

Exploring Employee Turnover and Retention Strategies in the Gulf Cooperation Council's Hotel Sector

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ABSTRACT

Objective: This research investigates employee turnover in the relatively unexplored context of the Gulf Cooperation Council.

Methodology: Employing a qualitative approach, this study delves into the factors contributing to turnover and the countermeasures employed within the hotel sector to mitigate this phenomenon.

Findings: The study reveals that the rationales behind employee turnover are contingent on both organizational and individual factors. The strategies to curtail turnover encompass the cultivation of a positive work environment, the provision of transfer prospects, the implementation of talent and development planning and the execution of exit strategies to ascertain the motives driving employees' departures. These insights hold significant implications for the human resource planning of the hotel industry, particularly given the predominantly expatriate workforce, with the potential to yield cost reductions related to new recruitments.

Conclusion: In a context-specific perspective, disparities arising from the cultural diversity among employees' nationalities contribute to turnover, specifically concerning variations in compensation and benefits. Human resource professionals should accord due significance to the "social" and "economic" value elements when crafting employee benefits.

Keywords: Employee turnover; Hospitality sector; Hotels; Human resource management; United Arab Emirates

INTRODUCTION

The service industry, particularly in the hospitality sector, relies heavily on the human factor. Employees' skills, attitudes, knowledge, personality traits and behaviors all play integral roles in determining outcomes within an organization, including service quality, customer loyalty and satisfaction. In the hospitality industry, where there is a significant level of human interaction between customers and service providers, employees hold a prominent position in achieving organizational objectives [1].

The recognition of the importance of the human element dates back to the industrial revolution, leading to the development of formal systems aimed at efficiently utilizing human resources within organizations. Presently, it is widely acknowledged that the policies and practices of Human Resources Management

(HRM), along with organizational culture and climate, can directly impact employee attitudes and performance. HRM encompasses a range of activities and initiatives, including career planning and design, recruitment and termination, training and development, motivation and promotion, employee engagement, compensation and benefits, as well as addressing legal matters, conducting performance evaluations, ensuring job security, managing employee relations and maintaining health and safety standards.

Initially, HRM practices were designed to give firms a competitive edge by effectively harnessing human capital to align with their business objectives. Modern HRM models are now centered on organizations providing specialized services to their employees.

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LITERATURE REVIEW

The hotel industry is characterized by intense competition and a heavy reliance on human resources. Despite numerous efforts to maintain employee satisfaction and retention, turnover among hospitality industry staff remains a widespread issue. Employee turnover not only affects business performance but also leads to overworked and stressed employee and negatively impacts their morale.

Given these significant consequences, it is crucial to delve into the factors influencing employee turnover and identify effective retention strategies [2].

Recent studies have examined employee turnover in various regions, including China and the US, Malaysia, Mexico, South Africa and Turkey. However, no study has specifically investigated employee turnover within the Gulf Cooperation Council (GCC) countries, particularly the United Arab Emirates (UAE).

In the UAE's hotel sector, employee turnover assumes critical importance, given that 95% of hotel employees are expatriates. These expatriates come from diverse cultural backgrounds and exhibit variations in language, communication and work skills. Therefore, it is imperative for HR departments within the hotel industry to effectively manage their human capital by equipping them with the knowledge, skills and uniform performance standards that align with international norms. This approach not only ensures high-quality service delivery but also demonstrates respect for the cultural values and traditions of the Arab countries.

For the purposes of this study, the researchers chose to focus on Dubai, as it is the most visited city in the UAE. Dubai, one of the seven emirates of the UAE, has a population in which expatriates make up 85% (world population review, 2021). Since many Emiratis prefer to work in the government sector due to its attractive benefits, the private sector, including the hotel industry, heavily relies on the expatriate workforce described above, as Emiratis are less inclined to work in the tourism and hospitality sector [3].

HR practices are often described as high-performance or high-commitment work systems due to their association with overall organizational performance and various favorable outcomes, such as reduced turnover rates and increased productivity. Within the realm of hospitality research, there are well-established high-performance work practices that include decentralized decision-making, transparent and open communication, empowering employees through training and education, flexible job assignments, attitude assessments, performance evaluations, selection and recruitment procedures, grievance handling, rewards and incentives, as well as engagement programs. It's worth noting that HR managers have the flexibility to enhance employee performance through methods tailored to their specific organizations and workforce.

On a contrasting note, Mbah and Ikemefuna argued that employee job satisfaction is not necessarily correlated with factors like management and salary when it comes to turnover. For instance, employee engagement, which measures the extent

to which individuals are deeply focused and attentive in their tasks, can be influenced by demographic factors, such as age, with older employees often showing higher levels of engagement compared to younger ones.

Additionally, research by Karatepe and Olugbade has suggested that certain personal traits of hotel frontline employees, like competitiveness, are better predictors of work engagement than others, such as self-efficacy. Furthermore, an individual's self-evaluation and the organizational psychological climate can significantly impact their level of work engagement.

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Presbitero explored the connection between organizational characteristics and work engagement and found that positive changes in reward management systems, training and development can substantially enhance employee engagement.

Moreover, in Marinakou and Giousmpasoglou's study on talent retention strategies in luxury hotels across different countries, they established a correlation between employee engagement and retention. Their research showed that employees exhibited higher commitment to their organizations when they were encouraged to participate in decision-making, recruitment processes, team-building activities and social events, fostering a sense of belonging [4].

Performance Appraisal (PA) is another common HR practice that formally evaluates employee performance and provides feedback to individuals or teams. PA systems essentially determine both rewards and consequences, as well as training and disciplinary actions. However, Kondrasuk noted that, despite their importance, PA activities are often unpopular among employees, suggesting that PA plans should have well-defined objectives, encompass both results and behavior assessments and be conducted at appropriate times to minimize bias. A fair and transparent PA system can benefit both competent employees by recognizing their achievements and offering opportunities for career advancement and managers in aligning the organization's capabilities with its goals.

DISCUSSION

Employee attrition in the hospitality section

High employee turnover presents a significant challenge within the hospitality industry, necessitating innovative HR approaches for employee retention. Current data indicates that employee turnover rates in the hospitality sector range from 30% to 73% on a global scale, substantially exceeding averages observed in other industries. Extensive research has documented numerous factors contributing to elevated employee turnover in the hospitality domain. Recent studies have reinforced these findings while suggesting novel insights [5].

For instance, Qui et al. delved into the factors influencing employee turnover intention in China, reaffirming commonly identified themes like promotional opportunities, work-life balance, team cohesion, leadership qualities and wages.

Additionally, they highlighted the significance of employees' alignment with the community and lifestyle of their residing city in relation to retention.

Chen and Wu established a connection between transformational leadership behaviors, leader-member exchanges and psychological disengagement within the context of Taiwanese hotels. They advocated the recruitment of managers with superior transformational leadership skills, fostering better relationships with team members characterized by trust, commitment and respect. These improved psychological bonds between employees and their leaders subsequently led to reduced turnover intentions [6].

Gordon, Tang et al. similarly explored the association between supervisor support and turnover intentions, mediated by subjective well-being. Their findings indicated that heightened perceived support from supervisors led to increased subjective well-being, thereby diminishing turnover intentions.

Dusek et al. categorized turnover intention drivers into two groups: Personal and organizational characteristics. They identified service orientation as a personal trait directly influencing job satisfaction and organizational commitment, ultimately affecting employee turnover intentions. Service orientation encompasses attributes such as kindness, helpfulness, sociability and cooperativeness, which made certain individuals more effective in customer interactions.

Finally, Mohsin et al. examined why employees in luxury hotels in India still left despite various retention strategies in place. While they identified common themes such as job security, stimulation, earnings, organizational loyalty and enthusiasm, they suggested that viewing turnover factors as linear might not capture the complete picture. Instead, they proposed that managers should consider these factors as quadratic, recognizing the optimal level of each variable to effectively address turnover challenges [7].

Recommendations for employee retention strategies in hospitality organizations

Understanding the factors contributing to turnover has led to the identification of effective employee retention strategies in the hospitality literature. Some of these strategies are broad in

nature, encompassing training and development, enhanced compensation and improved recruitment practices. In contrast, others are tailored to specific employee groups or organizations. For instance, younger employees, often referred to as Generation Y, tend to place a higher emphasis on career advancement opportunities compared to their older counterparts, such as baby boomers. They are typically tech-savvy, goal-oriented and prioritize the attractiveness of their organization's social environment. Work-life balance, a positive work atmosphere, equitable treatment and opportunities to express ideas also hold greater significance for them. As a result, HR managers should devise strategies that consider the support provided to employees, their attitudes and background knowledge to effectively manage their expectations.

Furthermore, evolving trends in job specialization and the increased use of information communication technologies are reshaping the competencies and skills required of professionals in the hotel industry.

Consequently, recent studies have highlighted several innovative and traditional HRM practices that should be emphasized:

- Information Technology (IT) training and development to streamline administrative tasks, enhance coordination and improve communication systems.
- Virtual teamwork, which has become a common practice influencing both organizational goals and individual professional growth, necessitating effective training and development programs.
- Recruitment and selection practices, traditionally among the most critical HR practices.
- Employee Value Propositions (EVPs), representing a set of values and benefits offered by an organization in exchange for employees' services. EVPs have gained significance as organizations compete for skilled talent and serve as a reflection of an organization's brand among potential employees. Research has shown that employees are more likely to stay when EVPs encompass development value, social value and economic value.

In light of this understanding of employee turnover, this study first examines turnover rates and reasons. Subsequently, it explores the retention strategies implemented by four- and five-star hotels in an expatriate work environment.

In this research, a qualitative research approach was used to investigate in an accurate way about the serious issue of employee turnover rates in four- and five-star hotels in Dubai. The main goals were to identify the most important causes that made the serious issue of employee turnover and trying to detect the retention strategies that were executed by these organizations. In the light of understanding the different perspectives of human resource managers that were related to strategic concepts, initial contact with these managers was conducted by using telephone or email communication. Subsequently, interviews were arranged and these interviews were taken approximately 60 to 90 minutes and recorded for making accurate analysis for the required data [8].

The interviewees gave a beneficial information on employee turnover rates, which spanned from 5% to 42%. These findings

align with global trends in the hospitality industry, where turnover typically ranges from 30% to 73%. This turnover rate is notably higher than that observed in other sectors, as previously mentioned. However, within the specific context of the hotel sector in Dubai, the average turnover appears to be approximately 20%, a figure that is generally consistent with industry norms.

Additionally, it is worth noting that turnover tends to be more frequent among frontline staff rather than managerial positions in Dubai. This distinction can be attributed to certain managers receiving more favorable benefits than what they would typically receive in their home countries.

Participants

Participants for this study were selected using expert sampling, employing two specific criteria. Firstly, they were required to be presently employed in a four or five-star hotel in Dubai. Secondly, they needed to hold managerial positions within the categories of human resources, training or learning and development. The selection process involved a professional referral sampling technique, where an intermediary, in this case, the Department of Tourism and Commerce Marketing (DTCM), provided references for the participants.

In qualitative studies, sample sizes are typically smaller compared to quantitative research. The determination of the sample size is influenced by the researchers' needs and the nature of the data to be gathered. While an ideal sample size typically falls within the range of 12 to 40 participants, the specific number depends on reaching data saturation, where new information ceases to emerge [9].

In this study, a total of 14 in-depth interviews were conducted with 17 participants, as data saturation was achieved. The last few interviews did not yield any new information, aligning with established practice. Notably, two of these interviews (participants 5 and 6, as well as participants 13 and 14) involved respondents who were interviewed together. These participants were from the same hotel or hotel chain and preferred joint interviews. It's important to mention that all participants provided informed consent and the study received approval from the authors' university ethics committee.

In the initial phase, all interviews underwent transcription and these transcribed materials were carefully read and reread. During the subsequent phase, the data was methodically organized by applying codes aligned with the research objectives. The third phase involved the creation of new "constructed" codes through an open coding process, aiming to provide a deeper understanding of the interviewees' experiences. These constructed codes served as labels assigned to the interview dialogues. In the final phase, the codes were subjected to a thorough review, examination and appropriate adjustments by the researchers to ensure the accurate translation of the interviewees' words and phrases, maintaining their intended meaning and context [10].

CONCLUSION

This research provided, comprehensive interviews that were conducted with senior management from four- and five-star hotels. The outcomes of this study provided a comprehensive understanding of employee turnover rates, the different drivers behind such turnover and the strategies that had been used by the hotel sector in Dubai to retain and keep their employees. The findings showed that the challenges related to turnover rates that were existed in the Dubai hotel sector are comparable to those experienced in other countries. While some of the findings align with existing research, there are also distinctions.

This study shed the light on the different the reasons that contributed in making high rate of turnover these reasons are associated with both the organization and the employees themselves. Among the organizational factors that led to employee departures are represented in low salaries, which is a common issue that is existed in the global hotel industry. Moreover, the study delves into other factors such as opportunities for career progression within the sector, which is an important and vital aspect affecting turnover. The factors that led to employee turnover, as revealed in this study, correspond with prior research.

These factors include low salaries, which is a prevalent issue in the hotel industry, as noted in other studies. Involuntary terminations were also found to contribute to turnover, aligning with previous research. The study highlights that employees' dissatisfaction is connected to inadequate management and salary, although it's worth noting that Mbah and Ikemefuna proposed that employee satisfaction is inversely related to employee turnover, management and salary.

Chen and Wu emphasized the importance of recruiting managers with strong leadership skills to reduce turnover intentions and enhance employee well-being.

Cultural differences between employees of various nationalities were identified as another factor contributing to turnover, especially in terms of disparities in salary and benefits. This observation may be context-specific and it would be worthwhile to investigate whether it also influences turnover in other settings.

The study identified factors related to employee turnover intentions, such as better opportunities, personal reasons and career changes, which align with prior research.

Respondents proposed various solutions for reducing staff turnover, emphasizing the importance of fostering a positive work environment and company culture, offering transfer opportunities, implementing talent and development planning and utilizing exit interview strategies. Overall, these retention strategies encompass creating improved working conditions through interaction with staff, promoting work-life balance, prioritizing employee advancement, cultivating a favorable work atmosphere, ensuring employee contentment, presenting fresh opportunities, renewing contracts and optimizing talent management by aligning employees with positions that match their skills, passions and personalities.

Engaging in discussions with employees to identify their primary concerns and challenges, enhancing a culture of mutual understanding among employees and periodically reviewing and revising employee roles were recommended. Internal promotions emerged as a crucial retention strategy, particularly for retaining valuable employees within an organization. These findings underscore the vital role of internal employability in the retention strategies employed by HR professionals in the hotel industry. Internal employability encourages active participation by employees in their organization's learning processes and directly contributes to long-term organizational commitment, thereby reducing the intention to resign and saving costs for the organization.

Furthermore, leadership and management were identified as additional factors leading to employee departures. Given the collaborative nature of the hotel sector, effective leadership and subordinate relationships are pivotal, impacting both job satisfaction and performance. Servant leadership, characterized by a focus on the needs and interests of others within the organization and community, emerged as an influential leadership style in the hotel sector. It fosters customer-oriented organizational citizenship behavior and encourages exceptional customer service among employees. This form of leadership also plays a substantial role in establishing a trustworthy climate and enhancing employees' organizational commitment and work engagement.

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