were around 6million, while the actual the need of that are about 8 million or more. Therefore, the talent gap between the practical situation and the expectation is about 2 million. On the other hand, the loss of existing tourism practitioners was very serious. The ordinary turnover rate is 5% to 10% in the general industry, while the turnover rate is as high as 20% or more in the tourism industry, especially the higher qualification, the higher rate of brain drain. (The Yearbook of China Tourism, 2008)

The increased mobility of human resources in the hotel industry was becoming increasingly prominent, the brain drain had become a primary problem troubled hotel managers. The turnover rate in other industries was about 5% to 10%, while the appropriate turnover rate in hospitality industry was about 8%. However, China Tourism Association, Human Resource Development and Training Center did an investigation in twenty three domestic cities in thirty three of two to five stars hotels' human resource department, and found that the average turnover rate was 23.95% (Wang, 2009). According to statistics, it can be seen that the hotel staff turnover rate was 3 times more than the appropriate turnover rate, and it showed a <https://assignbuster.com/employee-turnover-in-the-hospitality-sector-in-china/>

gradual upward trend. Zhang and Wu (2004) also indicated that one of the key issues of human resource challenges of China's hotel was the high staff turnover rates.

A paper published by Zhao et al. (2006) introduced that the high turnover rate in Hospitality industry is a universal existence question which puzzles the managers a lot. The literature concluded some reasons of employees' turnover: instable work, little chance for promotion, pursuit higher returns and display their values, want to obtain the respect of personality, etc.

Additionally, the author Fei (2009) did an investigation on the negative influence of hotel turnover, including cost allowance, undermine the team morale, and reduce the credibility of brand, loss business information, and decline the service quality. After analyzing the reasons that leading to the staff instability in China hospitality industry, Zhao brought forward some countermeasures: improve the staff training, make plans for staff career development, and focus on communication to strengthen the emotional management, improve the hotel and cultural construction to foster people-oriented management concept. Meanwhile Fei analyzed the potential development direction from different angles of social factors, corporate factors and individual factors to elaborate the importance of staff loyalty.

Many hotel staff graduated from hotel management and have quite potential to be outstanding employees in hospitality industry, but all these outstanding staff's instability was also troubled their corporate managers a lot. Research from Zhang (2006) was focus on investigating the reasons of hotels' outstanding employee turnover and introduced the ERG theory, after that he tried to solve the core issue in the hospitality industry: how to

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maintain the outstanding staff and pursue the hotel's long-term stability and development. In this report, Zhang indicated that the outstanding employees' outflow from their desire of leaving and the ERG theory used here to analyze the employees' core requirement to prove that staff advantages should be discovered. Additionally, the author enumerates some positive examples to expound some recommendations for hotel and employees to establish loyalty mutually.

In terms of the human resource management, dynamic management, relative to the static management, is also a research issue in China. Chen (2006) found out that in order to control the mobility of the employees and reduce the turnover and loss, the hotel should carry out the comprehensive, systematic and long-term dynamic management. Additionally, Chen advocated that investigate the hotels' turnover situation, the searchers would not only investigate the external & internal environment changing but also do some researches about the human resource inflow & outflow and human resource flowing in the corporate at the same time. After that, Chen indicated the most important countermeasure was to establish the warning mechanism.

Zhang and Wu's (2004) did research about the human resources issues the hotel facing in China. It must mention that the authors analyze challenges the Chinese hotels were facing via hospitality perspectives, travel perspectives and university perspectives, and indicated the hospitality industry's expectation of education. They found that human resource challenges were playing a negative role in the development of China's hotel and tourism industry, the critical issue was the staff retention and human

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resource shortages, at the same time, the education level and the industry's expectation gap also became a thorny topic. All the organizations and the government would establish communication to enhance the graduates' skills level and experiences, decrease the gap of expectation and practical operation, in order to enhance the retention rate in hotel and improve the problem of human resource shortage.

According to China's culture, with the "one-child policy", there are not enough citizens are born to supply workforce demands. In addition, the country's relatively outdated educational system cannot lead the colleges and universities to provided outstanding human resources with types of skills in an increasingly globalized economy. One of the most important factors contributing to the high level turnover rate in hospitality industry in China is work-life balance, long hours working shift and heavy workloads instead of the technological working, especially in the front line post (Michael, 2008). The same evidence could be finding out in much of the related western hospitality and tourism industry work. Deery and Iverson (1996), Deery and Shaw (1999) and Ghiselli et al. (2001), all these research investigated the constructs like organization commitment and job satisfaction are significant elements contribute to staff's intentions to leave an organization. Additionally, work stress and personal attribute plays a decision role on leaving an organization (Deery M, 2008). As mentioned above, work-life balance (WLB) also is one of the influence factors that impact on the staff turnover rate in hotel (Wang and Walumbwa, 2007), while Dagger and Sweeney (2006) focus on life quality and staff turnover relationship research.

2. 4 Turnover in Guangdong Province

Based on the related HRM theories, such as learning organization, situational leadership, quality of working life and employee satisfaction, Chen (2007) deeply investigated the human resource management situation in one hotel in Dongguan which is a industrialized city with rapid economic growth, he got the result that no matter an international brand hotel or a local hotel, the issues of staff turnover and management brought out a series of problems in Guangdong Province. On one hand, due to the labor-intensive industry, the hospitalities have to operate with a large number of employees; On the other hand, the staffs that hard recruited were unable to retain. According to the identification of the basic turnover environment, the author analyzed the high turnover rate and the investigating the countermeasures based on the three parts: external environment, staffing department and human resource department.

In Guangdong Province, many of the researchers found that training quality was a significant element on the issue of turnover in the tourism industry, especially in the hospitality industry. Dai (2005) made a hard working on doing the research about the different training approaches and quality between western countries and China, and set the Guangdong's Hotels as examples, pointed out the differences in terms of the importance of training, investment in training, training contents, training approaches and methods, and the training effectiveness and evaluation. According to Shen (2008), she also focused on investigating the important role of the training in the hospitality industry. She kept her mind on searching the hotel training effect assessment with an instance of Intercontinental Hotel in Guangdong. The

author pointed out that the personnel quality would be the big issue during the management. Its meaningful influence not only present on the Human-Resource department, the whole hotel, but also on the employees themselves. One positive effect of training for the hotel, it could have a direct economic benefits, and training as an investment process on the staff. The assessment of the training can provide employees with consciousness of the hotel's benefit changing based on their capacities and enhance of their senses of achievement, improved employees' job satisfaction and loyalty to the hotel.

According to the geographical situation in Guangdong province, it's a developed area with lots of small medium enterprises as well as the hospitality industry provides a great amount of job opportunities to attract workforce from all the other provinces. It must mention that most of the workforces who live in other places go back to their hometown for the Spring Festival and it's the peak period of labor-turnover (Wang, 2009).

2. 5 Conclusion and research question

After searching the literature with the issue of turnover in hospitality industry, and according to comparing among those researches, several similar points about the situation and reasons on the turnover can be found between China's hospitality industry and other countries'. Although China's hospitality is developing with many thorny problems including staff turnover accompanied by Chinese culture. In this paper, the author aim to find out the following questions, and analyze the relationship among all the influenced factors.

Accordingly, the author proposes a mode of managerial turnover cognitions set up by Carbery R. et al (Figure 1) with the purpose of helping identify the four sets of variables and define the hypotheses.

The figure showed above, which identified the variables as possible of the hospitality turnover, involve Career Issues, Job Issues, Organizational Commitment and Covariates and so on. Based on the variables listed above, they can be classified into Demographic variables, Human capital variables, and Psychological variables according to this paper specific investigation of the staff turnover in the front office in hospitality.

Demographic variables

Age, gender and marital status are all demographic variables that influence the hospitality industry front office's staff turnover. There was a phenomenon that the a great amount of staff in front office were youth employees, almost accounts for 40% of the staff were less than 25 years old (Whiteford and Nolan 2007). And in China, in particular the loss of tourism management students of the phenomenon was particularly serious (Dou, 2009). In the research conducted by Hellman (1997), indicated that older staff was more likely represent a lower degree of mobility due to the concerned about the formal and informal benefits associated with age in the work place. On the contrary, it is important to think about what's the main reason for the highest turnover rate of the youth staff. As a result, it is hypothesized that:

H1: Younger employees represent higher turnover.

Human capital variables

Specifically, in hotel front office, education level, working experience and salary level are related human capital variables that impact the employees' turnover. Finding from human capital theory would suggest that staff with relatively higher education levels could more cognitive about their career development road relatively and could not change their current job straight away. Wong et al. (1999) found that individuals with relatively higher education levels are better informed of the external labor market and they are relatively good at comparing cons and pros with the current positions. As a result, it is hypothesized that:

H2: Employees with higher levels of education attainment represent lower turnover.

Psychological variables

Thomas (2000) and Lamme(2005) indicated respectively working as a front line employee especially working in the front office, was a stressful job and full of challenge. Hinkin (2000) stressed the influenced factors about turnover were various, concludi