

The Effects of Job Satisfaction towards Employee Turnover in the Hotel Industry: A Case Study of Hotels in Kuala Lumpur City Center

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Abstract

The hospitality sector is labeled as a service sector which provides services to their guest. The industry requires manpower to cope and provide to the guest demands. This situation creates the industry to be labor intensive. How about manpower supply to the industry? Over the years employee turnover has become part of the industries challenge to retain and employ new workforce. The research was to understand the determinants of Job Satisfaction and Effects on Employee Turnover in the hotels. The focus was on the Hospitality industry Food and Beverage department Operational Employees. The research tried to assess the determinants of Job satisfaction and their decision to quit therefore creating a situation of Turnover. The research revealed that Job Performance influenced Turnover where Choice of Work doesn't and the main factors of Job Satisfaction that lead to turnover were Wages/ Salary and Opportunity for advancement/Career progression. The analysis also revealed that there need to be a balance in order to attract and maintain potential employees as all factors that affect Job Satisfaction directly leads to turnover.

Keywords: Operational employees; Choice of work; Job performance; Employee turnover; Job satisfaction; Motivation

Introduction

Tourism is one amongst the biggest and quickest growing industries within the world that creates 260 million jobs worldwide [1]. Tourism is a major source of foreign exchange earnings, a generator of personal and corporate income, a creator of employment and a contributor to government earnings. It's a dominant international activity surpassing even oil trade and manufacturing. The hospitality industry has benefited from the tourism boon and the sector has been able to cope by introducing more hotels and increasing additional rooms to deal with the demand and this has allowed for hoteliers to forecast future needs [2]. With extensive tourism marketing and promotions done by the government of Malaysia we have been able to acquire tourism arrivals and sustained the requirement for hotels, rooms and services. With the continuous demand for hospitality services and products, supply for employment is required to provide services and products. The service industry requires a strong workforce to cope with the needs of the guests. This situation makes the hospitality industry labour intensive. Over the years turnover rate has become part of the industries challenge to retain and employ new manpower to cope with the service industry requirement. Employee/Staff turnover refers to the ratio of the number of workers that had to be replaced in the given time period to the average numbers of workers or employees [3]. Turnover is defined as termination of employment at the hotel for any reason. Turnover can either be a positive or a negative effect to the establishment. The effects depend on a great deal whether the employee is a high or low performer. Turnover tends to be greatest among employees that are high performers and low performers. The employees that perform in the middle range tend to stay longer in establishments. Turnover of low performing staff may be positive for the institution. But turnover of high performing staff would be negative to an institution as with the high performing employee overall performance level will go down. Turnover of staff can be Voluntary Turnover, Involuntary turnover and Dysfunctional turnover (Figure 1). Voluntary turnover takes place once staff separation that happens as a result of the staffs chooses to leave. Involuntary turnover takes place once staff separation happens as a result of the employer terminating the employment relationship.

Involuntary turnover usually has far more negative impact on the worker. Dysfunctional Turnover takes place once an employee that is performing satisfactorily voluntarily leaves the job. When an employee leaves their job the organizations must establish and appoint new workers to fill the position vacant. This method is hard and resources area highly used once changes happen within the work force. Time, energy and expenses are the resources that are highly used throughout the turnover and rehiring process.

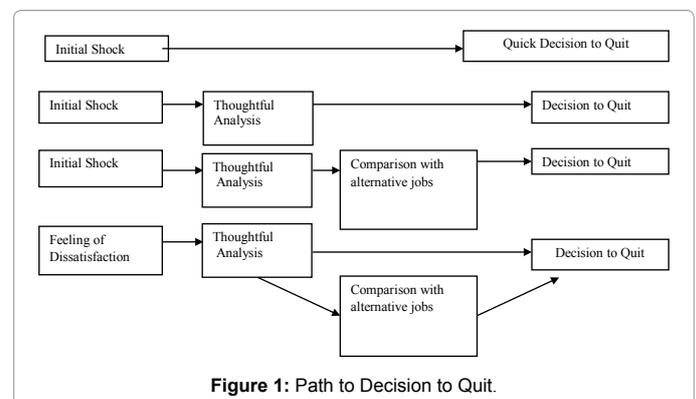


Figure 1: Path to Decision to Quit.

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Background of the Study

Training and development in hotel industry

Today's hospitality industry comprises a growing number of regional and global multi-unit firms. The increasingly complex nature of how these firms are organized, along with the continuous state of changes and market uncertainty in all sectors of the business environment, create a situation that requires constant learning for all managers [4,5]. To address the need for re-educating managers in the hospitality industry, a conceptual model is presented, which combines critical thinking, collaborative learning and just-in-time (JIT) education, tools that managers need to be successful in the workplace [4]. If Malaysian hospitality programs and their supporting curriculum are adjusted to meet the needs of hospitality employers or the industry, it must reflect the needs of the industry today as well as the short and long-term future. If education can modify curriculum on a calculated schedule it could potentially offer resolution for issues regarding current content and skills sets which do not match industry need. Ultimately the skills learned by students of hospitality must mirror contemporary skills demanded by today's competitive and ever changing hospitality industry. This is the approach the government and private sectors (Education systems and Hotels) are practicing; to ensure that there is a balance in the supply side. An especially the level of service provided is up to mark by ensuring there is skilled workers in the industry. This proves that the Tourism industry and the Hotel industry co-relates with each other. The Tourism industry currently offers nearly 49.5 percent of total employment. This statistics highlights the Hotel industry has plenty potential employees for jobs provided by the hotel industry. This should result in competition for jobs in the hotels? However the Hotel industry is going thru a reverse and diverse effect.

Demand and supply of employees to the hotel industry

The service industry is generally accepted as a labour intensive industry, therefore there is a need to tackle the importance of labour retention in this industry. This has become one of the major issues in Asia and Malaysia. The hotel industry in Malaysia is facing shortages of local labour workforce. Hotel operators had little choice but to hire foreigners as locals did not want to work in hotels. Foreigners are not their priority to be hired but if locals do not take up these jobs then there would be no sufficient employees to cover for these jobs [6]. In order to satisfy the need for the hotel staffs managements are looking at hiring English speaking staffs from other countries. Countries like the Philippines are targeted for some as they have good English backgrounds [7]. This has resulted in over dependency towards foreign staffs.

Hospitality and tourism industry in Malaysia

Hospitality and Tourism industry is one of the largest sector in Malaysia for the last two decades, there were 25.03 million tourists travelled to Malaysia in the year 2012 with a 60.5 billion Malaysian Ringgit spending on tourist receipts. An average length of stay was seven days. As illustrated in Table 1, for the year 2012, 50 percent/13.01 of total tourists travelled from Singapore. The major markets for Malaysia include Singapore, Indonesia, China, Thailand, India, Brunei, Philippines, Australia, Japan and the United Kingdom. Where all the tourists have significant effect to the length of stay, their spending power, their activities they are involved in and tourist attraction they are visiting, which type of accommodation and travelling mode they are experiencing in the Malaysia. Almost 3.5 million tourists entered

	Frequency	Percentage
Gender		
Female	59	48.0
Male	64	52.0
Total	123	100.0
Age		
18-28	29	23.6
29-39	76	61.8
40-50	16	13.0
Above 50	2	1.6
Total	123	100.0
Position Level		
Operational	82	66.7
Management	33	26.8
Others	8	6.5
Total	123	100.0
Employment Type		
Full Time	121	98.4
Part Time	2	1.6
Industry Experience		
Less than 1 Year	8	6.5
1-3 Years	20	16.3
4-6 Years	62	50.4
More than 6 Years	33	26.8
Total	123	100.0
Current Hotel Experience		
Less than 1 Year	24	19.5
1-3 Years	34	27.6
4-6 Years	51	41.5
More than 6 Years	14	11.4
Total	123	100.0

Table 1: Demographic Breakdown of the Sample (n=123).

into Malaysia for business tourism in year 2012 [2]. With the Tourism industry booming in Malaysia the Hotel industry itself has been influenced by this boom and grown rapidly. The average statistics for hotels in Malaysia for year 2012 reached 62.4% [2]. This shows Malaysia's tourism potential and the potential to accommodate the need for room nights. Statistics issued by Malaysia Association of Hotels shows in year 2012 Malaysia has a total 2,724 Hotels and 193,340 total Hotel Rooms. Furthermore, according to Tourism Malaysia website (2013) shows that there are 248 hotels which comprises of 3-5 star hotels in Malaysia, specifically in Kuala Lumpur region. Kuala Lumpur has 31 hotels which are 4-5 star ranking [2].

Turnover in the hotel industry

What is the motive behind employees leaving or quitting their work and moving away from their establishment or company? Turnover is a natural aspect in the hotel Industry that happens. Turnover happens when there is dissatisfaction in the job. Job satisfactions are a set attitude towards work and job satisfaction is required by all staffs or employees. Job satisfaction effects turnover, absenteeism and performance (Figure 2). Employees that are more satisfied with their jobs or work are less absent and would stay on longer in their jobs compared to the least satisfied employees. Job satisfaction is determined by a variety of factors, the work itself, wages or salaries, growth and upward mobility, supervision, colleagues and attitude towards work [8].

Determinants of job satisfaction

The Work Itself- The nature of the work or job has a major



Figure 2: Factors of Job Satisfaction.

effect on overall job satisfaction. Employees that think of their jobs as monotonous, unchallenging or boring will tend to have a lower satisfaction towards their job. Pay or Wage- Overall job satisfactions would be affected if the pay or wage of an employee received is unsatisfactory. Employees or staffs whom are not satisfied with their salaries or wages would not perform the jobs well or to the employees' fullest potential.

Growth and upward mobility: Whether an employee is satisfied with the establishment or their personnel growth, Potential for upward mobility may affect job satisfaction.

Supervision: Supervision received by staffs or employees would certainly affect job satisfaction. The relationship between the employer and employee is very crucial in maintaining a good balance for employees to be satisfied.

Coworkers: Coworkers affect overall job satisfaction. Staffs that do not work well and have good human relations with other coworkers face less satisfaction compared to those that have good human relations. Customer satisfaction is also supported by employee job satisfaction [9,10]. Hence the quality of service given to the customers relies on the instantaneous performance of the employees providing the service. This can also be applied to the kitchen staffs as the concept of Open kitchen has allowed the kitchen crew to have contact with customers and supply information regarding the cuisine served. Previously studies suggested, utilizing the Job Description Index (JDI) and Job Diagnostic survey (JDS) to conduct a job satisfaction research [11], model can be used to evaluate job satisfaction and also to identify the factors that contribute to job satisfaction. The model comprises of four determinants which is role conflict, role clarity, job tension and job satisfaction. It also shows that how these factors affect each other and job satisfaction.

Methodology

The aim of the study was to assess factors of job satisfaction and employee's decision to quit in the hotel industry of Kuala Lumpur. The sample of the study consisted of employees working in operational departments of 4-5 star hotels in Kuala Lumpur. All 4-5 star ranking hotels were approached for the survey by using purposive sampling techniques but only Ten (10) hotels allowed us to do data collection. After permission had been gained from the Human Resource Department of hotels, 150 questionnaires were distributed to the employees, selected on the basis of a non-probability convenience sampling technique [12]. Of these, 123 questionnaires were returned representing 82% response rate to the original sample of the study. Structured questionnaire has been used to collect and gather the data. The survey instrument consisted of two (2) parts. First part was demographics of the respondents (gender, age, employee position, employment status and experience in the hospitality industry). There

were three (3) questions in section two designed to gather information on "reason you choose to work in the Hotel industry", "factors that motivate you to perform your job the best" and "factors that lead to voluntary turnover in your job". All three questions were having several items, and the measurement scale for all items in part 2 was based on 5-Likert scale. Where scale range from '1' being 'not important', '2' being 'less important', '3' being 'neutral', '4' being "important and '5' being 'most important'. SPSS 21.0 for windows was employed in order to access the particular results required for the scale measurement. Descriptive analysis such as means, standard deviation and frequencies were calculated. Reliability of the scale was tested, correlation and regression analysis were employed to test the research hypotheses (Figure 3).

Hypothesis of the study

H1_a. There is a significant relationship between choice of work and job performance.

H1₀. There is no significant relationship between choice of work and job performance.

H2_a. There is a significant relationship between job performance and turnover.

H2₀. There is no significant relationship between job performance and turnover.

H3_a. There is a significant relationship between choice of work and turnover.

H3₀. There is no significant relationship between choice of work and turnover.

H4_a. There is a significant effect of choice of work on job performance.

H4₀. There is no significant effect of choice of work on job performance.

H5_a. There is a significant effect of job performance on turnover

H5₀. There is no significant effect of choice of work and job performance on turnover

Findings

Demographic Breakdown of the Sample: The sample was (n =123) and most of the respondents were males (52.0%). The majority of the respondents were in between the ages 29-39 (61.8%). It was observed that (66.7%) respondents were from operation department and (26.8%) were working as management level. In terms of employment type majority were working as full time (98.4%) and had industrial experience 4-6 years (50.4%) followed by more than 6 years (26.8%). (41.5%) respondents were working for the current hotel for 4-6 years (Table 1).

Reliability of the study: The overall reliability (internal

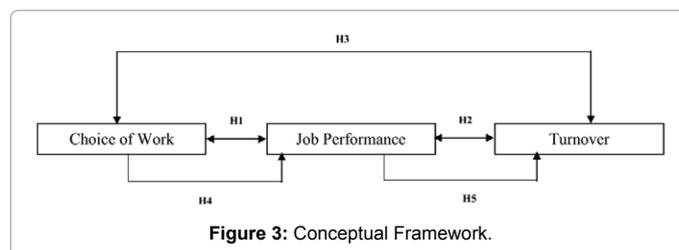


Figure 3: Conceptual Framework.

consistency) of the study was found to be with a coefficient alpha 0.90, which is deemed acceptable [13,14], which suggests that the “measures [were] free from random error and thus reliability coefficients estimate the amount of systematic variance” [13]. Reliability analysis is well known as to test the ‘degree of consistency between measures of the scale’ [15], when each factor (study variables) such as ‘Choice of Work’, ‘Job Performance’ and ‘Turnover’ were examined, it was found to be reliable with coefficient alpha more than 0.70 at aggregate level, cut-off point [13,14] (Table 2). The high alpha values indicated good internal consistency among the items, and the high alpha value for the overall scale indicated that convergent validity was met [16].

Correlations of the study variables: In the present study correlation analysis was employed since “correlation analysis involves measuring the closeness of the relationship between two or more variables; it considers the joint variation of two measures” [17] (Table 3). The results of correlation analysis are significant at the 0.01 level. When the correlation coefficients matrix between the study variables is examined, no correlation coefficient is equal to 0.90 or above. This examination provides support for the discriminant validity about this study, which means that all the constructs are different/distinct [12]. Thus we reject null hypothesis for H1, H2 and H3 and accept alternative hypotheses for H1, H2 and H3.

Regression analysis: Since regression analysis is “the technique used to derive an equation that relates the criterion variables to one or more predictor variables; it considers the frequency distribution of the criterion variable, when one or more predictor variables are held fixed at various levels” [17]. The regression analysis was used having ‘Job Performance’ as the dependent variable and ‘Choice of Work, as the independent variable (Table 4). The results shows that there is positive effect with R² of 0.77 and F-value of 10.8 at a significance level p<0.000.

Constructs	Cronbach Alpha (α)	No. of Items
Choice of Work	0.76	11
Job Performance	0.86	12
Turnover	0.92	12
Overall	0.90	35

Table 2: Reliability of the Study.

Scales	Variables		
	Choice of Work	Job Performance	Turnover
Choice of Work	1		
Job Performance	0.137**	1	
Turnover	0.277**	0.789**	1

Note: ** All the correlations are significant at the 0.01 level (2- tailed)

Table 3: Correlation of the Study Variables.

Independent Variable: Choice of Work			
Dependent Variable: Job Performance			
Variables	β	t-value	p-value
Choice of Work	0.277	3.17	0.002

Note: R² =0.77, F = 10.8, p<0.05

Table 4: Regression Analysis.

Independent Variable: Choice of Work and Job Performance			
Dependent Variable: Turnover			
Variables	β	t-value	p-value
Choice of Work	- 0.098	-1.53	0.13
Job Performance	0.814	14.09	0.00

Note: R² =0.63, F = 102.4, p<0.05

Table 5: Regression Analysis.

It is found that ‘Choice of work (β=0.277)’ exerts significant positive effect on ‘Job performance’ of hotel industry employees, making alternative hypotheses for H4, to be accepted (Table 4). Regression was analyzed by using ‘Choice of work and Job performance’ as independent variables and ‘Turnover’ as dependent variable (Table 5). The results, positive effect with R² of 0.63 and F-value of 102.4 at a significance level p<0.000 and It is found that ‘Choice of work (β=-0.098)’ doesn’t exerts significant positive effect on ‘Turnover’. However, ‘Job performance (β=0.814)’ exerts significant positive effect on ‘Turnover’ of hotel employees. Moreover, both independent variables jointly explain 63% of the variance (R²) in the turnover which is good. The high percentage is caused by the high and positive Beta coefficients value of job performance as compared to choice of work. The overall results indicate that job performance is a better predictor of turnover than choice of work. Thus the null hypothesis for H5 is rejected and alternative hypotheses for H5 are accepted (Table 5).

Recommendations

Based on the findings it is very clear that salaries are one of the main factors that would influence the decision for turnover. Majority of the respondents mentioned that salaries are important to retain and attract potential employees. Therefore a minimum wage structure is recommended compared to the point system of salary currently practiced. Minimum Wage would increase the equilibrium wage based on the market forces of demand and supply of labour. This would naturally increase the salary/wage of employees. Minimum Wage would provide employees a better quality of life. However the implementation of Minimum Wage can affect smaller business players and in this case the small hotel chains as Minimum wage would increase business cost. Apart from this we need to consider the cost that would occur when the change from Service Point system to Minimum wage takes place. Growth and Upward mobility/career progression is critical. According to [18] Applications and Skill Buildings whether an employee is satisfied with the establishment or their personnel growth, Potential for upward mobility may affect job satisfaction. Once there is the notion that the growth and upward mobility is restricted or limited this would have an effect on job satisfaction and eventually could lead to turnover. The perspective for career growth must be weighed and balanced out in the work force among the younger and older generation employees as career growth would effect motivation.

Motivation is the internal process leading to behavior to satisfy needs. When the management knows what are the motivation factors behind their employees they can design incentive systems to motivate employees. Motivation affects how and to what extent we utilize skills and abilities. When an employee is motivated they would be productive, cooperative and increase performance [19].

Conclusion

Job satisfaction is a crucial area that needs to be identified and understood to ensure there is a continuity of supply for manpower to the industry and continuity of service standards where staffs are provided with their needs for sustenance. The research revealed that Job Performance influenced Turnover where Choice of Work does not influence turnover and the main factors of Job Satisfaction that lead to turnover were Wages/Salary and Opportunity for advancement/Career progression. The analysis also revealed that there need to be a balance in order to attract and maintain potential employees as all factors that affect Job Satisfaction directly leads to turnover. Job satisfaction and effect on employees is an area that should be respected and developments for these areas should be priority to the hotel industry

to be sustainable for futures to come in providing manpower and maintaining service standards.

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