

case study

Employee Turnover in the Front Office of a Resort and Convention Hotel

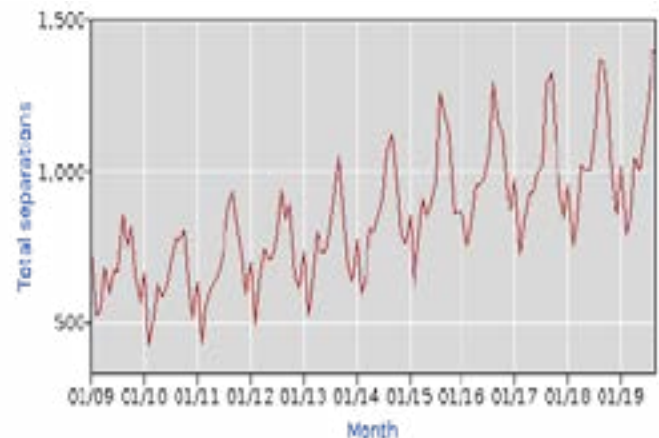
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Introduction

Turnover refers to the rate of employees leaving the company for which they are working. In 2016, the Bureau of Labor Statistics reported the turnover rate in the hospitality industry at 70 percent, compared to other industry averages of 49 percent. This results in a substantial issue for hospitality industry managers to initiate and implement efforts to retain employees. Figure 1 highlights the turnover rate in the hospitality industry in the last ten years – from 2009 to 2019. In Figure 1, the recent trends in turnover in the hospitality sector show that even since 2016, employee turnover has increased (Bureau of Labor Statistics, 2019). Turnover in the lodging industry has been estimated to be between 50 and 300 percent (Gordon, Tang, Day, & Adler, 2019). Voluntary turnover can be especially harmful to businesses because it is unexpected. It is essential for businesses to realize and work to combat turnover. Turnover affects many aspects of a business, but in particular, profits can decrease (Afsar, Shahjehan, & Shah, 2018; Simmons & Hinkin, 2001). Because of this, employee turnover can also affect the performance of the company as a whole. Some companies such as Aramark, Morton's of Chicago, and Southwest Airlines are finding the need to create programs that work toward reducing turnover through retention and development of their employees (Simmons & Hinkin, 2001). The structure of the business, the industry it is in, and the programs that are already put in place has a large effect on how companies decide to reduce turnover.

The hospitality industry has long realized a trend that employee turnover is a critical issue that it faces far more than any other industry. Employees are seeking jobs elsewhere and in other industries due to better pay, hours, and opportunities (Davidson & Wang, 2011). With the unemployment rate gradually decreasing in recent years, the hospitality industry is competing against other industries to keep and recruit talented and dedicated employees. This, along with the increasing revenue generation of the hospitality industry, makes it important for hotels to find and retain good employees that will help them gain a competitive advantage (Madera, Dawson, Guchait, & Belarmino, 2017). The hospitality industry consists of consumers directly interacting with

Figure 1
Turnover in the Hospitality Industry in



Source: National Bureau of Labor Statistics 2019

frontline employees. Turnover can have a negative effect on existing employees that decide to stay with the company, thus decreasing performance. Managers and executives in the hospitality industry need to know how to detect turnover and the many initiatives they can take in order to attempt to reduce the turnover rates within their departments and companies.

The aim of this case study is to examine a front office department of a large resort and convention hotel in Central Florida. With a large increase in customers during the Christmas season, the resort hires and trains numerous employees, but finds that they need to hire more employees by the next season. This case study discusses how the department realized the problem, how they are working to fix this issue, and what they are doing to evaluate if their strategies are a success. Furthermore, the case study makes suggestions on how they change their strategies and what other strategies they should introduce. Specifically, this case study seeks answers to several critical questions below:

- What are the causes of turnover in resort and convention hotels?
- What are the consequences of turnover in resort and convention hotels?
- What are some precautionary steps that managers can take to decrease turnover in resort and convention hotels?

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Table 1**Push and Pull Factors Related to Turnover**

Push Factors	Pull Factors
Lack of training Discontent with superiors Poor organizational image Poor terms and conditions Uneven work patterns Poor pay Unsuitable hours of work Lack of autonomy	More money Better hours Permanent employment Alternative employment Improved career prospects Improved training and development Empowerment

Source: Developed based on Davidson and Wang (2011) and Lashley (2000)

Employee Turnover in the Hospitality Industry

What is Turnover?

Labor turnover includes the voluntary as well as involuntary and permanent withdrawal of an employee from an organization (Robbins & Judge, 2007). Employee turnover consists of employees leaving a particular company and the rate at which this occurs. There are different types of turnover; it can be voluntary and involuntary, functional, and dysfunctional. Some turnover can have a positive effect on the organization. For example, functional turnover is positive and occurs when underperforming employees leave the company and are replaced by employees that perform better. Dysfunctional turnover is the opposite and has a very negative effect on the business. Although the rate of turnover and how much of it occurs is important, it is important to look at the type of turnover that is occurring when proposing possible solutions (Wallace, 2009).

Factors Affecting Turnover

In order to come up with strategies to reduce the turnover rate, it is important to find out what exactly is causing the increase in turnover in the hospitality industry. The industry employs a lot of casual and part-time employees. Lai, Soltani, and Baum (2008) attribute the large employment of casual workers to “perishable accommodation and highly seasonal demand” (Davidson & Wang, 2011, p. 238). Davidson and Wang (2011) point out that casual workers are more likely to create turnover. Laureani and Anthony (2010) found that the main reasons for the voluntary separation were: lack of career growth opportunities, work schedule expectations, work duties, and compensation. The lack of training and experience of an employee in the hospitality industry can be attributed to the turnover rate as well. The employee may feel as though they are not able to complete the tasks they are assigned and unable to offer the quality of service that is expected from them (Angelo & Vladimir, 1998). Davidson and Wang (2011) explain turnover through a framework of push and pull. Table 1 points out the factors that can attribute to both pushing an employee from the company or another company pulling the employee towards

them. It is important for leadership to understand that as well as looking at themselves as a factor of turnover, they also need to examine their competition to see what they are doing to attract employees. Additionally, turnover is also linked with supervisory mentorship in the lodging industry (Yang, Guo, Wang, & Lin, 2019).

The hospitality industry depends on its employees to create customer interactions. Therefore, the employees of all hospitality businesses are the main area that leadership focuses on. According to the U.S. Department of Labor, turnover in the hospitality industry has been increasing annually and steadily among the top industries in relation to separation rates. The turnover rates are seen as something very important to the leaders of the industry, and this is not something new. In 2006, the International Society of Hospitality Consultants listed “labor and skill shortage” as “the top facing issue facing the global hospitality industry.” The rates have not decreased since this finding but instead increased. Industry leaders are taking this critical issue and examining it under a close microscope. Huselid (1995) found a strong link between a decrease in employee turnover and an increase in sales, market value, and profitability.

Cost of Turnover

The cost of turnover in the hospitality industry is complex, and some researchers have found it difficult to pinpoint the exact cost. Davidson, Timo, and Wang (2010) explain how the human resource department incurs most of the costs for turnover instead of the employee’s operational department. The human resource department is most likely accountable for the application, hiring, and training costs associated with each employee. It was found that “employee replacement costs were estimated to account for up to a third of hotel HRM departmental budgets” (Davidson et al., 2010, p. 456). Not knowing the exact cost of turnover makes it hard for executives to determine which departments need to implement turnover avoidance programs or if the programs put into place are successful. The calculation of the turnover costs could also help determine a budget for the programs put into place. Some researchers have found ways to establish costs. Hinkin and Tracey (2000) concluded that the cost of turnover for a hotel front office employee

Table 2**Average Cost of Replacement for Higher-Level Employees**

Cost	Average Cost per Responded Establishment (\$)
Advertising for replacement executives, managers/supervisors	8,931
Management time spent interviewing and selecting employees	14,417
Management time and expenses spent on training new employees	28,841
Agency fees	13,895
Contract staffing	13,400
Uniforms	10,800
Selection tests	4,071
Legal/law	3,357
Relocation expenses	9,141
Medicals	3,056
Total	109,909

Source: Davidson et al. (2010)

was “approximately 30 percent of the annual salary” (p. 21).

Davidson et al. (2010), in their study of Australian four- and five-star hotels, concluded that each hotel, on average, spent A\$109,909 per year replacing high-level employees and A\$9,591 per year to replace lower-level employees. Tables 2 and 3 show a breakdown of the costs for both managerial employees and operational employees. This reflects over \$80,000 for leadership and management employees and over \$7,000 for operational employees per business per year. Researchers have all concluded that the more complex the job, the higher the turnover cost. When looking at the costs in comparison to level of the hotel, the higher-level hotels have the most replacement costs. Hotels with higher ratings and pricing spend more on their employees for training and salary due to “complex operating systems, and they attract sophisticated guests who require high levels of service” (Simons & Hinkin, 2001, p. 68). The bottom-line of the company is something that stakeholders of the company find most important. In order to make sure stakeholders are happy, profits must be realized.

Seeing as turnover can negatively impact the revenue and profits of the company, leadership must figure out how to fix this critical issue.

With the large costs associated with turnover, the revenue stream of a business is affected by many employees voluntarily leaving. Laureani and Anthony (2010) found that recruitment and training costs were not the only costs that leadership needed to focus on in the service industry. The performance loss of the department must also be taken into consideration. Dusek, Ruppel, Yurova, and Clarke (2014) point out that long-term employees have a positive effect on the performance of a service department. The service quality of a hotel department will decrease when there is a loss of employees due to the time and resources it takes to replace those employees (Davidson et al., 2010). As stated previously, the cost of replacing a managerial employee is much higher than that of front-line employees. The cost is not the only effect, but the variations in managerial employees and their work ethics are also something that will create a loss in performance (Davidson et al., 2010). The hospitality industry relies heavily on guest satisfaction

Table 3**Average Cost of Replacement for Low-Level employees**

Cost	Average Cost per Responded Establishment (\$)
Advertising for replacement operational employees	1,186
Management time spent interviewing and selecting employees	2,519
Management time and expenses spent on training new employees	2,921
Agency fees	2,400
Uniforms	565
Total	9,591

Source: Davidson et al. (2010)

to gain a competitive advantage (Deloitte, 2010). Therefore, Dusek et al. (2014) conclude that “the turnover rate must be controlled in order to improve consistency of service, to improve and retain customer satisfaction, and to gain the economic benefits” (p. 88).

The Role of Human Resources Department in Turnover

The human resources department has a large impact on the turnover of employees. As stated above, they carry a large budget strain from the replacement costs. With closer examination of the push and pull factors associated with turnover, the department is responsible for many of the issues. Many executives look at the attraction, retention, training, and morale as the main issue (Enz, 2009). Recruiting the right employees to the company as well as the orientation programs that new employees go through are very important due to a large number of employees leaving within the first six to twelve months of employment (Laureani & Anthony, 2010). The recruitment process can have a large impact on whether an employee will stay with the company. It is up to the manager that is interviewing to make sure the employee has the right skill set and will fit into the culture of the company. Based on the findings of their study that “service orientation had a direct relationship with turnover” (p. 99), Dusek et al. (2006) point out that service orientation is an important trait to determine when interviewing a potential service employee. When explaining the importance of their study Kang, Busser, and Choi (2016) state “the ideal correspondence for employees is having their personal attributes match the environment of the organization” (p. 78). When employees are satisfied, then their intentions to leave the organization to decrease.

Human resources department use of casual workers “confirms the sector adopts mainly numerical and temporal labor strategies and managers its labor issues by accepting a supply of flexible and mobile workers” (Davidson & Wang, 2011, p. 249). Instead of working to attract and retain employees, human resource management in the hotel industry use casual and part-time employees. The industry employs temporary workers because of the demand for employees during certain seasons. The business does not need as many employees during certain times of the year compared to others. Their solution to this problem is to employ workers for only busy times. This creates a problem when it is time for that busy season. The recruitment and training costs of each employee will cost the business significant amounts of money each time they need more employees due to a busy season.

Training is another significant aspect of human resource management that can be associated with turnover. Abuharris (2014), in his study on hotels in Tripoli- Libya, found that “for accounting purposes, training is viewed as an expense, but it should also be viewed as an investment in the future organization if employees are retained” (p. 1277). Training should be treated with a top-down approach because management training can have a large effect on line-employee training (Laureani & Anthony, 2010). If the manager of the hotel is not appropriately trained,

then the employees will not be appropriately trained. The employees will look to their management team for help and will feel more comfortable with their assigned tasks. The training done on all employees needs to be personalized since everyone learns differently (Laureani & Anthony, 2010). This is due to all employees having different ways of learning. Employees’ sense of comfort and understanding of their responsibilities is vital to the satisfaction and, in turn, their intention to remain with the company. If the employee is given the resources to succeed, it is more likely that they will enjoy their jobs and do it well.

Benefits and pay are also something that the human resources department can look to change. One trend in the industry is programs of tuition payments. The American Hotel & Lodging Association has worked with Pearson PLC to create a program that will fund associate degrees for their workers. “The idea is to attract and keep employees longer while cultivating a new crop of managers from within hotel companies’ ranks” (Fuhrmans, 2018, para. 2). Rewarding an employee in the form of training can be a positive benefit for both the company and the employee.

Supervisor Influence on Turnover

In addition to human resource managers’ participation in reducing turnover, the operational managers influence employees’ motive to leave the company. Thomas, Brown, and Thomas (2017) discuss that even though the costs of turnover are essential, so is “drilling down to more micro-levels of turnover intention, such as that at the supervisor level” (p.74). Employee satisfaction is a significant factor and can stem from many different areas that managers control. As stated in Table 1, employees may leave a company because of discontent with superiors as well as lack of autonomy. Managers must realize that their work and what they do directly impacts the rate of turnover. This can start from the way managers are trained to how they motivate their employees daily (Laureani & Anthony, 2010).

Kang et al. (2016) focus on service climate and how it relates to turnover intention. Service climate is composed of customer orientation, managerial support, and job facilitation. It is defined as “employees’ perception of the extent to which they will be rewarded for providing excellent service to customers” (p. 77). The study found that Service Climate, through Psychological Capital and Quality of Work Life, has a direct connection to an employees’ turnover intention. This relationship can be shown in Figure 2. With this direct connection, it can be seen that managerial support on employees can have a significant impact on whether an employee intends to stay in their position or leave.

The motivation of an employee can have a direct impact on their desire to stay in their current role. Managers should understand each employee and what motivates them. Abuharris (2014) uses this idea to promote the importance of cross-training employees. He concludes, “cross-training brings an effective and efficient effect for the entire organization where well-trained staff builds up stronger teams of

employees" (Abuharris, 2014, p. 1272). Cross-training in the hospitality industry consists of allowing employees the chance to work in different departments. This will allow the employee to understand other department processes as well as increase their skill set. This type of program is also a positive benefit to both the employee and the company. It will allow the employee to grow and develop themselves and allow the company the ability to move employees to different departments that may need more employees during certain times.

Thomas et al. (2017) found that there is a difference between the front-of-house employee intention to leave compared to the back-of-house employee. At a company-level, there is no difference, but it was found that back-of-house employees tend to have higher turnover intentions at the supervisor-level. The impact of a supervisor and manager can affect the intention of an employee to leave the company. Therefore, supervisors must be aware of the different things they can do to help reduce the turnover in their department.

Case Synopsis: Turnover at the front office department

The resort and convention center at the center of this case opened in 2002 in Orlando, Florida. The resort has over 1,400 rooms and 400,000 of convention center space. Recently, the resort has announced a \$150 million expansion that will increase the hotel and convention center spaces and have had increased competition in the central Florida area. Their location, right next to major theme parks, gives them both positive and negative opportunities. The front office of the resort is responsible for all room-related guests as well as the call center for the hotel. This resort is well-known for their end of year holiday events. Therefore, it is during this time when the hotel is the busiest.

Front office manager John Doe stated, "the front office will hire about 30 to 40 employees every year before the holiday season begins". The season begins before Thanksgiving and lasts until right after the new year. It seems as though very few employees stay in a position for more than a year, seeing as each year, they are spending the money to hire and train this may staff. It would be beneficial if this number dropped year to year, but it has remained consistent since the opening of the resort. Direct interviews with managers of the front office indicated no signs of active plans to reduce the turnover rate at the current time. Although, when discussed, managers were quick to respond that the human resources department does regular evaluations and surveys of the employees to see what management can be doing better.

The evaluations that the managers discussed with the Human Resources Department are a program that exists within the resort and convention hotel. The company has decided to maintain the program due to its success in other departments for strategic issues that they have found. The program consists of a cycle that occurs yearly consisting of evaluation, implementation process, and a check-in. The evaluation

occurs when a human resources manager, along with the director of rooms and hotel manager and the front office employees. Problems are discussed at this meeting, and the three main issues that the employees would like managers to work on are put into objectives. These objectives are then placed on a board in the front office and management works to obtain those objectives. A check-in a couple of months later is done by the human resource manager to see how the implementation of the managers' strategies has been. At the end of the year, the human resources department takes feedback from employees and gives their feedback to management. This has worked in other departments very well, but it has not had the best effect on the front office.

The front office department has had problems with maintaining employees, even though large amounts of employees are hired each year. These employees are both full-time employees and part-time (seasonal) employees. The seasonal employees are presented with the opportunity to continue employment as full-time employees after the holiday season. The price of employee turnover is costly for the hotel, and the customer complaints of untrained staff are common. Employees' reasons for voluntary leaving vary, despite being offered competitive wages. The human resources department at the resort and convention hotel offers exit interviews, but they are optional and not readily offered to employees. Therefore, there is no real direction in which the managers of the front office can go off of besides what they are able to infer. Employees during 2016 and 2017 left for reasons such as a promotion, relocation, burnout, or moving into a different industry. Because there are so many reasons for leaving, picking just three issues to discuss on a yearly basis does not give the managers a great chance. All issues must be addressed and worked on, and most can be done simultaneously. Managers of the front have a problem quantifying the issue of turnover because it mainly impacts the budget of the human resources department. The front office manager stated in his interview that the managers are aware of the problem based on the performance of the front desk and call center, but have trouble getting "to the bottom of the problem" to implement changes and quantify these problems so they can "measure improvement."

The human resources department of the resort has a very hands-off approach when it comes to hiring and training the front office employees. They do not conduct the interviews or training of employees. The only aspect that they are involved in is the orientation to the resort as well as the hotel brand. Therefore, it is difficult to pinpoint what precisely this department can do better in terms of reducing turnover rates. Maybe, they should handle some of the other aspects of employees such as recruitment. This would require "an H.R. manager with a clear understanding of customer expectations, labor market conditions, and job requirements" to recruit successful candidates (Davidson and Wang, 2011, p. 240-241). They know the requirements and conditions; therefore, they are better able to tell the applicants about the position.

Although this may work in some cases, the front office managers at the hotel expressed that they simply do not have time to interview so many candidates as the holiday season approaches. The managers indicated to me that their interviews are mostly about telling the employee that they are offered the job instead of taking the time to see if they fit into the culture and have the right skill set for the job.

Currently, the recruitment and hiring of front-office employees are not structured. The human resources department will screen an applicant and then send it to front office management. The managers will then use a phone-screening questionnaire for the potential employee and then conduct an in-person interview. Most of the time, an interviewee is offered the job on-the-spot during the interview. The human resources department of the resort can have an enormous impact on turnover reduction if it incorporates the right practices. The department can be directly beneficial to the front office if they incorporate programs that are human resource-based. Formal recruitment and hiring practices should be used for the front office, and this will allow the department to hire more qualified employees that will be more likely to identify with the culture.

An employee from the hotel explained their reasoning for leaving the company as the lack of rewards and growth opportunities. James Smith was an employee at the resort for ten months before deciding to leave the company to pursue employment with another hotel business in Orlando. Smith was a front desk agent as well as a call center employee who was hired less than a month before the holiday season began. He explains that he was rushed through the interview process and was hired on the spot after a ten-minute interview. He went through a two-day orientation session with the human resources department and then went to the front desk for about a week of on-the-job training. The season picked up, and he felt as though he overcame a huge obstacle of working without proper training. During the season, he sometimes worked more than 60 hours per week but was not rewarded for his hard work and efforts other than his paid hourly rate. With the company's policy of promotions only after in a role for six months, Smith was patient and applied for a supervisor role after he had completed this time. His managers seemed shocked that Smith wanted a promotion and told him that he would have to wait. This employee felt as though his managers thought he was going to stay in the same position forever and did not care to ask him where he wanted his career to go. Smith soon started applying for supervisor and management positions in other local hotels, and when offered a position, left the resort.

Managers at the front office motivate their employees in a variety of ways. These ways do not change based on the employees that are currently in the position. Managers do not seek to understand the motivations of individual employees but instead treats the department as a whole. Tsai, Horng, Liu, and Hu (2015) found in their study that if motivation and promotion are incorporated into the department, employee

performance will rise. Perhaps if James Smith knew that his employers were aware of his ambitions and were working to help him grow, he would have stayed with the company and waited until another position opened. The managers and supervisors of the resort front office should regularly meet with their employees to understand their motivation and help their employees feel as though they care for them.

The front office department managers pride themselves on the cross-training of employees. However, this cross-training is referred to when their employees are trained in both the front desk setting as well as the call center. This is interdepartmental training that does not truly embrace the cross-training that Abuharris (2014) describes as something used to "expand their skills base and to learn more various parts of the organization" (p. 1270). The same skill set that employees use at the front desk is used at the call center. The only additional learnings that an employee must learn to work in the call center is the phone functions. Yang, Raybould, and Gordon (2018) suggest, "ongoing development may be enhanced through cross-training, coaching, or mentoring that helps high-value employees assume leadership roles within the organization" (p. 15). This includes cross-training programs in other departments.

When speaking to an employee at the resort, Jane Doe, she stated the reason for her staying with the company was due to her ability to shadow with the sales department. Doe explained that she had to go out of her way to go to the human resources department and request for them to let her shadow with the sales department during the hours she was not scheduled at the front desk. Her experience allowed her to connect with employees in that department and realize that she would enjoy working there. When a position opened, she applied and received the promotion. Experiences like Doe's should be made easily accessible to employees at the front desk that seek to move throughout the organization. The company was able to retain a valuable employee to the organization by offering an employee a few short hours in a different department.

Conclusions

Employee turnover has been a topic of extensive research in the hospitality and tourism industry (Madera et al., 2017). As highlighted in this case study, turnover is affected by several push and pull factors and can affect a company operationally as well as financially. In the case of the front office of a resort in Orlando, Florida, employee turnover has been the cause of significant turmoil. This rise in turnover has also resulted in a decline in employee performance. Several causes, including the lack of involvement of the human resources department and absence of extensive supervisor support, have been cited for this constant turnover. Improved tracking of turnover intentions and programs for its avoidance will reduce training and operational costs, and increase employee performance.

Discussion Questions

- Do you believe that there is a significant problem in the case study that needs to be addressed immediately? If so, what is it? How can it be addressed?
- What department of the resort do you think has the most impact on the turnover rate?
- What factors can you indicate that is the direct result of the turnover in this department?
- What do you believe the human resources department should do about this issue?
- What would you do if this was your department?