A STUDY OF INCREASING ATTRITION RATE OF EMPLOYEES IN HOTEL INDUSTRY WITH SPECIAL REFERENCE TO AGRA AND SURROUNDING AREAS

Shilpi Saxena, Dr. Pradip Manjrekar

Management Consultant & Ph.D Scholar.
Sr Univ. Prof. & Sr. Ph. D Guide, D Y Patil University, Navi Mumbai.

Abstract: This study aimed at finding out the facts pertaining to increased attrition rate in the hotels of Agra city and surrounding areas. A survey in the form of a questionnaire and interviews was conducted from the sample of employees of hotels in Agra including 3-star, 4-star and 5-star categories to understand their views. The findings of research suggests that: Long working hours and low salaries are the major factors that affect the attrition rate in hotels which has a great impact on customer satisfaction and also reputation of the hotel.
Key words: Attrition rate, hotel industry, employee turnover.

1. Introduction:

The Hotel industry in India is there since British Times, but at a very slow growth. However, India is flooded with hotels and that too with all international brands. The hotel industry is in the service industry and is diverse in nature. Due to accelerating growth of service economy, the hotel industry is growing and creating opportunities. The average room rate (ARR) and occupancy are the two important factors in hotel industry that determines profitability. There are segments in hotel industry that include business hotels, resorts, resorts, apartments, time-share etc., along with Food and Beverage outlets. There is a huge growth in the number of hotels and rooms in the three- star, four-star and five-star and deluxe category (Ministry of Tourism, May 2018)

India is also getting famous for tourism destination, wedding destination and very famous for MICE (Meeting, Incentive, Conference and Event). According to ITB (International Tourismus Borse) in year 2014-15, MICE has been accounted for around 54% of foreign travels. Hotel and tourism accounts for 94% of the GDP and is the 3rd largest foreign exchange earner for the country and ranked 7th in terms of tourism contribution to GDP in 2017. (IBEF Report, 2017)

1.1 Hotel Industry and Employment Opportunities:

Being the second populated country in the world, India adds a huge population to workforce of hotel manpower but only a small percentage manage to secure their job. The industry has ample scope and opportunity from luxury five-star hotels to small establishments like Cafes, Quick service restaurants, Discotheques, Night clubs and Casinos. The employees working here have opportunities to develop various skills like:

- Multi-tasking
- Customer service
- Soft skills
- Working in a team
- People skills dealing with an array of different types of people.
- Being able to handle work pressure
- Leadership skills

Being a labor intensive, service industry, and the hotel industry sector of India has proven as a channel of advancement for growth. Besides, the job of chef, waiter, managers, tour guide and travel agents, there are numerous opportunities that evolved with new trends in the sector like:

- Airline catering and Cabin service
- Quick service Restaurant
- Beverage, Food and Confectionary Production
- Institutional and Industrial catering
- Even Government Organisations like armed forces, Ministerial convention and Railway Services
- Cruise Ship Management
- Casino

1.2 Attrition rate in Hotel Industry:

Attrition is situation where; due to job dissatisfaction, new opportunity in the market and various other factors; the employees leave an organization and joins another.

It is very alarming that the attrition rate in hotel industry is rising. Generally, all hotels carried out special programs from induction to all specifics required to groom the new employee to accommodate him/her according to their own pattern being followed. And in such cases if employee left the job within 6 months, it becomes a big loss. An employer always expects that employee spent at least 3-4 years to recover training investments and gain through his experience to add value to subsequent roles.

In India, it is generally seen that the age groups of 18-24 years in hotel industry try frequently changing their job for reasons like lack of job satisfaction, long working hours, salary factors etc.

Successful tourism development depends on effective functioning of tourism organization involving number of activities, coordination, leadership and managing the manpower. But rising attrition rates are posing a major threat to hotel groups. Supporting this view Federation of Hotel and Restaurant Association of India (FHRAI) has gone on record saying that industry leaders are worried about losing qualified trained professional to outer shores.

1.3 Attrition rate of hotel employees in Agra and surrounding areas:

Agra (Uttar Pradesh) stands among the top 5 states of India that attracts overseas tourists' viz. Kerala, Tamil Nadu, Delhi, Uttar Pradesh and Rajasthan. Agra is growing its popularity for Tourism nationally and internationally and providing highest GDP through tourism in the State.as tourism increases, so as demand of manpower too raises in Agra and surrounding areas lie Mathura, Vrindavan, and Barsaane etc. where people visit and avail the hospitality. But employee retaining faces same issues as other industry units. Employee attrition rate is one of the problems being faced by HR Managers in Agra Hotels. One of the reasons of turnover in hotel industry by employees is not being well paid even after putting long working hours of hard work and dedication. One more reason behind attrition in Agra is that employees generally take 6 months to 1 year of experience in the 5-star hotels and then want to pursue their career abroad for good wages being offered.

2. Objectives:
  1) To identify the factors contributing to attrition rate in Agra and surrounding areas.
  2) To study the methods adopted by Hotel Industry to reduce attrition rate.
  3) To examine the impacts of attrition rate in Hotel Industry in Agra and surrounding areas.

3. Hypothesis:
  Hypothesis 1:
  Ho: There is no significant relationship between age and attrition rate.
  H1: There is significant relationship between age and attrition rate.
Hypothesis 2:
  Ho: There is no significant relationship between educational qualification and attrition rate.

H1: There is significant relationship between educational qualification and attrition rate.
Hypothesis 3:
Ho: There is no significant relationship between lack of experience and attrition rate.
H1: There is significant relationship between lack of experience and attrition rate.

4. Literature Review:

Being the most privileged destination, India has grown a lot in Hotel Industry and International brands. To maintain it has to be assured by the industry to provide best services for customers. But hotel industry faces lots of issues regarding the employees and their issues related to attrition from organization. Many researchers have presented various views and findings regarding the attrition pattern of hotel industry and the factors behind its increasing rate.

Overview of the study:

Dr. Kalyan Laghane , (2012) studied retention management in Indian hospitality industry. The findings of the study suggested that "Talent management integrates traditional talent-related functions that were considered as "administrative" functions into routine business processes. By "embedding" people management processes into standard business processes one can force line managers to think of recruiting, retention, development, etc. as essential activities that make a significant contribution to any manager's business results and success."

Emmanuel Umoru Oki (2014) explained in the study that if employee is not satisfied with their jobs then they will not be committed to the work and organization and provide poor service to the customers as well. The researchers explained that most of the customer focused organization look forward to impart positive strategies and satisfy the customer by knowing the need to retain employees and reduce the attrition level.

Gangai, K.N. (2013) found that attrition rate is high in newly joined employees than senior ones. It was also observed that new employees leave organization within few months also, as their expectations did not match the offered. Researcher divided hotel industry into front line that interacts with guests; supervisory and the managerial levels; to explain their work formats. Attrition rate at younger level was found higher and it decreases at higher levels. It was also observed that the cost incurred in substituting a senior employee is very high, then low ran employee, so is the later is been taken for granted by hotel industry.

Khagendra Nath Gangal (2013) finds in his study that attrition rate is higher in age groups of 18-35 years of employees in hotel industry and is more prominent in F&B service, F&B production, Housekeeping and Front Office departments. It was observed that more young people are appointed in these departments where people are not settled with family, marriage, children etc. and employee remains flexible for different places. Study also revealed that employees from these 4 departments shifts their job to other options in BPO's, cruise line or other hospitality sector.

Lee, C., (2010), intended to identify employment characteristics that influenced employee satisfaction with work environments related to employment retention. Factors played different roles in measuring job satisfaction and employee retention according to individual employment characteristics, while factors related to the work environment (location, communication, accomplishment, and department) should be addressed regardless of employment characteristics. It is recommended that hoteliers provide a customized improvement agenda directed to and focused on individual groups according to that group's employment characteristics.

Mahajan, Sugandha, (2010), analyzed the impact of attrition rates in hospitality industry. The study majorly focuses on the increasing employee turnover, its causes and impact. It looked at various methods to improve employee retention in an organization. Various human resource theories are used to analyze the employee behavior in an organization.

Margaret Deery, (2008), examined the literature related to retention of good employees and the role that work-life balance (WLB) issues have in an employee's decision to stay or leave an organization. The paper highlighted more generic management literature and then tailors the discussion to the hospitality and tourism industry using literature from the hospitality and tourism journals.

Pillay, R.A (2009) explained in their study that attrition if not taken seriously by the organization, then it can lead to loss of skilled manpower and lots of experienced employees and results in poor customer satisfaction, loss of revenue and may result in poor sales. Extra care and remedies should be taken by hotels to reduce attrition and retain staff.

Stella Kostopoulou (2015). Tourism is equally important in India as it increases standard of living of both urban and rural areas. Adequate and calculated planning create new and diverse form of tourism, leveraging the demographic development and reduces the financial dependency. Study reveals that essential factors for development of a successful tourism strategy are promotion of sustainability, customer satisfaction with defining products, wealth generating products and products that stimulate the returns to the destination.

Sunder Srinivasan, Anuradha Karmakar (2014). The study revealed that as tourism and hotels are increasing in India, the rise of hotel management institutions also rising and there is a lot of demand for students who pursue this course. The reason for pursuing this course is growing opportunities worldwide, but student's perception changes post their industrial training. It has been seen that post-industrial training many students of hotel industry cannot cope up with the hard work, long working hours and unscheduled shifts. Though most of the students found help in developing their skills, confidence and their personality, undergoing training; but most of them starts handling their family business and become an entrepreneur after finishing industrial training.

5. Limitations of the Study:

- Sample size of the employee is limited due to lack of time and limited area of population.
- The study conducted on 5-, 4- and 3-star hotels only of Agra and few from surrounding areas and not applicable to all units of hotel industry.
- Focus of the study is only on reducing the attrition rate and retaining the employees.

6. Research design and Methodology:

A descriptive and exploratory research design is used for the purpose of the study. An organized plan for conducting research in both quantitative as well as qualitative way was implemented. There are various statistical tools which are used in the research are mentioned below:

6.1 **Data collection method: -**There are two major methods of data collection – primary and secondary data. Primary data is collected through structured questionnaire and survey. The source of secondary data was written and printed electronic sources collected through news journals, research articles, books, case study of organizations etc.

6.2 **Sampling design:** - Its clear plan for attaining a sample in given size of population. Sampling design should be a representative sample, practical and available as taken in the study. From the target population, the samples were employees from selected 10 hotels of Agra and surrounding areas including 5-star, 4-star and 3-star category.

6.3 **Sampling Size: -** Sample size= 600
The required size of sample by is 600. The survey is conducted from the responses and considered for the data analysis further.

6.4 **Sampling Design used for the study: -**The design of sampling used for study included various employees from F&B Servive, F&B Production, Housekeeping and Front Office departments at different hierarchal levels.

6.5 **Tools for data analysis and testing of hypothesis: -** This data analysis is done with different and descriptive statistical tests.

> T-test –It is used to match with the names of two variables, when the variables are defined on a continuous scale. Test is also used to compare the mean of two groups.
> Dunn's Multiple – The test is used to compare two variables which are defined on the ordinance scale. It's a non-parametric t-test.

Tools used for statistical finding: - SPSS (Statistical Package for social sciences) software also known as IBM SPSS statistics is a package of software used for analysis of statistical data.

7. Analysis of Result Findings

> Distribution of sample population ranged from 18- 47 years of age.
> Majority of samples were found in age range of 18-27.
> Most of the employees (50.5%) were found Graduate/Diploma holders.
> Only 2.5% of samples were having work experience of above 7 years. Whereas work experience of below 1 year as well as 2-4 years was found almost equal- 45.8% and 45.5% respectively.
> 52% employees mentioned that they were looking for an alternative job because of long working hours and unscheduled work.
> It was observed from the results that attrition level in higher in women employee.
> And attrition level is found higher in age range of 18-27 years of employees.

> **Tabulation of the data is stated below:**
> **Table 8.1 – Age group of Respondents:**

Sl. No	Age groups(years)	Frequency	Percentage	Df	t-value	p-value
1)	18-27	303	50.6%	2	1.193	0.355
2)	28-37	263	43.8%			
3)	38-47	34	5.6%			
	Total	600	100%			

SPSS Results

- One-sample statistics

	N	Mean	Std. deviation	Std. Error Mean
Frequency	3	200	145.145	83.799

- One- Sample Test

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	1.193	2	0.355	100	-260.56	460.56

Table 8.2 – Educational Qualification of Respondents:

S. No.	Qualification	Frequency	Percentage	Df	t-value	p-value

1)	SSC	36	6%	3	0.659	0.557
2)	HSC	257	42.8%			
3)	Graduate/Diploma	303	50.5%			
4)	Postgraduate	4	0.67%			
	Total	600	100			

SPSS Results:

- One- Sample statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150	151.844	75.92

- One- Sample Test

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	0.659	3	0.557	50	-191.62	291.62

Table 8.3 – Work Experience of Respondents:

S. No.	Category	Frequency	Percentage	Df	t-value	p-value
1)	Below 1year	275	45.8%	3	0.697	0.536
2)	2-4 years	273	45.5%			
3)	5-7 years	37	6.2%			
4)	Above 7 years	15	2.5%			
	Total	600	100			

SPSS Results:

- One – Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150	143.467	71.33

- One- Sample Test

	Test value =100					
	t	Df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Frequency	0.697	3	0.536	50	-178.29	278.29

8. Hypothesis Analysis:

Hypothesis I	Null Hypothesis is rejected
Hypothesis II	Null Hypothesis is rejected
Hypothesis III	Null Hypothesis is rejected

Hypothesis 1:

Ho: There is no significant relationship between age and attrition rate.

H1: There is significant relationship between age and attrition rate.

> As t-value calculated is 1.193, less than t- table value 4.045. It means that there is significant relationship between age and attrition rate of the employee at 0.05 level of significance; which means null hypothesis is rejected and alternate is accepted.

Hypothesis 2:

Ho: There is no significant relationship between educational qualification and attrition rate.

H1: There is significant relationship between educational qualification and attrition rate.

> Alternative hypothesis is accepted at 0.05 level of significance, proving there is significant relation between educational qualification and attrition rate of employees. Null hypothesis is rejected as t-value calculated (0.659) is less than the t-critical value (3.182).

Hypothesis 3:

Ho: There is no significant relationship between lack of experience and attrition rate.

H1: There is significant relationship between lack of experience and attrition rate.

> Accepting the alternative hypothesis and rejecting null hypothesis because t-calculated value (0.697) is less than t-critical value (3.182).

9. Suggestions:

In order to certify if these were the actual reasons or were their other reasons as well contributing to employees attrition in the hotel industry then certain factors like

- Scheduling work timings and work load in a balance form.
- Employee promotion, benefit & welfare.
- Rate of pay/Compensation of employees.
- Career development/advancement opportunities.
- Needs some improvement in order to keep the employees motivated and loyal to the organization.

10. Conclusion:

> Increasing Attrition rate is a major concern of Hotel industry of Agra city.
> Most of the hotels do not have a system of measuring the attrition rate in their hotel.
> Although hotels have designed policies to curb the attrition rate, they are not very effective.
> Majority of the employees have tenure of less than 3 years in one hotel.

11. Bibliography:

- Anderson J R (2005), "Managing Employees in the Service Sector: A Literature Review and Conceptual Development", Journal of Business and Psychology, Vol. 20, No. 4, pp. 501-523. [2]
- Armstrong D J, Riemenschneider C K, Allen M W and Reid M F (2007), "Advancement, Voluntary Turn-Over and Women in IT: A Cognitive Study of Work-Family Conflict", Information & Management, Vol. 44, No. 2, pp. 142-153. [3]
- Atchley R (1996), Frontline Workers in Long-term Care: Recruitment, Retention, and Turnover Issues in an Era of Rapid Growth, Scholarly Commons at Miami University, Research Paper.
- Baum, Tom. 2008. "Implications of hospitality and tourism labor markets for talent management strategies.‖ International Journal of Contemporary Hospitality Management 20(7): 720-729.

- Chow, Chee W., Kamal Haddad, and Gangaram Singh. 2007. ―Human Resource Management, Job Satisfaction, Morale, Optimism, and Turnover.‖ International Journal of Hospitality & Tourism Administration 8(2): 73-88.
- Dunne H (2007), "Putting Balance into Business: Work-Life Balance as a Strategy for Avoiding Brain Drain", Strategic HR Review, Vol. 6, No. 6, pp. 28-31.
- Economist Intelligence Unit; EIU (January 16, 2007), Talent Roadblocks Greater Barrier to Growth in Developed and Emerging Markets, Says Fifth Annual CEO Briefing Survey, EIU Media Directory, Online available at http://www.eiuresources.com/ mediadir/default.asp?PR=1590001959, (July 25, 2008).
- Elangovan A R (2001), "Causal Ordering of Stress, Satisfaction and Commitment, and Intention to Quit: A Structural Equations Analysis", Leadership and Organizational Development, Vol. 22, No. 4, pp. 159-165.
- Firth L, Mellor D J, Moore K A and Loquet C (2004), "How Can Managers Reduce Employee Intention to Quit?", Journal of Managerial Psychology, Vol. 19, No. 2, pp. 170-187.
- Friedman T L (2006), The World is flat: The Globalized World in the Twenty-First Century, Penguin Books, and England.
- Glass A (2007), "Understanding Generational Differences for Competitive Success", Industrial and Commercial Training, Vol. 39, No. 2, pp. 98-103.
- Gupta, M. (2004), "HR Challenges in the Indian Software Industry", IIT Bombay.
- IITTM – ICC Report (2011). Travel and Tourism Industry in India: Looking East. Accessed from http://www.iittm.org/doc/IITTM_ITC_Report-2011-rev..pdf
- Jauhari, V. (2006). Competencies for a career in the hospitality industry: an Indian Perspective. International Journal of Contemporary Hospitality Management, 18(2), 123-134.
- Kim, S., et al. (2007). The study motivations and study preferences of student groups from Asian nations majoring in Hospitality and Tourism management programs, Journal of Tourism Management, 28(2), 140-151.
- Lewis, A. (2005). Rationalizing a Tourism Curriculum for Sustainable Tourism Development in Small Island States: A Stakeholder Perspective. Journal of Hospitality, Leisure, Sport and Tourism Education, 4(2), 4-15.
- Lee, M., et al. (2008). Perceptions of hospitality and tourism students towards study motivations and preferences: a study of Hong Kong students. Journal of Hospitality, Leisure, sport & Tourism Education, 7 (2), 45-58.
- Lee, M. (2010). Why Students Choose a Hospitality and Tourism Program: A Pilot Study of U.S. Undergraduate Students. Journal of Hospitality and Tourism Research, 22(3), 20-26.
- O'Mahony, G., et al. (2001). Why Students Choose to Enroll in a Hospitality Degree Course: AnAustralian Case Study. Cornell Hotel& Restaurant Administration Quarterly, 42(92), 92-96.
- Srivastava, P.K. 2008. ―The HR Challenges in Tourism Industry in India.‖ Paper presented at the 8th International Conference on Knowledge, Culture and Change in Organisations, 5-8 August 2008, Cambridge University, United Kingdom.
- Subbarao, P. Srinivasan. 2008. Issues and Constrains in Manpower Supply in Indian Hospitality Industry. Indian Institute of Management, Ahmedabad. W.P. No. 2008-02-03

12. Questionnaire:
General Information:

1) Name of the employee _____
2) Name of the Hotel _____
3) Star Category (tick one)
   - 5-Star Deluxe
   - 5-Star
   - 4-Star
   - 3-Star
4) Department _____
5) Gender (tick one)
   - Female
   - Male
6) Age Group: (tick one)
   - 18-20 years
   - 21-25 years
   - 26-30 years
7) Level of Education
   - SSC
   - HSSC
   - Graduate/Diploma (3 or 4 years)
   - Post Graduate
   - Others
8) Marital Status (tick one)
   - Single
   - Married
9) Length of Service (tick one)
   - Below 1 year
   - 2-4 years
   - 5-7 years
   - Above 7 years
10) Tick one according to your perception on present work environment, job satisfaction and services receiving:

S.No	Statement	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1)	Your daily job is challenging					
2)	Your daily job is manageable and satisfactory					
3)	Your skills are effectively utilized at work place					
4)	Work life balance is practiced					
5)	Co-workers value your suggestions					

11) Tick one according to your experience on recruitment and selection in organization:

S. No	Statement	Yes	No	Unsure
1)	Hotel follows a systematic selection procedure			
2)	Internal promotions are encouraged			
3)	Organization clears the opportunity for career advancement			
4)	Does hotel used advance technology during recruitment like psychometric test etc.			
5)	Hotel also outsources work like security and housekeeping			

12) Tick one according to your experience on organisational culture:

S. No	Statement	Yes	No	Unsure
1)	Workload is given in balance between time and achievability			
2)	Colleagues and managers are cooperative			
3)	HR policies and procedures are made clear from start			
4)	Rewards, incentives and overtime are given in due time			
5)	Performance goals are cleared with provided job profile			

13) Intentions regarding present job:

S. No	Statement	Yes	No	Unsure
1)	I am presently thinking of leaving the current job			
2)	I am actively searching for an alternative job			

14) Mention reasons behind leaving or looking for an alternative from current job.

_____

_____