



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

ASSESSMENT OF EMPLOYEE TURNOVER:
THE CASE OF SHERATON ADDIS LUXURY COLLECTION HOTEL

A Thesis submitted to Addis Ababa University School of Commerce
In partial fulfillment of the requirement for the award of
Masters of Arts Degree in Human Resource Management

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DECLARATION

I hereby declare that this work entitled: “Assessment of Employee Turnover. The case of Sheraton Addis Luxury Collection Hotel” is the outcome of my own effort, original work. I have produced it independently except for the guidance and suggestion of my research advisor.

This thesis has not been previously submitted in full or partial fulfillment of the requirements for an equivalent or higher qualification at any other recognized education institution. It is offered for the partial fulfillment of the requirement of masters of Art in Human Resource Management.

I further confirm that all sources used in preparing this material are recognized and dully acknowledged.

Zewdneh Tegegne

Signature_____

Date:_____

This research project was submitted for examination with my approval.

Advisor: Wolde Emmanuel Walombo (PhD)

Signature-----

Date-----

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LIST OF ACRONYMS/ABBREVIATIONS:

- ADB:** African Development Bank
BSC: Balanced Scorecard
EAP: Employee Assistance Program
EJS: Extrinsic Job Satisfaction
F&B: Food and Beverage
FFM: Five factor Model
FO: Front Office
GDP: Gross Domestic Product
GJS: General Job Satisfaction
HRM: Human Resource Management
IJS: Intrinsic Job Satisfaction
JS: Job Satisfaction
MSQ: Minnesota Satisfaction Questionnaire
VET= Voluntary Employees Turnover

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ABSTRACT

This research focuses on the assessment of employee turnover the case of Sheraton Addis luxury collection hotel. High staff turnover rate may jeopardize efforts to attain organizational objectives. In addition, when an organization loses critical employees, there is negative impact on innovation; consistency in providing service to guests may be jeopardized and major delays in the delivery of services to customers may occur.

To conduct this research primary and secondary data were collected through questionnaire based on non -probability sampling in the form of convenience sampling technique were employed and available desk documents from the hotel respectively. From the analysis part of this study indicated that most of the respondents have the intention to leave the hotel due to routine job burden, due to its incentive and salary package is low, lack of clear promotion and employees are not involved in decision making.

The research design used in this study was the quantitative approach, which allowed the researcher to use structured questionnaire when collecting data. A pilot study was conducted to test the questionnaire. The survey method was used in this study because the target population only composed of 267 employees. A high response rate of 98% was obtained using the personal method of data collection; questionnaire was structured in a 5 point Likert scale format. The Statistical Package for Social Science (SPSS) version 20 for Windows was used for statistical analysis of the main responses. The result of the findings indicated the highest factor affecting employee turnover was Employees' Monetary reward.

The study finding suggests that salary is the primary cause of staff turnover in Sheraton Addis. The findings highlighted that high staff turnover increases work load to the present employees in the department.

The study finding also showed that staff turnover causes reduction in effective service delivery to the customers and reflects negatively on the image of the Hotel.

The recommendations highlighted that top management should pay a marketable salary to employees and the employees must be rewarded if they have achieved their goals. Top management should also develop opportunities for career advancement in the department. Top management should involve employees when they make decisions that will affect them in the hotel operation. Finally the researcher conclude that there is significant employee turnover and it affect the organizational performance, then the management should revise the salary scale, recognize employees individual and group effort and develop operational guidelines to retain employees of the hotel & increase its performance.

Key words: Employee Turnover, causes of employee turnover and effects of employee turnover on organizational & employee performance.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY:-

According to Rodney (2007), Human Resources (HR), the people employed by an organization and the use of their skills in that organization is readily acknowledged as the greatest resource that any organization possesses. Human Resource (HR), the people are the most important asset of an organization. It is only through people that other resources of an organization are transformed into service or product. Without Human Resource an organization cannot attain intended goals and objectives. This is the main reason why employees are being hired in an organization. As said by Baron and Armstrong (2007), the concept of human capital is concerned with the added value that people provide for organizations and the actual basis for competitive advantage as well as an important element of the intangible assets of an organization. As a result, effective human resource management is very important to retain and utilize employees who are well trained and well experienced for organizational goal attainment and its success in all dimensions.

Employee turnover is the rotation of worker around the labor market. The term turnover also defined by Price (1977) as: "the ratio of number or organizational members who have left during the period being considered and the average number of people in the organization during the period". According to Agnes (1999) Turnover is a behavior which describes the process of leaving or replacing employees in an organization.

Turnover can be categorized as voluntary and involuntary as well as functional or dysfunctional, (Watrous et al, 2006), and each type of turnover can have varying effects on the organization. Voluntary organizational turnover or a process in which an individual makes a decision to stay or leave the firm (McPherson, 1976), is usually dysfunctional and can be the most detrimental to the organization (Mobley, 1982). Involuntary turnover on the other hand, is defined as a process in which the organization assumes control over an employee's decision to stay or leave (McPherson, 1976). Here the process typically focuses on removing underperforming employees, so it is often labeled as functional turnover (Price, 1989). In general employees leave their jobs

either voluntarily by their own decision or forced to leave by the decision of the employer. As a result of excessive turnover, organizations incur additional costs and holdup their performance.

High labor turnover causes problems for a business. It is costly, lowers productivity and morale and tends to get worse if not dealt with. (<http://labourbureau.nic.in/Asi203c/chptr-iii/labour.htm>). (Assessed on Oct 21, 2011).In the current dynamic market condition, where competition is becoming stiffer than ever, having the right quality and quantity of employees and rewarding them based on their level of performance and need is very important.

A high level of labor turnover could be caused by many factors; such as

- Inadequate wage levels leading to employees moving to competitors.
- Poor morale and low level of motivation within the workforce.
- Recruiting and seeking the wrong employees in the first place.

Nowadays skilled labor turnover is a serious and costly problem in hospitality industry; however top level managers rarely see it as such a problem of the organization to prevent it. This is because many upper managers believe that departing employees are going to a better place and they can easily be substituted by other workers. (Jenkins s.1988:44).

Any organization whether it is governmental or nongovernmental desires to retain its efficient and productive staffs to the maximum period. However, employees leave organizations due to internal and external factors that might be avoidable or not.

When hospitality industries like Sheraton Addis Luxury Collection Hotel face high staff turnover the Hotel lags behind the schedule in utilizing budget and will be unable to provide quality services

One of distinct features of hotel industry is its people oriented characteristics. Because hospitality industry is more depend on people's attitude, knowledge, experience, motivation, ethics and personal interest. According to Gallardo et al. (2001) employees' ability attitude and behavior are the corner stone of business success in hotel industry, especially in today's competitive times.

Organizational performance is another variable of the research and it is one of the most relevant aspects of the human resource management in an organization context .Armstrong (2001) notes that the issue of accuracy and fairness in performance management is one of the key research interest in the field of human resource management.

Specialists in many fields are concerned with organizational performance including strategic planning operations, finance, legal, and organizational development. In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard (BSC) methodology where performance is tracked and measured in multiple dimensions.

A business organization could measure its performance using the financial & non financial measures. The financial measures include profit maximization, turnover on investment & the like. While the nonfinancial measure focuses on issues pertaining to customer satisfaction, customer complains, service delivery time and waiting time related to experienced employees turnover, job burden and the like.

According to the African development Bank report, the share of the service sector in GDP has been rising and it grew by more than 10 percentage share during the past five years. In ADB's 2010 economic report, analysis were forecasting that the service sector will make up more that 50 percent of Ethiopians GDP in just two years time (ADB Economic Brief, Sept, 2010).Therefore, It can be easily inferred that the hotel industry's share for such an impressive growth can be huge.

Sheraton Addis is a leading luxury collection hotel in Ethiopia and very magnificent Hotel across the country. But there is high turnover which is related to employee dissatisfaction with the job. Some specific reasons might include low pay, stressful working conditions, long working hours, not enough benefits and healthy work environment. So the management has to strengthen the hotel service through indigenou, exceptional service by the most experienced, highly motivated, skilled, & disciplined employees who are capable of providing quality hotel service to give delight customer satisfaction.

Sheraton Addis management has to believe their dedicated employees work hard to meet the business and lifestyle needs and employees are the one to make a difference on the quality and functionality of their products and customer satisfaction.

The Hotel received a number of awards through their employees' skill, knowledge and commitment. They committed to ensuring their business practices meet high standards, behave ethical standards act responsibly and comply with the regulations. Competitive advantages can only be achieved by building up highly motivated and skilled employees at all levels, where SKILLED employees are the core ASSET of the organization.

1.2 STATEMENT OF THE PROBLEM:-

Most of the time employees` turnover has a negative effect to the organizational performance. From the researcher observation, the employees of Sheraton Addis Luxury Collection Hotel is experiencing a high rate of turnover especially the experienced employees. From time to time, a large number of employees leave the hotel and join the newly emerged hotels and other organizations. Therefore, the leave of its well experienced workers adversely affects the hotel.

In the case of Sheraton Addis employees left the organization both voluntarily and involuntary. The high turnover caused the problem in succession planning that means lack of qualified and experienced employees in order to replace the experienced one, because skilled and experienced employees has a greater rate of voluntary turn over in the Hotel.

The second problem caused by employee turnover is, it increases the cost of recruitment that includes (Advertising, Interviewing, and Tasting, Training cost and telephone costs used to call a pool of applicants), selection and related costs and it increases the work load of human resource staffs to recruit new employees.

The other problem is that employees have not efficient experience to do their work because they are new to the organization and after some time because of job burden they leave the organization and it increases the work load of the rest employees as well as it creates problems on the new employee to adopt the culture of the Hotel and the work itself. A general argument provided by the employees is low salary scale.

The research tries to relate the root causes of employee turnover and to get a true picture of the problem and to suggest possible recommendations.

The present study is an attempt to cover this performance gap concerned with the root causes of employee turnover in Sheraton Addis through answering the following questions.

1.3 RESEARCH QUESTIONS:-

The study suggests solutions for the following research questions:

- How was the rate of employee's turnover within the past four years (2011-2014G.C)?
- What internal /external factors cause the employees to leave the Hotel?
- What is the effect of turnover on customer satisfaction?
- How turnover affects the morale of employees who are still working in the Hotel?
- What are the major causes or contributing factors of turnover intention in Sheraton Addis?

1.4 OBJECTIVE OF THE STUDY:-

The objective of the study is to assess employee turnover in Sheraton Addis. Specifically to examine the root causes of employee turnover, to describe demographic and personal characteristics of an employee and employee turnover, to review job satisfaction and employee turnover, to assess the hotel and work environment and employee turnover, to evaluate job content and intrinsic motivation and employee turnover, to illustrate the external environment and employee turnover, to identify the ground realities of the problem of employee turnover in the hotel & to identify possible opportunities for the employer to decrease future employee turnover within the organization.

1.4.1 GENERAL OBJECTIVE

The general objective of the study is to examine the causes of employee turnover and then to forward possible and important recommendation to the Human Resource Management of Sheraton Addis.

And finally to suggest alternative solution that minimize turnover of labor forces (employee) those who leave the hotel voluntarily and to improve organizational performance.

1.4.2 SPECIFIC OBJECTIVES

The specific objectives of the study are to assess the real internal /external causes that drive the employees to leave the Hotel,

- To determine the effect that turnover results on the operation of the Hotel.
- To highlight the causes of employee turnover in Sheraton Addis.
- To recommend measures that should be taken and implemented by the Hotel to reduce the employee turnover rate.
- The study tries to suggest possible solutions which are designed to solve this serious problem there by enabling the hotel to retain it's well experienced employees.

1.5 SIGNIFICANCE OF THE STUDY:-

In order to achieve organizational objective, top management need to understand the forces that energize employees` behaviors. Their major task on human resource is to develop and maintain an environment in which workers wanted to be productive and contributing members of the organization. The employees of the hotel are indispensable assets of the organization. But most believe that the hotel does not exert much effort toward enhancing its human resource capacity and interest. As a result the numbers of employees who are resigned from the hotel are increasing from year to year.

Even if it is difficult to conclude and list all the significance; this research tries to provide the following benefits from the study. It gives full understanding about turnover and its negative consequences to the owner and the management.

It provides the possible solutions that will help management to reduce the turnover rate and increase organizational performance. It will use as a base for other researchers who will study on the same or related topic. And finally the research plays a significant role to broaden the researcher's knowledge in the field.

1.6 DELIMITATION/ SCOPE OF THE STUDY:-

The research is limited to assess employee turnover the case of Sheraton Addis Luxury Collection Hotel. It tries to address the causes that contribute to employee's turnover and its consequences on organizational performance and focusing on the non financial aspects of performance. The study covers a period of four years data (2011-2014G.C).

The research is limited to cover Sheraton Addis employees with 267 selected respondents which are the representatives of 800 total permanent employees in the hotel.

1.7 LIMITATION OF THE STUDY:-

The main constraints facing the researcher are time and resource limitations. The other problem was unwillingness of some respondents to give valuable and reliable information. These limitations prohibit the researcher to accomplish the following activities.

- Unable to cover all employees of Sheraton Addis Luxury Collection Hotel.
- It only focuses on four years data.
- It limits the research to only focus on the root causes of employee turnover & its effect on organizational performance in Sheraton Addis. It doesn't consider other variables.
- It only considers voluntary turnover which seriously affect the organizational Performance.

Despite the above limitations, the researcher read different research method materials and articles related to the topic to get the desired out come from the study.

1.8. DEFINITION OF TERMS

The study uses some important words or phrases that related to the research objectives to describe some of the terms in this study. The definitions are as follow:

A. Turnover intention

It is ones behavioral intention to resign. It refers to the deliberate consciousness of the workers to leave their current organization. Intention to quit is the individuals own estimated subjective that they are permanently leaving their organization.

B. Job Satisfaction

Job satisfaction is a set of favorable and unfavorable attitudes with which employees view their work. It expresses the amount of agreement between the employee expectations from the job and rewards that the job actually offers.

C. Monetary Reward

Monetary reward is viewed as part of the permission system used in the organization to motivate agreements with its rules and regulations. It is viewed as an important remuneration and outcome.

D. Promotion

It the movement of a person to higher level position in the organization. It is also defined as the assignment of an employee to a higher level job within an organization.

E. Working Environment

It entails that all activities that take place in organizational working area and if not managed properly it leads to employee turnover.

F. Supervision

Supervision is the process of planning, directing, controlling and organizing the work of others through face to face contact with subordinates. The supervision in this study means that the advice and observation that the managers provide to their subordinate to help them to perform a better job.

G. Demographic Factors

Demographic factors are personnel characteristics of employees. These characteristics are include; age, gender, qualification, marital status, working experience or tenure and they may cause employee turnover.

H. Job Scope

Job scope can be defined as the density and challenges of the job contents. Job scope may depend upon some factors. One of the possible factors of job scope is the strength of the growth need.

I. Job performance

According to Kane and Lawler (1976) job performance is the record related to the results after practicing a job for a given period of time (Kane and Lawler, 1976, 111). Schermerhorn (1989) provides the definition of job performance and asserts that job performance can be defined as the quality and quantity that are attained by individual employees or group of employees after completing a given task (Schermerhorn, 1989, 14). After a given period of time such as time period of probation measurement factors related to the job performance of employees can be considered as criterion to get promotions, to get the adjustment done in wages (increase on the basis of positive performance and decrease in case of negative performance) and to get rewards, punishments and evaluations (Ming, Ching & Chang, 2010, 4120).

J. Job Hopping:

An individual with strong desire to try different jobs for fun is a sign of job hopping behavior. This type of individuals also leads to employee turnover. Some with highly educated individuals are keener to job hop due to the availability of vast options in the job market. Younger generations are thought to be job-hopping to be materialistic, and as a result they tend to hop from one job to another for a better salary and benefit.

1.9 ORGANIZATION OF THE STUDY:-

This research study entitled: “The effect of Employee Turnover on the organizational performance in the case of Sheraton Addis Luxury Collection Hotel”, is organized in the following manner, so that readers can easily understand the conceptual sequence flows;

Chapter One is the introduction of the study. Under this chapter, in depth discussion will be given about the background of the study, statement of the problem, objective of the study, significance of the study, scope and limitation of the study are included.

Chapter Two will be Literature Review & it will discuss the theoretical background of the study.

Chapter Three presents about the methodology used for the research. In this chapter, the design & methodology will be discussed in detail. This includes the research instrument, questionnaire, population & sampling, data analysis procedures, statistical data analysis & ethical consideration.

Chapter Four presents presentation & discussion of the findings & data analysis. It answers the research questions developed.

Chapter Five present summary of the research based on the findings & the recommendations. Also, it makes suggestions for future research.

CHAPTER TWO

LITRATURE REVIEW

2.1 OVERVIEW OF TURNOVER:

Staff turnover may cause serious problems in the effectiveness of the organization if it is not addressed by top management. According Hamermish (2001:142), staff turnover may affect service rendered by the organization and it may cause delays in meeting customer demand.

Organizations invest a lot on their employees in terms of induction and training, development, maintaining and retaining them in their organization. The stated reality reveals that managers at all costs need to minimize employee turnover.

Although, there is no standard framework for understanding the employee turnover process as a whole, a wide range of factors have been found useful in interpreting employee turnover.

The employees in all organizations are the major contributors to the efficient achievement of the organizations success. Davis (1997, p.261) relates higher job satisfaction to lower employee turnover. The more satisfied employees tend to stay in their jobs for longer.

A certain amount of turnover is unavoidable, but too much can ruin a company. Some employees will always retire, move away, go back to school, or leave the work force. This level of turnover is not only avoidable, it can be beneficial. It brings new people in to the organization with new ideas and a fresh perspective (Mathis and Jackson 1994, P.115).

Organizations valuable assets are its high performing employees; and when they start leaving, it's an indication that the organization is in trouble. It appears that organizational management does not care much when low performing employees leave the organization."In other words, the employers have to understand the damages resulting from high performance employees leaving, and the benefits resulting from poor performance employees leaving." Hong and Chao 2007, p. 216).

Employees may stay longer in an organization if they are motivated and rewarded. Studies show that a motivated employee is a productive employee; therefore, it is the responsibility of

organizational leadership to ensure that all employees are productive. To be productive means supporting the mission and vision of the organization.

Management and leadership motivate and reward high performance employees in order to prevent them from leaving.

Organizational management and leadership pay particular attention to high performance employees and the performance and turnover appears to be the major conclusive finding, indicating that high performance employees would be less likely to leave than lower performance ones.”Hong and Chao 2007, P. 217).

Losing high performance employees means higher costs of human resources in form of rehiring, training, and placement. Management action may cause some low performing employees to leave an organization; this is due to the fact that such employees are viewed as liabilities and may not be contributing to the accomplishment of the organizational mission and vision.

2.2 DEFINITION OF EMPLOYEES TURNOVER:

According to Page (2001:17), Staff turnover encompasses personnel moves including layoffs, firings and promotions. While the idea of staff turnover is harrowing for many businesses, the desire for a stable bottom line often trumps relationships with long time employees. In many cases, staff turnover is limited by union representation and employee contracts.

According to Hamermesh (2001:143), every manager, supervisor and business owner has to understand the complexities of staff turnover before making the first personnel decision.

An incorrect promotion or firing can lead to lost productivity as well as diminished loyalty from employees. The function of staff turnover is to keep essential personnel in positions best suited to their skills (Mullins: 2005:63). According to Booth and Hamer (2007:81), staff turnover may entail consolidating positions and creating new jobs that reflect the new challenges facing an organization. According to McConnel (2004:289), firings and layoffs are used to reduce wages and benefits payments that are diverted elsewhere in the organization.

According to Mathis and Jackson (2007:301), staff turnover can be broken down into internal and external types. Internal staff turnover strategies involve promoting current employees,

adding new responsibilities to job titles and bringing in entry- level employees due to company growth. External staff turnover implies that employees are leaving the company to seek new jobs, raise families or enter retirement.

Skilled employees' turnover is a serious problem and the question of how to retain highly talented and valued people is very important. Stan Kossen, (1991) defined staff turnover as it is the amount of movement in and out of employees in an organization. Employee turnover is the “rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment” Abassi et al, (2000).

The term "turnover" is defined by (price 1997) as; the ratio of the number of organizational member who have left during the period being considered and the average of people in the organization during the period.

Staff turnover can be described as the total movement of employees in and out of an organization (Grobler, Warnich,Carrel, Elbert & Hatfield 2006, p.123).

In their own definition, Abassi and Hollman (2000:35) define turnover as the “rotation of employees around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment”.

Turnover, according to Iverson and Pullman (2000:980) can be classified as voluntary (to include withdrawals out of volition) or involuntary (to include layoffs and dismissals). Voluntary turnover often results in departing employees migrating, in most cases, to competing firms, creating a more critical situation since their transferred knowledge can be used to gain.

Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal and organization development in recent years, many organizations have attempted to manage organizational performance using the balanced score card methodology where performance is tracked and measured in multiple dimensions.

2.3 TYPES OF EMPLOYEE TURNOVER

Employee turnover often classified as voluntary and involuntary in nature. It can also be functional and dysfunctional. Porter and Steers (1973) suggested that the issue of met expectations was central to the individual's decisions to leave an organization. Each employee has his or her own set of expectations up on entering an organization. Should these expectations not be met, the individual will become dissatisfied and leave.

2.3.1 Voluntary Turnover (Controllable):-

It occurs when an employee leave by his or her own choice and can be caused by many factors. Like better opportunity elsewhere, lack of challenge, pay by the supervision and pressure. The researcher's perception of voluntary employee turnover is the process when actual cross organizational movement is initiated by the employee on a voluntary basis.

Voluntary turnover decision could be based on employee's obtaining better job, changing career or requiring more time for family. Alternatively, the decision to leave could be based on employee's dissatisfaction of the current job because of poor working conditions, low pay or benefits, unfair (bad) relationship with supervisors, and so on (Gumz-Mejia 1995, p.234).

2.3.2 Involuntary turnover (Uncontrollable):-

These type of turnover usually initiated by the employer or they occur when management decides that it needs to terminate its relationship with an employee due to an economic necessity or poor fit between employee and the organization. It is the result of very serious and painful decisions that can profound impact on the entire organization, especially the employee loosing his/her job.

It occurs when employee is fired; in the case such as the need to provide care for children or aged relatives today such factors should not be seen as involuntary.

There are two types of involuntary separations: Discharge and Layoff. Discharge-takes place when management decides that there is a poor fit between an employee and the organization. The discharge is a result of poor performance or failure to change some unacceptable behavior that management has tried repeatedly to correct. Layoff-it differs from discharge in several ways. In

layoff, employees lose their jobs because a change in a company's environment or strategy forces it to reduce the size of its work force. Global competition, reduction in product demand, changing technologies are those reduce the need for workers. Layoff has a powerful impact on the organization's remaining employees, who fear losing their job in the future.

➤ **Separation:-**

Separation is a decision for the individual and the organization to part. The decision may be done by disciplinary, economic, business or personal reasons. Separation can be expressed in such a way as attrition, layoff and termination.

A. Attrition: - Attrition is normal separation of people from organization as a result of retirement, resignation or death. Attrition is indicated by individual's workers and not by the company. In most companies the key component of attrition is resignation.

B. Layoff: - Layoff is separation of employee from the organization for economic or business reason.

It exists if:-

- There is no work available at the time and the employee is sent home.
- Management expects that the work situation to be temporary.

C. Termination: - • Termination is the most severe penalty that an organization can impose on its employees. The ability of successfully dismiss for in competence requires as well designed, well managed system of performance appraisal.

2.4 CAUSES OF EMPLOYEE TURNOVER

Employees voluntarily resign their engagements in organizations for various reasons which can be classified into two: pull and push factors. The pull factors include the attraction of a new job in other organizations. Push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. However, this study is focused on demographic factors, job satisfaction, compensation, working environment, leadership styles, peer group relationship, employee advancement, and job scopes.

2.4.1. Demographic Factors

As said by Abdali (2011), the demographic and personnel characteristics of an employee may be reason of leaving from the organization. These characteristics are include; age, gender, qualification, marital status, experience and tenure. According to Parker and Skitmore (2003), top performing females have turnover rates that are 2.5 times those of their male counterparts, a fact that they point out to the demands of balancing work and family life. Moreover, it has been found that female managers are more likely to leave their organizations when they perceive a lack of career opportunities within their organizations. Besides, employees more qualified in their professionalism tend to leave their current organization because they have more opportunity to gain better work than employees who have less qualification. Marital status also has great influence on employees' turnover. Employees who have married, have children, and have stabilized family life situation prefer to stay in organization areas that they stabilized their family life. However, employees who do not married and free to move from place to place can have more chance to exercise turnover. In addition, employee who have more work experience can be leave the current organization since they have more opportunity to gain better work and working condition than employees who have less work experience. A mature person has more confidence and patience on the work place than a younger one. According to Nawaz, Rahman and Siraji (2009), with increase in age a person has greater level of prestige and confidence.

2.4.2. Job Satisfaction

Employees of an organization may do have many attitudes about their work and their working environment. These attitudes vary along many dimensions; include objectives, specificity, strength, salience, and stability of the work and in this sub-topic the attitude of employees on job satisfaction was discussed.

Aziri (2011), defined job satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job. According to this definition even though job satisfaction is under the pressure of many external factors, it remains something internal factors that has to do with the way how the employee feels.

That is job satisfaction presents a set of factors that cause a feeling of satisfaction. Job satisfaction is defined as the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values (Ping He, 2008).

According to (Judge, Hulin and Dalal, 2009), Job satisfactions are defined as multi-dimensional psychological responses to one's job. These responses have cognitive (evaluative) and affective (emotional) components. Job satisfactions refer to internal evaluations of the favorability of one's job. These evaluations are revealed by outward that is verbalized and inward that is felt emotional responses. The multi-dimensional responses can be ranged along good or bad, positive or negative phenomenon. According to Randhawa (2007), high job satisfaction leads to lower turnover, while low satisfaction leads to higher turnover. He argued that job dissatisfaction would be more predictive of turnover. Curran (2012:16) defines job satisfaction as "all characteristics of the job itself and the work environment which employees find rewarding, fulfilling and satisfying, or frustrating and unsatisfying". Individuals will be satisfied with the job when their expertise, abilities, knowledge and skills are fairly utilized by the organization and when the organization grants opportunities of advancement and rewards. As said by Nawaz, Rahman and Siraji (2009),

Job satisfaction is more about happiness on the work place. It is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences and it is a widely accepted phenomenon that job satisfaction has negative relation with voluntary employee turnover in an organization. Job satisfaction is the most important variable to understand employee's intent to leave the organization. As this explanation, dissatisfied employee has more intention to leave the job. Employees can be dissatisfy through different factors like bad work environment, supervisors negative behavior, less growth chances or less monetary rewards. Empirical findings suggest that satisfied employees are more likely to be effectively committed to their organization than those who are dissatisfied (Feng and Angeline, 2010). They observed that job satisfaction rather than organizational commitment related to the actual turnover of employees

2.4.3. Compensation (Monetary Rewards)

Monetary reward has been defined in such a way like cash or equivalent that an employee receives against his services from the employer. Here equivalent reward includes fringe benefits, medical facilities and provident fund. Monetary rewards have negative effect on employee turnover. This reward helps to raise job satisfaction and likewise suite for minimizing the intent to leave the job (Nawaz, Rahman and Siraji, 2009). Compensation plays an important role to retaining employees (Abdali, 2011). Researchers believed that frustration with salary and pay strongly motivate employee turnover. The lack of different compensation packages like fringe benefits and incentive pay certainly generate a force on holding experienced and qualified employees. Employees demand an appropriate level of compensation for their effort. Such compensation may be offered in monetary (direct) reward, such as salary and bonus, or bundled with other non-monetary (indirect) reward such as medical insurance and transportation services (Ut Lon IM, 2010). Poor compensation is widely known as one of the problems in the organization that leads to employee turnover. According to Shamsuzzoha (2003), one of the most common reasons given for leaving the job is the availability of higher paying jobs. This implies that employee leaves the current organization to gain better payment from other organization.

When looking at specific vacancy characteristics, pay level is one that stands out that as being important to most applicants. Pay is considered one of the most effective and important job attributes in determining applicant attraction to the organization. Employees preferred organizations with high rather than low pay, flexible rather than fixed benefits, individual rather than team-based pay, and fixed rather than variable pay (Payne et al, 2010). This indicates that compensation is the most important element in attracting, retaining and utilizing qualified workers.

The perception of getting fairness about the level of compensation, the equality in the sharing of pay and rewards, strongly create turnover. The conventional elimination of compensation packages doubtlessly misjudges the outcome of discernment of fairness on decisions to exit (Abdali, 2011:13-14). According to this explanation, making discrimination during offering compensation may cause employee turnover. Thus, the management of the organization should

treat in equitable and justice during supervision, distribution of compensation and other important remunerations to retain well experienced and well qualified employees within the organization. Fair compensation policy is very important for both employer and employees. Employer should compensate its employees in equitable with the work done, and employees should ask the amount of reward according to their work performance result. If so, it leads to reduction in employee turnover.

2.4.4. Leadership (Supervision) Styles

According to Rosse (2010), Leaders are defined as senior executives, those described in academic literature as the upper echelons or the top management team, and more formally referred to as members of the C-suite that is president, CEO, COO, CFO, CHRO, and CIO. The coordination between managers or supervisors with their sub-ordinates may create impact on employee turnover. It depends on the employee's satisfaction with their supervisors and also the communication skills of supervisors to handle their subordinates (Abdali, 2011). Employees are trusted in how they manage their own time and outputs and they have access to parts of the business previously reserved for management such as strategic, tactical information, and profit. Decision making is a collective and interactive exercise that requires committed participation from both management and employees (Swanepoel, 2008). This implies, are interested in sharing of organizational decision making.

2.4.5. Peer Group Relationship

The employee turnover can be seriously effect due to peer-group relations. The strong relation among the work group, integration, and satisfaction with the coworkers decreased turnover. The well-built peer group relations are remote cause of turnover and also a source of job satisfaction (Abdali, 2011). As this explanation, good and cohesive relationship among workers of the organization can reduce turnover.

2.4.6. Working Environment

Working conditions play vital role to increase job satisfaction and organizational commitment in the labor force community. The work environment includes factors or features that have all work related conditions for employees. Employees want to stay within the organizations just have of

clean and healthy environment. The match between proportions of environment and employee values may characterize out trustworthiness with the organization (Abdali, 2011:18). Since employees prefer to work in environment which suitable for their live, working environment is one of the main causes that influence employees to decide on whether to continue or to leave the organization. According to Lambert (2006), Work environment factors, including supervision, autonomy, communication, support, authority, promotion, and input into decision-making, have also been found to be related turnover.

According to Carrel, Elbert, Hatfield, Grobler, Marx and Van der Schyf (2000:579), staff turnover may be caused by low remuneration, job dissatisfaction and unfair treatment.

According to Grobler, et al. (2002:257), staff turnover costs may be estimated to include separation, replacement, recruitment and training costs. Booth and Hammer (2007:300) state that management in different organizations work hard to reduce the high rate of staff turnover. Management is concerned with managing human resources in such a way that the employees become one team working for the same goals.

The following are some of the causes of staff turnover:

According to Nel, et al 2004:185. Employee expectations as the cause of staff turnover, According to Erasmus, Vanwyk and schenk, 2003; 41.Job-Person match as the cause of staff turnover, According to Neo, et al.2006:33.Higher labor demand as the cause of staff turnover, According to Page, 2001:20.Individual employees as the cause of staff turnover, According to Robbins 2003:102.Employee recognition as the cause of staff turnover, According to Booyens 2000:70.Lack of supervision as the cause of staff turnover, According to Hamermesh 2001:146.Physical Environment as the cause of staff turnover, According to Booyens 2000:53.Lack of staff training and development as the cause of staff turnover, According to Booyens 2000:56.Poor employee orientation as the cause of staff turnover, According to Nei et al.2004:390.Work content as the cause of staff turnover, According to lchniowski 2004:04.Social relations as the cause of staff turnover, According to Russell and Bvuma 2001:49.Poor employee assistance program (EAP) is the cause of staff turnover, According to Erasmus, et al. 2003:324.Lack of staff involvement cause staff turnover.

➤ **Effect of Job stress on employees' performance**

It is widely accepted by several people working in the hotel industry that stress and weaken the performance of the staff. Whether employees are urged for innovation for themselves through communal pursuit in this world beyond the doors of the hotel, or whether they have access to more formalized opportunities during their work day, it has been considered by the hotel executives that initiatives for controlling stress are vital as a reservation desk for hotel industry (Caryn, 2011, A-1). It is discovered in research that there is a negative correlation between qualities of service delivered to customers and work related stress, that is, highly stressed employees have failed to provide high quality services as compared to less stressed ones (Varca, 2009, 231). Moreover, employees who responsible for customer services, report chronic stress and they perform poorly in their jobs (Beehr, Jex, Stacy & Murray, 2000, 401).

Generally, stress related to job has been shown as a major factor which leads to declining job performance of employees (Gilboa, Shirom, Fired & Cooper, 2008, 236);Lepine, Podakoff, & Lepine, 2005, 881).High level of exhaustion leads to withdrawal, more depressive symptoms, and hostility.). Relate to turnover

Employee turnover intentions are positively related with job stressor. With the increase in job stress employee turnover intentions increase. If organizations are willing to retain their intellectual capital they must reduce the job stressors which may cause the job stress and ultimately this leads to the employee turnover. Another major factor is workload which is positively related to the employee turnover intentions. A rational workload is win-win situation for the organization, study provide the empirical evidence that employee thinks to leave the job when they are over burden. Similarly work place environment is also a key factor to retain employees. Study proved that a good and health work environment will lead to the less employee turnover intentions. World Applied Sciences Journal 23 (6): 764-770, 2013

➤ **Factors that cause job stress in Hotel Industry**

In the hospitality industry, there is a high incidence of employee burnout. The main reason behind this is considered to be the chronic stress of work. Pulak (2012) provides some of the

stressors that are considered as responsible for workplace stress among hotel employees. These contributing factors are as follows (Pulak, 2012, A-1):

- Immense pressure to perform a given task in a given time and demands and requirement related to a job that becomes overwhelming.
- Low wages that are paid to employees on a particular position.
- Stressful, unpleasant and hostile environment of the workplace.
- Long hours of duty, night shifts may result in lack of sleep which in turn becomes the reason of stress.
- Doing a job for which an employee is either under or over qualified.
- Busy and tight schedule.
- Feeling of lack of balance between work and personal life.
- Monotonous, boring and repetitive nature of job.
- Undefined job description and expectations.
- Lack of communication and coordination among employees.
- Doing jobs without support and guidance.

2.5. THEORETICAL FRAMEWORK ABOUT EMPLOYEE TURNOVER

Employee turnover is the most studied events in the past and several theories have been developed to explain why employees voluntarily decide to leave their current organization. These include the Theory of Organizational Equilibrium, the Met Expectation, the Linkage, the Unfolding Model of Turnover, and The Job Embeddedness Theory of turnover.

2.5.1. Organizational Equilibrium Theory (OET)

Nawaz, Rahman and Siraji (2009), stated that Employee Turnover occurs when individuals perceive that their contributions to an organization exceed the inducements they received from that organization. According to Osamu (1994), an individual tries to satisfy his needs or motives, in many cases he cannot get enough satisfaction due to many types of human limitations. When an individual cannot get satisfaction, he will withhold or withdraw his contributions and will separate from the organization. According to this theory, employees are looking from the organization to provide incentive that balance their contribution. This indicates when the

incentive offered by the organization to the employees is less than their contribution, employees become dissatisfied with the inducement and this leads to turnover.

2.5.2 Met Expectation Theory

Premack and Davis (1992) stated that the concept of met expectations as the discrepancy between what a person encounters on the job in the way of positive or negative experiences and what he expected to encounter. Employee expectations may include fair remunerations, advancement, and good relationship with colleagues and supervisors, suitable working environment, and appropriate work assignment. The essential thought of this theory is that when an employer fails to fulfill employee's expectations, it will lead to employee turnover.

2.5.3. Linkage Model

Linkage model explains a series of interrelated links between job satisfaction and voluntary employee turnover. In this model one major factor is considered by job dissatisfaction which leads a series of withdrawal intensions like thoughts of quitting, job search intension and fringe benefits comparison, this behavior ultimately is the cause for high voluntary employee turnover (Nawaz, Rahman and Siraji, 2009).

2.5.4. Unfolding Model of Turnover

According to Morrell (2006), the unfolding model is a retrospective, classificatory account of voluntary turnover that treats quitting as a decision process. Unfolding model of employee turnover is specifically focused on four psychological paths that an employee chooses when he leaves the job. Process of turnover starts from a shock that employee's premeditated judgment about their jobs. This shock then directly linked with employees system of belief and images. Ultimate result of this shock employee has to quit the job without considering emotional attachment with the organization (Nawaz, Rahman and Siraji, 2009).

2.5.5. Job Embeddedness Theory

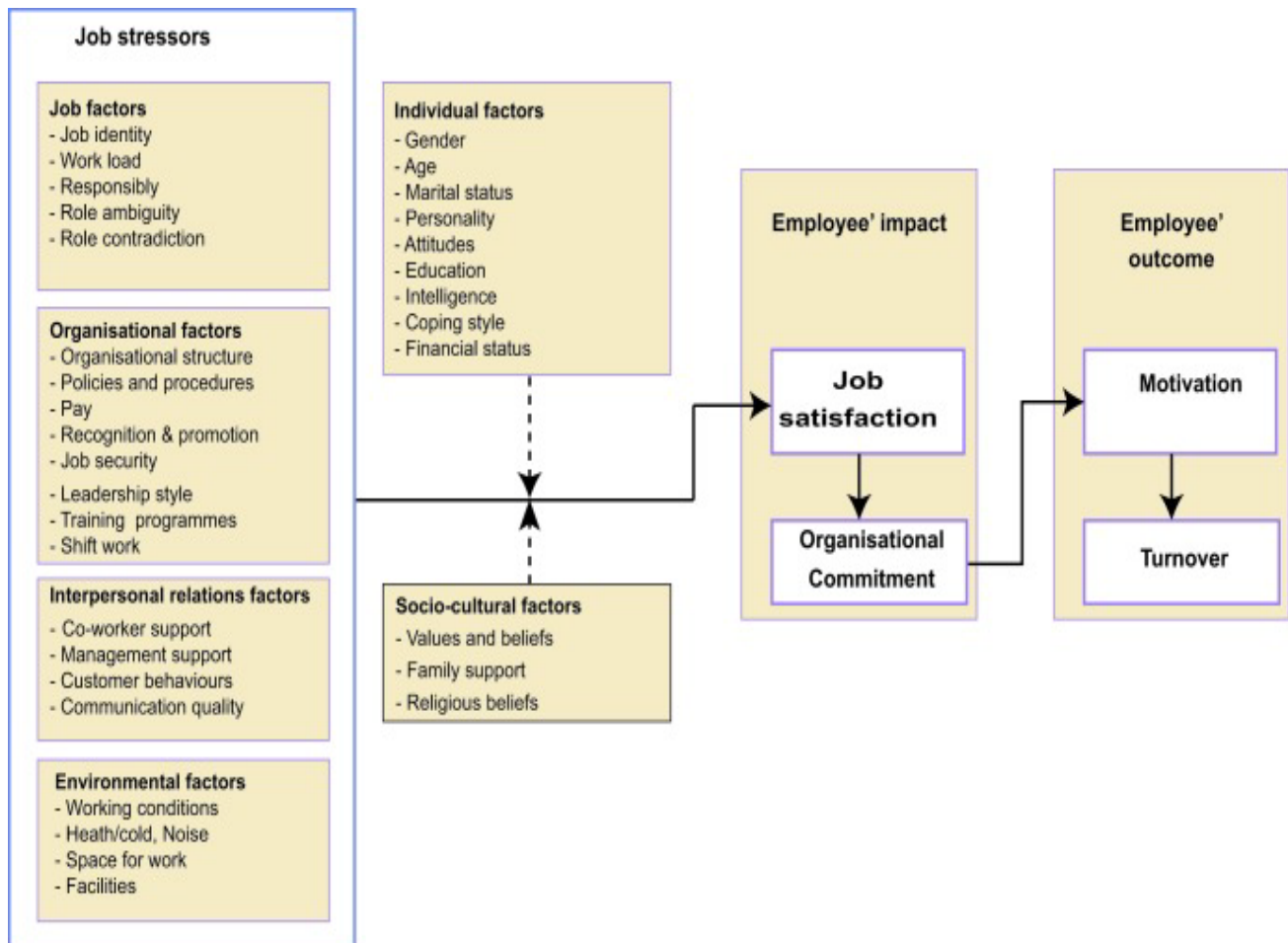
As said by Ramesh (2007), job embeddedness describes the factors that keep an individual from leaving the organization, in spite of experiencing situations that might lead to thoughts of leaving. Job embeddedness can be work related (positive relationships with supervisor and

coworkers, good health benefits) or non-work related (spouse works in the same area, parents live in the same community). These work and non-work domains can be further divided into three types of attachment that is links (how many people is the individual connected with), fit (does the individual feel well matched with their work and non-work environment), and sacrifice (what does the individual have to give up in order to leave).

2.6. Study Model

Based on the overall review of related literatures and the theoretical framework, the following model was developed. The independent variables, including demographic factors, job satisfaction, compensation, leadership styles, promotion, peer group relationship, working environment and job scope explained are assumed to be the causes of employee turnover.

Figure 2.1 Primary variables of employee turnover (Adopted from Mobley1978)



Source: International journal of Health policy and management. 2013 Aug; 1(2):169-176.

2.7 MOTIVATION

The concept of motivation is not new in the field of human resource management. Several scholars have defined and viewed this term in several fields and they have provided different meanings to motivation of employee. However, several of these definitions show similar ideas. From the perspective of psychology, human studies and economy motivation is referred to one reason or many that make an individual to get engaged in a specific behavior (Bratton & Gold, 2007, p.112). From this context, an individual can be influenced by several drives and fundamental needs such as food and desire for a state of being or an object can be included in this reason for motivating an individual to act in a specific manner or to perform certain tasks. On the other hand, the concept of motivation refers to extrinsic together with intrinsic factors that makes a person to take specific actions (Adair, 2009, p. 101).

2.7.1 Motivation and employees

It is reported by Yu (1999), that for the reduction of labor turnover and retention of productive workforce, it is important for management to improve working conditions and motivate the employee appropriately. They are required to comprehend the motivational process and needs of human resource in various cultures (Yu, 1999, 19).

For past several years, motivation among employees in hotel industry is an interesting topic for a number of researchers and scholars. The employee performance in hospitality organizations can be analyzed with their alertness, friendliness, appearance and their behavior. Moreover, the way they conduct their job responsibilities and perform their assigned tasks determine their motivation level in their job (St-Onge et al, 2009, 273). In other word, the employees' performance in hotels should create higher customer satisfaction so as to create repeated business with them. Hence, the success of an organization in hospitality sector, particularly in hotel industry is highly dependent on how well the leaders and management manage their work in this type of organization (Weston, 2008).

This shows that most significant asset of the organization in hospitality industry is the workforce including management and non management employees (St-onge et al, 2009, 275).

The employees' motivation, whether professional, skilled or non skilled is a considerable matter in every service organization. For hotels, level of motivation in employee is a major issue.

Management comes across several challenges in hotel industry to motivate their employees to remain on the job and to provide effective and good quality services as per the expectations of the customer (Cheng, 2005, 22).

The key point for reducing turnover is to change the style of working with employees by encouraging independence, career planning, open communication and sharing information. In conclusion, to lower employee turnover, it is suggested to:

- Encourage independence; work on career planning, employee education, learning and development, innovations.
- Communicate openly, honestly and, share information
- Ask and listen and then lower the difference between the desired and real situations,
- Encourage employees to increase their feelings of importance, satisfaction and usefulness for the organization.
- Appreciate employees' work and performance and secure their need for future security and recognition.
- Compensate and remunerate equally but in the context of performance.
- Encourage friendship and good relationships and work on organizational climate and open culture
- Share the vision of the management team and allow the strategy to spread to all parts of the organization
- Focus on recruitment and people's expectations, hire the right people in the right places and treat them with respect. Central European Review of Economic Issues 16, 2013.

2.7.2 Factors of motivation

As per the results of the study of Dr. Kovach related to the hospitality job related motivations of employees are mentioned below (Kovach, 2007, 61):

Job appreciation, Good wages, Opportunity for career growth, Security, Loyalty to employees, Sense of ownership, Interesting job, Careful discipline, Good environment for work, Sympathetic personal assistance.

Simon and Enz (1995) studied motivation factors for employees in hospitality industry. They surveyed 268 hotel employees from 12 hotels throughout the United States and Canada.

They found that employee in hospitality industry preferred following factors as the top three motivators (Simons and Enz, 2005, 24): Good salaries, Security for their job, Career development and professional growth opportunities.

As per literary analysis, it has been analyzed that employees motivation is most of the time used as a key strategic factor for the motivation of workers in hospitality industry (Casas-Arce, 2010, 11). Furthermore, it has been revealed that empowerment of staff is particularly correlated to motivation level of employees in hospitality industry. This is due to the fact that employees in this industry, particularly front line employees have direct contact with customers. The satisfaction level of customers for hospitality organizations can be improved by empowering workers to deal with the requests of customers and resolve their issues instantly devoid of supervision or dependence for assistance and support from management or supervisors every time (Boudrias et al, 2009, 638). Relate to turnover

2.7.3 Effect of Motivational factors on performance in hotel industry

In every kind of organization, managers have generalized the assumptions regarding what motivate the workforce. Motivation appears to be the only most significant determinant of organizational performance (Lawler, 1973, 115). It is argued by Rutherford (2005) that motivation brings in effectiveness in the organizational performance since motivated workforce look for better ways to perform all the time, in general these employees are more quality oriented and productive. Therefore, it is significant for management to comprehend how organization influences the motivation level of its individual employees (Rutherford, 2005, 94).

Lack of motivation in employees of hotel industry has adverse effects on overall performance of the organization. One of the major tasks of the human resource manager is to make sure the workplace motivation for employees. To keep the employees satisfied with their jobs and tasks they do the core function of human resource manager is to provide assistance to the general manager. If employees of an organization are not satisfied then they would fail to perform according to the expected norm and expected level.

2.8 JOB SATSFACTION

Employee satisfaction plays a vital role in defining the success of organizations. Employee satisfaction is considered weighty when it comes to define success of any organization. Satisfaction of Employee is most important particularly in the service industry. The enhancement of employee satisfaction is critical because it is a key to business success of any organization.

As noted by Lambert et al (2001), scholars speculate that employee turnover can be predicated using comprehensive measures of job satisfaction; otherwise stated, high job satisfaction is associated with low employee turnover. Moreover, research shows that the relationship between job satisfaction and actual employee turnover is moderated by intentions.

Job satisfaction is described as the positive attitude and emotion towards one's job and work environment. It reveals their value judgment about their expectations and perceptions of the effort they put in and the outcomes that they receive.

One of the reason that caused a highly employee turnover is because of the low job satisfaction offered by an organization. Job satisfaction includes the payroll and financial rewards, work environment, co-workers, supervision, scope of work, amount of work, career future, company identity, and physical work condition.

To insure an employee's satisfaction, an organization need to reward fairly for the work they have done by making sure rewards were for genuine contribution to the organization and consistent with the reward polices.

The reward also includes a variety of benefits other than monetary gains. However, many companies failed to do so. Unsatisfactory performance appraisal is one of the reasons for employees leaving a company. A lack of appreciation, a lack of teamwork and the perception that business owners don't care about their employees are consistently the highest-rated reasons for low job satisfaction.

Most environmental contributors to turnover can be directly traced to management practices. Turnover tends to be higher in environments where employees feel they are taken advantage of, where they feel undervalued or ignored, and where they feel helpless or unimportant.

Clearly, if managers are impersonal, arbitrary, and demanding, there is greater risk of alienation and turnover. Management policies can also affect the environment in basic ways such as whether employee benefits and incentives appear generous or stingy, or whether the company is responsive to employees' needs and wants. Management's handling of major corporate events such as mergers or layoffs is also an important influence on the work environment afterwards.

Salary scale is also known for the most common cause of the employee turnover rate being so high. Employees are in search of jobs, which pay well.

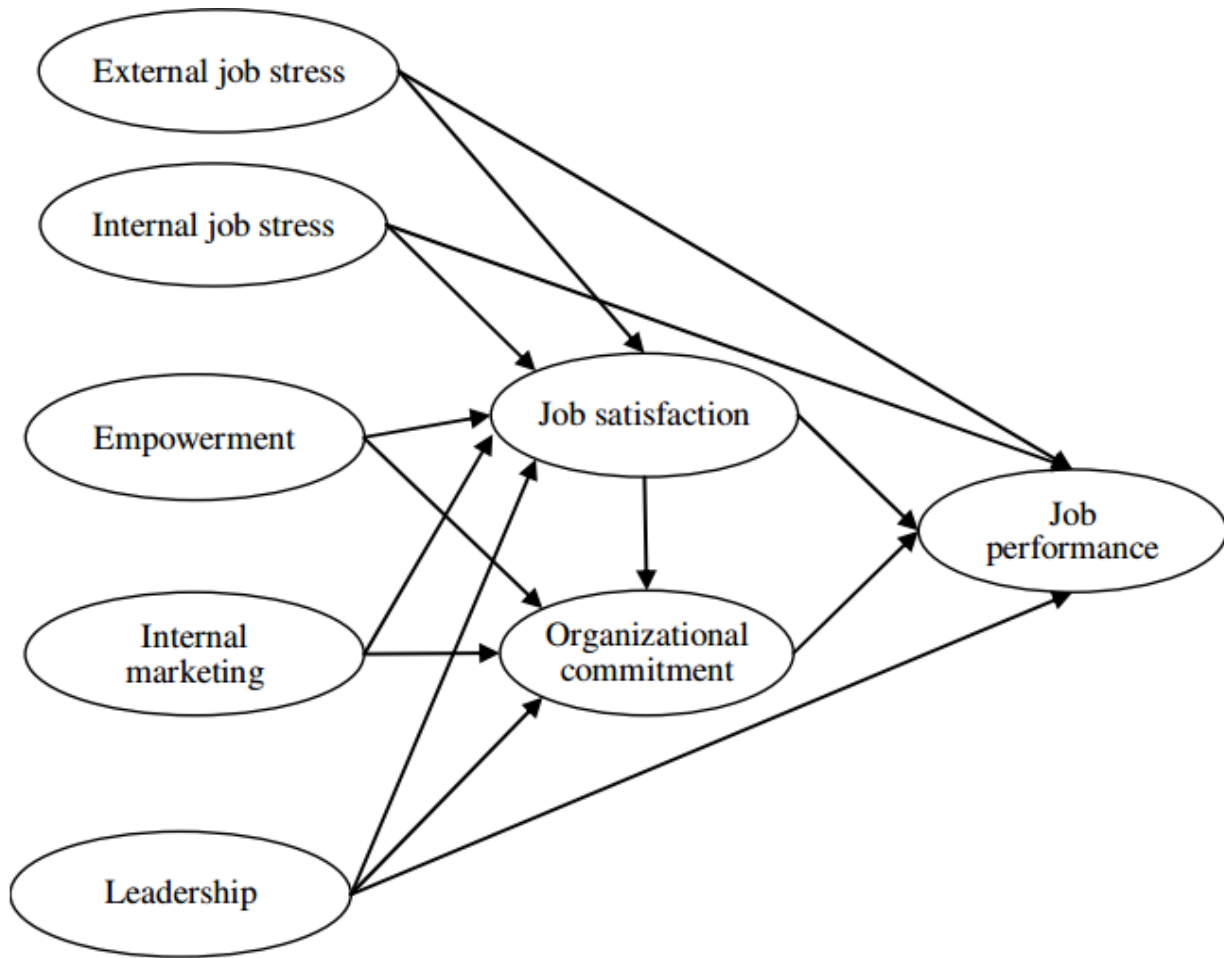
If the company, which they are working in, does not offer good and reasonable salary, they tend to hunt for jobs that pay them considerably well. The prospect of getting higher pay elsewhere is one of the most obvious contributors to turnover. This practice can be regularly observed at all levels of the economic ladder, from executives and generously paid professionals in high- stress positions to entry-level workers in relatively undemanding jobs.

The employers need to reduce their bureaucratic procedures in order for the employees to receive the best available benefits without any difficulty. They should make a note of what all benefits other organizations are providing, which may attract their current employees. Cited by, Elizabeth Medina, (2012).Colombia University

The five major factors that affect job satisfaction are external job stress, internal job stress, empowerment, internal marketing, and leadership (Ahmed et al, 2003).

How these factors affect job satisfaction can best be described in the form of following diagram.

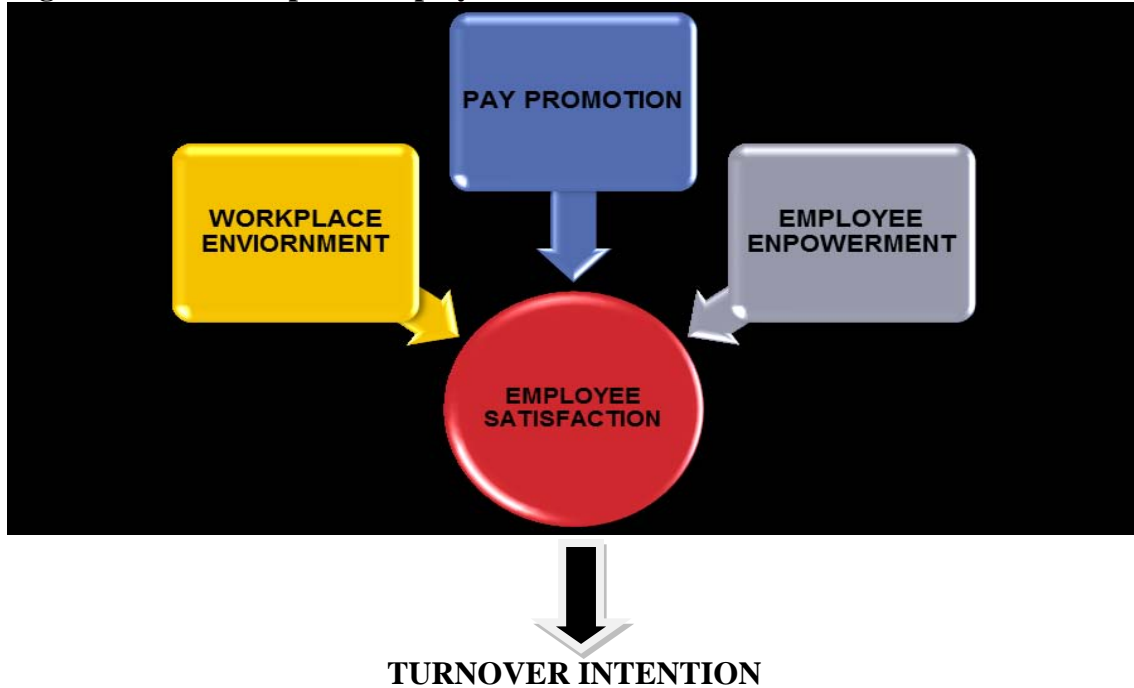
Figure.3 Factors affect job satisfaction



Source: **International Journal of Human Resource Studies** ISSN 2162-3058 2014, Vol. 4, No. 3

The satisfaction level is influenced with the level of benefits and pay and promotion system. The company must make best policies for the satisfaction of their employees to achieve goals. The employees can be motivated through pay, allowances and promotion. Whenever employee is satisfied there is the negative relation with employee turnover intentions but when employee is deprived from their rights there is high positive relation with turnover intentions which force employee to discontinue his job (Trevor, 2001).

- **Employee satisfaction is inversely proportional to the turnover intention.**
Figure.4 Relationship b/n Employee Satisfaction with Turnover intention



Source: International Journal of Human Resource Studies ISSN 2162-3058 2014, Vol. 4, No. 3

2.9 EMPLOYEE RETENTION

Retention is a voluntary move by an organization to create an environment which engages employees for long term. According to Chaminade (2007:1), this attachment relationship should be durable and constant and link the employee to the organization by common values and by the way in which the organization responds to the needs of employees.

The main purpose of retention is to prevent the loss competent employees from the organization, which could have an adverse effect on productivity and service delivery. Also, retention allows senior and line managers to attract and effectively retain critical skills and high performing employees. This is archived by providing these managers with information on retention and retention strategies that will insure that the goals and objectives of the organization are realized. Creating a retention strategy means placing the employees' needs and expectations at the center of the organization's long-term agenda in order to ensure the professional satisfaction of the

employee and create a trusted relationship. In this stable relationship, the employee remains in the organization by personal choice based on free will and considered decision.

Retention of employees is crucial to the overall success of any organization. Talented and high performing employees should be encouraged to remain in the organization by designing retention policies that will provide individual employees with opportunities to demonstrate their skills and ensure that they are matched with the right jobs.

Such retention policies should, in the view of Nyoka (2006:2) also include strategies that will enable employees to balance their work life demand with their family life by establishing family friendly policies and enabling flexible work arrangements to accommodate essential personal commitments.

With such effective retention policies in place, managers are able to keep the employee turnover at a manageable rate. It is imperative for organizations through the employment process, to attract quality employees to the organization. However, it is more important for managers to device strategies with which to retain these talented employees in the service of their organizations in order for employers to benefit from the investment already made in them.

Employee retention is one of the most critical issue facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover. Philips and Connell (2002:1) state that employee retention involves being sensitive to employees' needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005:8) include career growth and development, competitive compensation benefits, opportunities for training and supportive management.

Apart from the strategies mentioned above, employees should use a flexible approach to encourage retention and this approach should consider a number of value-adding components. Such components, Brown (2006:2) contends include mentoring/coaching, opportunities for skill and career development, as well as flexibility around the frequency and size of performance rewards and incentives. The whole process of retention is to ensure that employees are retained in the organization, especially employees with valued or needed skills or experience in a

scarce/critical field (where recruitment is difficult) competitive advantage. Turnover is a costly expense and a huge concern to employers and must be avoided.

High turnover represents a considerable burden on human resource and line managers, who constantly have to recruit and train new employees.

Employee retention stems from the employment process. Three employment processes (Recruitment, Selection & Placement) predetermines the effectiveness of retention strategy. For employee retention to be successful, it has to be linked positively to the process and practices of recruitment and the sources from which job candidates are recruited.

2.10 CHARACTERISTIC OF EMPLOYEE TURNOVER:-

1. Turnover happens: achieving zero percent turnovers is not realistic especially in today's job market.

2. Some turnover is desirable: New employees bring new ideas, approaches, ability, and attitude and keep the organization from becoming stagnant

3. Turnover is costly Turnover is expensive, costs that are more difficult to estimate includes customer service disruption, emotional costs, loss of moral, loss of experience etc.

Employee's turnover costs of an organization in different ways. These costs can be categorized as recruitment costs, selection costs, training costs, and separation costs.

Cost of Turnover = Separation costs + Replacement costs + Training costs

4. More money is not the "Silver Bullet"

Workers want to feel they are being paid comparable to what other companies pay for similar work in the industry.

2.11 BENEFITS OF EMPLOYEE TURNOVER:-

The benefits of employees' turnover to the organization include; labor costs are reduced, poor performers are replaced, Innovations are increased and opportunities for greater diversity are enhanced.

Employee may receive some potential benefit from a separation too. Individuals may escape from an unpleasant work situation and eventually find one that is less stressful or more personally and professionally satisfying.

2.12 MEASUREMENT OF TURNOVER:-

Employee turnover rates can serve as a useful management tool. Their interpretation, however, requires a great deal of care. The commonly used formula to calculate a crude turnover rate for any given period is described as shown below by the United Kingdom based Chartered Institute of Personnel & Development (CIPD, 2006) report.

➤ TURNOVER RATE OBTAINED BY FORMULA:-

Total number of leavers over a period
_____ **X 100**

Average number of staffs employed over a period.

However, Loquercio suggest that number of leavers should encompasses all leavers, including people who left due to dismissal, redundancy, or retirement, but it typically excludes those leaving at the end of fixed contract. The main purpose of excluding fixed term employees from the calculation is that it does not indicate the real problem of the organization. (Loquercio, et al, 2006)

CIPD also introduced stability index of staffs which indicates the retention rate of experienced employees. Like turnover rates, this can be used across an organization as a whole or for a particular part of it. The usual calculation for the stability index as cited by CIPD is CIPD, <http://www.cipd.co.uk/surveys> (Accessed on Nov 15, 2011).

➤ **STABILITY INDEX GIVEN BY THE FORMULA:-**

$$\frac{\text{Number of staffs with one or more year's service}}{\text{Number employed a year ago}} \times 100$$

This formula can be varied according to particular circumstances (e.g. basing it on a longer period of service). A rise in the stability index indicates the company is improving retention of more experienced staff.

Normally, a wastage rate would be expected alongside a low level of stability. If both percentages are high, this indicates the organization is experiencing problems with a small number of high turnover jobs (<http://www.mintrac.com.au>). (Accessed on Nov 15, 2011)

➤ **Turnover rate for an organization can be computed in a number of different ways.**

The U.S department of labor is widely uses as follows:-

$\frac{\text{Number of employees separation during the month}}{\text{Total number of employee at mid month}} \times 100 \%$

$$\frac{\text{Number of leavers}}{\text{Average number working}} \times 100 = \text{Separation Rate}$$

2.13 METHODS TO REDUCE TURNOVER

Reducing turnover starts with commitment

Increasing employees' organizational commitment is important to businesses. By increasing employees' organizational commitment, turnover can be reduced. Turnover adversely affects organizations in several ways. First, businesses have direct costs involved in recruiting and training employees. Turnover also has indirect costs for the organization.

Turnover may cause disruption within the company, thereby causing employees' performance to decrease. Turnover also has dysfunctional consequences for an employee such as a loss in

benefits, friendships and perhaps a disruption for the family. The negative effects of turnover make an understanding of its causes important to the organizations. Organizations can establish policies and procedures to retain their valued employees if they understand the causes of turnover, one cause being lack of organizational commitment. And by using the following methods we can reduce turnover. Hire the right demographic, hiring the right age for the position, if the organization can't offer carrier development and Understand employee motivation.

➤ **THE FIVE STEPS IN MANAGING STAFF TURNOVER:**

According to Gardner (2009:47), Neo, *et al.* (2006:223), Cabrera (2005:145), businesses can improve their ability to attract, retain and improve productivity by applying the Following five-steps in managing staff turnover:

P - Provide a positive working environment;

R - Recognize, reward and reinforce the right behavior;

I - Involve and engage;

D - Develop skills and potential; and

E - Evaluate and measure.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This study attempted to assess and make a comprehensive analysis of Sheraton Addis employees' turnover. Under this chapter research methods of this thesis will be discussed, how the data are collected, the contents of the research will also be talked about in this chapter. And in the final part there will be a validity and reliability analysis. The research design, population, sampling techniques, the data collection instrument, the procedures followed during data collection, and method of data analysis that can use are discussed as follows.

3.1. Research Design:

The participants of this study will be permanent employees of Sheraton Addis. The research design for the study uses a descriptive research type because it enables the researcher to answer the basic questions specified in the problem statement. Due to the nature of the research which is to be studied at one time, the researcher prefer to use a cross sectional descriptive approach.

3.2 Research methods

There are two kinds of research methods, qualitative research and quantitative research, in the empirical part of this thesis; both of the research methods are used. Quantitative research data was collected by sending questionnaires to employees of Sheraton Addis; In order to determine employees' turnover and its effect on organizational performance, structured close ended questionnaires were used to collect the data. Therefore from the total population of 800 employees the researcher selects 267 employees as a sampling technique. And qualitative research was done by personal interviews with the supervisors of Sheraton Addis.

1. Quantitative Research

“Quantitative research allows the researcher to familiarize him/herself with the problem or concept to be studied.(Golafshani 2003,597) Quantitative research seeks to quantify the collected data for analyzing, and find a final course of the action.

2. Qualitative Research

“Qualitative research forms a major role in supporting decision-making, primarily as an exploratory design but also as a descriptive design.”

(Malhotra & Birks 2003, 131) meaning that by using qualitative research, “why” instead of “how” will be found out. Qualitative research focuses on developing an initial understanding out of the research, and it is not based on statistics. Qualitative can be used alone or to support quantitative research. For this thesis, in order to get a better understanding of employee turnover and its effect on organizational performance, the researcher used the depth interview to support the quantitative research.

A. Data Collection

The data of this study is the primary data coming from the survey and the interviews.

Only 267 employees of 800 total populations are the sample group of this study. The questions on the questionnaire can be divided into two parts; the first part is about the respondent’s basic information, their gender, and age

The second part is about employees’ turnover and its effect on organizational performance, what opinions they have about employees’ turnover, how they realize the effect of employee turnover on organizational performance.

There are 267 questionnaire sent out to the employees of Sheraton Addis, 260 were answered. The response rate is 97%.

The interview questions were designed before the interviews took place, the questions are grouped in to three sections, the first section is about interviews’ background information, positions, work experience, and work tasks etc;

The second section is about purposes and effects of employee turnover in the case of the hotel; the third section focuses on the improvements of employee turnover. The interviews were done through telephone, individually with supervisors of Sheraton Addis. The supervisors’ opinions represent different views from different positions.

3.3 POPULATION AND SAMPLING TECHNIQUES:-

3.3.1 Target Population:-

The target population of the study was full time or permanent employees from all departments. The total population of the study was 800 employees.

3.3.2 Sampling Technique & Sample Size:-

“A sample design is a definite plan for obtaining a sample from a given population” (Kotarri,2004 p.56).For For the sake of ensuring high response rate and quick return of questionnaire, non probability sampling in the form of convenience sampling technique was employed.

In order to determine the sample size, this research has used the formula developed by Jef Watson (2001) who is research assistant, Cooperative Extension and Outreach at University Park. According to Watson (2001), effective sample size determination involve in five important step or processes namely,

1. Determining goals,
2. Deciding the desired precision of results
3. Determining level confidence
4. Estimating the degree of variability, and
5. Estimating the response rate.

The formula which is copyrighted by the Pennsylvania State University is indicated below:

The reference citation for this sample size formula is: Watson, Jeff 92001).

$$n = \frac{\left[\frac{P [1 - P]}{\frac{A^2}{Z^2} + \frac{P [1 - P]}{N}} \right]}{R}$$

Where:

n=Sample size

N=Population size=800

P=Estimated variance in population=50%

A=Desired precision=5%

Z=Based on confidence level=95% (1.96)

R=Estimated response rate=95%

Therefore by using the above formula, the sample size of this research was calculated to be 267 permanent employees. The total sample size (267) proportioned in each departments as shown in the following table:

Table.1 Sample Size Proportion in each department

NO.	Department	No of employees	Sample size proportion
1.	Front office Department	52	$(52/800)*267=17$
2.	Reservation Department	6	$(5/800)*267=2$
3.	Sales Department	6	$(5/800)*267=2$
4.	IT Department	6	$(6/800)*267=2$
5.	Food and Beverage Department	358	$(358/800)*267=119$
6.	Finance Department	35	$(35/800)*267=12$
7.	Engineering Department	125	$(125/800)*267=42$
8.	Human resource Department	12	$(12/800)*267=4$
9.	Security Department	75	$(75/800)*267=25$
10.	Recreations	15	$(15/800)*267=5$
11.	House Keeping Department	110	$(110/800)*267=37$
	Total	800	$(800/800)267=267$

Source: survey questionnaire

3.4 INSTRUMENT OF DATA COLLECTION

3.4.1 DATA SOURCES:-

The methodologies to be used in conducting the study are both primary and secondary data. Primary data includes both open ended and close ended questionnaires distributed to the employees of Sheraton Addis. In order to get additional information from various literatures the researcher used secondary data sources which are from both internal organizational sources like

exit questionnaires, magazines and from external sources like different books, websites and other researchers with similar or related topics which conducted before.

3.4.1.1 PRIMARY DATA:

The primary data will gathered through the techniques of questionnaire, interview, and personal observation.

➤ QUESTIONNAIRE:

During the process of primary data collection through questionnaire a non probability sampling in the form of convenience sampling technique will employ.

➤ INTERVIEW:

Interview is conducted to collect data about the background of the hotel and some aspects related to separation and turnover handling method within the human resource department of the corporation.

➤ PERSONAL OBSERVATION:

Personal observation is made to assess the internal environment of the hotel in the area of management versus workers relations.

3.4.1.2 SECONDARY DATA:

The secondary data is collected from different materials that are available in the organization, Such as publications, brochures and the hotel website. In addition to these different books, websites and articles are secondary data sources.

3.5 PROCEDURE OF DATA COLLECTION

The researcher has prepared the questionnaire and has personally visited each department of the Hotel to distribute the questionnaire. The process of data collection took about one month time. Most of the respondents of this research, as a customer contact employee of luxury collection hotel; they have the expected level of proficiency both in written and spoken English language

that enables them to effectively serve foreign customers. Therefore, understanding this questionnaire and providing appropriate response was not difficult for employees of Sheraton Addis.

3.6 VARIABLES OF THE STUDY:-

The study is primarily composed of two basic concepts. There are employees' turnover and organizational performance.

3.6.1 EMPLOYEES TURNOVER (INDEPENDENT VARIABLE)

In this study employees turnover was measured directly by administering a questionnaire. First the effect of employees' turnover on organizational performance was measured through a closed questioner which was adopted and modified from different papers. The analysis was performed by using descriptive statistics & correlation coefficient. For this purpose the researcher used SPSS version 20 software.

3.6.2 ORGANIZATIONAL PERFORMANCE (DEPENDENT VARIABLE)

The dependent variable that is taken for the study is organizational performance.

3.7 VALIDITY AND RELIABILITY ISSUE:-

Reliability is the consistency of the measurement; the result will not change every time when testing in the same way with the same subject."A measure is considered reliable if a person's score on the same test given twice is similar." (Web Center for Social Research Methods 1997)
Reliability ca not be measured; only can be estimated.

Table 3.1 Reliability Statistics

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.995	.996	43

By using cronbach's Alpha the researcher measure the instrument and it has a reliability of 0.995. This means that the research give a repeated or consistent results with repeated measurements of the same respondents with the same instruments or it is equivalence and similar results from the same respondents but by using different researcher or investigator. (John Wiley, Geoffrey, David D, David F.2005).Validity suggests that if the measure measures what it supposed to analyze .In short, validity is about the accuracy of the measurement.

It is vital for a test to be valid in order for the result to be accurately applied and interpreted. Validity isn't determined by a single statistic, but by a body of research that demonstrates the relationship between the test and the behavior it is intended to measure.

3.8 ETHICAL CONSIDERATION:-

The researcher would identify a problem that benefits the organization as well as the respondents being studied.

When the researcher developed the research question first convey the purpose of the study that would described to the participants. In order to collect the data, respect the respondents and the cite for the research because they have the right to decide what they want to do. The researcher would try to maintaining the confidentiality of all information that might affect the privacy and dignity of research participants. Finally on the research report writing the researcher would avoid misuses of results to the advantage of one group over the other. (John Wiley, Geoffrey, David D, David F.2005).

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter the researcher concerned with data analysis presentation that was collected through questionnaire, from secondary data that was obtained from different sources of the hotel and with the literature review part (chapter two of this paper) analyzed and interpreted. The questionnaires were prepared and distributed to different departments in the hotel. The researcher randomly selected and distributed the questionnaire for employees from those departments.

After collecting the data the researcher feed the responses into SPSS and go to the next step that means analyzing the data by using SPSS version 20 for windows and by using descriptive statistics determine percentage, frequency and mean of the variables. After analyzing those quantitative data gathered by questionnaire the researcher proceed the qualitative data gathered by direct observation of the researcher in order to assist the results of quantitative data and then finally both quantitative and qualitative data will be merged in the interpretation phase of the research. All questions related to turnover developed accordingly five point likert scale and the weight was

Strongly disagree =1

Neutral =3

strongly agree =5

Disagree = 2

Agree =4

The results of the thesis will be sent to the HR department of the hotel, if they are interested. And they will keep it as a reference in their future human Resource Development activities.

4.2 TRENDS OF TURNOVER AT SHERATON ADDIS

Employee turnover is frequent and it is becoming a serious problem at Sheraton Addis. The following table shows terminated- employed rate at the Hotel from 2011-2014 G.C

Table 4.1 Trends of turnover rate

year	Average employed	No. of employees resigned	Rate of turnover
2011 G.C	829	123	14%
2012 G.C	807	215	27%
2013 G.C	786	159	20%
2014 G.C	800	217	27%

Source: Own Survey, 2015

According to the Labor union information collected from the hotel exit interviews 14%, 27% & 20% of employees resigned in 20011, 2012 & 2013 respectively. And according to summarized data collected from all departments 27% of employees resigned in 2014. Which means within the last four years 714 employees' left their job.

The secondary data presented above shows that there is a relatively consistent employee's turnover with the last four years considered and this turnover might be due to a labor market opportunities created by the government policy to expand private Hotels and other institutions.

The employees' intention to turnover is found to be moderately high indicating that several employees are intending to leave the organization sooner or later unless some intervention is done by the management of the Hotel.

4.3 FREQUENCY DISTRIBUTIONS

This section describes the frequency distribution of respondents' personal or demographic characteristics. Demographic characteristics (Sex, Age, Marital status, Level of education and working experience) described by using frequency and percentage.

4.3.1 Frequency Distribution-Demographic Characteristic of the respondents

Table 4.2 Frequency Distribution-Demographic Characteristic of the respondents

S/No	Item	Measurement	Frequency	percentage
1.	Sex	Male	158	59%
		Female	109	41%
		Total	267	100%
2.	Age	20-30	98	37%
		30-40	104	39%
		40-60	65	24%
		Total	267	100%
3.	Marital status	Single	112	42%
		Married	146	55%
		Divorce	9	3%
		Total	267	100%
4.	Level of Education	Certificate	47	18%
		College Diploma	122	46%
		BA/BSC	86	32%
		MA/MSC	12	4%
		PhD	0	0%
5.	Working experience	1-5 years	107	40%
		5-10 years	97	36%
		10-15 years	58	22%
		Above 15 years	5	2%
		Total	267	100%

Source: Own Survey, 2015

Table 4.2 shows the summary of respondents' demographic factors. Accordingly, Item-1 of the table indicates, the distribution of the respondents by gender, and it is clear from the table that 59 % of the respondents are male while the remaining 41% are female. This implied that majority of the respondents are male.

Item-2 of the table specifies the distribution of the respondents by Age and it clear from the table that 37% of the respondents are between 20-30 years of age. This indicated that most of the employees about 76% are 40 or below years of age (middle age).this indicated that most of the employees are younger and Younger employees have an intention to switch from one job to another.

People in this age are expected to be energetic, productive and those who can make a positive change for the Hotel, if they can be retained and kept motivated.

Item-3 of the table is concerning the distribution of respondents by marital status, and it is clear from the table that 55% of the respondents are married. This indicated that as stated earlier in age distribution most employees are men, young and married.

Grobler et al (2006, P. 126) state that employees with a propensity to quit are young employees with little seniority who are dissatisfied with their jobs and a single person have the ease to move from one organization to another than married people.

Item-4 of the table is regarding that the distribution of respondents by level of education, and it is clear from the table that 82% of the respondents have a diploma and above. So it can conclude that the organization motley employee individuals with an educational level of Diploma and Degree holders.

This shows that Sheraton Addis has an educated employees who accept more responsibility and accountable for what they are doing. So there is a market competition to get these young, educated and experienced employees in the market.

Item-5 of the table also points toward the distribution of the respondents by tenure (year of experience) with the current organization, and it is clear from the table that 40% of respondents have 1-5 years of experience with the current organization and 24% of the respondents have greater than 10 years of experience. This indicated that most of the employees are young and have less than 10 years experience in Sheraton Addis.

4.3.2 Frequency Distribution- Respondents' Response about Salary Distribution in Birr

Table 4.3 Frequency Distribution- Respondents' Response about Salary Distribution in Birr

S/No	Item	measurement	Frequency	Percentage
1.	Salary range in Birr	Below1000	123	46%
		1001-3000	87	33%
		3001-5000	42	16%
		5001-7000	10	4%
		7001 and above	5	2%
		Total	267	100%

Source: Own Survey, 2015

Table 4.3 Shows that the distribution of the respondents by salary, and it is clear from the table that 46% of respondents are included in less than 1000 Birr basic salary. And 79% of respondents are included in the range of below <1000-3000 Birr. This implies that the basic salary of Sheraton Addis is not attractive but the respondents said that the service charge they got from the Hotel Guest compensate their basic salary.

4.3.3 Frequency Distribution-Respondents' Response about service years of respondents in last position.

Table 4.4 Frequency Distribution-Respondents' Response about service years of respondents in last position.

S/No.	Item	Measurement	frequency	Percentage
1.	Service years of Respondents in last position	Below 2 years	72	27%
		2-5 years	91	34%
		5-10 years	67	25%
		10-15 years	32	12%
		Above 15 years	5	2%
		Total	267	100%

Source: Own Survey, 2015

Table 4.4 Shows the distribution of the respondents by year of service in their last position, and it is clear from the table that 34% of the respondents have 2-5 years of service in their position and 27% of employees are new comers within two years time. This shows that 37% of respondents are working in the same position or department within 5-15 years time. One of Organizational factors that can potentially impact on staff turnover is that promotional opportunities. Pergamit and Veum (1999) established that greater the chances of promotion higher will be the job satisfaction of employees.

The fact that the majority of the employees due to the nature of the job of Sheraton Addis are professional and that they are mostly in the age group of 20-40 years, they expect a secured promotional ladder in the future.

4.3.4 Frequency distribution-view of Respondents about employee turnover in the Hotel

Table 4.5 Frequency distribution-view of Respondents about employee turnover in the Hotel

S/No	Items	Measurement	Frequency	percentage
1.	Is there a high turnover rate in your department?	yes	190	71%
		No	77	29%
		Total	267	100%
2.	How often newly recruited staff appears in your Department	frequently	54	20%
		Within a month	65	24%
		Within a year	138	52%
		Not at all	10	4%
		Total	267	100%

Source: Own Survey, 2015

As shown in table 4.3 above, 29% responded that there is no high turnover in their department where as 71% responded that there is a high turnover. However; it is possible to conclude that the turnover rate is so high figures to be considered by the Hotel. For further analysis take appropriate actions as required. The secondary data from different sources of the Hotel also shows' similar trends like the primary data.

Item-2 of the table indicates about the intensity of employee turnover in the Hotel. Respondents were requested to provide their opinion about the intensity of the employee turnover in the Hotel. As the result 52% of the respondents responded that new recruited staff appears at their department within a year, 24% said within a month, 20% of them replied that it was made frequently and only 4% responded as if they did not see at all. This implies that 96% of the respondents confirmed there is turnover in Sheraton Addis.

4.3.5 Frequency distribution-Respondents' Response about Monetary rewards

Table 4.6 Frequency distribution-Respondents' Response about Monetary rewards

S/No	Items	Measurement	Frequency	percentage
1.	How do you see your salary for the job you work when compared to similar organization?	Extremely Low	84	31.5%
		Low	150	56%
		Moderate High	20	7.5%
		High	13	5%
		Total	267	100%
2.	Do you think salary increment policy in Sheraton Addis is-----	Extremely unfair	179	67%
		Unfair	67	25%
		Fair	16	6%
		Excellent	5	2%
		Total	267	100%
3.	How does your organization reward employee's	Giving prizes	5	2%
		providing incentives	31	12%
		Open recognition	19	7%
		Bonus	212	79%
		No reward	0	0%
		Total	267	100%

Source: Own Survey, 2015

Table 4.6 shows the summary of to what extent respondents Response about Monetary rewards. As shown in item-1of the table,56% of the respondents feel their pay is low, 31.5% of them say

their pay is extremely low, 7.5% of them say moderate high, while the other 5% of respondents confirm their pay is high. Therefore it is a critical time for Sheraton Addis to revise its salary scales through the general assessment of salary scales in similar organizations so that it can challenge the ever changing business environment and retain its employees through maintaining equity.

Equity reviews insure that salaries for positions are internally competitive. External equity reviews are warranted if significant discrepancies exist between a position's salary and prevailing salaries positions in other companies or institutions with in the same geographic area. Difficulties in recruitment and retention support the need for an external equity review.

Equity reviews and any salary adjustments resulting from such reviews should not be used to address performance issue.

Compensation decisions must be made without regard to race, national origin, age, or sexual performance. Every effort must be made to insure that equity exists and the concept of equal work is embraced.

Wages have a significant impact on job satisfaction. Money not only helps people attain their basic needs but is also instrumental in satisfying upper level needs such as esteem and self-actualization. People perceive their remuneration as an indication of what they are worth to the organization (Net et al, 2004, p.552).

Equitable pay for the work performed is vital to keep workers loyal to their organization. In most cases, workers compare their efforts to the job and the output they gain in the form of pay with someone else's efforts and out puts in another organization.

As a result of such comparison, workers can assess whether they have got an advantage or not by staying at their organizations.

Item-2 of the table revealed more than half (67%) of the respondents thought that the salary increment policy is extremely unfair, 25% of them say that it is unfair, and 6% of the respondents believe it is fair and lastly small percentage (2%) of them respond as excellent. Therefore from the above data if salary increment policy is there, it does not seem appreciable with the eyes of employees. So Sheraton Addis has to do a lot to make the policy beneficial for all employees based on their contribution.

Item-3 of the table point to more than half (79%) of the respondents thought that there is a reward system in the hotel. As per the interview there is a bonus equivalent to one month salary within a year. Since the salary scale is not attractive the bonus as well.

4.3.6 Frequency Distribution-Respondents' response about turnover

Table 4.7 Frequency Distribution-Respondents' response about turnover

S/N0	Items	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	Female employees' did not quit their jobs than men's freely rather they are loyal to their organization	80	30	91	34	52	19	38	14	6	2	2.24
2.	Turnover intentions of highly qualified employees are higher than less qualified employees in the hotel	105	39	98	37	32	12	23	9	9	3	2.00
3.	Turnover intentions of younger employees are higher than older age employees in the hotel	133	50	108	40	15	6	8	3	3	1	1.66

Source: Own Survey, 2015

**Remarks: SA=Strongly Agree, A=Agree, N=Neutral, DA=Disagree, SD=Strongly Disagree
F=Frequency**

According to the data presented in table 4.7 above the following points are described.64% of the respondents agree and strongly agree on issues that “female employees did not quite from their jobs than men's freely rather they are loyal to their organization.” The reader can understand that majority of the respondents agreed that female employees did not quite from the organization. Horn and Griffeth (1995) also found that women did not quite their jobs more freely than did men; rather they were more loyal employees. 76% of the respondents agree and strongly agree on issues regarding “Turnover intentions of highly qualified employees are higher than less

qualified employees in the hotel.” This implies that those employees who have great qualification in education, experience and knowledge about work have a great chance of getting a better job opportunity. So, they leave the organization for other better job with better salary rather than stay.

90 % of the respondents responded as, agree and strongly agree on issues regarding “turnover intentions of younger employees are higher than older age employees in the hotel.” This implied that younger employee` specifically fresh graduates and employees who have less than five years experience did not satisfy with the salary because they cannot fulfill their basic needs. Grobler et al (2006, p.126) state that employees with a propensity to quite are young employees with little seniority who are dissatisfied with their jobs.

4.3.7 Frequency Distribution-Respondents’ Response about job satisfaction

Table.4.8 Frequency Distribution-Respondents’ Response about job satisfaction

S/No	Item	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	Job satisfaction level of employees has its own effect to employee turnover in the hotel.	98	37	90	34	38	14	22	8	19	7	2.16
2.	Job satisfaction level of younger employees is lower than older employees in the hotel.	94	35	72	27	62	23	21	8	18	7	2.24
3.	There is a good spirit of cooperation among my coworkers	40	15	42	16	68	25	56	21	61	23	3.21
4.	I am satisfied with the fiscal surroundings where I look	100	37	98	37	31	12	30	11	8	3	1.93
5.	I feel that my current work offers me job security.	21	8	19	7	42	16	86	32	99	37	3.83

Source: Own Survey, 2015

According to the data presented in table 4.8 above the following points are described. 71% of the participants respond disagree and strongly disagree on issues regarding “I believe that my present job provides me the opportunities for advancement.” This implies that the nature of the work itself it is routine and most of employees are working the same type of activities throughout the year. So after some level of experience there is no advancement.

71% of the participants responded as agree and strongly agree on issues regarding “Job satisfaction level of employees has its own effect to employee turnover in the hotel.” This indicated that employees who are satisfied with their job do not leave the Hotel. Job satisfaction was related to resignations (Mobley 1977; Porter and Steers 1973, Price and Muller 1986, Steers and Mowday 1981). Thus employees having job dissatisfaction leave their current employer more easily.

62% of the participants responded as agree and strongly agree on issue regarding” Job satisfaction level of younger employees is lower than older employees in the hotel.” This implies that, as stated earlier as a luxury collection hotel, employees may expect more before they become employees of Sheraton Addis, and when their expectation does not much, they may frustrate and dissatisfied with the current job they do. And the other factor contributed to reducing their satisfaction, is salary, they get minimum basic salary which equivalent to the price of one breakfast in the hotel, which is unable to fulfill their basic needs.

Even if teamwork is the nature of service industry, 44% of the respondents responded as disagree and strongly disagree on the issues regarding “There is a good spirit of cooperation among my coworkers.” This implies that, if there is high turnover, the work load will increase for the rest of employees and the cooperation among coworkers and individual performance will decline.

Having friendly and supportive coworkers lead to increased job satisfaction (Robbins, 1977).and Mobley theorized that job dissatisfaction likely leads an employee to think about quitting.

74% of participants responded as agree and strongly agree on issues regarding “I am satisfied with the fiscal surroundings where I look.” This implies that the fiscal surrounding of Sheraton

Addis satisfies most of its employees. And 69% of participants disagree and strongly disagree on issues regarding” I feel that my current work offers me job security.”

4.3.8 Frequency Distribution-Respondents’ response about causes of employee turnover

4.9 Frequency Distribution-Respondents’ response about causes of employee turnover

S/No	Items	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	You left the organization due to its incentive and salary package is low	122	46	106	41	21	8	12	4	6	2	1.78
2.	You left the organization because it doesn’t provide everything you need for performing your job.	98	37	88	33	37	14	25	9	19	7	2.18
3.	Other better opportunity for different organization.	87	33	74	28	57	21	41	15	8	3	2.29
4.	There was no promotion mechanism based on performance	108	40	111	42	19	7	18	7	11	4	1.93
5.	There was no good relationship between managers and employees.	108	40	100	37	26	10	23	9	10	4	1.98
6.	Disciplinary measures of Sheraton Addis were not properly laid down	99	37	90	34	49	18	21	8	8	3	2.06
7.	There was no good training and development practice at Sheraton Addis.	54	20	50	19	58	22	52	19	53	20	3.00
8.	Starting own business	53	20	52	19	58	22	50	19	54	20	3.00
9.	Work boredom is the causes of staff turnover.	106	40	122	46	20	7	13	5	6	2	1.85

10.	Staff members are not involved in decision making	108	40	118	44	18	7	13	5	10	4	1.88
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Source: Own Survey, 2015

According to the data presented in table 4.9 above the following points are described. 87% of the participants respond agree and strongly agree on issue regarding” You left the organization due to its incentive and salary package is low.” This implies that the hotel does not have enough otherwise attractive benefit packages that satisfy its employees so; employees who are attached to extrinsic motivation may leave the hotel. Because they become dissatisfied with the current situation.(Heneman, 1985) also found that lack of different compensation packages like fringe benefits and incentive pay definitely create an impact on retaining employee or departing from the organization.

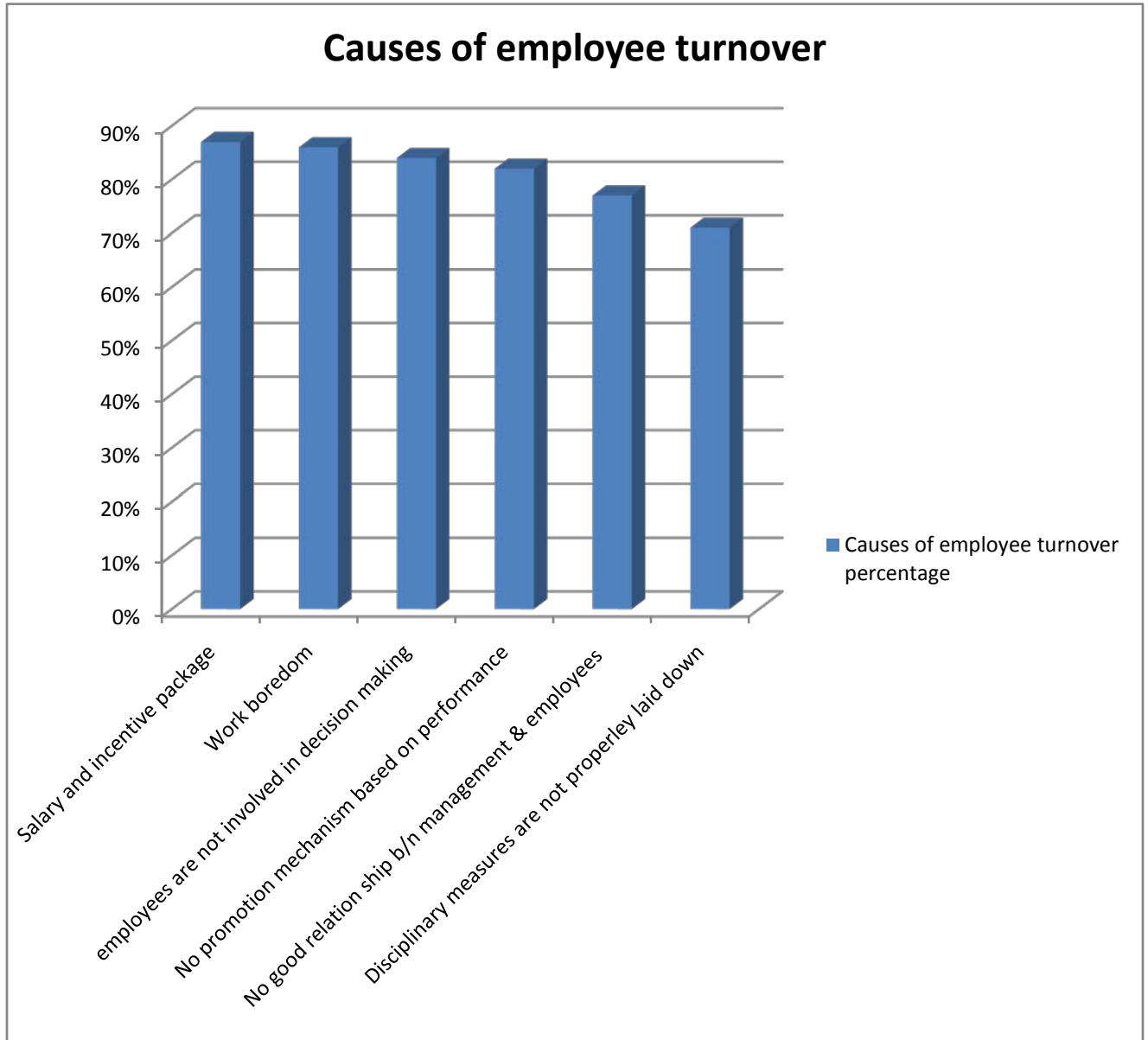
Pay is the most common cause of the turnover rate being so high. Employees are in search of jobs which pay well. Satisfaction with pay among existing employees is mainly related to feelings about equity and fairness. External and internal comparisons will form the basis of these feelings, which will influence their desire to stay with the organization (Armstrong, 2007).

86% of the respondents agree and strongly agree work boredom is the causes of staff turnover, 84% of the respondents agree and strongly agree that staff members are not involved in decision making, 82% of respondents agree and strongly agree on the issues regarding there was no promotion mechanism based on performance, 77% of the respondents agree and strongly agree There was no good relationship between managers and employees,71% of respondents agree and strongly agree that Disciplinary measures of Sheraton Addis were not properly laid down.

and 70% of respondents agree and strongly agree on issues regarding” You left the organization because it doesn’t provide everything you need for performing your job.” Those are the main reasons of employee turnover in Sheraton Addis.

As we can see the bar graph in detail, Sheraton Addis can trace the causes of employee turnover easily and take measure actions accordingly.

Fig 4.1 the main Causes of employee turnover in Sheraton Addis



4.3.9 Frequency Distribution-Respondents' Response about The effect of employee turnover on organizational performance

Table 4.10 Frequency Distribution-Respondents' Response about The effect of employee turnover on organizational performance

S/No	Items	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	High staff turnover causes too much wastage of resources when new staff settles in	121	45	106	40	20	7	13	5	7	3	1.80
2.	High staff turnover causes reduction in work productivity	106	40	107	40	22	8	19	7	13	5	1.98
3.	High staff turnover causes reduction in the quality of product/service produced	108	40	120	45	18	7	11	4	10	4	1.86
4.	High staff turnover causes employee not to meet their deadlines	118	44	102	38	23	9	14	5	10	4	1.86
5.	Staff turnover causes a decline in service provision	102	38	114	43	27	10	16	6	8	3	1.93
6.	Staff turnover disrupts service delivery	114	43	100	37	37	14	11	4	5	2	1.85
7.	Poor Service provided results in loss of customers	98	37	96	36	41	15	24	9	8	3	2.06

Source: Own Survey, 2015

According to the data presented in table 4.10 above the following points are described. 85% of the participants respond agree and strongly agree on issue regarding “High staff turnover causes too much wastage of resources when new staff settles in.” And “High staff turnover causes

reduction in the quality of product/service produced.” This implies that high staff turnover causes too much wastage of resources and reduction in quality of product/service produced.

82% of participants respond agree and strongly agree that High staff turnover causes employee not to meet their deadlines, 81% of participants respond agree and strongly agree that Staff turnover causes a decline in service provision, 80% of participants respond agree and strongly agree that High staff turnover causes reduction in work productivity and Staff turnover disrupts service delivery, and finally 71% of participants respond agree and strongly agree that Service provided results in loss of customers.

4.3.10 Frequency Distribution-Respondents’ Response about the effect of employee turnover on employee’s performance

Table 4.11 Frequency Distribution-Respondents’ Response about the effect of employee turnover on employee’s performance

S/No	Items	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	High staff turnover increases work load for each employee	112	42	112	42	19	7	15	6	9	3	1.87
2.	High staff turnover increasing work stress to present workers	114	43	108	40	21	8	13	5	11	4	1.88
3.	High staff turnover breaks team work within the organization	110	41	106	40	22	8	16	6	13	5	1.94
4.	Employees spend too much time in training new staff members	97	36	93	35	47	18	26	10	4	1	2.06

Source: Own Survey, 2015

According to the data presented in table 4.11 above the following points are described. 83% of the participants respond agree and strongly agree on issue regarding “High staff turnover increasing work stress to present workers.” and 82% of participants respond agree and strongly agree on issue regarding “High staff turnover increases work load for each employee.” 81% of

participants agree and strongly agree that High staff turnover breaks team work within the organization, and finally 71% of participants agree and strongly agree that Employees spend too much time in training new staff members.

In some cases, stress can be positive and affects workplace in a positive way by making employees to fully exploit capabilities of employees and by elevating the vigilance of the employee (Ricardo, Amy and Rohit, 2007, 4). If there is a certain level of stress then it can add potential advantages in the efficiency of the organization. But, once the stress becomes excessive and its level rises then it become unsafe. In this case, it not only affects the performance of employees but it adds the cost of organization such as healthcare cost and increased turnover.

4.3.11 Frequency distribution- Respondents' Response about ways that can be used to reduce employee turnover

Table 4.12 Frequency distribution- Respondents' Response about ways that can be used to reduce employee turnover

S/No	Items	SA		A		N		DA		SD		Mean
		F	%	F	%	F	%	F	%	F	%	
1.	Work relationship between management and employees must be improved	117	44	114	43	17	6	14	5	5	2	1.79
2.	Employee must be recognized when they achieve goals	108	40	112	42	23	9	19	7	5	2	1.88
3.	Employee must be paid well (reasonable salary)	124	46	126	47	7	3	5	2	5	2	1.66

Source: Own Survey, 2015

According to the data presented in table 4.12 above the following points are described. 93% of the participants respond agree and strongly agree on issue regarding “Employee must be paid well (reasonable salary).” And 87% Of participants agree and strongly agree that Work relationship between management and employees must be improved. Finally 82% of participants agree and strongly agree that Employee must be recognized when they achieve goals.

4.4 ANALYSIS OF SUBJECTIVE QUESTIONS

One subjective question was included within the researcher's questionnaire to collect, diversified ideas from the respondents to get solutions or recommendation to avoid a large rate of employee turnover in the organization, to check the real existence of employees turnover in Sheraton Addis Luxury Collection Hotel, to assess its effects on the Hotel non-financial Performance and to have sound ideas how to reduce turnover and to support ideas from other objective questions, therefore the respondent answered each question in the following ways.

The reasons why customer complain increased as suggested by the respondents were due to inexperienced new employees where they take much time to adapt themselves to the work environment, in addition to this some of the duties require accuracy like those related to cash and the new employees have fear to know the hotel system in detail, this can delay the service delivery and increase customers` complain.

With regard to lack of recognition by the organization the respondents complain the salary increment policy which is unfair related to the organization performance.

Based on the researcher interview & questionnaire most of the respondents have the intention to leave the Hotel and their reasons are to change the routine job of the Hotel, to make their own business, to get better salary, by discouraging the increment, promotion and transfer policy which is not clear and not free from fraud and autocratic management style.

The employees also asked what they have observed in relation to turnover and organizational performance in their context, and they replay that turnover leads lose of skilled, educated and experience staffs which negatively affect the hotel service, reduce social interaction, demoralizing and reduce a sense of belongingness for the existing staff. Turnover also brings lack of proud and goodwill of the organization, the cost of training and recruitment because of

turnover is increased. Another point mentioned by the respondents are if there is a high turnover the Hotel become training center for similar hospitality industries.

Lastly the respondents recommend that the management have to reduce turnover and their recommendation starts with the revision of salary increment policy it is based on individual performance that is used to appraise and recognize competent employees and set the system that identifies individual performance, secondly the management also give attention to the lower level staff to feel belongingness. Assigning of employees based on their educational background and work experience, motivate employee by giving various fringe benefit like transportation allowance, full coverage of training & education fee also recommended by the staffs.

4.5 PEARSON CORRELATION:

A correlation coefficient is a very useful means to summarize the relationship between two variables employees turnover (independent variable) & organizational performance (dependent variable) with a single number that falls between -1 and +1 (Field, 2005). A correlation analysis with person correlation coefficient (r) was conducted on all independent and dependent variables in the study to explore the relationship between variables. According to guidelines suggested by Field (2005) to interpret the strength of relationships between variables, the correlation coefficient @ is as follows: if the correlation coefficient falls between 0.1 to 0.29, it is weak, 0.3 to 0.49 is moderate and >0.5 is strong relationship between variables. In this study, Bivarirate person correlation was used to examine the relationship between turnover and organizational performance in the case of Sheraton Addis.

➤ Pearson correlation of employees’ turnover with organizational performance

Table 4.13 Correlations

		High staff turnover causes reduction in work productivity	turnover
High staff turnover causes reduction in work productivity	Pearson Correlation	1	.984**
	Sig. (2-tailed)		.000
	N	267	267
	Pearson Correlation	.984**	1
turnover	Sig. (2-tailed)	.000	
	N	267	267

** . Correlation is significant at the 0.01 level (2-tailed).

As we can see from the above table 4.13, the correlation between turnover and organizational performance(work productivity) is 0.984** which is greater than 0.005.This indicates that , this two variables have a strong positive relationship which means when the rate of turnover increases the reduction in work productivity also increases.

4.6 YOUNGER AND OLDER EMPLOYEES

The researcher observed that there is attitudinal difference between younger and older employees towards some issues like bureaucracy, knowledge towards work, perception about their supervisors, and image of the Hotel.

In the case of bureaucracy younger employees do not like any type of the Hotel's bureaucracy because it is difficult to accomplish tasks with autocratic nature of the management.

In the case of perception about their supervisors, the elder employees perceive that boss is a boss rather than a facilitator, these perception leads to accepting and doing jobs when their boss asks instead of doing themselves. But the younger employees perceive that boss is a facilitator rather than a boss this means that a manager or a supervisor is nothing but he/ she is one person who has a better knowledge, experience on how to manage people, good communication and interpersonal skills, good human relation skill and so on. So they can freely do their job, ask questions, and can create new way of doing jobs rather following the old scenario. However, the perception of the elder employees affects their perception.

In conclusion the above attitudinal difference reduces younger employee's job satisfaction and creates negative perception to the Hotel. And finally leads to quite from the Hotel.

CHAPTER FIVE

5. SUMMARY OF FINDINGS AND RECOMMENDATIONS

The rate at which employees enter and withdraw from organization has become a source of concern to HR managers given the damaging effect of frequent turnover could have on organizations. In order to reduce the rate of turnover in organizations, the present study sought to identify motivational variables that managers could use in order to influence employees retention. Frequent employees turnover is costly to organizations and destructive to the attainment of organizational goals. Many organizations are been able to identify properly the real reason or reasons that lead to key employees to leave. Most managers believe that increasing financial benefits of employees would motivate them to remain while others provide attractive working environment as a retention strategy. The present study therefore, sought to determine the extent to which selected motivational variables which are combinations intrinsic and extrinsic variables were being applied and were influencing employees' decision to remain or quite an organization.

5.1 SUMMARY OF FINDINGSS

Regarding the demographic and personal characteristics the researcher found that most of the time female employees did not quite from the organization compared to males rather they are loyal to the hotel. Older employees who have long stay in the hotel did not leave the hotel when compared to new and younger employees. Most employees of the organization are young and first degree holders who have more intention for turnover. Because of the routine nature of the work most current employees believe that when their age increases they do not want to stay in the organization. Most respondents believed and responded as, when their level of qualification increases their chance of working in the organization decreases. The study also found that employee of the organization gained valuable working experience due to the chance they obtained to work at Sheraton Addis. Most of the time for current employees' qualification & experience are not considered to promote them. Instead they focus to new blood.

Regarding different benefit packages the researcher found that the Hotel does not have enough otherwise attractive benefit packages to satisfy its employees, and this is the root cause of employee turnover. The other factors are job stress; the organization has no formal employee representative; Disciplinary measures of the organization are not properly lay down; higher officials of Sheraton Addis do not allow employees to participate in decision making process. It was found that the perception of unfairness about the level of compensation, and inequality in the sharing of pay and rewards strongly creates employee turnover.

The study also found that job satisfaction level of younger employees is lower than older employees; most employees depart from the hotel because their expectation does not match before they work for the hotel and after. Employees of the Hotel clearly identified the mismatch between the positions they hold and the skill and knowledge they have. Job satisfaction level of employees affect employees turnover in the Hotel.

Regarding the effect of employee turnover on organizations performance More than 80% of the participants respond agree and strongly agree on issue regarding “High staff turnover causes too much wastage of resources when new staff settles in.” And High staff turnover causes reduction in the quality of product/service produced.” Employee not to meet their deadlines, a decline in service provision, reduction in work productivity and Staff turnover disrupts service delivery, so employee turnover has strong negative effects to the performance of the Hotel.

5.2 CONCLUSION

There are a number of findings concluded from this study. The review of literature shows different types of employee turnover, and its cost. It shows several causes of employee turnover and methods to reduce this turnover. In the Hotel most of the time female employees did not leave the Hotel; younger employees are higher turnover intention. An employee who has high income does not have an intention to quite. Older employees who have long stay in the Hotel did not leave; turnover intentions of highly qualified employees are higher. Turnover has strong negative impacts to the performance of the Hotel, by reducing the performance of work between the times of quits and hiring of new employees, cost of training and recruitment for new employees , loss accumulated knowledge, loss of experienced employee etc. The study has also found that the root cause of employee turnover in the Hotel is lower salary scale and different benefit packages, work burden, lack of employee evolved decision making and no good relationship between management and employees.

5.3 RECOMMENDATIONS

In general market place, organizations worldwide relay on their employees in order to compete favorably and gain competitive advantage. There is growing need to the hospitality industry in Ethiopia to improve on service delivery. To be able to do this effectively, managers in hotel service industry most devices a practical means of retaining key employees whose expertise is critical to service delivery. One of achieving this is to motivate these employees through comprehensive and proactive retention program.

The following recommendations are suggested in view of the findings of present study.

- Since the management of the organization is aware of skilled manpower turnover, it should strongly work on retention mechanisms such as educational development, empowerment, high performance work practice, performance management, regular trainings and opportunities to knowledge sharing, encourage employees to participate in decision making, arrange good working environment, giving promotions, sharing benefits based on their performance, and giving clear path for career development.

- The organizations should revise its compensation or monetary reward or payment system consistent with labor market and living expenses of the societies including competitive pay scale, housing allowance, better incentives, and medical benefits to retain well educated employees.
- It recommended that create a healthy work environment by developing strong relation between management and employees in the Hotel, because only clean work environment does not enough. And Supervisors of the organization should work closely with subordinates and arrange flexible working condition to retain employees.
- Supervisors of the organizations should work closely and communicate positively with subordinates and arrange flexible working circumstances to retain well experienced and well educated employees.
- Top management should recruit more employees to close the gap left by previous employees in order to reduce work stress to present employees and to reduce overtime. Top management should encourage team work within the organization to improve organizational effectiveness. Top management should provide training to new staff members in order to reduce wastage of resources when new staff settles in and at the same time to improve quality of service provided by Hotel.
- It is also recommended that employee recognition is proved to play an important role in order to avoid employee turnover and reduce its effect on the performance of the organization. Best employee award program policy and procedure is to establish guidelines for the evaluation, selection and awarding of employees for excellence in the performance of assigned duties and enhancement of work culture, ethicality and team spirit in their areas of work.

Questionnaire



ADDIS ABABA UNIVERSITY



SCHOOL OF COMMERCE POSTGRADUATE

HUMAN RESOURCE MANAGEMENT PROGRAM

Dear Respondents:

I am Masters` program Student in Addis Ababa University School of Commerce. I would like to express my sincere appreciation for your generous time, honest and prompt responses.

This voluntary survey is a part of my partial fulfillment of MA degree in human resources management. The purpose of this study is to examine employee`s turnover and its effect on organizational performance in the case of Sheraton Addis Luxury Collection Hotel. Your response is very important. Please answer all questions, as your survey can not be used in the study unless each question is answered.

Please feel free to express your feelings in an open manner. This questionnaire will take approximately 10-15 minutes. Your honest responses are very important for the success of this project. You are not required to write your name. All information you provide will be strictly kept CONFIDENTIAL & will be used only for academic research purposes. If you have any questions about this survey, please do not hesitate to contact me at my phone number 0911435859 or via my email address: ztegegne@yahoo.com. Thank you very much for your time and cooperation.

With best regards,

ZewdnehTegegne

MA Student, Addis Ababa University School of Commerce

9. How often newly recruited staff appears in your Department?

Frequently----- within a month-----

Within a year----- Not at all-----

10. How do you see your salary for the job you are working when compared with pay in similar organization?

Extremely low -----Low -----

Moderate high----- high-----

11. Do you think salary increment policy in Sheraton Addis is-----

Extremely unfair----- Unfair-----

Fair----- Excellent-----

12. How does your organization reward employees?

Giving prizes----- Receiving incentives-----

Open recognition----- Bonus-----

No reward-----

Section three: Demographic and personal characteristics

Q. NO.	Demographic and personal characteristics	Strongly	Agree	Neutral	Disagree	Strongly
		Agree				Disagree
		1	2	3	4	5
13.	Female employees' did not quit their jobs than men's freely rather they are loyal to their organization					
14.	Turnover intentions of highly qualified employees are higher than					

	less qualified employees in the hotel					
15.	Turnover intentions of younger employees are higher than older age employees in the hotel					

Section four: Job satisfaction

Q. NO.	Job satisfaction	Strongly	Agree	Neutral	Disagree	Strongly
		Agree				Disagree
		1	2	3	4	5
16.	I believe that my present job provides me the opportunities for advancement.					
17.	Job satisfaction level of employees has its own effect to employee turnover in the hotel.					
18.	Job satisfaction level of younger employees is lower than older employees in the hotel					
19.	There is a good spirit of cooperation among my coworkers					
20.	I am satisfied with the fiscal surroundings where I look					
21.	I feel that my current work offers me job security					

Section five: Causes of employee turnover

Q. NO.	Causes of employee turnover	Strongly	Agree	Neutral	Disagree	Strongly
		Agree				Disagree
		1	2	3	4	5
22.	You left the organization due to its incentive and salary package is low					
23.	You left the organization because it doesn't provide everything you need for performing your job.					
24.	Other better opportunity for different organization.					
25.	There was no promotion mechanism based on performance					
26.	There was no good relationship between managers and employees.					
27.	Disciplinary measures of Sheraton Addis were not properly laid down					
28.	There was no good training and development practice at Sheraton Addis.					
29.	Starting own business					
30.	Work boredom is the causes of staff turnover.					

31.	Staff members are not involved in decision making					
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Section Six: The effect of employee turnover on organizational performance.

Q. NO.	The effect of employee turnover on organizational performance.	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		1	2	3	4	5
32.	High staff turnover causes too much wastage of resources when new staff settles in					
33.	High staff turnover causes reduction in work productivity					
34.	High staff turnover causes reduction in the quality of product/service produced					
35.	High staff turnover causes employee not to meet their deadlines					
36.	Staff turnover causes a decline in service provision					
37.	Staff turnover disrupts service delivery					
38.	Poor service provided results in loss of customers					

Section Seven: The effect of employee turnover on employee's performance

Q. No.	The effect of employee turnover on employee's performance	Strongly	Agree	Neutral	Disagree	Strongly
		Agree				Disagree
		1	2	3	4	5
39.	High staff turnover increases work load for each employee					
40.	High staff turnover increasing work stress to present workers					
41.	High staff turnover breaks team work within the organization					
42.	Employees spend too much time in training new staff members					

Section Eight: Ways that can be used to reduce staff turnover.

Q. No.	Ways that can be used to reduce staff turnover.	Strongly	Agree	Neutral	Disagree	Strongly
		Agree				Disagree
		1	2	3	4	5
43.	Work relationship between management and employees must be improved					
44.	Employee must be recognized when they achieve goals					
45.	Employee must be paid well (reasonable salary)					

OPEN ENDED QUESTIONS

1. In your opinion what will be the solutions or recommendation to avoid a larger rate of employee turnover in the organization?

Thank You for Your Cooperation!!