

## Effect of Training and Development on Employee Turnover in Selected Medium Sized Hotels in Kisumu City, Kenya

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### Abstract

Employee turnover in the hotel industry is problematic and can be dysfunctional. There cannot be a cohesive successful team, if the team members are always changing. However, it is not just the retention of the staff that is of interest here, it is the examination of those elements of human resource practices, over which these establishments have some control. Off the job training takes place away from the working station and most hotels rarely take this form of training because of the intensity of work. The broad objective of this study was to investigate the effects of human resource practices on employee turnover in selected medium size hotels in Kisumu City. The research sought to establish the extent to which training and development of employees contribute to employee turnover. The research adopted Herzberg's two factor theory. The research design was survey. A target of 24 medium size hotels in Kisumu City comprising a population of 350 employees was used. Purposive sampling technique was used to select the hotels, while stratified sampling method was used to select departments and simple random sampling was used to select the respondents from the departments. A sample size of six hotels comprising 187 employees and 24 management staff was selected for the study. Questionnaires were administered to both the management staff and employees. The findings indicated that employee development significantly affected employee turnover ( $p=.005$ ) 2-tailed. Training is a tool that can assist Hotels in building a more committed and productive workforce. Although training plays a major role in this process, Hotels need to look at additional strategies and practices that can enhance commitment. Training alone may offer many benefits but a much greater impact will be found when using a strategy to human resources that entails many different organizational practices and policies.

**Keywords:** Turnover; Hotels; Training; Herzberg's motivator-hygiene; Human resource.

### 1. Introduction

Turnover in the hotel industry has been shown to be unacceptably high (Kennedy and Berger, 1994), averaging up to 200 or 300 percent per annum (Woods, 1992; Tanke, 1990; Boella, 1998; Wheelhouse, 1989), although substantial variations exist between different establishments. Price (1994) argues that the hotel industry tended to 'live with high levels of employee turnover and rely on the external labour markets to fill vacancies'. However, high employee turnover cannot be excused as an inherent characteristic feature of the hotel industry, and Mullins (1995) suggested that 'an organization can theoretically influence turnover by various intervention processes' that include placement and orientation, training and development, promotional opportunities, job security and management style. Denvir and MacMahon (1992) further argued that individual hotels experience different levels of employee turnover, thereby confirming the view that 'employee turnover is partly within the control of management, and conflicts with the widespread impression that turnover is high and uniform throughout the industry', and hence an uncontrollable characteristic of the trade. This might therefore suggest that turnover is, in effect, manageable through effective and strategic HR Practices.

Hogan (1992) states that training and development opportunities have an impact on turnover rates while Bonn and Forbringer (1992) state that job satisfaction has an impact on turnover rate. In addition, the seasonal nature of the industry has an impact on the rate of turnover (Boella, 1998; Denvir & Mc Mahon, 1992). Riley (1991) estimates that operative and skilled staff comprises up to 64 per cent of the entire staff population. This might therefore indicate that there is hardly any promotional and developmental opportunities for lower-level employees, resulting in a movement of staff out of that organization to one that provides better career options.

Boella (1996) affirms that one of the features of the working life today is that whatever education and training is obtained at the start, it will almost become redundant or obsolete during the same working life. The need to train, to acquire new knowledge, new skills and new attitudes has become an everyday aspect of each individual's working life, and in some cases, may merely be an updating process. In the UK, many industrial training boards were disbanded in the 1980s but the Hotel and Catering Training Company (HCTC) was retained for a number of reasons. These include the obvious growing, even vital, importance to the economy of tourism and also the tremendously fragmented and still predominantly trained workforce in the hotel and catering industry. Pitt & Ramaseshan (1995) comment that training is not seen as a problem-with a few exceptions, there isn't any. A number of surveys suggest that the training offered in hotels is restricted to simple on-the-job techniques. Teare & Boer (1996) cautions that re-training of an older workforce displaced from other industries and the continuing

development of existing employees are matters which should not be ignored.

Within some sectors of the hotel industry, staff training is becoming more effective. However, the generally high employee turnover still reduces the effectiveness of the training effort. One of the manager's most important responsibilities is training. All managers have concerns about employees' performance, production, safety, sanitation, internal control and financial controls. A manager can prevent most of these concerns from becoming problems through effective training. Training will not solve every problem, but where effective training is implemented, many of the problems faced by managers can be minimized or eliminated (Forrest, 1996). Tasks like on-the-job-training would be of great benefit to employees and refresher courses given from time to time to update the employee with the current trends in the industry. Once trained, employees' frustrations attributable to their inefficiencies and ineffectiveness would be minimized and the turnover levels would reduce. Training ensures consistency of standards and methods of performance (Forrest, 1996).

Teare & Boer (1996), states that in future, the increased use of technology will require jobs to be broadly based and employees will need to be trained in a number of operational areas. Because of multi-skilling and the increasing personality-intensive nature of the industry, a high proportion of inadequate training can be a cause of low morale because it may cause employees to feel unprofessional; when employees are unhappy with their jobs, it usually shows in poor performance and heightens the rate of turnover.

Boella (1996) states that in the hotel industry, much of the staff's work is performed in direct contact with customers. For this reason, much of the training of new staff has to be performed 'on the job' so that experience of dealing with customers can be obtained. Unfortunately, new comers are often attached to experienced workers who are not in any way equipped to train others. Off the job training takes place away from the working station and most hotels rarely take this form of training because of the intensity of work. Investing in staff training makes employees feel valued, consequently becoming more motivated to work. The purpose of the study was therefore to examine the effects of human resource practices on employee turnover in the medium sized hotel industry in Kisumu City and how they affect the performance in the hotels.

The high employee turnover in hotels in Kisumu City is of much concern to the operators of the industry. This has led to an increase in the cost of hiring new staff, training costs, increased workloads, and overtime for co-workers, as well as reduced profitability associated with low employee morale and reduction in standards. In a service industry where customers are dealt with face to face, there can be no question of high quality co-existing with high levels of turnover (Riley, 2001). In this unique industry, that essentially comprises both a production and a service aspect, both the creation and the rendering of services from the hotel to the customer are primarily achieved through the employee, that is, the hotel's representative. Therefore, the people essentially represent the industry (Thompson and Abbott, 1990; Schneider and Bowen, 1993). Despite the current employee turnover levels in many hotels, staff retention should be on the management agenda at all levels. If action is not taken, it has the potential to become an even bigger issue. The purpose of the study was to examine the effect of employee development/training on employee turnover in the hotel industry in Kisumu City.

### *1.1 Theoretical framework*

This study was based on the Herzberg Two factor and equity theory. In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction". Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent or if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate or reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment or scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. These factors motivate the employees for a superior performance.

## **2. Research methodology**

The research was undertaken in Kisumu City situated on the shores of Lake Victoria. The shoreline is 90 km long and has more than 17 beaches all of which are fish landing bays. Study adopted a descriptive research design. Descriptive design is used when the objective is a systematic description of facts and characteristics of a given population or sample of the population or area of interest are factual and accurate (Kothari, 2008). The quantitative survey allowed the researcher to quantify, relate and justify opinions and attitudes of a greater number of respondents. Descriptive research can be either quantitative or qualitative. It can involve collections of quantitative information that can be tabulated along a continuum in numerical form, or it can describe categories of information such as gender or patterns of interaction

The target population was 350 employees (comprising of 96 managers and 240 employees) working within the 24 medium sized Hotels in Kisumu city. Yamane (1967) formula was used to calculate the sample size. Then the

desired sample sized was 187 respondents. The sampling methods used for this study were simple random sampling, stratified and purposive sampling. The categories of employees were used as strata during the study to select the managers and general employees. Stratified sampling was used to sample different departments in the hotels. Simple random sampling was used to select a sample of 6 medium sized hotels, in which each item was selected entirely on the basis of chance. Purposive sampling was used to select the management of the medium sized hotels.

Primary data was collected through direct communication with the respondents i.e. through the use of questionnaires. However, secondary data was used to depict pertinent issues as they existed before the study. It was used as a basis to confirm or contrast findings of the study. These sources included journals, books, newspapers and magazines. Both descriptive and inferential statistics were used to analyze data. Descriptive statistics used included frequency and percentages and findings presented in frequency tables. The inferential statistics used included Pearson Moment Correlation Coefficient was used to establish the relationship and association between dependent and independent variables.

### 3. Result

#### 3.1 Level of Education

The academic levels of employees were varied as shown in table 1. Majority of the employees 43 (40.6%) and a good number of managers 10 (35.7%) had diploma, 32 (30.2%) of employees had secondary education and 21 (19.8%) of employees had technical certificates. Manager's 8 (28.6%) and 7 (6.6%) general employees had degree level of education. The findings indicate that majority of the employees had diploma level of education and managers had above diploma qualifications.

**Table 1 Level of education**

	Employees		Management	
	Frequency	Percent	Frequency	Percent
Diploma	43	40.6	10	35.7
Degree	7	6.6	8	28.6
Primary	3	2.8	2	7.1
Secondary	32	30.2	4	14.3
Technical Cert	21	19.8	4	14.3
Total	106	100.0	28	100.0

#### 3.2 Employee Training and Development

The employees rated the frequency with which the employee development practices affect employee turnover in their hotel to be varied as shown in table 2. The number of employees who had never received training rewards comprised of 68 (64.2%) employees, 64 (60.4%) rated employees are given performance awards (certificates) and 63 (59.4%) employees are given study leave. Majority (59.4%) of the employees had never been given study leave, with 64% never had any training rewards and 60.4% given performance awards (certificates). Whereas 49.1% had not been offered external training (short refresher courses), 48.1% of the employees had never received salary/wage increments upon appraisals, and 46% having not been given development loans, and 45.3% not given letters of recognition of service.

**Table 2 Employee Training and Development**

Employee Development Practices	Very Frequently		Frequently		None		Rarely		Never	
	F	%	F	%	F	%	F	%	F	%
There is employee promotion	5	4.7	9	8.5	22	20.8	40	37.7	30	28.3
Employees given letters of recognition of service	5	4.7	4	3.8	9	8.5	40	37.7	48	45.3
Internal training is offered to employees	8	7.5	9	8.5	26	24.5	22	20.8	41	38.7
External training is offered to employees	7	6.6	5	4.7	13	12.3	29	27.4	52	49.1
Employees are given study leave	5	4.7	6	5.7	4	3.8	28	26.4	63	59.4
Employees receive training rewards	7	6.6	2	1.9	4	3.8	25	23.6	68	64.2
There is salary/wage increments upon appraisals	4	3.8	3	2.8	8	7.5	40	37.7	51	48.1
Employees are given development loans.	7	6.6	6	5.7	23	21.7	21	19.8	49	46.2
There is job rotation	10	9.4	10	9.4	26	24.5	28	26.4	32	30.2
Employees given performance awards	2	1.9	2	1.9	8	7.5	30	28.3	64	60.4
Employers are willing to be guarantors of loans	19	17.9	4	3.8	32	30.2	23	21.7	28	26.4

### 3.3 Employee Turnover

The employees rated the factors of employee turnover in their hotel as summarized in the table 3. Employees reporting late to work and absenteeism were highly rated factors of employee turnover. However, the employees leaving without giving notices, moving of employees from one hotel to another and employees working in the hotel for a short period e.g. less than six months were rated to be low.

**Table 3 Factors of Employee Turnover in Hotel**

Employee Turnover	Very High		High		Average		Low		Very Low	
	F	%	F	%	F	%	F	%	F	%
Employees leaving without giving notices	15	14.2	24	22.6	27	25.5	23	21.7	17	16.0
Moving of employees from one hotel to another	19	17.9	18	17.0	29	27.4	22	20.8	18	17.0
Employees working in hotel for short period	17	16.0	32	30.2	27	25.5	14	13.2	16	15.1
New employees are employed regularly	21	19.8	34	32.1	28	26.4	9	8.5	14	13.2
Employees report late to work	35	33.0	41	38.7	16	15.1	6	5.7	8	7.5
Employee absenteeism	38	35.8	35	33.0	18	17.0	7	6.6	8	7.5

### 3.4 Pearson Correlation Coefficient on Employee Turnover

The Pearson correlation was performed to determine the relationship between employee development and employee turnover. The result is as shown in table 5. There was a negative relationship between employee development ( $r=-.280$ ) on employee turnover  $p<0.01$ . The findings showed that an increase in employee development would lead to a decrease in employee turnover. The findings indicate that employee development significantly affect employee turnover.

**Table 5 Correlations on Employee Turnover**

		Employee turnover	Employee development
Employee turnover	Pearson Correlation	1	
	Sig. (2-tailed)		
Employee development	Pearson Correlation	-.281**	1
	Sig. (2-tailed)	.004	

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

## 4. Discussion

Employee development was found to be negatively and significantly related to the employee turnover. The findings empirically support the arguments of Miller and Wheeler (1992) who argued that career development was not a predictor of employee turnover. The findings also agree with Arthur (1994), who argue that the importance of ensuring employee retention following training may lie in the strategic approach that is utilized. Companies can seek to achieve organizational goals through a variety of human resource strategies and approaches. One such approach, a commitment strategy, attempts to develop psychological connections between the company and employee as a means of achieving goals. In an attempt to ensure that the employee remains with the company following training, employers may implement a strategy to training that fosters commitment. Training that attempts to increase employee commitment may serve to counter the numerous direct and indirect costs associated with turnover, although a commitment strategy, can be tied to all company Human Resource Practices such as recruitment, selection, and performance evaluation.

The findings agree with that of Kaufman & Hotchkiss (2006) who argued that once a training program is complete, worker productivity is expected to increase. The benefits will be to the company, due to an increase in worker output and productivity, and to the worker, as the increase in output should translate into higher wages and opportunities for career advancement. The findings agree with that of (Colarelli & Monte, 1996; Becker, 1993) who argues that training is of growing importance to companies seeking to gain an advantage among competitors. There is significant debate among professionals and scholars as to the effect that training has on both employee and organizational goals. One school of thought argues that training leads to an increase in turnover while the other states that training is a tool that can lead to higher levels of employee retention. Regardless of where one falls within this debate, most professionals agree that employee training is a complex Human Resource Practice that can significantly impact a company's success. The implication of this finding is that employee development and training is the most critical HRM practice that should be implemented by the hotel industry to reduce employee turnover.

## 5. Conclusion and recommendations

The findings indicated that employee development significantly affected employee turnover. Training is a tool that can assist Hotels in building a more committed and productive workforce. By helping to establish employee investment, reciprocity, identification, and by limiting alternative employment options, an effective training

program can lead to greater commitment and less employee turnover resulting on an organization that is more productive and professional. Although training can play a major role in this process, Hotels need to look at additional work force strategies and practices that can enhance commitment.

From the study, training alone may offer many benefits, but a much greater impact could be found when using Human Resources strategies that entail many different organizational commitment practices and policies. An effective training program is one such organizational practice that can lead to greater employee commitment and a more stable workforce. Majority of employees believe that upon training there is likelihood that they will receive a promotion. A number of them would prefer internal training and external training if offered by the employer or if the employer was willing to guarantee on loans for studies.

Finally, a number of recommendations were outlined to deal with employee turnover. There is need to develop and train employees in this industry to improve and boost the business in the industry. Hotel managers should be encouraged to send their employees to attend courses that are relevant to the work they are doing. Again, there is need to undertake training and development in this informal sector to improve income per capita and the general living standards of the people. On the government part, some form of incentives should be provided to the hospitality industry since it mainly employs young people in the society. Incentives could also assist in increasing the number of tourist's accommodation. Lastly, since most of the employees working in hotel industry do not have well defined job description, there is need to enhance policies that can moderate their operation. This will assist in assignment of chores to the employees by managers.

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