A Review of Staff Attrition in the Hotel Industry - An Indian Perspective

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Abstract

The hospitality industry has a bad name for a high staff attrition rate and the human resource department or the hotel authorities have the daunting task of having control over that issue. Due to the high turnover of employees, hotels suffer on account of the extra cost of new recruitment, training, and also reputation loss of the company. This review article examined the root causes of attrition in the hotel industry in India. Several issues related to employee turnover intentions were examined through the eyes of all employees and employers of luxury hotels. Interviews and questionnaires were used to gather information related to organizational culture, satisfaction level of staff, work environment, growth opportunity, average salary, work environment, work-life balance, training facilities, supervision, job security, and job embeddedness. Unfortunately, most of the hotels were found to be ineffective in their policy-making to retain competent employees. Low salaries, long and hard work were identified among the most crucial factors affecting attrition. The study recommended certain key strategies to curb the high attrition rate.

Key words – Attrition rate, Hotel employees, Job satisfaction, Turnover intention

1. Introduction

One of the most important problems facing human resource departments today is attrition. Based on factors including the employer's market reputation, compensation, potential growth, working conditions, connections with coworkers, current position and market scope, and, most significantly, future stability with the organization, employees expect varying degrees of comfort. Approximately 70% of India's working population, according to a poll, is unsatisfied with their occupations (Farooque, 2015). The average employee count over the course of a year and "the number of people leaving the company in a year" are frequently used to calculate an attrition rate. It is an important factor in figuring out an organization's steady-state workforce.

According to Mahajan (2010), the percentage of employees that must be hired again to cover open positions caused by staff departures within a given time frame can be used to assess staff turnover. Turnover propensity, put simply, is "how long workers tend to remain" in a company. When a company's average employee tenure is lower than that of its rivals, it is referred to as having a high employee turnover rate. If skilled employees leave a company frequently and a big percentage of the workforce is made up of inexperienced individuals, an increase in turnover could be harmful to the output of the company (Taylor, 1998).
The hotel industry has experienced fast growth and provides a number of benefits, but in comparison to other businesses, it has a very high global rate of staff turnover. The typical staff turnover rate in other businesses is about 15%, however, the attrition rate in the hotel sector is over 29%. The hotel sector in India has a much higher attrition rate. The average employee attrition rate in India is from 25% to 30%. According to reports, it ranges from 30% to 35% in some Indian hotels (Sagar, 2016).

Employee turnover has received much research, and some academics have even proposed attrition factor models. Researchers looked into and verified a link between employee happiness and a desire to leave. The urge to leave a job is negatively correlated with work satisfaction, according to numerous studies (Hemdi et al., 2006; Rawal, 2016).

The HR department is experiencing significant difficulty nationwide due to the lack of trained workers in the hospitality industry. Additionally, if capable workers can't be kept on board, the situation will only get worse.

The Indian hotel sector has a high attrition rate, which is a sad but true fact. The low pay and long hours in the Indian hospitality sector contribute significantly to its extremely low workforce retention rate. The hospitality industry in India is severely understaffed (Kashyap, 2014).

Hotel industry employee turnover is well-known on a global scale. According to numerous research, this number may even be 30% in India. The hotel industry has a bad track record when it comes to developing people and giving them opportunities for promotion, despite its reputation as a service-oriented industry. Given the acute scarcity of talent, trained staff, and high turnover rates in the sector, its HR strategy needs to be reevaluated (Kumar, 2017). Every time an experienced and qualified person leaves, important knowledge, contacts, and business relationships are lost. Additionally, hiring new employees comes with a large financial outlay.

The most difficult task is to foster and promote a corporate culture that results in favorable employee behavior and attitude. This is the responsibility of the human resources department. Building a healthy organizational culture takes time. In order to create the ideal working environment for all parties involved, conscious efforts must be started and put into effect. HR is primarily in charge of choosing personnel wisely and providing them with a setting that will bring forth their greatest qualities. The staff must be productive, have a positive attitude, and be content in order to put out the passionate efforts that the service industry demands of them. For an employee to succeed and, by extension, for an organization to succeed, the right mix of aptitude, know-how, and drive is needed. If one or more of these three elements is missing, the performance will undoubtedly decrease. The capacity of a company to offer incentives determines its capacity to attract and keep top talent. Employees that are not satisfied are unable to deliver the caliber of service that is required of them. The company is in crisis as a result of poor cooperation and communication among disgruntled employees.

The hotel sector is known for being labor-intensive. Long work hours, physical and emotional strain, subpar workplace amenities, a dearth of prospects for advancement, and inadequate pay may all contribute to dissatisfied personnel in the hospitality sector. The top management of hotels needs to recognize the problems with workers' job happiness. Only happy personnel can provide guests with satisfactory service. Once more, how well an employee and a job are matched determines job happiness. The first step toward job satisfaction is finding the right job for the right employees. Employees that receive training and development are more competent and productive. Employees are highly motivated to do well at work by their personal improvement. To combat the monotony and boredom of working in the same profession for an extended period of time, consider cross-training and job expansion. The
majority of workers anticipate learning new skills that will advance their jobs. Another important component that encourages employees' willingness to work harder and contributes to the expansion of the company they work for is financial reward and remuneration. Unfortunately, there was a stronger tendency for turnover in the hospitality industry everywhere. India is also not an exception. Hotel HR works tirelessly to address the issue of attrition. The greater attrition rate in the hotel business is primarily attributed to employees who are not happy with their jobs, according to theory. The fundamental goal of modern HR concepts is to maintain employee motivation and vigor so that they are constantly prepared to deliver that continuously high level of service. The hotel authority's mantra should be to keep its staff content and proud of both their company and the work they undertake. But keeping the staff content and satisfied is a difficult chore for the hotel HR departments. Long work hours, stress at work, low pay, a poor working environment, a lack of supervision, poor communication—there are likely many reasons why employees are unhappy with their current position and want to leave the company as soon as possible.

2. Literature review
Attrition can be either voluntary or involuntary, but it often refers to a gradual decrease in a company's employee size over time. Attrition can occur for a variety of reasons, including job elimination, termination, layoffs, receiving a better offer elsewhere, changing careers, having a family, retiring, or even passing away.

While attrition and turnover are both used to describe related events, they are not the same thing. Attrition does not count replacements, whereas turnover does, including when positions are filled with new employees. Therefore, even if a company has a greater turnover rate, it does not necessarily have fewer employees; rather, a higher attrition rate indicates that there were fewer employees overall over time.

The attrition rate can be estimated by dividing the average number of employees employed over a certain time by the number of employees that left the company during that time. You have the option of performing this computation monthly or annually. The turnover rate rose to its greatest point ever during the COVID-19 epidemic. The hospitality business had to deal with it because the hotel and tourism sectors were the hardest damaged. There could be a variety of causes for staff churn. These could include issues with the pay scale, employee perks, lack of opportunity for professional advancement, subpar working facilities, etc. Additionally, turnover is significantly impacted by poor organizational culture. The intention to leave a job is caused by a lack of enthusiasm to stick with it in the same organization. Many feel that a poor work-life balance is a key factor in turnover. Another element that affects an employee's future in an organization is the fit between the company and the person.

Mitchell et al. (2001) established the organizational attachment theory known as "job embeddedness," which discusses the "links," "fit," and "sacrifice" of employees with regard to their intention to leave their jobs. Both in the job and in an employee's personal or social life, these three dimensions are measured. According to the idea put forth by Mitchell et al., a worker has a greater likelihood of remaining with a company for a long time or being retained if their link, fit, and sacrifice scores are higher.

To reduce the likelihood of staff employees leaving the firm, HR policies and programs should be carefully established and implemented. The goal is to give competent employees the impression that the
organization supports them in order to keep them on board. This sense of organizational support fosters a pleasant atmosphere among the workers, which ultimately improves how well the current employees demonstrate their ability and knowledge (Cho et al., 2009). Employees are less likely to explore for alternative employment opportunities and organizations if they believe the organization to be supporting them.

Employee morale, performance, and service quality are all negatively impacted by turnover in addition to financial losses (Yam & Raybould, 2011). It is crucial for scholars to look at retention policy because the hotel business is labor-intensive. The study discovered that job embeddedness positively correlates with retention, which lowers the turnover rate.

Prasannakumar (2015) attempted to assess various costs associated with staff turnover in his study on the cost of turnover in the hotel business. The cost of staff turnover at different levels of hierarchy, crucial job levels, and performance levels were all covered in the study. In order to reduce employee turnover, the researcher advised hotel HR to concentrate on employees' career growth plans.

For a higher rate of staff retention, Jadhav (2014) investigated several training and development initiatives used in the hotel business. There is a need for efficient training in the hotel, as well as a calculation of return on investment, even though many hotel chains allocate financial allocations for the training and development of their workforce.

Krishnan (2014) investigated employee engagement and its factors to determine whether they were connected to the desire to leave a position. In the study, the effect of demographic variations on engagement drivers is evaluated. Employee perks and salary, the nature of the job, perceived support from the employer and superiors, training and development, interpersonal communication, and employee-organization fit are among the factors that the study took into account when determining what factors influence employee engagement. At the conclusion of their investigation, the researchers discovered a direct correlation between employee engagement and its predictors and the intention to quit one's employment.

The most important elements that influence turnover intentions, according to Musa et al. (2014), include salary/wages, fringe benefits, training & development, working hours, etc. Researchers advised using both monetary and non-monetary incentives to boost employee engagement levels and reduce plans to leave their jobs.

Liu (2014) proposed that job embedding would increase the opportunity cost of leaving the position. It is suggested that management treat staff members like people. When workers are treated well, they are loyal to their employers and are satisfied with their jobs. It is advised that salaries and pay be periodically reviewed. It is necessary to enhance working conditions, which is a frequent source of workplace dissatisfaction. It's crucial to foster positive interactions among hierarchy members if you want to keep your workforce. Along with promotions and wage increases, providing the personnel with the necessary training is crucial. A healthy work-life balance for the employees must be provided by management.

It was discovered by Emiroğlu et al. (2015) that there is a statistically significant association between demographic characteristics and the intention of hotel employees to leave their jobs. Intention to leave is higher among younger employees than among older employees. Compared to men, women expressed a greater desire to quit their occupations. Employees who are not married have poorer employment stability than married employees. Employees with greater education are more likely to change employment. It is looked into whether employees with better salaries stay with their employers for a
longer period of time. The stability of employees inside the same company is better for those who have worked there for a longer period of time. According to this study, higher levels of management have lower turnover rates than lower levels of personnel. Contrarily, Davidson and Brindha (2021) discovered that gender and job position are hardly ever the cause of the difference throughout their investigation of both male and female personnel at various places in the hierarchy.

A critical analysis of employee turnover intentions in Pakistan's hotel industry by Qazi et al. (2015) focused on some aspects of job embedding and core self-evaluation. The research of turnover intention also takes into account the perception of organizational politics and job insecurity. On the other hand, because job embeddedness fosters stronger bonds and a better fit between the organization and its employees, it has a negative association with turnover intention.

Attrition was identified as one of the primary issues by Kanwar (2016) in a study that examined the numerous difficulties experienced by hotel staff. The study focused on how employees' work-life balance and relationships with their families affect their ability to provide excellent customer service. The study's findings indicated that employee job satisfaction suffers when there is a conflict between work and family obligations, which lowers the standard of guest service.

Sagar (2016) discovered that most employees lie about their real reasons for leaving during exit interviews. They substitute better prospects, family issues, or personal issues as a justification. He stressed the importance of making the best hiring decisions early on in his advice. This study also makes the recommendation that recent hotel graduates refrain from switching jobs frequently in exchange for a little pay raise at new companies. Instead, they should keep their attention on developing their trade-specific skills and knowledge. The best method to inspire employees, in his opinion, is through rewards and recognition.

The recruitment process, selection criteria, training techniques, performance appraisal of employees, the scope of career progression, and salary/benefit were the six elements that Ameliya and Febriansyah (2017) evaluated as the primary causes of staff turnover in the hotel business. The recruitment and selection processes are the most significant determinants of employee turnover intention, according to the researchers' analysis of the variables.

Kathe (2017) stressed the significance of structured policy on identifying important positions in hotel operation and their subsequent nurturing to retain those staff members to ensure a high degree of service to customers in her research on the retention policy of key employees of hotels in south Mumbai. Although many hotels honor and show their appreciation to its top performers, it can be difficult for HR to hold onto qualified staff. The majority of hotels need to reevaluate how to provide key performers with a high degree of service to the customers. In addition to praise and prizes, performance-based compensation is advised.

Sethupathy (2017) conducted a critical analysis of the hotel HR procedures and performance management system for hiring, training, and keeping staff. The researcher has suggested a few key strategies in the performance management policy to improve the effectiveness of staff retention. Regular two-way communication between managers and employees, in-depth feedback and counseling, tying career advancement to performance, performance-based compensation, periodic salary increases, a proper grievance handling procedure, a clear promotion and recognition policy, adequate training facilities, etc., are suggested.

According to Shende (2018)'s research on worker retention in Pune's hospitality sector, hotels' largest problem is keeping hold of its skilled employees given the city's high turnover rate. Hotels can lower the
expense of recruitment and training by implementing a strong retention policy. But an improvement in employee morale is the most significant advantage. The researcher claims that the main issue is the hotel management’s lack of initiative in appreciating the staff’s efforts. According to the study, keeping management-level staff can be aided by financial incentives, work-life balance, good grievance handling, and expanding training possibilities. The best indicators for junior-level employees are a higher wage, an insurance and health plan, a bonus and overtime policy, defined duty hours, a staff-friendly work environment, proper grievance management, enjoyment at work, access to training opportunities for career growth, etc.

3. Objective of the study
The objective of the study is to analyze staff attrition in the hotel industry in India. The present study mainly focused on the problem of increasing staff turnover in hotels, its reasons, and its solution.

4. Hypothesis
H₀: There is no significant cause and effect relationship among job satisfaction and attrition in selected luxury hotels of Kolkata
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5. Research methodology
A 30-item structured questionnaire was made to assess the job satisfaction and turnover intention of 385 hotel employees of varied demography, departments and positions working in 15 luxury hotels in India. Interviews with HR managers of those hotels were also taken to gather relevant information. The collected data was analyzed to obtain the most important factors affecting employees’ job satisfaction and turnover intention.

6. Data analysis
Analysis and interpretation of the collected data has been done using quantitative methods such as arithmetic mean. Also, relevant purposive statistical tools have been used to test and measure the variables. The mean, mean deviation, and standard deviation are all included. Mean values are used to examine the data. All of these instruments are used in the process of analyzing data and putting hypotheses to the test.
Cronbach’s alpha was calculated to test the measure of equivalence. The test result shows that it is 0.853 which is in the desired range and indicates that the instrument is reliable for the study.

| Multiple R | 0.643412 |
| R Square   | 0.413979 |
| Adjusted R Square | 0.412319 |
| Standard Error | 0.489097 |
| Observations | 385 |
| ANOVA       |          |
| df          | SS       | MS | F | Significance |

15 questions were asked to assess the level of job satisfaction of employees and further 15 more questions were asked to check the level of attrition in the hotels and the reasons for the same. The regression analysis (Fig. 1) was done to test the hypothesis and the result showed that there is a significant cause-and-effect relationship between job satisfaction and attrition in the hotels in India. The p-value is 7.15E-43 which is lower than 0.05. In this case, the null hypothesis is rejected.

7. Findings
One of the main difficulties for hotels in India is a high incidence of attrition. There is no system in place to determine the rate of attrition. Sadly, there is no effective policy in place to reduce the attrition rate. The majority of hotel workers in India don't stay with the same company for very long. Even if the majority of employees want to stay in their existing jobs, others are unsure or uninterested in doing so. Long hours and low pay increase the desire for turnover. A high attrition rate harms the hotel's reputation and diminishes client satisfaction. The most prevalent methods for reducing attrition are salary increases and shorter workdays.

<table>
<thead>
<tr>
<th>Reasons for Attrition</th>
<th>Very Important 5</th>
<th>Important 4</th>
<th>Fairly Important 3</th>
<th>Slightly Important 2</th>
<th>Not Important 1</th>
<th>Total</th>
<th>Average</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Salaries</td>
<td>153</td>
<td>114</td>
<td>65</td>
<td>35</td>
<td>18</td>
<td>385</td>
<td>3.906494</td>
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<tr>
<td>Long Working Hours</td>
<td>138</td>
<td>128</td>
<td>62</td>
<td>40</td>
<td>17</td>
<td>385</td>
<td>3.857143</td>
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<tr>
<td>Hard Work</td>
<td>117</td>
<td>97</td>
<td>65</td>
<td>41</td>
<td>41</td>
<td>385</td>
<td>3.477922</td>
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<tr>
<td>Limited Growth</td>
<td>76</td>
<td>132</td>
<td>87</td>
<td>47</td>
<td>43</td>
<td>385</td>
<td>3.392208</td>
<td>7</td>
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<tr>
<td>Lack Of Social Life</td>
<td>131</td>
<td>147</td>
<td>45</td>
<td>44</td>
<td>18</td>
<td>385</td>
<td>3.854545</td>
<td>3</td>
</tr>
<tr>
<td>Poor Work Life Balance</td>
<td>128</td>
<td>89</td>
<td>66</td>
<td>70</td>
<td>32</td>
<td>385</td>
<td>3.548052</td>
<td>5</td>
</tr>
</tbody>
</table>
Main Factors Affecting Attrition:
In a situation where more and more employees are quitting the organization, the attrition rate is on the rise. To curb this attrition, it is primarily important to understand the root cause of the same or the factors that affect attrition. Once these factors are identified and analyzed, the organizations can design policies to counter the impact of these factors resulting in reduced attrition. The above figure (Fig. 2) indicates the main factors affecting attrition in hotels.

Salary & Wages
The fact that the hotel sector is a bad paymaster is widely known. The pay for hotel employees is lower than for employees with similar profiles in other industries. The hotel sector hires graduates at entry-level positions with minimal pay. Attrition occurs most frequently for this reason.

Long working hours
The hospitality industry is employee-driven and they are expected to work in long working hours without added financial reward. Direct contact with customers also increases the stress level.

Poor Work-Life balance
Long working hours with no planned week off the employees are expected to sacrifice their societal life. The employees have poor societal life balance. Employees get exhausted after odd and long working hours. During festivals and holidays, the employees have to be on their toes as the demand increases rapidly and employees are expected to sacrifice their personal life.

Competition
With an increasing number of national and international players in the industry, the capacity is increasing day by day. After COVID-19 the need for skilled manpower has increased rapidly and hotels are offering competitive rates to attract talent.

Nature of work
The staff is required to work hard the entire time. The position necessitates continual attention to the visitors. The staff are required to labor without breaks and do not have set break times.

Improper employment policies
Hotels do not adhere to employee-friendly employment standards. The administration of wages and other routine HR tasks keep hotels' HR departments busy. The agency does little research into employee
development and well-being. Additionally, rather than being employee-centric, the policies are more job-centric. As a result, important issues for workers like long hours, pay, work-life balance, and amenities are disregarded. The employees become more dissatisfied as a result, and they are forced to consider finding another employment.

Low Job profile
The prime objective of the hospitality industry is to fulfill the customer's needs and wants. In this process, many a time employees have to sacrifice self-esteem. “Moreover, in the Indian scenario where there is a lack of dignity of labor, hotel employees are treated with disrespect by the guests thereby creating a complex in the minds of the employees.”

8. Suggestions & Recommendations
The hotels should design a system to measure attrition in their establishment in light of the problems associated with the rising attrition rate so that prompt action can be taken to control it. The sector needs to take a more proactive approach to the attrition issue and develop workable policies to lower the attrition rate. To get the desired results, these policies need be effectively put into practice. It has been noted that "Low salaries" & "Long working hours" are the most significant variables affecting attrition. The sector needs to focus on these areas and implement changes to lessen employee unhappiness with such features. When creating their employment policies, hotels should adopt a more employee-centric mindset with a focus on the total professional growth of the staff. Employee involvement in the creation and implementation of employment policy should be encouraged.

Since workers spend the majority of their time at work, it is important to give them a relaxing and stress-free working atmosphere. HR must develop a variety of plans for employee welfare. Staff are motivated by a system of praise and awards for exceptional work. Technology, apparatus, and machinery should be updated on a regular basis. The staff must have access to sufficient training resources so they can stay current on tools and technologies. Teams need to be led by managers who inspire their employees to learn new skills and expand their knowledge. Employees should be given a fair chance to advance in their professional careers. Staff evaluations must be thorough, fair, and consistent.

More freedom must be granted to employees so they may think creatively. The same task and routine lead to boredom and interest loss after a few days. Employees should be given the opportunity to experiment with the goods, services, and methods of operation. Employees at upper, lower, and peer levels should all have a sense of trust in one another. Hotels should show more consideration for staff members who leave the company and take steps to ascertain the causes and motivations for their choice. Exit interviews with departing employees can be conducted in a systematic and private manner to accomplish this. This would not only lead to the employee's decision being changed, but it would also send a signal to the other employees that the hotel cares about them and wants to lower employee dissatisfaction.

A concerted effort should be made to develop a friendly organizational culture that will raise employee job satisfaction. A happy employee will be more dedicated to working for the company and won't be considering leaving.
Reference


