

# Study of Organisational Culture, Employee Turnover and Employees' Retention in hospitality sector.

**Dr. H. S. Chahal**

Assistant Professor  
Dept. of Business Management  
Guru Nanak Dev University  
(Gurdaspur) India

**Poonam**

Research scholar  
Dept. of Business Management  
Guru Nanak Dev University  
(Gurdaspur) India

## **Abstract**

The objective of this study is to investigate the level of organisational culture, and their significant differences among employee turnover, employee retention and culture in hospitality industry. This Paper provides theoretical overview of Employee's turnover based on existing studies. Sample size taken for this paper comprised of 107 employees of hotel industry from twenty hotel of Chandigarh. Mean scores, reliability and t-test were applied in this study. Findings revealed that higher mean scores of employee retention is 55.84 and lesser mean score of employee turnover is 15.84, which show that in selected hotel employee have less turnover and more retention in Chandigarh. Significant differences was found only in employee turnover, where male (M= 2.1310) employees scores higher mean value than females (M= 1.7500). No differences were found among rest of the variables.

**Keywords:-** Employee turnover, organisational culture, Hospitality sector.

## **Introduction**

Hospitality industry is one of the growing sectors in India in which 'Human factor' plays very important role. Earlier Tourism and Hospitality industry was considered as a second largest employer in the world (Edgell, [1]). Therefore, high employee turnover rate in hospitality sector can cost excessively to a company in terms of time, money and talent, as it has been reviewed in numerous past studies. Turnover is a major problem in hospitality sector as well as serious matter, for any organisation.

There are various reasons of turnover. Continuously turnover in a company indicates that culture of that organization is dogmatic and employees' dissatisfaction makes their mind to quit their job. This depicts that the culture of any Organisation plays vital role in retaining the employees' in the company, for long period of time. Schein [18] stated that culture is the assumptions of the behaviour within the organisation; further he categories organisational culture in three categories such as visible artefact, values, and organisational workforce. These three assumptions are helpful to understand organisational culture.

As Dawson & Abbot [2] explained in their study that hiring the right people will increase the Organisation commitment, directly he was saying that HR department plays critical role in turnover; it has been

seen that HR people of the companies commits more than their companies offer to the employee. At first, this allurements works and deserving candidates pleasurly join their jobs. Later, they become unsatisfied from lingering behind from the timely growth and hike in their organisation, as HR people committed, as the result they prefer to quit their job. According to "Kysilka" and "Csaba" employee turnover is the rate in which company gain or losses their staffs. Unfolding model explained three types of turnover; it can be Positive, Negative and Neutral (lee, et al., [3]). A poor training given to employee and less salaries offered to employee cause high turnover (Albattat, et al. [4]). Literature indicates that most important variables of turnover are job dissatisfaction (Carsten & Spector, [5]), lack of commitment (Williams & Hazer, [6]), economy (March & Simon, [7]) and intention to leave (Bluedorn, [8]; Steele & Ovalle, 1984).

### Literature review

Deery, A.M and Shaw, N.R [20] investigated a study to examine the relationship between organisational culture in the hotel industry and turnover rate. Survey method were used for data collection from four different hotels in Melbourne based properties. Results revealed that the rate of turnover found more in permanent staff than the casual staff. Employee's demographic profiles shown only 20% of employees exist in the hotel that have university degrees rest were post-secondary staff only.

Jhatial et al. [14] conducted a study on banking and IT sector employees and examined the relationship among various antecedents of employee turnover, such as organizational culture, attitudes of boss on employees. Findings of this study revealed that 80 per cent of respondents agreed that there was connection of factors such as sifarish & sycophancy in HRM decision making. Study suggested that government and private companies need to promote environment mutual respect, enhancing employee morale and empowerment, enhancing commitment level and satisfaction can reduce the turnover intentions.

Dawson & Abbott [2] conducted study and proposed the model in which they highlighted the variables which were very effective to retain employees in the company. They emphasized on hospitality culture and climate and compared this with the candidate's profile to know his fitness to the organisation.

Kysilka. D & Csaba, N. [9] examined that turnover has the major problem for organisation because of its extreme cost. The major causes of turnover were discussed in this study. The research was done on American Hotel and Motel Association. Findings showed that average turnover level in non management hotels in US were 50% and in managerial hotels were 25%. Results also showed the indirect link of job

satisfaction and employee turnover rate and also there were greater importance of Employee-Employer relationship.

Lee & Chihyung [10] explained the scenario of hospitality employees that they spend more time at work instead of home. Therefore, friendships often formed at working place. Study revealed that there were direct and indirect influence among organisational citizenship behaviour, turnover intentions, absenteeism and task performance. Online survey method helped in data collection from 1200 employee working in hotel of U.S, but only 400 employees were targeted for data analysis. Structural equation modelling was used to examine the direct and indirect relationship among variables.

Harman et.al [11] examined the psychology of voluntary employee turnover with the help of unfolding model, where job embeddedness variable was used, and three types of shocks were explained i.e. Positive shock, Negative and neutral. With the help of qualitative review they explained the psychology of employees regarding leaving the organisation and staying in the same organization.

Albattat, et al. [4] conducted the study and given idea that how turnover crisis can be reduce. In this study they have used the Mobley's model (1977) and investigated that how job dissatisfaction turned into job turnover. The results of the study revealed that improvement in working environment and fair pay and wages results less turnover.

Albattat, et al. [12] has examined a theoretical overview of Mobley's Model of employee turnover. The purpose of the study was to provide clear idea that whether job dissatisfaction leads to employee turnover or job satisfaction turned to job retention. Findings revealed that poor working conditions or unaccepted working conditions lead to dissatisfaction and due to this reason employee quit the organisation.

Faldetta et al. [13] examined the study on turnover and described varies negative impacts on Organisation. They emphasized on two variables which were job satisfaction and Organisational commitment. Findings revealed that if both variables presented in the hospitality industry then the turnover rate would be low. Further they were discussed about reciprocity which can strengthen the employee relationship that may cause the job satisfaction and ultimately commitment with the Organisation.

Thoms et al. [15] explored the relationship between turnover and employee theft. Data was collected from a large fast food chain industry. They conducted two studies parallel and findings of the first study revealed that there were significant relationship between employee turnover and theft. Second Study concluded that employees generally more likely to steal when they were leaving the organization in two weeks than when leaving in two years.

Emmanuel Umoru Oki [22] conducted the study to investigate the extent to which retention affects the customer satisfaction and also studied the extent in which retention were internalised by the player of hotel industry in Nigeria. Study investigated the factors which affects employee retention. Further, questionnaire survey method has been used and data has been collected from 400 employees from twenty hotels, were random bases. Results revealed that there was weak relationship between employee retention and customer satisfaction in a Nigeria hospitality industry.

Fayis Muhammed K.V & Juliet Gladies. J [21] investigated the study to know the influence of employee retention on employee turnover. With the help of questionnaire survey the 20% of the data has been collected from Calicut District out of 560 total populations. Results revealed that employee retention have significantly positive influence on employee turnover.

### **Different strategies for Retention**

Kahini Chakraborty defined “Acquiring the right talent at the right time will always be a key focus in the hospitality industry. With newer hotels and brands entering the Indian market, the human resource departments are adopting strategies to attract and retain the best talent, both fresh and lateral hires.”

As Shirali says, “While elaborating employee retention the differences can be seen in retention strategies across the hierarchy as employee expectations and their desires are different. They believed that a satisfied employee will not leave their job in a hurry.

The base level, at AccorHotels, therefore they guarantee for all associates across all hierarchical levels a work environment; that they are caring, respectful, nurturing, trusting and upholds ones dignity, confidence, well-being and self-esteem; that helps to promotes diversity by forbidding any form of discrimination such as gender, age, family situation, color, religion, race, physical disabilities; that rewards and recognizes talent by creating an environment in which any employee can be promoted to any position within the organisation, provided he or she has the necessary skills, personal qualities and accomplishments; that pays a fair wage and benefits in keeping with the specificities of talent and in tune with market benchmarks; which supports personal development by initiating a career path process when new employees are hired, by anticipating, listening and responding to employee needs and expectations, by regularly conducting opinion surveys to give employees a greater voice within the organisation, by providing all employees with visibility on their career development prospects. For employees who are more senior, the focus apart from the above is aimed at providing superior training and development opportunities to allow them to rise to their full potential; offering multiple

platforms to be visible; providing challenging job roles and assignments to allow the employee to improve employable skills and enhance the feeling of self-worth and self-esteem.”

As Marriott views, Singh states, “A people strategy is not effective if it doesn't include a comprehensive and effective methodology to hold on to the employees whom you've worked hard to hire into your organisation. Marriott retention strategy is not a 'one size fits all' approach, and they work with teams across all in hotel units to aggressively drive retention across all levels and disciplines. One of their key initiatives has been to promote and develop home grown talent at their junior, middle and senior management levels through various different self-paced, online and classroom workshops that cater to different requirements of the organisation.”

On the other hand, Starwood use multi-pronged strategy for retention which is a part of our overall HR Strategy of ADR stands for Attract, Develop and Retain employee.

Ritu S Verma, regional director, human resources, South Asia – Starwood Hotels & Resorts India defined, “Starwood Careers Month is set to be a refreshed extension of the successful Starwood Careers Day, is one of the key strategy. They are proud to celebrate and focus on Starwood's distinctiveness that sets them apart – passionate people, their ten compelling lifestyle brands, belonging to something bigger through their involvement in the communities in which they operate; and embracing what's new through their culture of innovation. Starwood Careers Month not only focuses on recruitment but also comprise of activities revolved around talent diversity as well as internal talent career growth and development.”

Zubin Ghiara, vice president- human resources and development, Sarovar Hotels & Resorts put shine on Sarovar Hotels and stated that retention strategy initially comes along with the recruitment process.

Zubin Ghiara defined “Ensuring that they hire employees who believed in long term commitment and have a desire to grow. The organization invests in their learning and growth through continuous training and education schemes. Team of HR professionals' also ensuring continuous employee engagement initiatives, creating a fun work environment by involving employees in sports, CSR and other talent based activities. They follow a defined appraisal system that linked to a variety of rewards and recognition programmers.”

### **Employee turnover in hospitality industry**

Employee turnover is very sensitive issue in service industry and high employee turnover create disorder in whole system not only in India but also in worldwide. At present, most of the hospitality industries are putting effort on employee retention by making strong strategies which are in the favor

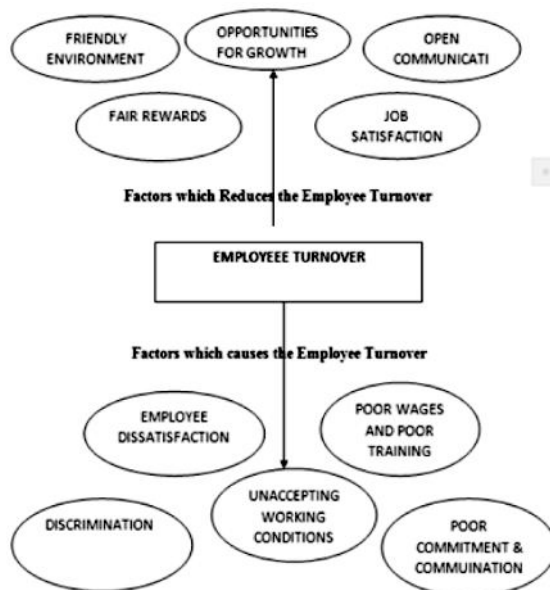
of employee turnover such as rewards system, performance appraisal, opportunities for growth, provide training and grooming, advance skills development training etc. As hospitality industries consider as customer service business and also capitalize heavily on human resources that help them to achieve competitive advantage. This industry highly depends on human resource to serve guests, therefore communication play vital role to achieve the success of the business.

**The hotel labour market :** As discussed above that hospitality industries is totally dependent on human resources, it increase the opportunities for employees but also two key challenges as well.

- 1) It is very difficult to find the right candidate for the right job.
- 2) As there are highly opportunities for employees which have negative impact on high level of employee turnover which is cost effective such as investment in human capitals, training and development, and quality.

Hotels industries are one of the largest employer's worldwide and greater mobility as the employee has variety of opportunities which causes high turnover rate experienced by the industry and this becomes the common challenge.

**Table1: Frequency distribution of Demographic Factors**



Fair rewards, friendly environment, fixed working hours, sharing goals with employees, Atmosphere for growth; Proper Communication, Organisational commitments and culture are the variables which affect the turnover rate in hospitality industry.

Lee & Chihyung [10] has emphasized that friendly environment matter a lot in hospitality industry as employee spend more time at work place than with families.

Kysilka, D. & Csaba, N. [9] has suggested indirect relationship between job satisfaction and turnover. More will be the job satisfaction lesser will be the turnover retention. Harman, et al. [11] also discussed that dissatisfaction leads to turnover.

Albattat, et al. [4] examined that dissatisfaction resulted in high turnover in hospitality industry.

Bonn & Foringer [16] conducted a study and explored various factors that attract and helped in retaining their

employees, which in turn can reduce turnover rate. It was found that various programs ringing up in the organization such as monetary incentives, educational incentives, day care benefits, etc. Can help a lot in reducing turnover rate

Rusbelt et al. [17] found in his study that turnover intentions were caused due to dissatisfaction from working conditions. He also indicated that emotional and social loneliness variables were also predictors of turnover intentions.

Organisation culture: - It can be named as corporate culture and internal environment. Basically culture is values, set of beliefs, norms, artefacts and ethos which shared by organisation members. With the combination of all these the organisational culture made up.

**Emphasizing on following variables can be minimizing turnover rate.**

As faldetta et al.[13] discussed various factors which caused to maximised the rate of turnover like job dissatisfaction

(smith et al, 1996); poor training and growth opportunities (Hogan 1992); discrimination at workplace (Antolik, 1993); less Organisation commitment (denvir & McMahan, 1992). Prince and Muel [19] investigated various factors which cause the employee turnover such as training, career development and promotional opportunities.

### Ways used for employee's retention

It is not easy job to understand the behaviour of employee and intention of leaving the organisation. Various studies has investigated that by engaging employee's, empowering them, regular meetings with superiors, offering them training program, and also provide them career opportunities has an impact of employee retentions, but it can only possible if the organisational culture allow them to do so. Many researches has pointed out that organisational culture should not be rigid. It should be flexible and can be modify according to change required with time.

### Objective of the study

- 1) To investigate the level of organisational culture and employee turnover and retention of the hotel industry.
- 2) To investigate gender-wise significant differences among overall organisational culture and employee turnover and retention in the hospitality sector.

### Research methodology

To achieve objective of the study, existing statements were modified for designing the questionnaire and distributed for survey to the employee's who ware working in F&B, Housekeeping and Front office department (Ryan Giffen 2015, Masemola .E. S 2011, Mintah Prempeh, V. & Kuuder C.J.W 2014, and Dawson el.al 2011). Convenience sampling method was used and data was collected from 107 employees. Questionnaire was divided into two parts.

**Part1:** consists of demographic profile of respondents.

**Part2:** consists of 36 statements which were related to Employee Retention, Employee Turnover and Organisational Culture. All questions ranges from 5 (strongly disagree) to 1 (strongly agree).

**Sample size:** data was collected from 120 employees from more than twenty hotels in Chandigarh city but after editing we found 107 questionnaires were valid. 81% of respondent were male and rest of them were female. The average age of respondents falls under 26-30 years and average experience of respondent were 1 to 2 years. With regards to education 9% of respondents were higher secondary qualified, 40% of respondents were holding graduation degree, 32% of respondents were diploma holder and only 20% of respondents were holding bachelor in the hospitality degree.

**Tools:** Mean scores, Reliability and t-test were applied in the study.

### Data Analysis

**Normality Test:** before applying regression statistics the normality of data was checked out by using cronbach's alpha. Tested data was found normal, and alpha of all the variables ranged from .608 to .683.

### Normality and mean value of Employee retention, Employee Turnover and Organisational Culture

Reliability value of employee retention came to be .683 and overall mean value of employee retention factor came to be 55.84. Reliability value of employee turnover came to be .608 and overall mean value of employee turnover factor came to be 15.84. Whereas, reliability value of organisational culture is .639 and overall mean value of organisational culture factor came to be 45.63. Hence, findings of all indicates the highest mean value of employee retention and lesser mean value of employee turnover, which shows that in selected hotel employee have less turnover status and more retention status in Chandigarh.

**Table: Gender-wise differences among overall retention, turnover and culture**

	Gender	N	Mean	Std. Deviation	Std. Error Mean	T values
Retention	female	47	3.2966	.39763	.05800	.710
	male	21	3.2185	.46584	.10165	
Turnover	female	47	1.7500	.13543	.01976	-8.181*
	male	21	2.1310	.24836	.05420	
Culture	female	47	4.1528	.24060	.03510	1.088
	male	21	4.0866	.21023	.04588	

In above table, significant difference was found only on overall turnover (t value= -6.604\*). Results show the higher mean value of males (M=4.1528), as compared to females (M=1.7500). Whereas, no difference was found among other variables.

### Personal views on turnover

As I have served hospitality sector for two year in the past

and recruited people to fill various post at different level in five stars (5\*) and four star (4\*) property. The most critical reasons of employee turnover which I observed during my job period are:

- 1) An individual has to pay a considerable amount of money in the form of tuition fee to earn an educational degree to serve in hospitality sector, but he gets very less

initial pay when he joins a job as a fresher. Therefore, mostly candidates prefer to join low salary jobs just to get experience for a few months. Once they get enough experience they start searching good paid jobs and swap job once they get the chance. This is one of the biggest reasons of high turnover in hospitality industry which can be easily reduced just by offering good salary to fresher candidates.

2) In hospitality industry, employees seek promotion after every six months or one year. For example, if a person has been working at associate level from last six months and so, he is eligible to get promoted to assistant level. When an employee judges that he does not have this opportunity in the same property he is working with, he starts trying other properties to find position for him. This can be avoided by revising the promotion criteria and making it more favourable to the employee so that they should start believing that their own company can provide them promotion earlier than other properties.

3) As it is in human nature that we always seek for better working ambiance than we are in currently. Therefore, people working with 4\* property always dream to work in 5\* or 7\* and stay alert to gain any opportunity they can. Working with the well known property is a big boost in any individual career because they provide the many comfort and facilities to live high quality life.

4) Another reason why employees change their jobs frequently, which cause high turnover rate, is the pressure of higher work load and long working hours.

Above are the four primary causes of employees' job change which I have observed during my working period with few reputed companies.

### Conclusion

As studied in the existing literature, we concluded that factors which effect positively were rewards, fringe benefits, environment, fixed working hours, enhancement in employee morale & respect, atmosphere for growth and opportunities, Proper Communication among employees and boss were such factors that can help in reducing turnover intentions. Job Dissatisfaction and lack of commitment was also found one of the reasons of turnover intentions or switching to another job. Therefore, literatures suggested to include some strategies such as enhance employee growth opportunities, build respect among each other, formulate benefit policies or programs etc. that can reduce turnover rate. Objective of study is to investigate the level of organisational culture, and their significant differences among employee turnover, employee retention and culture in hospitality industry. Paper provides theoretical overview of Employee's turnover based on existing studies. Sample size comprised of 107 employees of hotel industry from twenty hotel of Chandigarh city. Mean scores, Reliability and t-test were applied in the study. Findings revealed the

higher mean scores of employee retention (55.84) and lesser mean score of employee turnover (15.84), which shows that in selected hotel employee have less turnover status and more retention status in Chandigarh city. Significant differences was found only in employee turnover, where male (M= 2.1310) employees scores higher mean value as compared to females (M= 1.7500). No differences were found among rest of the variables.

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