

RELATIONSHIP BETWEEN EMPLOYEE TURNOVER AND THE LOCATION OF HOTELS: THE CASE OF KUŞADASI AND IZMIR IN TURKEY

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ABSTRACT

Turnover rates and reasons vary significantly within and without organizations. Employee turnover in the hospitality industry often averages as much as 200% to 300% per year. Statistically speaking, this means that the entire staff of a hospitality operation turns over two to three times per year (Woods,1997: 141). Hotel industry is a labor-intensive industry, and labor costs on goods and services produced are very high. It means that labor expenses have an important share on total expenses (almost 40%). In order to serve quality goods and services with a reasonable price, and compete with their competitors, hotel administrations must control the labor expenses and satisfy their employees, and decrease undesired employee turnover. This study discusses the importance of employee turnover for hotel administrations and determines the reasons, differences and relationships between employee turnover and the location of hotels.

Keywords: The location of hotels, employee turnover, reasons, seasonal and permanent hotels.
Introduction

Employee turnover, “is a ratio of the number of workers leaving an organization in a specific period of time to the number of workers still working within an organization for any reason” (Walker,1992:119). According to Erdoğan (Erdoğan,1992:2), employee turnover “is the changes in the number of workers as a result of resignation, leave, discharge and recruitment.

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Turnover is the ratio of workers around the labor markets (Burgess,1998). Turnover may be categorized as internal, external, voluntary, functional and dysfunctional (Earl,1992).

Many employment planners establish specific rates of turnover as an objective. Subsequently, personnel programs are designed to achieve the objectives (Milkovich and Boudreau, 1998).

Turnover rates vary significantly within and without organizations (Kraus, 2000). Employee turnover in the hospitality industry often averages as much as 200% to 300% per year. Statistically speaking, this means that the entire staff of a hospitality operation turns over two to three times per year. The percentages reflect extremely high turnover rates for employees in their first 30 days combined with diminishing rates for other employees (Woods,1997:141).

Turnover has sizable and unsizable costs. For example, turnover is a sizable cost at both Resorts International and Mirage. In 1989, the cost of employee turnover at Resorts was US \$ 6 million and the weighted average cost of turning over a single was US \$ 3,000. The figure is higher than the traditional estimates of hotel and restaurant turnover costs which are frequently in the US \$ 1,200-1,800 range (Klebanow and Eder,1992).

Hotel industry is a labor-intensive industry, and labor costs on goods and services produced are very high. It means that labor expenses have an important share on total expenses (almost 40%). In order to serve quality goods and services with a reasonable price, and compete with their competitors, hotel administrations must control the labor expenses and satisfy their employees, and decrease undesired employee turnover.

High employee turnover and absenteeism within the hospitality industry offers those who can effectively manage those significant labor costs. Confronted with a tight labor supply and the need to enhance service quality, today's hospitality managers look to invest in human resources rather than just minimizing labor costs (Klebanow and Eder,1992).

If employee turnover is extremely high in a company, the purpose of forecasting human resources is to establish the specific rates of turnover as an objective and the company must find somebody to fill the open positions in advance.

Hotel administrations are labor-intensive establishments, and human resources planning and management are very important to keep them alive and profitable. The cost of employee turnover is vary for all establishments thus, the purpose of this study was to determine the reasons, differences and relationships between employee turnover and the location of hotels.

This study attempted to answer the following research questions:

1. What are the rates of employee turnover in seasonal and permanent hotels in the cities of İzmir and Kuşadası in Turkey. Is there any significant differences in the rates of employee turnover among seasonal and permanent hotels.
2. What are the main reasons of employee turnover in seasonal and permanent hotels. Is there any significant differences among them?
3. Is there any relationship among the location of hotels and the reasons of employee quit?

Determining the reasons and rates of employee turnover will help the hotel operations wishing to reduce employee turnover and labor costs, and increasing productivity and employee satisfaction.

Literature Review

There are many factors affecting employee turnover. According to a widely accepted thought, employees usually quit their jobs because of lack of wages. But many studies show that there are also other factors affecting employee turnover other than wage. In the following section, some factors affecting employee turnover are discussed.

Some Factors Affecting Employee Turnover

According to a study conducted by Belcher and Atchicos (1987:438), it was found that women workers leave their jobs more than men workers, because of the roles women have such as house work, taking care of children and having baby in a society (Doherty and Manfredi,2001:62). Some women workers also do not want to return back to their jobs after having baby (Belcher and Atchison,1987:438).

Women workers usually work at the entry level jobs in hotel establishments (Akoğlan,2001:137), accordingly get less pay than their men co-workers (Akoğlan,1997:40). According to a study conducted by Iverson (2000) in the USA, it was found that women managers in hotel establishments got very less wages than men managers whether in the beginning or top of their careers. In a similar study, it was found that men workers got more wages than women workers got (Burgess,2000). It was also found that in order to balance the wage differences among men and women workers, basic and routine jobs were given to women workers rather than men workers (Belcher and Tchison,1987:438).

Elvira and Cohen (2001:592-598) found a negative relationship between the ratio of women co-workers and women turnover. It was seen that women workers would like to work more with their women co-workers, and were more satisfied and tried to quit less from their jobs.

Working hours are also among other reasons for women workers to quite their jobs (Erdoğan,1992:26). Women have different responsibilities than men such as taking care of children, and house-work. Especially night shifts and inflexible working hours force women workers to quite their jobs.

Employee performance is another factor affecting employee turnover. According to a study conducted by Jewell and Siegal (1990), it was found that the employees having high performance were not willing to leave their jobs. At this point of view, if the employees having low performance leave their jobs for any reason, employee turnover is not an important matter for companies.

The employees having low job performance prone to quit from their jobs more than the employees having high job performance. Low wages, exclusion from prizes, unsuitable jobs (Spector,1996), are also among the reasons causing low performance and high employee turnover.

According to Abbasi and Hollman (2000), some of the factors causing employee separations from companies are hiring practice, managerial style, lack of recognition, and lack of competitive compensation system. Characteristics of firms, unemployment rates, average age

of employees, gender and racial composition are among other reasons causing employee turnover (Bennett, Terry, Blum, Long, and Paul,1993).

Some employees also leave their jobs because of personal reasons. A principal reason that employees leave their jobs is lack of incentives. Employees may simply want recognition or an opportunity in advance. For example, The Ritz Carlton Company, for one, has reduced employee turnover by focusing on quality recruitment, providing better training and orientation, establishing realistic career opportunities, and creating long-term incentive and reward systems (Barky,1996).

Turnover literature has consistently found a strong negative relationship between turnover and organizational commitment, indicating that employees with low commitment are likely to withdraw from the organization. Alternatively, a positive relationship has been found between organizational commitment and career progress or internal promotions indicating that promoted employees are more likely to exhibit higher organizational commitment, job promotion, and turnover coupled with the general decline in organizational commitment (Johnston, Griffith, Burton, and Carson,1993).

Methodology

A survey instrument consisting of three sections was developed related to employee turnover. Three instruments used in the survey were:

1. The rates of employee turnover in seasonal and permanent hotels in the cities of İzmir and Kuşadası.
2. The main reasons of employee turnover in seasonal and permanent hotels in the cities of İzmir and Kuşadası.
3. Relationship between the location of hotels and the reasons of employee quit.

The data was collected from randomly selected 4 and 5 star permanent and seasonal hotels in İzmir and Kuşadası. The survey was conducted from June 16, 2002 to July 30, 2002 at 21 different 4 and 5 star hotels in İzmir and Kuşadası. Department heads responsible from personnel of these hotels were asked to answer the survey instruments.

Frequency analysis, cross-tabulations, t-test were used for statistical evaluation.

Findings

21 four and five star hotels in İzmir and Kuşadası responded the questionnaire. Table 1 shows the employee turnover rates of hotels in Kuşadası and İzmir. It was found that employee turnover rates of hotels in Kuşadası and İzmir were different. T- test was used to find out whether there were any significant differences in the rates of employee turnover of hotels in Kuşadası and İzmir. It was found that there was a significant difference ($p<0.05$) in the rates of employee turnover of hotels in İzmir and Kuşadası. Average employee turnover rates of hotels in Kuşadası was higher than what it was in the hotels of İzmir selected. Thus, it is possible to say that the rates of employee turnover in seasonal hotels were higher than what they were in permanent hotels.

Table 2 shows the main reasons of hotel employees working in Kuşadası and İzmir to quit their jobs. It was found that the main reasons of hotel employees working in Kuşadası and İzmir to quit their jobs were different. T-test was used to determine the relationship between the main reasons of hotel employees to quit their jobs and the location of hotels. The results of T-test showed that there was a significant differences ($p<0.05$) between the reason of employee quit and the location of hotels. While 67 % of hotel employees in İzmir quitted their jobs with their own wishes, 50 % of hotel employees working in Kuşadası quitted their jobs with their own wishes.

11 different types of factors affecting hotel employees to quit their jobs also were selected by the researchers from various literatures. “Others” option also was given to the respondents to identify the other factors affecting hotel employees to quit their jobs which were not given on the list.

Table 3 was prepared in rank order by frequencies. Managers responsible from employees were asked; “what types of factors affect your employees to quit their jobs?” Table 3 shows that in general, while some factors such as lack of wage, compulsory reasons, job dissatisfaction were among the most important factors affecting employees’ decisions to quit their job; other factors such as too much stress, changes in business ownership, disagreement with employer were among the least important factors affecting their decisions to quit their jobs working in the hotels of İzmir and Kuşadası .

As also seen from Table 3, there is a strong relationship among the factors affecting employees' decisions to quit their jobs and the location of hotels. Some factors such as lack of wage, lack of social benefits, unsteadiness in tourism industry placed at the top of the factors; other factors such as too much stress, disagreement placed at the bottom of the factors affecting the decision of hotel employees to quit their jobs in Kuşadası.

On the other hand, while some factors such as compulsory reasons, lack of wage, doing their own job placed at the top of the factors; other factors such as changes in business ownership, lack of promotion, unsteadiness in tourism industry placed at the bottom of the factors affecting the decision of hotel employees working in İzmir.

It is possible to extend the given examples for comparative use. These results evidence that there is a strong relationship among the factors affecting hotel employees to quit their jobs and the location of hotels.

CONCLUSION

Employee turnover rates in Kuşadası were higher than what they were in İzmir. Kuşadası is a resort destination and living expenses such as rental apartments, food and beverage prices, transportation are very high. Most of the hotels in Kuşadası are seasonal hotels and operated in summer months and hire seasonal employees. That is why lack of wage, lack of social benefits are among the most important factors affecting hotel employees working in Kuşadası to quit their jobs (see Table 3). Hotel owners in Kuşadası want to earn more money in a short period of time to meet their total expenses and make sufficient profit. That is why they hire unqualified people and give them low wage and little or no benefits comparatively.

The results also showed that there was a significant differences ($p<0.05$) between the main reason of employee quit and the location of hotels. The percentage of hotel employees working in İzmir to quit their jobs with their own wishes was higher than what it was in Kuşadası (see Table 2).

The results of the study are also consistent with the results of the studies conducted by (Abbasi and Hallman,2000), (Bennett, et al.,1993), (Barky,1996), (Jhonston, et al.,1993), (Jewell and Siegal,1990), (Spector,1996).

As mentioned before, hotel industry is a labor-intensive industry, and labor costs on goods and services produced are very high. It means that labor expenses have an important share on total expenses (almost 40%). In order to serve quality goods and services with a reasonable price, and compete with their competitors, hotel administrations must control the labor expenses and satisfy their employees, and decrease undesired employee turnover. This study discussed the importance of employee turnover for hotel administrations and determined the reasons, differences and relationships between employee turnover and the location of hotels.

The study showed only a limited number of the respondents' perceived response on survey instruments. Through different analyses, it would be possible to investigate more relationships among variables, for example, similar surveys could also be conducted in different sample groups in other hotels in Turkey or in other countries for comparative purposes.

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Table 1: Employee Turnover Rates of

%	Kuşada	%	İzmir	%
0-19%	2	18	4	58
20-29%	1	9	1	14
30-39%	1	9	-	-
40-49%	4	37	-	-
50-59%	1	9	1	14
60-69%	1	9	1	14
70-79%	1	9	-	-
Total	11	100	7	100