THE FACTORS OF TURNOVER INTENTION IN HOTEL INDUSTRY

Huang-Wei Su

Department of Tourism and Leisure Management, Tung-Fang Design University, Kaohsiung, Taiwan, ROC.

ABSTRACT

The purpose of this study is to investigate the turnover intention of hotel employee in Taiwan. In order to identify and analyze the causes of this human resource issue, the Grey Relational Analysis (GRA) method was conducted to calculate the priorities of the explanations. According to the research results, Wage rate, Fringe benefits, Mentoring process, and Co-worker trust are the most important factors which induce turnover intention. Human resource managers can justify accordingly which turnover determinants are the prior ones should be moved out in the very short run.

Keywords: *Turnover Intention; Hotel; Grey Relational Analysis (GRA)*

1. INTRODUCTION

Employees are recognized as one of the most important assets in service industry. Therefore, organizations invest considerable capital in the human resources. Organizational cost incurred due to employees quitting their jobs and the subsequent hiring of replacement personnel [1], new-hire training [2], and general costs for administration [3] can be tremendous in terms of personal, work-unit and organizational re-adjustment [3].

Turnover intention reflects the probability that an individual will change his or her job within a certain time period [4]. Many psychologists analyzed turnover intentions [5] [6]. They argued that employee turnover was an important topic since such movements represented potential costs to organizations in terms of loss of valuable human resources and the disruption of ongoing activities [7].

To our knowledge, very few turnover intention studies related to Taiwan hotel employees. This is not surprising since there are severe data limitations in such studies. The main reason is that information on job fluctuations ideally requires examining employees who have turnover intention. In reality, an organizational wide survey may exist difficult to target right employees who have turnover intention. Fortunately, turnover intentions and actual turnovers were strongly correlated [8]. Such research result presented an interesting alternative for analyzing turnover intention.

The first purpose of this study is to identify the turnover determinants of the hotel employees by literature review. The second purpose of this study is to rank the turnover determinations. Accordingly, human resource manager can justify which turnover determinants are the prior ones should be moved out in the very short run.

This study was guided by two research questions:

1. According to participants, what factors are the turnover determinations for hotel employees in Taiwan?

2. What are the rankings of turnover determinants for new hotel employees?

2. LITERATURE REVIEW

The prediction and understanding of employee turnover has been studied form many different perspectives. Based upon theoretical perspective of economy theory and psychology theory, have identified several determinants of job turnovers.

Working time may influence job-to-job mobility in a positive manner since lower working hours could imply that a worker is less integrated in a firm [9]. It is also conceivable the long working hours may also increase the desire to change one's job. An inverse relationship between the wage rate and the probability of a job change, which has received the most attention in related literatures, is assumed [10][11].

Other job and employer characteristics such as fringe benefits, flexible working schedules, promotion expectations, firm-specific training, and firm size have been shown to relate to turnover [12][13][14].

The psychological literature on the determinants of turnover intention is extremely vast and multifaceted [5][15]. Sousa-Poza and Henneberger [8] analyzed job-turnover intentions in 25 countries with data from the 1997 International Social Survey Program. Results reported that determinants of turnover intentions do vary substantially among countries. However, job satisfaction, job security, and organization commitment are significant in most countries. Meanwhile, in several psychological models of turnover, the factors with regard to career commitment, job commitment, organizational commitment [5], and job satisfaction are considered to be the determinants of turnover intentions. Another social work study of Freund's [16] found that social workers' career commitment had a significant influence on withdrawal intentions and on thinking of quitting the organization.

Using survey data form an occupationally heterogeneous sample of white-collar employees from various organizations, Poon [17] found manipulations of performance ratings arising from personal bias had negative effects on turnover intention and job satisfaction. Furthermore, Fair treatment of employees appears to translate into both employee retention and enhanced customer service, as employees are more committed to the organization and its goals and both employee retention and customer service satisfaction affect profitability.

Chen et al. [18] set a research to explore the gap between career development programs and career needs. Their study result claimed that the larger the gap, the higher the levels of turnover intentions. Another research conducted by Joiner et al. [19] proposed that the mentoring process could serve both career enhancement and psycho-social functions for the subordinates. Career enhancement roles in mentoring include sponsorship, coaching, exposure, protection and provision of challenging assignments. The psycho-social functions include acceptance, counseling, emotional support and role modeling [20]. Practitioners and academics alike have underscored the importance of mentoring because of the benefits that accrue to the subordinates as well as the organization [21][22][23]. The research indicated that formal mentoring of managers was significantly and negatively related to the subordinates intention to leave. Mentoring may represent a relatively inexpensive means to, not only proactively influence employee attitudes and perceptions, but also reduce employee turnover within the organization.

Emotional exhaustion was fond to predict organizational commitment, turnover intentions, and job performance. Moreover, most of these relationships remained significant even after taking into account the effects of age, gender, and ethnicity [24]. Another study such as Barsky et al. [25] utilized data from two divergent samples (sales representatives and managers) and employed both self-and informant reports of strain measures. They predicted that perceived job stressors would fully mediate the relationship between negative affectivity and turnover intentions.

Literature regarding turnover intention suggested that conditions of employment (e.g., career opportunities) were important causes of turnover intention [26]. When employees considered their career opportunities within the organization as limited or absent, a withdrawal reaction might be evoked in order to cope with the frustrations [27].

Ferres et al. [28] investigated the influence of co-worker trust on selected organizational perceptions and found co-worker trust was a significant predictor of turnover intention. Moreover, the positive relationship between job strains and turnover intentions was the strongest when there was minimal cooperation amongst employees [29].

3. METHODOLOGY

The possible factors of turnover intention were derived first from the literature and experts' opinions and then were evaluated by subject matter experts (SME). The SMEs (N = 10) were selected by purposive sampling of people who were managers or related experts in hotel business. Purposive sampling is mainly used for opinion surveys. For this study, participants were required have been in the travel agent business for at least 10 years.

The questionnaire addresses the characteristics of turnover intention, using 10 items of responds to the rising application of cloud computing. The answers are constructed with the five point Likert scale. The interviews protocol was developed in English and based on the literature review. The interviews explored more fully the perceptions of the people of experience about the travel agent and cloud computing. Interviews were conducted in Chinese. The codes and supporting words emerging from the transcripts of interviews were translated into English for analyzing.

3.1 Grey Relational Analysis Methodology.

The grey system method, as developed by Deng [30], has been extensively applied in various fields, including decision science. In this study, the GRA is applied to construct an evaluation method for ranking the factors of turnover intention. The GRA is calculated as follows:

Let X_0 be the referential series with k entities (or criteria) of X_1, X_2, …, X_i, …, X_N (or N measurement criteria). Then

$$X_0 = \left\{ x_0(1),\ x_0(2),\ ...,\ x_0(j),\ ...,\ x_0(k) \right\},$$

$$X_1 = \left\{ x_1(1),\ x_1(2),\ ...,\ x_1(j),\ ...,\ x_1(k) \right\},$$

$$\vdots$$

$$X_i = \left\{ x_i(1),\ x_i(2),\ ...,\ x_i(j),\ ...,\ x_i(k) \right\},$$

$$\vdots$$

$$X_N = \left\{ x_N(1),\ x_N(2),\ ...,\ x_N(j),\ ...,\ x_N(k) \right\}.$$

The grey relational coefficient between the compared series X_i and the referential series of X_0 at the j-th entity is defined as

$$\gamma_{0i}(j) = \frac{\Delta \min + \Delta \max}{\Delta_{0j}(j) + \Delta \max}, \tag{1}$$

where $\Delta_{0j}(j)$ denotes the absolute value of difference between X_0 and X_i at the j-th entity, that is

$$\Delta_{0j}(j) = \left| x_0(j) - x_i(j) \right|, \text{ and } \Delta \max = \max_i \max_j \Delta_{0j}(j),\ \Delta \min = \min_i \min_j \Delta_{0j}(j).$$

The grey relational grade (GRG) for a series of X_i can be expressed as

$$\Gamma_{0i} = \sum_{j=1}^{K} w_j \gamma_{0i}(j), \tag{2}$$

Where w_j represents the weight of j-th entity. If the weight does not need to be applied, take $\omega_j = \dfrac{1}{K}$ for

averaging.

Before calculating the grey relation coefficients, the data series can be treated based on the following three kinds of situation and the linearity of data normalization to avoid distorting the normalized data. They are:

1. Upper-bound effectiveness measuring (i.e., larger-the-better)

$$x_i^*(j) = \frac{x_i(j) - \min\limits_j x_i(j)}{\max\limits_j x_i(j) - \min\limits_j x_i(j)}, \tag{3}$$

where $\max\limits_j x_i(j)$ is the maximum value of entity j and $\min\limits_j x_j(j)$ is the minimum value of entity j.

2. Lower-bound effectiveness measuring (i.e., smaller-the-better)

$$x_i^*(j) = \frac{\max\limits_j x_i(j) - x_i(j)}{\max\limits_j x_i(j) - \min\limits_j x_i(j)}, \tag{4}$$

If $\min\limits_j x_i(j) \le x_{ob}(j) \le \max\limits_j x_i(j)$, then $x_i^*(j) = \frac{|x_i(j) - x_{ob}(j)|}{\max\limits_j x_i(j) - \min\limits_j x_i(j)}, \tag{5}$

If $\max\limits_j x_i(j) \le x_{ob}(j)$, then $x_i^*(j) = \frac{x_i(j) - \min\limits_j x_i(j)}{x_{ob}(j) - \min\limits_j x_i(j)}$, or $\tag{6}$

If $x_{ob}(j) \le \min\limits_j x_i(j)$, then $x_i^*(j) = \frac{\max\limits_j x_i(j) - x_i(j)}{\max\limits_j x_i(j) - x_{ob}(j)}. \tag{7}$

where $x_{ob}(j)$ is the objective value of entity j.

4. DATA ANALYSIS

Table 1. Questionnaire data of the reactions to the factors of turnover intention

Factors	Subject Matter Expert									
	1	2	3	4	5	6	7	8	9	10
Mentoring process	5	5	5	3	4	4	3	5	3	4
Emotional exhaustion	4	5	3	4	3	3	4	5	3	4
Co-worker trust	3	3	5	5	4	4	4	5	4	4
Personal interest	5	4	2	5	4	2	3	4	5	2
Wage rate	5	5	4	5	5	5	4	4	5	5
Working hour	3	4	4	2	3	4	3	2	2	2
Fringe benefits	5	4	5	5	4	5	4	3	5	5
Training program	3	3	3	2	3	4	4	4	2	3
Career opportunities	3	1	2	1	2	2	3	2	1	3
Career commitment	2	3	2	2	2	2	3	2	3	2

Calculation of $\Delta_{0j}(j)$ equals the difference between X_0 and X_i. The result is in table 2

Table 2. the calculation result of $\Delta_{0i}(j)$ of the reactions

	1	2	3	4	5	6	7	8	9	10
01=	0.0000	0.0000	0.0000	2.0000	1.0000	1.0000	2.0000	0.0000	2.0000	1.0000
02=	1.0000	0.0000	2.0000	1.0000	2.0000	2.0000	1.0000	0.0000	2.0000	1.0000
03=	2.0000	2.0000	0.0000	0.0000	1.0000	1.0000	1.0000	0.0000	1.0000	1.0000
04=	0.0000	1.0000	3.0000	0.0000	1.0000	3.0000	2.0000	1.0000	0.0000	3.0000
05=	0.0000	0.0000	1.0000	0.0000	0.0000	0.0000	1.0000	1.0000	0.0000	0.0000
06=	2.0000	1.0000	1.0000	3.0000	2.0000	1.0000	2.0000	3.0000	3.0000	3.0000
07=	0.0000	1.0000	0.0000	0.0000	1.0000	0.0000	1.0000	2.0000	0.0000	0.0000
08=	2.0000	2.0000	2.0000	3.0000	2.0000	1.0000	1.0000	1.0000	3.0000	2.0000
09=	2.0000	4.0000	3.0000	4.0000	3.0000	3.0000	2.0000	3.0000	4.0000	2.0000
010=	3.0000	2.0000	3.0000	3.0000	3.0000	3.0000	2.0000	3.0000	2.0000	3.0000

Employ an application with the linearity of data normalization to avoid distorting the normalized data   The calculation result is in Table 3.

Table 3   The result of the linearity of data normalization

	1	2	3	4	5	6	7	8	9	10
01=	1.0000	1.0000	1.0000	0.4286	0.6000	0.6000	0.4286	1.0000	0.4286	0.6000
02=	0.6000	1.0000	0.4286	0.6000	0.4286	0.4286	0.6000	1.0000	0.4286	0.6000
03=	0.4286	0.4286	1.0000	1.0000	0.6000	0.6000	0.6000	1.0000	0.6000	0.6000
04=	1.0000	0.6000	0.3333	1.0000	0.6000	0.3333	0.4286	0.6000	1.0000	0.3333
05=	1.0000	1.0000	0.6000	1.0000	1.0000	1.0000	0.6000	0.6000	1.0000	1.0000
06=	0.4286	0.6000	0.6000	0.3333	0.4286	0.6000	0.4286	0.3333	0.3333	0.3333
07=	1.0000	0.6000	1.0000	1.0000	0.6000	1.0000	0.6000	0.4286	1.0000	1.0000
08=	0.4286	0.4286	0.4286	0.3333	0.4286	0.6000	0.6000	0.6000	0.3333	0.4286
09=	0.4286	0.2727	0.3333	0.2727	0.3333	0.3333	0.4286	0.3333	0.2727	0.4286
010=	0.3333	0.4286	0.3333	0.3333	0.3333	0.3333	0.4286	0.3333	0.4286	0.3333

After calculation, the main impact factors of turnover intention were decided. The result is in Table 4.

Table 4.   Grey relational grade (GRG) of the reactions to turnover intention

	FACTOR1	FACTOR2	FACTOR3	FACTOR4	FACTOR5
$_{0i}$	0.7086	0.6114	0.6857	0.6629	0.8800
	FACTOR6	**FACTOR7**	**FACTOR8**	**FACTOR9**	**FACTOR10**
	0.4419	0.8229	0.4610	0.3437	0.3619

According to $_{0i}$, the priority of the main impact factors of turnover intention is listed as the follows:

         FACTOR5 > FACTOR7 > FACTOR1 > FACTOR3 > FACTOR4 > FACTOR2 > FACTOR8 >

         FACTOR6 > FACTOR10 > FACTOR9

5. CONCLUSIONS AND RECOMMENDATIONS

The finding of this study is that the major five turnover factors for hotel employees from the most important to the least important, but still crucial, is showed as followings: Wage rate, Fringe benefits, Mentoring process, and Co-worker trust.

It′s been six years form the 2008 financial crisis, the unemployment rate is now much lower than six or five years ago. The demands of the recent surge of Mainland Chinese and other international tourists boost many new hotel constructions in Taiwan. Talented Human resource requests kept wage rate raising that new employees would take it as the first priority when they seeking another choices. As well, new employees would claim better fringe benefits since there are much more job hiring in hospitality industry. If a new investor really wishes to build a high quality service hotel, human resource costs will be an inevitable investment.

Indeed, mentoring, whether formal or informal, is a time-tested technique for success. Hotel employees who have had good mentors attribute much of their success to the help and guidance their advisors gave them. Some hotel companies can institute formal programs to try and encourage their employees mentoring on a broad basis. Other hotel companies, meanwhile, can try to make mentoring part of their culture even though no formal program exists. Mentoring helps hotel employees to grow. This study believes mentoring is important and maintains an open-door policy to help new hotel employees meet their career goals.

For a new comer, who is young, single, and just graduated, relationships among co-workers are essential. In order to bridge the connections between new comers and seniors, a friendly working atmosphere will shape a more cooperative team relationship. Unofficial party for employees occasionally would be one of the methods to break the ice and communicate comfortably in different circumstance. Above all, leaders should sincerely concern with their followers, create a positive trustworthy working culture that the employment relationship should be inspired by reciprocal trust and loyalty [31]. It is hard for a new employee to leave such friendly group.

The Problems of stabilization are hard missions for the human resource managers. Employers are dependent on the demand for their products. The demand for many products is very fluctuating. It has been demonstrated that it is possible to get the cooperation of labor unions or employees representatives in developing sound stabilization program; indeed, with respect to stabilization, the interests of employers and employees are identical [32]. The problems to be solved are difficult, but it is only by actually coming to grips with them that real progress will be made.

Finally, it should be emphasized that the results of this study are theoretically valid only for the new employees in international hotels in Taiwan. However, it would not appear to be inappropriate to assume that the general findings of this study might apply to other countries as well.

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