

To study the issue of high labour turnover in pune hotels & restaurants

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ABSTRACT: *This research study is based on the issue of high labour turnover in the hotel and restaurant industry in Pune region. As eating out is a favorite pastime for Pune residents, there are multiple restaurants mushrooming in Pune. According to a survey, Pune, has emerged as the best five star hotels destination in India. However with the growth of the hospitality industry here, labour turnover remains as a constant challenge for the employers. This research project seeks to determine the contributory factors behind the exceptionally high employee turnover rates in Pune hotels and restaurants. This translates into hoteliers hiring and replacing the new employees with the old ones. This is a costly affair and also has negative impacts on the productivity. This study will identify the main reasons as to why more employees are quitting their job. The research project will also incorporate a comprehensive review of past literature on this topic. A structured set of questionnaire would be floated to the hospitality employees to gauge the causes of high employee turnover rates in this sector. The research project has outlined a variety of measures to overcome this issue in Pune hotels and restaurants.*

Key words: Labour Turnover

INTRODUCTION

Labour turnover in Hospitality Industry:

In human resource terms, employee turnover is a measurement of how long your employees stay with your company and how often you have to replace them. Any time an employee leaves your company, for any reason, it is termed as turnover or separation. Hotels are the largest employers and the high mobility or turnover rate experienced within the industry is a common challenge. In the present unstable environment, hospitality recruiters have a tendency for the job-fit rather than organization-fit of candidates and employees selected with better person- organization fit will have the intention to

remain and perform better for the organization. Training and skill development have been in the forefront of the challenges facing the hospitality industry for many years. Formal and informal training plays a vital role for a host of reasons, including the global expansion in the industry, to reduce employee turnover, the need for knowledge enhancement and career paths, increasing legal requirements and, most importantly, to enhance the quality of service delivered to customers. One main reason for high employee turnover in hospitality industry that it has not sought highly trained and qualified staff. Lack of training and career growth opportunities in the hotels make the employees to quit their job. Hospitality and tourism industry need to focus on inclusion of all staff in training and increase in the amount of investment in training and development. Hotels generally regard high turnover as part of the work group norm and employees frequently hold the belief that they are entering jobs with limited career development opportunities. Common features of hospitality employment are low wages, poor working conditions, lack of job security and promotion opportunities, which result in high staff turnover. To reduce the level of labour turnover in hotel industry, Performance management programs appear to be increasing in use, especially in the upper segment of the hotel industry. A variety of programs exist to help increase employee retention. They are Career Development, Executive Coaching, Motivating across Generations, Orientation and Onboarding, Women's Retention Programs, Employee Surveys and Exit Interviews.

Impact of a turnover on a company

The specific impact of replacing an employee varies with many factors, including the difficulty of filling the position, the training required for a new employees and specific costs, such as recruiter fees or advertisements. In the fast food industry, it may be necessary to fill some positions every few

months or even more frequently. Workers in this industry tend to be unskilled and may change positions often since there are many similar options available. In terms of costs, these positions generally require limited training to reach full productivity, so replacing personnel will not tend to have much impact on the business. On the other hand, when a company loses an high skilled personnel, it has an negative impact on the company's operations. Practices (such as promotion and labour-management participation) that contribute to employee development should enhance employee retention and in turn reduce employee turnover. High-performance human resource practices invest in improving service capacity through selection policies, training practices, integrated performance appraisal, competitive rewards and empowering employees in decision making, which would provide sufficient support to employees so that they can do their best to satisfy customers and to successfully carry out their tasks.

OBJECTIVES OF STUDY

1. To find out reason of labour turnover in hotel & restaurant industry in Pune.
2. To get solution to reduce labour turnover in hotel & restaurant industry Pune.

LITERATURE REVIEW

1. Guglielmo Faldetta, Vincenzo Fasone and Carmelo Provenzano in Italian journal of "Pasos", Vol. 11 No 4. Pages-583-595, 2013, ISSN 1695-7121, talked about reciprocity which solves the problem of labour turn over in hotel industry. Human resources management practices, in particular organizational commitment and job satisfaction, are often indicated as possible instruments to make turnover rates lower. Reciprocity could be a powerful instrument of governance of the employment relationship. When employees perceive their employers' sincere commitment to them exceeding their expectations, the employees will be more likely to demonstrate stronger commitment to their organizations.

2. John P. Hausknecht, Julianne Rodda, Michael J. Howard in journal "Human resource management", Volume 48, Issue 2, March/April 2009, Pages 269-288 shared an article on "Targeted employee retention: Performance-based and job-related differences in reported reasons for staying". They

developed a model of 12 retention factors in the context of previous theory and research and analyzed open-ended responses from 24,829 employees in the leisure and hospitality industry. The findings highlighted the importance of differentiating human resource management practices when the goal is to retain valued employees.

3. Michael Davidson, Ying Wang and Nils Timo, in International Journal of Contemporary Hospitality & Management, ISSN-0959-6119, January 2008 issue, studied about cost of labour turnover in Australian four and five star hotels. Their research shows that the major costs are attributed to labour turnover. These are costs that both the industry and individual operators should examine closely, as they impact substantially on hotel operating costs and profitability. It also indicates that the levels of service, consumer experience and value may be impacted.

4. Margaret Deery in journal of "Contemporary Hospitality Management", 2008, volume- 20 Issue: 7, page-792 – 806, ISSN- 0959-6119, explained views on Talent management, work life balance and retention strategies", in her study she had studied retention of good employees and the role that work life balance (WLB) issues have in an employee's decision to stay or leave an organization. Recommendations given by writer was legislation on maximum, as well as minimum working hours, good role models at the workplace, flexible working hours.

5. Jyotsna Bhatnagar, in journal employee relation wrote paper on topic- "Talent management strategy of employee engagement in Indian ITES employees: key to retention", Employee Relations, Vol. 29 Iss: 6, pp.640 – 663, 2007. In her paper she has investigated talent management and its relationship to levels of employee engagement using a mixed method research design.

6. Henry Ongori had said in "Academic African journal of business management", volume 1 (3), pp. 049-054, June 2007, ISSN: 1993-8233, for minimizing labour turnover, you have to focus on the causes of employee turnover. There are various strategies which can be used by managers in various organizations to ensure that there is employee continuity in their organizations to enhance organizational competitiveness. The paper examines the sources of employee turnover, effects

and forwards some strategies on how to minimize employee turnover in organizations.

7. Sunil Ramlall in *The Journal of "American Academy of Business"*, Cambridge, September 2004, wrote article on "A Review of Employee Motivation Theories and their Implications for Employee Retention within Organizations". He has highlighted employee motivation theories and offers an explanation of how employee motivation affects employee retention and other behaviors within organizations. In addition to explaining why it is important to retain critical employees, the author described the relevant motivation theories and explained the implications of employee motivation theories on developing and implementing employee retention practices.

8. Kemal Birdir in the journal "Contemporary Hospitality Management", ISSN-0959-6119, 2002, vol.-14, issue-1, page.43-47, mentioned about turnover on general and its root causes. She had conducted survey mainly on five star hotels and first class holiday villages (144) operating mainly in coastal sides of Turkey. In her survey she found out GMs are quitting hotels after 3.3 years on average, and hotels tend to change GMs every 2.5 years. The main causes of GM turnover are: management conflict and problems between property owners and GMs; and GMs' career moves.

9. Catherine Gustafson in the journal of "International journal of contemporary hospitality management", issn- 0959-6119, Vol. 14 Issue: 3, pp.106 – 113, 2002, studied of hourly paid employee labour turnover in private clubs. He examined reasons that employee left their jobs, as perceived by management. The analysis compared turnover and managers' perceptions of reasons for turnover with: manager's years of experience in current position; years of experience in the industry; club type; club size; and whether or not the manager had a hospitality management degree. He had concluded that to increase club loyalty, they have to reduce employee turnover.

10. Terry Lam, Hanqin Zhang and Tom Baum in the book of "An investigation of employees' job satisfaction" discussed a case of hotels in Hong Kong, tourism management, Volume 22, Issue 2, April 2001, pages 157–165. In their studies they had said that labour turnover is major concerns for Hong Kong hotel managers. They examined the relationship between

demographic characteristics of hotel employees, job satisfaction and importance of job variables. The study findings showed that there are significant differences between demographic variables of employees and the six Job Descriptive Index (JDI) categories. It is suggested that training and development programmes, particularly for newcomers and well-educated employees, and a total quality management approach may help improve job satisfaction with the job.

11. Angeline Cheng and Alan Brown in the book of "HRM strategies and labour turnover in the hotel industry", Pages 136-154, 1998, explores study on perceptions of HR managers on the strategic management of labour turnover in a selection of large hotels in Australia and Singapore. She stated that the effects of labour turnover can be mitigated with strategically managed human resources through the four key HR activities. The hotel industries in both Singapore and Australia revealed a comparable range of HR policies and practices being adopted, with an explicit recognition of the contribution an organization's human resources have on the bottom-line. There was a clear convergence towards minimizing turnover primarily through the recruitment, selection and induction processes. This was despite fundamental social, economic and labour differences between Singapore and Australia.

12. Roderick D. Iverson ,Margaret Deery in the journal of "Turnover culture in the hospitality industry, issue July 1997 Volume 7, Issue 4, Pages 71–82, stated that turnover culture is considered to be a major problem in the hospitality industry. They studied a sample of 246 employees from six five-star hotels in Australia. The results indicated that turnover culture was the most important determinant of intent to leave, followed by the variables of job search behaviour, job opportunity, organisational commitment, union loyalty, job satisfaction, career development, reutilisation, promotional opportunity, role conflict, and negative affectivity. Based on these findings various HR strategies are formulated, which have wider implications for the management of turnover in other work settings.

13. Ann Denvir and Frank McMahon had put their studied in journal named "International journal of hospitality management", volume 11, issue 2, May 1992, page 143-154. They had studied on "Labour turnover in London hotels and

the cost effectiveness of preventative”. For the study they considered 4 large London hotels where report showing annual turnover rates between 58% and 112%. They have highlights ineffective practices of the hotels in regard to recruitment, selection, induction, and training are documented. They also recommended cost of prevention measures for labour turnover.

14. John e. Sheridan in his article “Organizational Culture and Employee Retention”, December 1, 1992 vol. 35 no. 5 1036-1056. John in his article studied the relationship between the employees' job performance and their retention also varied significantly with organizational culture values. The cultural effects were stronger than the combined exogenous influences of the labour market and the new employees' demographic characteristics. The cultural effects are estimated to have resulted in over six million dollars' difference in human resource costs between firms with different cultural values.

Research Methodology

Methods of Data Collection

Primary data - was collected from the locals working in various hotels and restaurants in Pune city. Primary data was collected through survey in the following ways:

- **Personal Interviews:** The researcher conducted personal interviews with employees of reputed restaurants and hotels to get an insight on the problem of this study.

- **Questionnaire:** A structured questionnaire was drafted and handed over to the sample to obtain their responses. The questionnaire was formulated considering the general causes that are responsible to control the labour turnover. Another set of questionnaire was structured to understand the causes that affect high labour turnover in hotels and restaurants. The third set of the questionnaire was formulated to find out the measures which can be under taken for overcoming the challenge of labour turnover. The inferences were drawn based on the interpretations of the respondents.

Secondary data – was collected from published / unpublished literature on the causes of labour turnover in hotels and restaurants in Pune city. importance of Food Tourism and its impact in Creating Career Opportunities amongst the Residents of Pune city” latest references available from the journals, newspapers, research publications and magazines,

past records and training reports of the food establishments, and other relevant sources like internet.

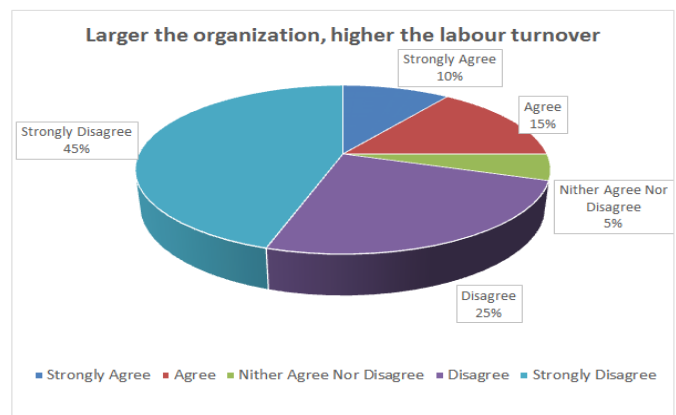
Data Analysis & Interpretation

The data collected was analyzed using basic and advanced analytical tools. This also includes the detailed analysis of the data which was conducted with the purpose of attaining the set objectives of the research. Mentioned below is the analysis which be presented graphically and in tabulated form for better interpretation. The Interpretation of the collected data was done by drawing inferences from the collected facts after the analysis of the study.

I: Factors affecting labour turnover in Hotel Industry

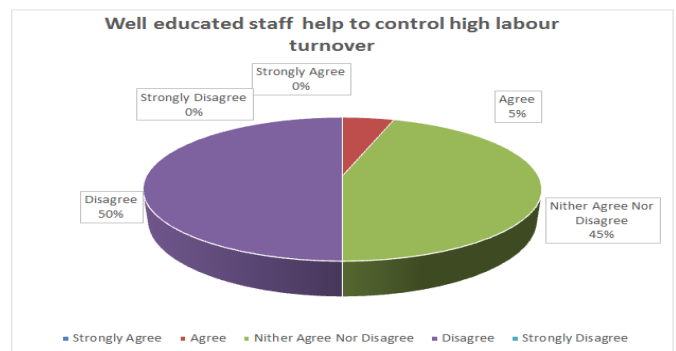
1. Larger the organization, higher the labour turnover.

In the result , the researcher found out it is strongly disagreed that the rate of labour turnover is higher in large hotels and restaurant chain group. There are about 25% industry people who agree with the statement.



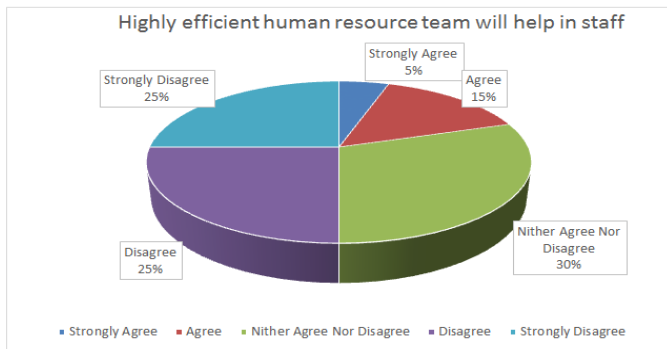
2. Well educated staff help to control high labour turnover

According to the survey report nearly 50% people say that they disagree on having educated staff help to reduce or control the labour turnover. In Pune market most of the lower & supervisory level staff in hotels and restaurant is from outside Maharashtra state. This staff will not take risk of frequent job change as they support their families back home.



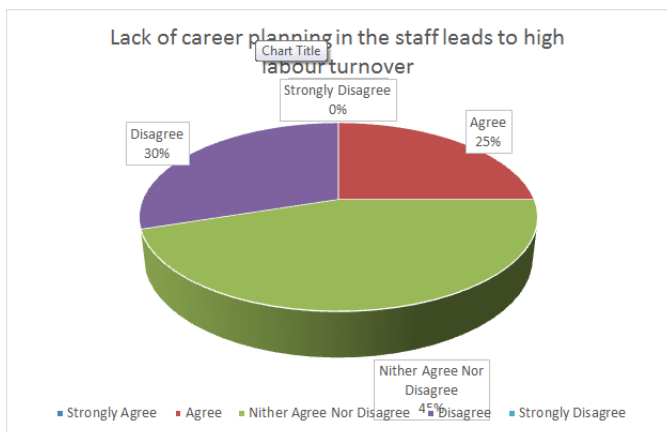
3. Highly efficient human resource team helps in staff retaining.

The survey is not giving a positive opinion on that efficient human resource team will help to retain staff; however consistent efforts , planning , training, proper recruitment procedure will helps HR department to retain the staff.



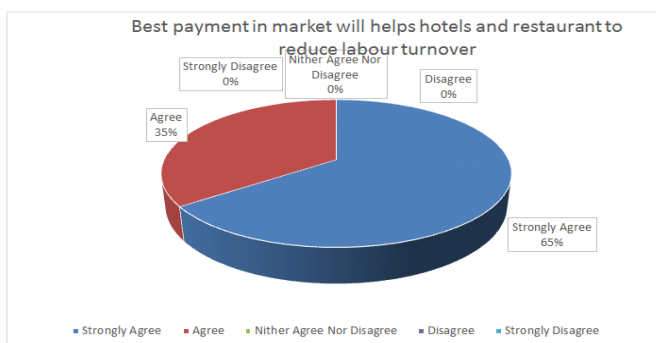
4. Lack of career planning in staff leads to high labour turnover.

Survey indicates that lack of career planning doesn't leads to high labour turnover.



5. Best payment in market will helps hotels and restaurant to reduce labour turnover.

According to survey result, employee will stay with the company which offers best salary in Pune hotel restaurant market.



Causes that affect high labour turnover on the basis of its

impact

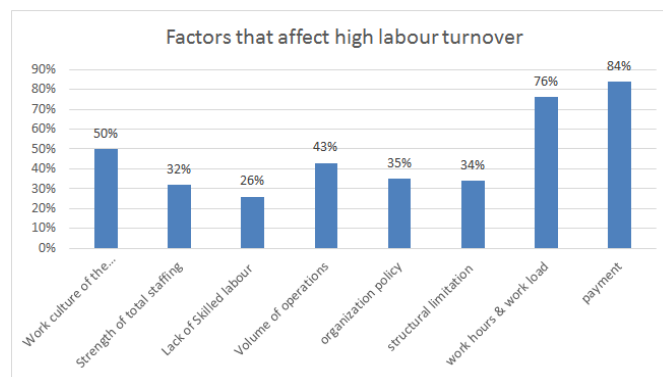
Work culture of the organization-

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization.

Organizational culture is composed of seven characteristics, which are

1. Work culture of the organization
2. Strength of total staffing
3. Lack of Skilled labour
4. Volume of operations
5. Organization policy
6. Structural limitations
7. Working hours and work load per staff
8. Payment

Based on the responses, following is the graphical representation of these factors which are considered to contribute towards high labour turnover.



Interpretation of the graph

Payment

This is the vital motivation factor for all the people for working for an organization. As you see the result of survey maximum people says they will work with a company where will get best payment. Restaurants in Pune always suffer high labour turnover, when they don't increase payment of staff after completing one year of service.

Work load

Escalating workload is an issue facing all of us, as individuals,

managers, and employers, and it's getting worse in this challenging economic environment. The stress is building for employees who are putting in longer hours of work. Not surprisingly, we found that about 76 % of respondents agree that increased workloads and stress are indeed taking a toll on employees and the business.

Work culture

Culture is the work environment that you supply for employees. Employees are motivated and most satisfied when their needs and values are consistent with those manifested in your workplace culture. Hoteliers believe that work culture has about 50 % cause as an influence on the retention of staff.

Volume of Operations

It refers to the dimensions of work related activities. Certain hoteliers, about 43 % is given that higher volume of operations may result in labour turnover, who cannot complete the wide range of responsibilities at work.

Organization policy

Policies are written statements, developed in light of the organisation's missions and values, which communicate and document your organisation's plans, instructions, intents, and processes. Policies should guide management, staff and volunteers, clarify your organisation's values and influence your organisation's culture. Policies can protect the organisation from legal problems, ensure fair treatment for employees, and establish consistent work standards, rules, and regulations. However, policy as a cause of labour turnover contributes to only 35 % by the respondents.

Structural limitation

An organizational structure defines how activities such as task allocation, coordination and supervision are directed toward the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment. However, the analysis reflects that is not an important cause of labour turnover.

Staffing

Staffing is one of the most essential functions for every organization. In fact, in the absence of a good staffing system no organization can exist for a long duration. Because in every organization all the resources like, money, material, machine

etc are utilized properly through man power. Amongst other factors staffing is not one of the most important factor for staff turnover, though.

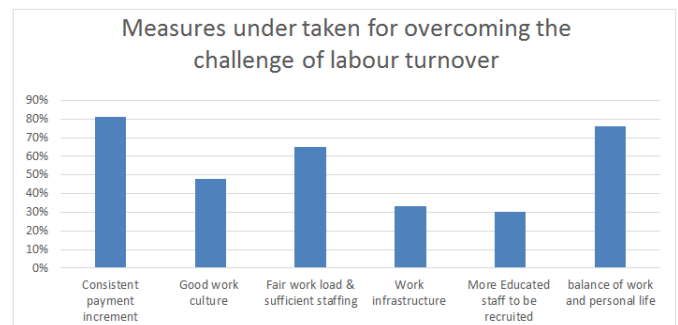
Skilled labour

A skilled worker is any worker who has special skill, training, knowledge, and (usually acquired) ability in their work. These workers can be either blue-collar or white-collar workers, with varied levels of training or education. However, this is considered as a least important cause of an employee leaving an organization.

Following are the measures under taken for overcoming the challenge of high labor turnover:

1. Consistent payment increments
2. Good work culture
3. Fair work load & sufficient staffing
4. Work infrastructure
5. More Educated staff to be recruited
6. Balance of work and personal life

The graphical representation of the above measures is gives as below:



Interpretation of the graph:

Consistent payment increment

A hike in a salary or payment is considered as one of the major parameter to reduce the chances of labour turnover in an organization.

Work life balance

As per the research findings, employees who do not feel their companies uphold their efforts to juggle work and home obligations may be more likely to switch over jobs. Especially in hospitality industry, where long as well as odd duty hours do not allow quality time with the family.

Fair workload and sufficient staffing

The amount of workload given in a shift should be fair enough

to be completed in that stipulated time. Proper distribution of work is possible if there is a sufficient staff in each shift to meet the demands of the work. As per the result analysis, it is considered important to control the staff turnover.

Good work culture

A better and comfortable work culture, makes a person comfortable while working. An employee remains motivated in a good work culture. It is attributed as one of the important measure to reduce some percentage of employees leaving an organization.

Workplace Infrastructure

Infrastructure is the basic physical systems of a business organization which includes, facilities like transportation, communication, water and workspace. The employee would be comfortable if basic facilities are in place. However it does not necessarily contribute as a reason for an employee to leave the organization.

Educated staff

Educated staff may or may not be a cause of an employee's loyalty with the organization. It may be only one of the reasons, as a well-educated staff has a greater scope for better jobs or promotion in other organization.

Observations and Findings

According to the graphical representation shown in the above graphs and the pie charts, below mentioned are findings based upon the interpretations that were drawn from the data analysis:

1. The size of an organization has no major concern with the person leaving the organization. There could be other valid reasons for that.
2. Well educated staff may only leave the hotels job, if it does not suit with the job requirement.
3. Efficiency of the human resource team definitely matters when it comes to retaining the staff in an organization. The HR team should work on the policies consistently to keep the expectations of the staff.
4. Career planning and changing the organization has no close connection with each other.
5. Employee payment as per the norms definitely is the major cause which either retains the employee or compels him to join other organization with higher salary.

6. Other causes that are responsible for high labour turnover in hotel and restaurant industry are work culture, staffing, lack of skilled labour, volume of operations, organization policy, structural limitations, and working hours.

7. Work load is an important factor associated with the hotel industry. Most of the employees leave the hotel because of too much work load which affects their health.

8. To overcome the challenge of labour turnover in hotel industry, certain measures like Consistent payment increments, Good work culture, Fare work load, better staffing for work life balanced could be followed.

9. Work life balanced is another most important parameter for job satisfaction.

CONCLUSION

Tourism and hospitality industry are largely perceived to be undesirable and common features of hospitality employment are low wages, poor working conditions, lack of job security and promotion opportunities, which result in high staff turnover. High-performance human resource practices invest in improving service capacity through selection policies, training practices, integrated performance appraisal, competitive rewards and empowering employees in decision making, which would provide sufficient support to employees so that they can do their best to satisfy customers and to successfully carry out their tasks The finding and survey conducted conclude that labour turnover is vital part of development of hospitality industry. High labour turnover problem is face by all over world hoteliers. From the survey which was conducted with Pune hoteliers and restaurant senior employees, major reasons for it payment paid, work load and balance of their personal life. The hoteliers must take care of the regular review of payment and balance of their personal life.

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