

**EFFECT OF HUMAN RESOURCE PRACTICES ON EMPLOYEE TURNOVER  
IN SELECTED MEDIUM SIZED HOTELS IN KISUMU CITY- KENYA**

**BY**

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MANAGEMENT**

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**DECLARATION**

This thesis is my original work and has not been presented for a degree or any award in any other university.

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This thesis has been submitted for examination with our approval as University Supervisors.

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## **DEDICATION**

This project is dedicated to my loving family.

Above all to GOD, be all the Glory and Honour.

**LIST OF ACRONYMS & ABBREVIATIONS**

<b>HCITB</b>	-	Hotel and Catering Industry Training Board
<b>HR</b>	-	Human Resource
<b>HRM</b>	-	Human Resource Management
<b>ICT</b>	-	Information Communication Technology
<b>JA</b>	-	Job analysis
<b>KPMG</b>	-	Klyveld Peat Marwick Goerdeler
<b>KUDHEIHA</b>	-	Kenya Union of Domestic, Hotels, Educational Institution hospitals and Allied Workers
<b>LVTA</b>	-	Lake Victoria Tourism Association
<b>NSSF</b>	-	National Social Security Fund
<b>SPSS</b>	-	Statistical Package for Social Scientist

## DEFINITION OF KEY TERMS

**Career development** refers to how a company helps employees to develop their careers by giving them training and clear career path.

**Compensation** refers to benefits and recognition given to employees by the company.

**Employee Development** refers to an act where specific programmes are designed to prepare and groom a worker with particular education and training for higher responsibilities giving them training and clear career path or development loans facilitated by the employer.

**Employee Turnover** refers to the movement into and out of an organization by the workforce or the rate at which an employer gains and loses employees. Employee turnover occurs when employees voluntarily leave their jobs and must be replaced (Graham and Bennet, 1995)

**Employees** refer to persons employed to perform certain duties.

**Hotel industry** refers to an enterprise providing lodging and food services to customers.

**Hotel** refers to the provision to customers of lodging and/or prepared meals, snacks and beverages for immediate consumption.

**Human Resource Practices** refers to all aspects of how people are employed and managed in an organization. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development resources (human resources, planning, recruitment and selection, talent management) performance management, learning and development, reward management, employee

relations, employee well-being and health, safety and the provisions of employee services, (Armstrong 2009)

**Job Analysis** refers to setting clear objectives and performance measures for employees by the company and matching the job description (document which specifies duties, responsibilities, job purpose *etc.*) with the duties to be performed by the employees.

**Job Assignment** refers to process by which an employer sets out to maximize output of the workforce, (Boella, 1992)

**Job Security:** refers to the knowledge that your job is permanent as long as you want it to be.

**Marketing executive intention to leave** refers to marketing executives' plans to leave the company.

**Medium Sized Hotel:** refers to hotels which are typically small to medium sized and offer more extensive facilities than at the one star level. Guests can expect comfortable, well equipped, overnight accommodation, usually with an en-suite bath/shower room. Reception and other staff will aim for a more professional presentation than at the one star level, and offer a wider range of straightforward services, including food and drink.

**Organizational Commitment** refers to employees' loyalty to the company

**Realistic Job information** refers to the information that the employees received with regard to relevance, depth and accuracy regarding the prospective job during the interview process.

**Supervisor Support** refers to how the immediate supervisor supports the subordinate in carrying out his work successfully.

**Work Family Balance** refers to how the company helps the employees to balance work and family life.

## 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. Turnover of hotel employees is the core issue of this research. In particular, the focus is on the influences of Human Resource Practices within these establishments that encouraged employees to either stay or leave. 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. The broad objective of this research was to investigate the effect of human resource practices on employee turnover in selected medium sized hotels in Kisumu City. The research sought to establish the extent to which job assignment, job security and development/training of employees contributed to employee turnover. The research sought to assess the human resource practices that contribute to employee turnover. The research adopted Herzberg's two factor theory and equity theory. The research design was descriptive. A target of 24 medium sized hotels in Kisumu City comprising a population of 350 employees was used. Purposive sampling technique was used to select the hotels for the research, while stratified sampling method was used to select the various departments. 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 this study. Primary and secondary data was used. Collection of data was done using questionnaires administered to the general employees and management staff. Descriptive and inferential statistics was used to analyze the data. The findings indicated that job assignment, job security and employee development significantly affected employee turnover ( $p=.005$ ) 2-tailed. Employee development affected job assignment and job security and played a significant contribution to the employee turnover, as compared to job assignment and security. The job assignment, job security and employee development have an effect on the employee turnover. From the multiple regression, ( $R^2 = .674$ ), it shows that all the predictors account for 67.4% variation for employee turnover. Training is a tool that can assist Hotels in building a more committed and productive workforce. Although training can play 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. Hotels need to strategically and methodically develop Human Resource Practices that are designed to fully achieve commitment and retention of employees in this informal sector in order to improve income per capita.



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter presents background information, statement of research problem, purpose of the study, objectives of the study, research questions, hypotheses, justification of the study, the scope of the study, theoretical framework and conceptual framework

#### **1.1 Background of study**

In recent years, there has been widening recognition that Human Resource Practices impact on an organization's performance and bottom-line results, contributing to overall ineffectiveness (Nankervis and Debrah, 1995). Particularly in the service industry, the effective utilization of Human Resources can give an organization its competitive edge, (Schneider and Bowen, 1993). This has led to an increased interdependency of corporate strategy with Human Resource Practices. By effectively linking HR Practices with organizational objectives and needs, employees can be recruited, developed, motivated and retained towards gaining a competitive advantage, such as Strategic Human Resource Management.

Many turnover studies have focused on other industry causes and effects. To date, however, comprehensive and substantial studies have not been conducted to determine the direct and indirect causes of turnover in the hotel industry, although some hotels have undertaken individual turnover analyses to address this issue (Nankervis, 1991; Debrah, 1994). This could be attributed to the fact that, even though employee turnover has



financial consequences, the problem is often ignored because the costs are indirect and hidden (Hiemstra, 1990). Furthermore, many hotels may consider it simply part of 'doing business' in this industry. This study outlines recent research which examined the impact of Human Resource (HR) practices in the respective hotels on employee turnover, specifically through the processes of recruitment, promotional opportunities, training and development, Management styles, remuneration, job security and Job assignment.

Denvir and McMahon (1992), define employee turnover as 'the movement of people into and out of employment within an organization'. It can be voluntary or involuntary. Correspondingly, on the basis that people leave an organization for a multitude of reasons that may not be management-related. Eade, (1993), further categorizes turnover into controllable and unavoidable turnover. For the purpose of this study, the focus will be on voluntary and controllable turnover.

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. Literature has so far identified factors that impact negatively on turnover rates such as orientation and socialization processes (Kennedy and Berger, 1994; Woods, 1992) ad hoc recruitment and selection procedures (Bonn and Forbringer, 1992; Woods and MacAulay, 1989), discrimination at the workplace (Antolik, 1993) training and development opportunities (Hogan, 1992; Hiemstra, 1990); management styles, Boella, 1998; Wheelhouse, 1989; Woods and Mac Auley, 1989); organizational

commitment (Denvir and McMahon, 1992); competition and organizational culture (Woods and MacAulay, 1989); labour shortage (Debrah, 1994; Woods, 1992; Stress and burnout Woods, 1992; Hom and Griffeth, 1995); the seasonal nature of the industry (Boella, 1998; Denvir and McMahon, 1992); and job dissatisfaction (Bonn and Forbringer, 1992; Hom and Griffeth, 1995; Wheelhouse, 1989).

Relatedly, Denvir and McMahon, (1992) suggested that labour turnover is not ‘an isolated occurrence’, where ‘multi-dimensional’ aspects include low staff morale, substandard work performance and absenteeism. Each incident of employee turnover is estimated to cost up to \$ 2500 in direct costs and \$ 1600 in indirect costs (Hogan, 1992). However, the pervasive impacts of labour turnover on a hotel’s bottom line profits can be classified into two categories: direct expenditure and intangible costs. Direct impacts are essentially financial consequences that include administrative costs as a result of increased recruitment and training expenditure of new employees. (Mercer, 1988).

The indirect consequences of turnover include productivity losses due to unfamiliarity of the workplace, poor service quality as a result of insufficient manpower (Denvir and MacMahon, 1992; Riley, 1991a; Wheelhouse, 1989), compromised standards and low morale due to the constant departures of workmates; which are in turn intergrally damaging to the hotel’s reputation (Woods and MacAulay, 1989; Riley, 1991a; Mullins, 1995) because dissatisfaction in the employee will ultimately lead to dissatisfaction of the customer (Boella, 1988; Woods, 1992). Samuel (1969), cited in Denvir and McMahon, (1992:144) summarized this when he stated that:

*'Discontinuity in employment discourages people from entering the industry and encourages others to leave it thus preventing continuing relationships between employers and employees and so inhibits the growth of mutual responsibility. It involves heavy administration costs and a substantial loss of productivity through the breaking up of teams who are used to working together'*

However, Mullins (1995) argues that employee turnover within an organization may not necessarily be detrimental. Rather,

*"An organization that is choosing to thrive and grow must expect a higher turnover rate than companies that settle for the status quo where more talented and experienced people replace those that are leaving, and the new workers take the organization to the next level"*.

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 (Mullins, 1995). 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.

Based on a recent pilot study undertaken by Cheng, (1996), the hotel industry would be perceived to have recognized the adverse effects of employee turnover (Debrah, 1994 & Nankervis, 1993) through the adoption of strong HR Practices. Specifically, five variables that will be mentioned are; recruitment and selection; employee development, job security, management style and job assignment. 'Central to all these processes, is the crucial activity of recruitment and selection practices' (Mullins 1995). There have been numerous studies conducted on employee turnover that have focused on other industries. These may not be applicable due to the unique features of the hotel industry because the organizational structure of the hotel may be a major determinant in influencing employee turnover, as compared up to other industries.

Hogan (1992), states that training and development opportunities have an impact on turnover rates. The seasonal nature of the industry has an impact on the rate of turnover, (Boella, 1998; Denvir & Mc Mahon 1992), whereas Bonn and Forbringer (1992) state that job satisfaction has an impact on turnover rate. 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.

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).

The success of this industry is therefore dependent on the calibre of its employees and how effectively they are managed in order that they help the organization achieve its objectives (Nankervis and Debrah, 1995). It is essential that the hotel industry develops efficient HR practices and policies that enable them to recruit, select and retain competent employees who contribute to the achievement of their objectives.

However, the hotel industry is constantly plagued with high staff turnover levels, resulting in high personnel costs incurred because of recruiting and training new replacements, (Hom and Griffeth, 1995). With few staff staying longer than five years

BTR (1990), cited in (Nankervis, 1990), turnover contributes significantly to labour costs through high replacement costs, (Riley 1991). With a skilled labour force needed in the trade, and hotels increasingly providing the required training, premature turnover may waste a hotel's sizeable investment in employee development (Walsh, 1991; Hom and Griffeth, 1995). Armstrong, (2009) states that it is necessary to measure employee turnover in order to identify the reasons why people leave the organization. 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.

## **1.2 Statement of the Problem**

The rates of employee turnover and wastage are a problem for many businesses, especially in attaining the consistency in product and service quality so desired by hospitality firms in an ever more competitive market, (Hosque 2000; Tracey and Hinkin, 2004). The hotel industry has for many years had a reputation for a very high level of employee turnover. The Hotel and Catering Industry Training Board (HCITB) published its report on manpower flows in the Hotel and Catering Industry which predicted that there would be in region of 1.4 million vacancies per annum. Of these, 3% arise from growth, 2% from retirements and the remaining 95% from employee turnover. The impact of HR Practices has also influenced the turnover trend; lack of conducive and strong HR Practices in many hotels has increased rates of employee turnover. There has been little effort to identify the effects of employee turnover in the hotel industry and emphasis must now be on how to keep the valued employees-hence the need for this

study. Customers may also be affected by high employee turnover rates because of lack of continuity in service and dealing with new faces frequently. 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.

High employee turnover can often result in low levels of efficiency (Boella, 1996). The consequences of employee turnover include productivity losses due to unfamiliarity of workplace, poor service quality as a result of insufficient manpower, compromised standards and low morale due to the constant departures of workmates which are in turn integrally damaging to the hotels reputation. Woods and Macaulay, (1989); Riley, (1991) and Mullins, (2003), identified that dissatisfaction in the employee will lead to ultimate dissatisfaction of the customers. Service suffers when customers complain or they just do not come back due to high employee turnover (Miller *et al* 2007). In a service industry where customers are dealt with face to face, there can be no question of high quality performance, co-existing with high level of employee turnover even when there is an efficient training function. The appearance of new faces prevents a degree of continuity taking root and such continuity is essential to good quality service.

### **1.3 Purpose of the Study**

The purpose of the study was to examine the various Human Resource Practices that affect employee turnover in the hotel industry in Kisumu City and there was need to establish whether job assignment, job security and employee development have an effect on employee turnover.

#### **1.4 Objectives of the Study**

The main objective of the study was to examine the effect of Human Resource Practices on employee turnover in medium sized hotels in Kisumu City. The specific objectives of the study were:

1. To determine the extent to which job assignment affect employee turnover in hotels in Kisumu City.
2. To identify the effect of job security on employee turnover in hotels in Kisumu City.
3. To examine the effect of employee development/training on employee turnover in Hotels in Kisumu City.

#### **1.5 Hypotheses**

The following hypotheses were tested;

*Ho<sub>1</sub>*: Job assignment has no effect on employee turnover

*Ho<sub>2</sub>*: Job security has no effect on employee turnover

*Ho<sub>3</sub>*: Employee development has no effect on employee turnover

#### **1.6 Justification of the Study**

With the hotel industry gradually growing in Kisumu City due to its vantage point, accessible from all the parts of the country by road, air and water through the port of Kisumu from neighbouring countries, for example Uganda and Tanzania, together with the promotion/marketing of the western tourist circuit as a tourist destination, establishment of the hotel industry has been facilitated. The city has several tourist attractions such as Kisumu Museum, Kiboko Bay and the Impala Sanctuary. These have



helped the city to experience an influx of visitors, who use the hotels and car hire services among other tourist facilities. The city council has plans to attract hotel developers at the lake front, which would be a beautiful site. However, the hotel industry has been affected by lack of strong HR Practices and policies and this has resulted in high employee turnover.

Kisumu is the biggest City in the western region of Kenya and as a result, more hotels are needed to meet the needs of potential guests and with this comes the need for a stable workforce who are likely to develop relationships with guests. Some of these customers who have developed relationships with individual employees are likely to follow them to their jobs or terminate their repeat visits to the establishments. High employee turnover is a long standing issue in many sectors of the hotel industry. It leaves an unhealthy impression on potential recruits and can have dire consequences for an individual business which experiences operational problems and a reduction in standards and profits. If a turnover culture exists in an establishment then it is likely to counter its objectives to increase guest satisfaction and decrease expenses. An establishment with high turnover gains a negative reputation, has many untrained workers and would lose its competitive edge in the market.

### **1.7 Significance of the study**

The findings of this study will therefore be geared towards establishing the HR Practices that are likely to cause high employee turnover and suggest possible solutions to reduce the time spend, energy and money in replacing employees. The findings will be used by

various stakeholders in the hotel industry to improve performance and profitability in their establishments by developing a stable, efficient and loyal workforce and to improve on HR Practices that are favourable and create an enabling atmosphere for a stable workforce who will stay longer in their establishments.

### **1.8 Scope of the Study**

The study was carried out in selected medium sized hotels in Kisumu City. The study limited itself to the effects of HR Practices on employee turnover. The research was carried out to find out whether job assignment, job security and employee development had an effect on employee turnover. The study was carried out between May and August 2010. Information was gathered from employees and supervisors (middle level managers) and gave possible suggestions on how to reduce employee turnover. The respondents included middle level managers and supervisors who gave their responses through the questionnaires. The findings of the study were generalized to all other hotels in Kisumu City.

### **1.9 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 / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate / 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 / scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit.

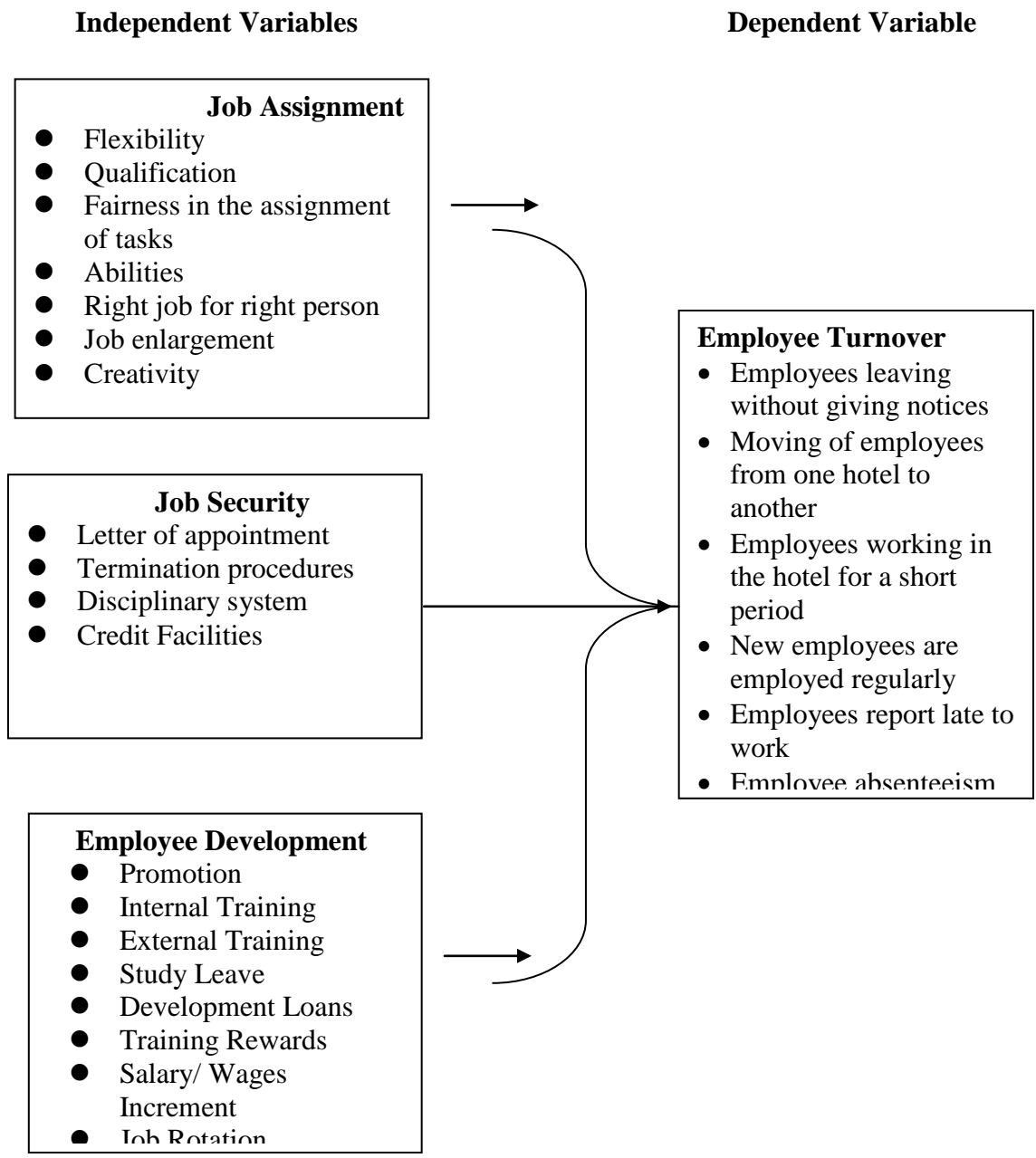
### **1.10 Conceptual Framework**

Herzberg (1968) in his theory said that hygiene or maintenance factors help prevent loss of money, efficiency and demotivation. They are the primary cause of unhappiness at work. They are external and do not relate directly to the persons work. They constitute the persons work environment. They include salaries, job security, working conditions, status, company policies and quality of technical supervision among others. Mullins, (1995) states that employees are important in any running of a business, without them the business would be unsuccessful.

Herzberg's two factor theory of motivation, on the other hand classified job factors into two; motivation factors and the hygiene or maintenance factors (Herzberg, 1968). Motivation factors relate directly to the job itself. They are concerned with the job content of the work people perform. Failure to provide sufficient quality cause job dissatisfaction while sufficient supply lead to job satisfaction and high performance. These factors include achievement, recognition, responsibility, advancement, growth opportunities and so forth. Hygiene or Maintenance factors help prevent loss of money, efficiency and demotivation. They are the primary cause of unhappiness at work. They are external and do not relate directly to the persons work. They constitute the persons work environment. They include salaries, job security, working conditions, status, company policies and quality of technical supervision among others.

This study was guided by the Herzberg's two factor theory particularly the hygiene or maintenance factors. People tend to compare *for example the pay they get* with what others are paid for the same effort and situation, so that if they are treated unfairly, they will consider themselves as victims of inequity (Robbins, 1993). This is so because they capture the real work environment while the Equity theory only considers the workers treatment and not the work environment in totality. The conceptual framework for the study was as shown in Figure 1.0.

**Figure: 1.0 Conceptual Framework for the key variables of employee turnover in selected hotels in Kisumu City, 2009**



*Source: Author's Own Compilation 2009*

The conceptual framework shows the relationship between HR Practices and employee turnover. The Independent variables in this study was defined in broad categories, which comprised of Job assignment, Job security and employee development. These factors combined impacted on employee decision of whether to remain in their current job or leave.

According to the framework of the study, job assignment characteristics were determined by job flexibility, qualification, right job for right person, job enlargement, and creativity. Job security was determined by letter of appointment, fringe benefits, disciplinary system, credit facilities, pension and employee development which was determined by promotion, study leave, internal/external training, training rewards and job rotation. Human Resources Practices were determined by selection systems, training and development, job assignment, job security and management style. The outcome of the unfavourable aspects of employee turnover was determined.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Overview**

This chapter reviews literature relevant to the research problem under investigation. The literature related to the research problem is reviewed in this chapter and subdivided into different sections. The literature was reviewed with respect to the objectives of the study and gave the detailed information on employee turnover, job security, job assignment, employee training and development and other HRM practices that have impacts on employee turnover.

#### **2.1 Employee Turnover**

Hotels invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize employee turnover. Although, there is no standard framework for understanding the employees turnover process as a whole, a wide range of factors have been found useful in interpreting employee turnover (Kevin, Joan & Adrian 2004). Employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan & Nick 2002). Therefore, managers must recognize that employees are major contributors to the efficient achievement of the organization's success (Abbasi & Hollman 2000). Managers should control employee turnover for the benefit of the organization success.

Employee turnover remains one of the most widely researched topics in organizational analyses (Dalton & Todor 1981). Despite significant research progress there still remains a great deal of confusion as to what factors actually cause employees to leave/remain in their Hotels. Among those factors are the external factors (the labour market); institutional factors (such as physical working conditions, pay, job skill and supervision); employee personal characteristics (such as intelligence and aptitude, personal history, sex, interests, age and length of service) and employee's reaction to his/her job (including aspects such as job satisfaction, job involvement and job expectations) (Knowles 1964).

The reason why much attention has been paid to the issue of turnover is because it has some significant effects on Hotels (Denvir & McMahon 1992). Researchers argue that high turnover rates might have negative effects on the profitability of Hotels if not managed properly (Hogan 1992; Wasmuth & Davis 1993). According to Hogan (1992), the direct and indirect cost of a single line employee quitting was between \$ 1400 and \$4000. Turnover has many hidden or invisible costs and these invisible costs are as a result of incoming employees, co-workers closely associated with incoming employees, co-workers closely associated with departing employees and position being filled while vacant. And all these affect the profitability of the organization.

Cheng (1996), examined the relationship between career commitment, organizational commitment and turnover intention among Korean researchers and found that the role of career commitment was stronger in predicting turnover intentions. When individuals are committed to the organization they are less willing to leave the company. This was found



to be stronger for those highly committed to their careers. The author also found that employees with low career and organizational commitment had the highest turnover intentions because they did not care either about the company or their current careers. Individuals with high career commitment and low organizational commitment also tend to leave because they do not believe that the organization can satisfy their career needs or goals. This is consistent with previous research that high career committers consider leaving the company if development opportunities are not provided by the organization. However, this group is not apt to leave and is likely to contribute to the company if their organizational commitment is increased. Cheng found that individuals become affectively committed to the organization when they perceive that the organization is pursuing internal promotion opportunities, providing proper training and that supervisors do a good job in providing information and advice about careers.

Graham and Bennet (1995) observed that employee turnover is the movement into and out of a company or a firm. They argue that employee turnover is surprisingly expensive in terms of cost incurred; in terms of increasing numbers of employees professionally trained to give/offer quality and satisfactory services to their clients. Other extra costs involved in the process of employee turnover are lower production during that period, lost production during replacement and administrative costs of replacement. The replacement of managers and operative employees in cases of turnover in an operation could prove costly, given that management staff are not always readily available, are specialized and require training. This observation shades more light on the possible impacts that employee turnover may have on the productivity of the establishment.

From the perspective of the hotel industry, it is arguable that in higher job levels such as managerial, there is a high turnover that is more costly than at lower levels, (Boudreau, 1992). Turnover of those performing managers tend to result in the loss of future general managers, (Trevor *et al.*, (1997). The retention of these managers can influence organization's effectiveness on two fronts; First, due to greater knowledge of organizational and customer goals and two, due to significant lower costs in hiring and training activities.

Wood (1997) and Manley (1996), in their studies highlighted the positive and negative effects of high turnover rate in hospitality industry. They argued that some people do not view employee turnover to be dysfunctional, but at the organizational level there is strong evidence indicating that both business and subliminal effects of high turnover including replacement and recruitment costs in the view that regular guests/customers do recognize new people and are likely to follow a favourite staff to another operation, (Deery and Inverson 1996). Customers may want also to be served by their favourite staff in an organization and this is more likely with employees who lead service centres like Restaurants and Front Office and are frequently in personal contact with the customers. This results in loss of some of the best and loyal customers to other establishments.

Wood (1997) and Manley (1996) also examined the employee turnover phenomenon and found that high turnover rates resulted in constant loss of revenue and employee morale was lowered and there was less recognition of new employees by regular guests. The process of searching, recruiting, training and integrating new employees into an

organization is a costly process for any hotel which prioritizes the achievement of high productivity and efficiency.

If an operation spends a lot of time in replacing staff frequently, Johnson, (1981) argues that it may affect the quality of products and services incurring considerable replacement and recruitment costs thereby acting as an obstacle to increased productivity and efficiency. Employee turnover in the hotel industry is a major contributing factor to the loss of staff morale which with time escalates to poor productivity and efficiency in the operation. Turner (1992) holds the view that employee turnover leaves an unhealthy impression on potential recruits and can have dire consequences for the individual business which experiences operational problems, a reduction in standards and profits.

Managers, because of the influence and control that they exercise in various departments that they head are likely to affect the staff morale of not only their counterparts but also the general staff working under them in cases of high turnover. Recruiting managers is costly as perceived in any operation but this serves as an investment aimed at attaining long lasting set objectives of the establishment. It is therefore necessary that the management staff is stable enough to allow the managers' time to perform in the operation towards achieving its set goals.

Bratton and Gold (1999), refer to development of human resource as 'an organization's investment in Human Resource Development and Management Approach' They regard training cost as an investment and so everybody involved in developing staff should take

a long term view, particularly with respect to positive attributes. Recruiting staff, training them and losing them at a fast rate could mean a negative picture, low production and poor quality of service delivery in the hotel industry.

Kessler (2001), from his five steps model in training and development process of employees, holds the view that the first step is to carry out the needs analysis. This is an all rounded process of analyzing the conditions for or against the process. Based on high staff turnover in a given operation, the organization could be reluctant in effecting such training and development programmes on its staff.

HR Practices affecting employee turnover include lack of training, work overload, poor motivation, and lack of job security, poor remuneration, ineffective recruitment and poor management styles. Wong et al (1999) found that individuals with higher education levels are better informed of the alternative opportunities available in the external labour market and managers therefore, because of their high educational qualifications and by virtue of their ability both within the hotel industry and outside are likely to possess high rates of turnover.

Riley (1996), in his study argued that in any service industry in most cases where customers are dealt with face to face, there could therefore be no question of quality performance co-existing with high levels of turnover. He explains further that even if there is an efficient training function the constant appearance of new faces prevents a degree of continuity taking root, which is essential to quality performance.

Numerous studies have highlighted both the magnitude and cost of management turnover in the hotel industry. This ranges from 129 per cent (*Hotel on the line, 1998*) to 1 per cent (*certified mail 2000*). Reported rates of managerial turnover can however be attributed to the probability that managers are more dedicated to the hotel industry as a career than the line employees. Allen and Meyer (1990), argued that employees who are strongly committed are less likely to move to other operations. Employees who possess strong competencies and perceive that they have potential for high performance are more likely to experience high turnover cognition. Trevor *et al.*, (1997), also hold the view that irrespective of the cause of high turnover among employees, its final results is unpleasant in any operation in terms of achieving high productivity and efficiency.

## **2.2.1 Types of Employee turnover**

### **2.2.1.1 Voluntary termination**

Most often this arises where an employee has the opportunity to take other employment that offers more attractive conditions. But, because employees leaving voluntarily have not been dismissed by the employer, they are probably the employees that an employer would most like to retain; (Boella 2006). It is for this reason that these employees should be interviewed to determine the reasons for leaving. The exit interview may reveal specific information regarding conditions of employment, competitor's conditions, and the quality or otherwise of supervision, training and selection procedures (weak HR Practices). Finally a well-conducted exit interview will ensure that employees leave in good terms. Ex-employees are after all, to some extent employers' ambassadors, broadcasting the employers' reputation among the potential employees.

### **2.2.1.2 Involuntary termination**

In this industry, dismissal is often used as a first of ills, rather than being used as the last. In fact in some sectors of the industry dismissals may be quite indiscriminate for example in bars, when there is a bad liquor stock result. Pilferage in this industry is a serious problem, that other measures such as methodical selection, better conditions of employment and better career prospects along with stricter and more accurate means of control, may be better solutions than in indiscriminate sackings.

### **2.2.2 Causes of Employee Turnover**

The causes of turnover may include:

- Wage and salary rates falling behind the rates offered by a competitor.
- Better conditions generally (such as reduction in split shifts) being offered by competitors.
- A decline in quality of supervision and departmental managers.
- Recruitment, selection, induction and training practices needing improvement.
- Unfair or uneven work distribution (Boella 2006).

### **2.2.3 Measurement of Labour Turnover**

Armstrong (2009) identified a two formulae commonly used for measuring labour turnover. The separation or wastage rate expresses the number of separations during the period (usually one year), as a percentage of the number employee during that period.

That is therefore:

$$\frac{\text{Number of separations during period}}{\text{Average number employed during period}} \times 100$$

The labour stability index, which shows the percentage of employees who have had at least one year's service. It is usually expressed as follows:

$$\frac{\text{Employees with at least one year's service}}{\text{Number of employees employed one year ago}} \times 100$$

## **2.3 Human Resource Practices Influencing Employee Turnover**

According to Debrah, (1994) & Nankervis, (1993) the human resource practices that affect employee turnover are categorized into recruitment and selection; employee development, job security, management style and job assignment. These practices are discussed in the following sections.

### **2.3.1 Job Assignment**

Deming (1992), one of America's great management 'gurus' stated people need to know what their jobs are. Consequently, if an undertaking's objectives are to be achieved, it follows that all its managers and people must know clearly the results they are expected to produce. It is for such reasons that clear, precise job descriptions are given to people at work, because once a job is clearly described on paper there should be little room for subsequent misunderstandings. In this industry with the large number of small establishments, there are many work people who do not have or need job descriptions.

In the past, job assignment was seen as the process by which the employer set out to maximize the output of the work force-a scientific school of management approach.

However, there is an increasing recognition that if good job assignment is to be effective, the resulting job must satisfy the individual worker's needs. Assigning jobs for short-term efficiency may result, for example in high employee turnover with a drop in customer satisfaction.

Forrest (1996), states that managers also may fail to recognize that a primary factor that can lead to turnover of an employee-regardless of the position-is the job itself. Employees may see their jobs as routine, dull, unimaginative, or even worse demeaning, embarrassing or punishing. If this is the case, something must be done to change the job or employee's perception of the job. Unless the manager and the employee resolve the problem and find a way to redesign the job or reassign the employee, the outlook for a highly motivated employee is poor and the possibility that he/she will seek employment elsewhere is high. According to (Kiruthu 2012) rotation around departments keep employees excited and enthused enough to even think of looking for another job.

With the rapidly changing nature of the workforce and labour market, including the skills shortages and the raised expectations of the working people, job assignment now has to consider a wider range of factors than merely designing the task and work content of jobs. Most managers will need to focus more than before on the conditions of work than just the job content. Such issues will include more flexible working hours, more autonomy and in addition eliminating menial tasks requiring scarce skills. Consequently, while some jobs are being simplified, many other jobs in the industry remain rewarding because of the very nature of the industry; small units, social interaction, autonomy, all



meet the requirements of what appear to be major contributions to satisfying job assignments.

### **2.3.2 Job Security**

Non-financial benefits e.g. holidays and sick pay schemes, may not provide employees with any direct financial advantages. Instead they afford employees other benefits such as degree of security or more time for leisure. In the absence of statutory holiday entitlement, holidays can be granted after a certain number of years' service. By helping employees to purchase property, employers can increase the stability of their workforce. At the top of the scale this assistance can take the form of cheap loans, but more practically, it can be confined to the employee acting as guarantor.

All employees may not qualify for some benefits but automatically some benefits should be incentives to stay with the organization and to seek promotion. Fringe benefits play a vital part in an employer's HR Policy as the nature of all the benefits offered influences considerably the type of employees who will be attracted to the employer and who will stay. By feeling secure, people will show more commitment to their work and to the business and stay on.

### **2.3.3 Employee Development/Training**

Boella (1996) states 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 every-day aspect of each individual's working life-in some cases this may merely be an updating process. Fortunately for the hotel industry, there is no likelihood of the main services it provides becoming redundant in the immediate future. Jobs within the industry may change, but the industry itself is predicted to flourish. 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 generally. The Education and Training Advisory Committee for the hotel and catering industry demonstrated that less than 40% of the workforce had any appropriate training. For employers to have their share of responsibilities, they discharge these by providing training intended to suit the individual needs, or by participating, as do some employers in the hotel industry, in group schemes, which generally provide a good standard of training quite economically. Some employers provide excellent training whereas others are quite content to recruit trained individuals from the labour market without putting any trained people into the market themselves.

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) state that the 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 Jr., 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, the frustrations an employee would feel that arise from a lack of being efficient and effective would be minimized and the turnover levels would reduce. Training ensures consistency of standards and improved methods of performance, (Forrest, 1996).

Teare, Boer (1996), state 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 increasingly 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) state 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. Kiruthu (2011), states that investing in staff training makes them feel valued and it improves their motivation to serve, making interactions with customers memorable and worth going back to.

#### **2.4 Income level and benefits**

The role of remuneration is perceived to be a secondary factor through which employee turnover can be mitigated, especially monetary compensation. Generally incongruous with the limited literature that argues that remuneration is a major contributing factor in employee turnover, (Hom and Griffeth, 1995; Woods and Macauley, 1989), the role compensation plays in the hiring and retention of staff was, however, acknowledged to primarily be through the concept of equity, value and satisfaction (Walker, 1992; Riley, 1991). According to the expectancy theory, discrepancy existed between their expected and associated value, evident through the remuneration received. For example, if employees feel they are not compensated in accordance with the service provided to the organization, they would be inclined to feel unappreciated and undervalued, thereby contributing to their decision to leave the organization/company. This diminished significance attributed to remuneration, however, does not discount the contributory role that compensation plays in a hotel's turnover statistics, and associated consequences like

labour shortage, hiring expenses, etc. (Wood and Macaulay, 1989; Boella, 1988; Woods, 1992; Mullins, 1995; Denvir and McMahon, 1992; Riley, 1991).

There is a direct impact on an organization's bottom-line success through a potential reduction in employee start-up costs, which include orientation, socialization, and training. Because of the tight labour market, potential employees are 'allowed' to choose their employers and work environments, a process which may include job-hopping to hotels that can afford to pay higher wages (Debrah, 1994). However, the differences in the impact of compensation policies on supervisory and managerial staff were negligible. The remuneration received by these salaried staff is not performance-based, but position based, thereby hardly affecting decisions of turnover and retention. Employees at this level tended to remain with their employer for factors other than money. The impact of remuneration on employee turnover can therefore be perceived to be secondary, under conditions of labour scarcity and a potentially competitive wage market. Categories of employees, such as chefs, are in relatively short supply, and therefore remuneration packages may play a role in attracting and retaining them. However, the function of remuneration has not been ignored, particularly in relation to the concepts of expectancy and equity. In summary, people would leave if they are not compensated according to their expectations, suggesting therefore a direct albeit minimal, and influence on employee turnover.

## **2.5 Recruitment and Selection**

This is the process of finding and engaging the people the organization needs (Armstrong, 2006). Hiring practices employed by the hotels can be seen as having progressed from the adoption of purely traditional (advertising, walk-ins, selection interviews, reference checking) to more strategic approaches (networking, HR Practices, behavioural interviewing and targeted selection), (Nankervis and Debrah, 1995). Selection is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs.

This has primarily been influenced by changing labour markets, as well as the clear recognition that mitigating employee turnover begins with the hiring function, specifically the selection process. This is consistent with current literature that highlights selection as the predominant variable impacting on eventual turnover rates, (Hom and Griffeth, 1995; Boles *et al.*, 1995; Mercer, 1988; Dunn, 1995; Woods and Maculey, 1989), albeit recruitment and selection is generally considered an integrated function (Mullins, 1995; Croney, 1988; Nankervis, 1993). This progress seems to be in part due to the general realization that people ultimately represent the crux of the industry, where they are the product and the providers of service, (Nankervis and Debrah, 1995; Thompson and Abbott, 1990).

The use of this HR Practice is predominately restricted to supervisory positions and above, usually associated with a career development plan. Such efforts to develop career paths would assist in overcoming a major reason given for turnover in the hotel industry

as identified in a survey, (KPMG, 1991). Internal allocative strategies are therefore encouraged where external recruiting costs can be reduced because, for example, current staff do not require re-training or accumulation into the organization, i.e. the direct cost of turnover (Woods and Macauley, 1989). As such, this can be perceived directly to drive staff turnover levels down (Simms *et al.*, 1988; Debrah, 1994) through increased promotional and career opportunities (Woods and Macauley, 1989). Although acknowledged as an issue, turnover is not given priority consideration when hiring even though there is a recognized need for a match between the organization's values and the potential employee. Rather, a reduction in employee turnover is essentially considered an incidental benefit to the organizational and operational objectives.

## **2.6 Management Style**

Plans that accommodate only the management needs may result in dissatisfaction, frustration, low morale and high turnover. Baum (1996), states that management should involve subordinates; managers can encourage employee commitment to change. This is desirable because participative groups out performs non participative groups. When employees are involved in setting standards of performance, the standard will often be much easier to achieve. Employees can be asked to suggest goals aimed at improving performance and they can be encouraged to suggest ways that goals might be met, (Riley, 2001). Management policies must then have a style and consent that suits the needs of stable workforce. The fact is that employees leave an organization because not all supervisors are good managers and good team leaders. It is a well-known fact that the overwhelming majority of people, who leave any hotel, leave because of the way they are

treated everyday. Lack of appreciation, lack of teamwork and the perception that the company does not care about the employees are consistently the highest-rated reasons for low job satisfaction and leads to eventual employee turnover.

Kiruthu (2012), states that issues such as bad management, lack of opportunity for advancement and professional development, lack of recognition, space for ability to make decision and little pay benefit as some of the most critical issues causing high employee turnover in the Hotel industry.

Riley (2001), states that because of the shift system and because standards are subjectively defined, employees face more than one supervisor, each with their own ideas about what they regard as good performance. Inconsistency is difficult to deal with. This may be the background pattern of quitting based on what is seen as a fair action by managers. Management policies must have a style and content that suits the needs of a stable workforce.

## **2.7 Relationships between HRM Practices, organizational commitment and Employee Turnover**

In order for firms to be competitive, they must retain their competent and motivated employees. For that they should understand the relationships between HRM Practices, organizational commitment and employee turnover, (Batt and Valcour 2003). This relationship for selected HRM practices and organizational commitment are given below.



### **2.7.1 Realistic Job Information**

here pre-selection practices are concerned, (Pitt and Ramaseshan, 1995) found that individuals who displayed a higher tendency to leave their jobs were those who perceived that the job previews that they received during the interview process were not realistic. Several studies have found significant relationships between interviewer job knowledge and information provided during recruitment interview with favourable perceptions of the interviewer and the organization. Research on the influence of interviewer attributes and behaviour has found that interviewers have a significant influence on job applicants' organization perceptions and decisions. Fisher (1979) found that job applicants who received unfavourable job information from an employment interviewer perceived the interviewer as more trustworthy, knowledgeable and credible, than when only favourable job information was provided. The interviewer should be able to enhance his or her credibility by telling the applicant about the undesirable aspects of the job as well as the desirable ones.

Specifically, individuals expressed that the relevance, depth and accuracy of job information were important to them. These factors were found to be strong predictors of an individual's propensity to leave. The results therefore suggest that a lack of quality interview, rather than information quantity, during a realistic job preview, affected employees' intentions to leave (Pitt and Ramaseshan, 1995).

### **2.7.2 Supervisor Support**

Firth, et al., (2004) found that emotional support from supervisors and self-esteem mediated the impact of stressors on stress reactions, job satisfaction, commitment to the organization and intention to quit. It is suggested that to ameliorate intention to quit and in turn reduce turnover, managers need to actively monitor workloads and the relationships between supervisors and subordinates. Monitoring workloads and supervisor-subordinate relationships by management may not only reduce stress, but also increase job satisfaction and commitment to the organization. This in turn may reduce intention to quit, and subsequent turnover, thereby saving Hotels the considerable financial cost and effort involved in the recruitment, induction and training of replacement staff.

### **2.7.3 Work Family Balance**

In studies that focused on other HR practices, Bame (1993) found that employee turnover was lower when employees had shorter work hours and were given a choice of work schedules, even though their workload was higher. The results suggested that firms that provide employees with flexible work schedules had the advantage of reducing employee turnover. Batt and Valcour (2003) found that most effective organizational responses to work family conflict and to turnover are those that combine work family policies with other Human Resources Practices including work redesign and commitment enhancing incentives.

#### **2.7.4 Compensation (Benefits and Recognition)**

In studies related to compensation (Trevor et al., 1997), found that salary growth had a pronounced effect on turnover. Particularly, salary growth effects on turnover were greatest for high performers, that is, high salary growth significantly reduced turnover for high performing employees.

Similarly, Williams and Livingstone (1994) found that a negative performance-turnover relationship was stronger in Hotels using performance-contingent reward systems. However, employee turnover was positively associated with the presence of group incentive programs. Employees were found to be unsupportive of group incentive programs, as these were not tied directly to the individual's efforts. Hence, the higher the levels of pay, particularly if these were determined by an individual's level of effort, the lower the levels of employee turnover. The results suggested that firms should adopt pay-for-performance programs to retain high performing employees.

Finally, Sicherman (1996) found that women were more likely than men to name higher wages, and not better opportunities, as a reason for switching jobs. Hence, these studies indicated that compensation practices affected a firm's level of employee turnover. In studies related to HRM practices, compensation, concerning employee benefits, lower employee turnover was found in larger firms than in smaller firms. The reason was because larger firms paid their workers above their opportunity wage, particularly in the area of providing more attractive employee benefits. Even and Macpherson (1996) found that pension coverage was associated with a greater reduction in worker turnover in large firms than in small firms.

Bennett, *et al.*, (1993) also found that benefit practices were associated with turnover, even after controlling firm characteristics, firm setting and work force characteristics. Specifically, in firms where benefits were a higher percentage of total labor costs and in those firms whose benefits packages were described to be of higher quality, they generally experienced less employee attrition. Hence, these results implied that the size and types of benefits provided for by firms played a significant role in reducing employee turnover. Abassi and Hollman (2000) in their study have identified lack of recognition and lack of competitive compensation systems as some reasons for employee turnover in the organization.

### **2.7.5 Career Development**

Miller and Wheeler (1992) found that meaningful work and opportunities for promotion significantly affected employees' intentions to leave an organization. Hotels were able to improve their employees' retention rate by adopting job enrichment programs and enhancing their advancement opportunities. Besides promotion opportunities, the evaluation criteria used in the promotion and reward system also had significant effects on employees' turnover intentions (Quarles, 1994). Ineffective performance appraisal and planning systems contributed to employees' perceptions of unfairness and they were more likely to consider leaving the organization (Dailey and Kirk, 1992).

Continuous training and development of the workforce is necessary to ensure that employees are continuously updating their skills. Fitz-enz (2000) argues that human capital is unique in that it is the only asset that can be developed. This unique attribute of

human capital highlights why US industry spends over \$62 billion annually on employee development (Fitz-enz, 2000). The magnitude of this expense emphasizes how senior managers must effectively plan and utilize training and development practices to ensure that their investments are yielding high returns.

Employee training can be conducted through either on-the-job or off-the-job training practices. On-the-job training allows employees to work within the firm, while learning about their job and the company, while off-the-job training removes the employee from the company. Off-the-job training can include technology-driven e-learning programs, formal classroom training, and external training conducted by suppliers or formal educational institutions. The results of employee training include higher productivity, enhanced creativity and increased employee confidence. Furthermore, this investment ensures qualified applicants for "hire from within" policies. Fitz-enz (2000) suggests that training employees can create a superior return-on-investment beyond enhanced productivity in the workplace. Training employees increases employee loyalty, as many workers will recognize that the firm is working to help them attain their career goals (Stovel and Bontis, 2002). Once trained, the frustration that employees would feel that arise from being efficient and effective would be minimized and the turnover level would be reduced, (Forrest, 1996)

### **2.7.6 Job Analysis**

Job Analysis (JA) is the building block for all HRM activities. The job analysis is a process of obtaining information about jobs (McCormick, 1979). It examines workers' work duties in order to determine the occupational knowledge and skills required to

synthesized the activities, equipment, machinery and materials needed to accomplish the job goals. By specifying the tasks to be performed and the knowledge, skills and abilities required for effective performance on a job, the job analysis allows employees to know the tasks/activities involved in the job, the methods used in carrying out these tasks and activities, and the knowledge requirements of the tasks/activities (Hong and Lin, 1995).

If the job analysis is too vague and ambiguous, individuals waste their efforts on activities that produce no accomplishments (Langeland, Johnson, & Mawhinney, 1998). Individuals who understand the requirements of their job are more effective in carrying out their job. The job analysis has the effect of setting a goal. It describes when and what job behavior should occur, and how the consequences contribute to work performances and accomplishments. Therefore, the information in the JA acts as goals, in which it specifies the level of work required for the job. Conducting a JA and subsequently providing employees with a job description prevents the situation in which employees do not know what is expected of them to do. The JA also increases the rates and timeliness of critical job behaviors by clarifying the connection between job behaviors and accomplishments upon which the firm's survival is dependent on. With a JA, employees can therefore be trained to engage in specific job behaviors that add value to the firm.

Hence, the JA forms the foundation upon which virtually all other Human Resource Management Systems are built and it therefore impacts on employee turnover in general. The information obtained from JA forms the basis for recruitment processes, selection tools and other hiring procedures, the identification of training needs and the

development of training programs, the creation of job descriptions and job evaluations, career development, and the improvement for such activities as performance appraisal, career development, job re-engineering and general organizational effectiveness. This may be one reason why other HRM activities were not significantly related to employee turnover after job analysis is considered first. It is because the JA assumes all other HR activities and therefore has a significant effect on employee turnover in general (Hoon, et al., 2000).

### **2.7.8 Organizational Commitment**

Although job satisfaction has received the most attention of all work related attitudes, organizational commitment has become increasingly recognized in the organizational behavior literature. Whereas satisfaction is mainly concerned with the employee's attitude toward the job and commitment is at the level of the organization, a strong relationship between job satisfaction and organizational commitment has been found over the years. Yet there are always many employees who are satisfied with their jobs but dislike say the highly bureaucratic organization they work for and may be dissatisfied with his current job, but be very committed to the overall visionary of the firm.

On balance, research studies and the field of organizational behavior in general treat satisfaction and commitment as different attitudes. In light of the new environment that includes downsizing, telecommuting, mergers and acquisitions and globalization, organizational commitment has resurfaced as a very important topic of study and concern (Luthans, 2002).

On the whole this concept has been treated as both an independent and dependent variable. As an independent variable, organization commitment has been found to affect employee job satisfaction, turnover and performance. As a dependent variable, organization commitment has been found to be affected by a range of variables including personal, behavioural, attitudinal, demographic, structural and contextual characteristics (Zeffane, 1994).

Organizational commitment is most often defined as, a strong desire to remain a member of a particular organization, a willingness to exert high levels of effort on behalf of the organization and a definite belief in and acceptance of the values and goals of the organization. In other words, this is an attitude reflecting employees' loyalty to their organization. Both early and more recent research summaries do show support of a positive relationship between organizational commitment and desirable outcomes such as high performance, low turnover and low absenteeism. On balance, most researchers would agree that the organizational commitment attitude as defined here is a better predictor of desirable outcome variables than is job satisfaction and thus deserves management attention. The above review indicates that a firm's HR practices and organizational commitment have a significant impact on employee turnover.

Sailors and Sylvestre (1994) suggested that to retain efficient and productive employees, firms need to provide employees with an enriched basket of fringe benefits, redefine jobs so that workers perform meaningful tasks, pay equal or higher salaries than the



competitors, implement flexible work schedules and sponsor special training or higher education programs. Firms that do not have good HR practices and organizational commitment can begin a program of developing HR practices and enhance organizational commitment that have the greatest impact on employee turnover in a systematic fashion. Based on the above-mentioned literature, realistic job information, job analysis, job security and job assignment, work family balance, career development, compensation and supervisor support can be identified as HRM practices that have impacts on employee turnover. Furthermore organizational commitment of the employee also has an impact on turnover.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Overview**

This chapter discusses the research methodology that was applied in an attempt to achieve the objectives of the research. It focuses on the research design, the study area, sample size, sampling technique, research instruments, data analysis and presentation.

#### **3.1 Study Area**

The research was undertaken in Kisumu City. Kisumu City lies in a down warped part of lowland surrounding the Nyanza Gulf, at the tip of East Kisumu are the Kano Plains occasionally broken by low ridges and rivers. There are some notable physical features such as the escarpments in the North, East and South. The city is 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. The Kisumu Port has been stimulated by the transformation of business and trade, as well as the shipment of goods destined for Uganda, Tanzania, Rwanda, Burundi and Congo.

Kisumu is strategically linked to roads, air, rail and water transport and is the main entry point to the rest of the region falling under the Western Tourism Circuit. An international airport, reforms in the sugar industry, improved roads and the expected realization of the East African community with its free movement of goods and people could all combine to give Kisumu a new lease of life (Appendix 1). The mean annual rainfall varies with altitude and proximity to the highlands along Nandi escarpments and Tinderet. Kisumu

has a mean annual rainfall of 1280 mm. It has 2 rainy seasons with long rains occurring in April to May, while the short rains occur in August/September. During the short rains, the average annual rainfall ranges between 450mm and 600mm. The main food crops grown here include maize, beans, finger millet, sorghum and sugar-cane. Significant fishing activities take place in Lake Victoria.

### **3.2 Research Design**

This 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. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution.

### 3.3 Target Population

A study population, Walliman (2005) notes, “is a collective term used to describe the total quantity of cases of the type which are subject of your study” while a study sample should be a “fair representation of all the members of the population. Babbie, (1992) further highlights that if a sample of individuals from a population is to provide useful descriptions of the total population, it must contain essentially the same variations that exist in the population”. Therefore the respondents and hotels which were used in this study were obtained from the research area identified. The target population was 350 employees (comprising of 96 managers and 240 employees) working within the 24 medium sized Hotels in Kisumu city.

### 3.4 Sample Size

The target population being less than 10,000 the required sample was small. Yamane (1967) provides a simplified formula to calculate sample size. This formula was used to calculate the sample size. A 95% confidence level and  $P = .5$  are assumed during the study.

$$n = \frac{N}{1+N(e)^2}$$

Where n is the sample size,

N is the population size,

e is the level of precision.

Thus the sample size was determined through the following calculations

$$n = 350$$

$$1 + 350 (0.05)^2$$

$$n = \frac{350}{1 + .875}$$

$$n = 187$$

$$n = 187$$

Then the desired sample sized was 187 respondents. During the study a total of 187 questionnaires were given out to the respondents' and later analysed.

### **3.5 Sampling Procedure**

“A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample”, (Kothari, 2008). The sampling methods used for this study were simple random sampling, stratified and purposive sampling. Stratified sampling is the process of selecting a sample in such a way that the identified subgroups in the population are represented in the sample as they exist in the population (Frankel, *et al*, 2000). 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. Each and every item in the population has an equal chance of inclusion in the sample, (Pizann, 1999). Simple

random sampling was used to select employees from hotels to participate in the study. Purposive sampling was used to select the management of the medium sized hotels.

### **3.6 Sources of Data**

The research was based on the collection of primary and secondary data.

#### **3.6.1 Primary Data**

Primary data was collected through direct communication with the respondents by questionnaires. Primary data included actual questions asked in the questionnaire and comprise of both open ended and close ended questions.

#### **3.6.2 Secondary Data**

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 and analyzed the trend of turnover in the Hotels. The major sources of this data were extracts from the hotels annual reports, journals, textbooks, newspaper and abstracts.

### **3.7 Research Instruments**

The research was based on the collection of Primary and Secondary data. 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/contrast findings of the study. Various sources of journals, books, newspapers and magazines were also used for this purpose.

### 3.7.1 Questionnaires

A questionnaire is “a set of questions on a topic or group of topics designed to be answered by a respondent”, (Kerlinger, 1990). Question bias was checked by ensuring that questions are clearly understood by respondents. The questions were phrased so that the answers were clear and could be interpreted unambiguously. Many questions used in the study were multiple-choice (close-ended) questions that gave a uniform frame of reference for respondents and gave an easy and inexpensive data to deal with. Some open-ended questions were also used in cases where explicit results were required. These gave respondents freedom in framing answers and allowed the researcher to study how respondents think about various themes. Although open-ended questions were asked after the close-ended ones, the thinking back effect as stipulated in Weisberg, (2005) was minimized by having open-ended questions dealing with areas that are not dealt with in the close-ended questions.

Self administered questionnaires were used in person. The main advantage of the questionnaires over other data collection techniques is that it is relatively inexpensive, required less skill to administer, it achieves anonymity, can be administered to a large number of respondents simultaneously and it enables a standardization and uniformity (Pizann 1999). The questionnaires for the general employee were instrumental in depicting the following:

1. The job assignment practices and its effect on employee turnover
2. Job Security and its effect on employee turnover.
3. Employee development/training and its effect on employee turnover.

### **3.8 Data Collection Procedures**

The researcher proceeded to collect data from the sampled respondents after seeking clearance from the Department of Hotel and Hospitality, Moi University. Permission was sought from the management of the sampled hotels that were involved in the study. The researcher visited the selected hotels for familiarization and acquaintance with targeted respondents, especially the staff and management. During this visit, the researcher introduced herself and informed the management about the purpose of the intended study and booked appointments to undertake data collection.

### **3.9 Validity and Reliability of Research Instruments.**

#### **3.9.1 Validity**

To improve the validity of the research instrument questionnaires were given out to the Lecturers and students of Department of Hospitality, Moi University for correction and amendments. The suggestions and advice were factored in the improvement and modification of the research instruments. Validity therefore has to do with how the data obtained in the study represents the variables of the study if such data is a true reflection of the variable then the inferences based on the data were accurate and meaningful. Validity is largely determined by the present or absence of systematic error in the data, (Mugenda & Mugenda, 1999).

Twenty questionnaires were pretested in medium sized hotels in Kisumu city and respondents as well as the answers were not part of the data to be used for the analysis



but for pre-testing purposes. After the questions had been answered, the researcher asked the respondents for any suggestions or any necessary corrections to improve the instrument further. The researcher modified the content of the questionnaire based on the assessment and the sample respondents. The researcher excluded irrelevant questions and changed vague or difficult terms into simpler ones so as to make the questionnaire more comprehensive for the respondents.

### **3.9.2 Reliability**

Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trial. Key (1997:2) asserts that the reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Before the actual data was collected, the researcher conducted a pilot study in Eldoret Town using 20 respondents from medium sized hotels. The purpose of the pilot study was to enable the researcher to ascertain the reliability and validity of the instruments, and to familiarize herself with the administration of the questionnaires therefore improve the instruments and procedures. The respondents were requested to comment on the language and length of the questionnaire. The instrument was revised accordingly after the pilot study, ready to be administered to the respondents in the main study. The pilot study enabled the researcher to assess the clarity of the questionnaire items so that those items found to be inadequate or vague were modified to improve the quality of the research instrument thus increasing its reliability. To measure the reliability of the instrument, the questionnaire was subjected to reliability test to ensure that the measuring instrument yields consistent results every time and reliable when it actually measures the intended parameters.

The instrument was administered in a consistent fashion to enhance reliability of the measurement instrument. Cronbach's Coefficient Alpha was computed to determine the reliability of the research instrument. A reliability coefficient of 0.7 or over was assumed to reflect the internal reliability of the instruments (Fraenkel & Wallen, 2000). From the results the Cronbach's Coefficient Alpha was found to be 0.754 and showed that the research instrument was consistent. The entire questionnaire indicated similar responses and therefore it is deemed as straight forward and reliable. Several typographical errors and omissions was detected and corrected in the instrument confirming that it is sufficient to be used in the main study.

### **3.10 Data Analysis and Presentation**

Once the questionnaire had been administered the mass of raw data was collected and systematically organized in a manner that facilitated analysis. The data was cleaned, coded and fed in the computer and analyzed. Both descriptive and inferential statistics were used to analyze data. Descriptive statistics used included frequency and percentages and findings presented in bar graphs, pie charts and frequency tables. It summarized data and enabled the researcher to meaningfully describe the distribution of sources or measurements using a few statistic ratios. It gave a measure of the relationship between two more variables (Mugenda and Mugenda, 2003).

The inferential statistics used included Pearson Moment Correlation Coefficient, chi square and multiple regressions. The person product moment was used to establish the relationship and association between dependent and independent variables. The Chi

Square was used to test hypotheses of the study. They were used to determine the strength and relationship between two variables and whether a group of independent variables together predict a dependent variable (Mugenda and Mugenda, 2003). The dependant variable (Y) in this study was employee turnover while the independent variables were job assignment ( $X_1$ ), job security ( $X_2$ ), and Employee development/training ( $X_3$ ). Factor analysis was used to reduce the factors of variables in the study to facilitate the multiple regression analysis.

The study employed the multiple regression model which is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \dots + \beta_n X_n + \varepsilon$$

Where Y=Dependent variable

$B_0$ =Constant

$X_{1-n}$ =independent variables

$B_{1-n}$ =regression coefficient

$\varepsilon$ =error term

For the study the model took the following:

$$T = \beta_0 + \beta_1 JA + \beta_2 JS + \beta_3 ED + \varepsilon$$

Where T= Turnover

JA= Job Assignment

JS= Job Security

ED= Employee Development/training

$B_0$ = Constant

$B_{1-3}$ =regression coefficient.

The level of significance at 95% confidence level for example, the error term is 0.05

## CHAPTER FOUR

### DATA ANALYSIS, DISCUSSION AND INTERPRETATION OF FINDINGS

#### 4.0 Overview

This chapter provides a presentation of the research findings collected through the methodology discussed in chapter three. The findings were presented in form of frequency tables, charts, bar graphs and percentages. The first part presents personal information and followed by research objectives of the study.

#### 4.1. Personal Information of Respondents in Kisumu Hotels

The personal information of the respondents was summarized in the study with respect to their gender, age, marital status, education level, section they work, level of income, period they have worked, their job status and whether they were members of worker union or not.

##### 4.1.1 Gender of the respondents

The gender of the employees during the study was varied as shown in table 4.1. Majority of the employees 58 (54.7%) and managers 19 (67.9%) were male, while a few 48 (45.3%) of the employees and 9 (32.1%) managers were female. This indicated that there was gender disparity in the distribution of employees and managers working in the hotels during the study.

**Table 4.1 Gender of the respondents in Kisumu Hotels**

	Employees		Management	
	Frequency	Percent	Frequency	Percent
Female	48	45.3	9	32.1
Male	58	54.7	19	67.9
<b>Total</b>	<b>106</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>

**Source: Author's Own Compilation (2011)**

#### **4.1.2 Age of Respondent's in Kisumu Hotels, 2011**

The age of employees during the study was varied as summarized in the Figure 4.1. A good number of employees 46 (43.4%) and majority of managers 15 (53.6%) were aged between 20 and 30 years. Another 11 (39.3%) of the managers and 29 (27.4%) of the employees were aged between 31 and 40 years and 25 (23.6%) employees were aged between 41 and 50 years and the least 6 (5.7%) of the employees were aged above 50 years. The findings indicated that a good number of employees and managers were young thus productive enough to work in the hotel industry.

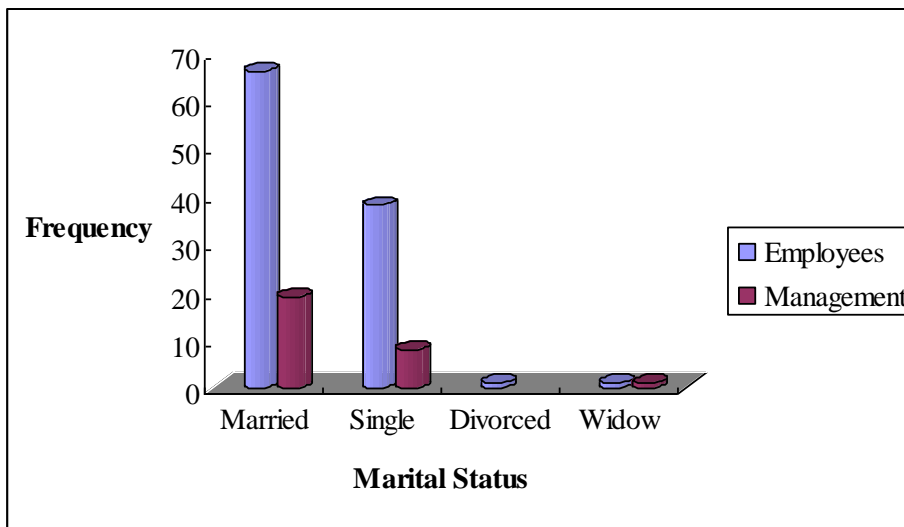


*Figure 4.1 Age of Respondent's in Kisumu Hotels, 2011*

**Source: Author's Own Compilation (2011)**

#### **4.1.3 Marital status of Respondents in Kisumu Hotels**

The marital status of employees and managers was varied as shown in Figure 4.2. Majority of the employees 66 (62.3%) and 19 (67.9%) managers were married, with 38 (35.8 %) of the employees and 8 (28.6%) of the managers being single parents and the least 1 (0.9%) number of employees were divorced and widowed 1 (3.6%). The findings indicate that majority of the managers and employees were married.



*Figure 4.2 Marital status of Respondents in Kisumu Hotels*

**Source: Author's Own Compilation (2011)**

#### **4.1.4 Level of Education of Respondents in Kisumu Hotels**

The academic levels of employees were varied as shown in table 4.2 below. 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 4.2 Level of Education of Respondents in Kisumu Hotels**

	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

**Source: Author's Own Compilation (2011)**

#### **4.1.5 Work Section**

The section of work of the employees was varied during the study as shown in table 4.3. A good number of employees 22 (20.8%) were working in the front office, with 31 (29.2%) working in the production section, while those working in service comprised of 29 (27.4%) of the respondents and 14 (13.2%) worked in the house keeping section. The least number of employees, 10 (9.4%) worked in other areas for example cleaners, accountants, marketing maintenance and grounds. The findings indicate that employees worked in various sections of the hotels.



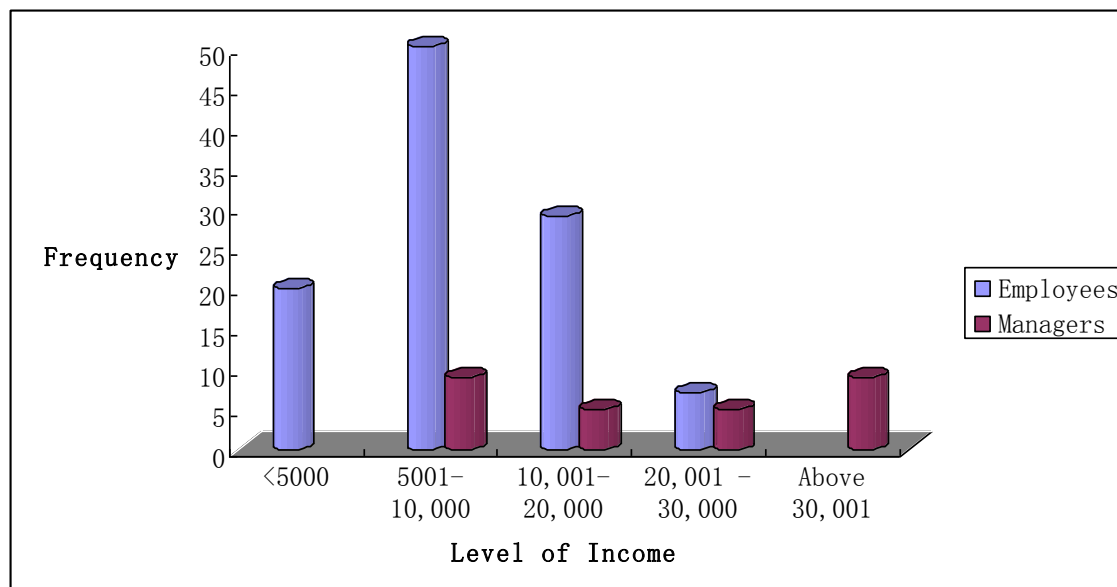
**Table 4.3 Work Section of Respondents in Kisumu Hotels**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Front Office	22	20.8	20.8
House Keeping	14	13.2	34.0
Production	31	29.2	63.2
Service	29	27.4	90.6
Others	10	9.4	100.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	

**Source: Author's Own Compilation (2011)**

#### **4.1.6 Level of Income of Respondents in Kisumu Hotels**

The level of income of the employees was varied during the study as shown in figure 4.3. A good number of the employees 50 (47.2%) and managers (32.1%) earned between 5000 and 10000, with 29 (27.4%) of the employees and 5 (17.9%) of the managers earning between Ksh 10,000 and 20,000. A good number of managers 9 (32.1%) earn above 30,001 and only 20 (18.9%) employees earned below Ksh 5000. The findings indicate that the employees earn a lower amount than those earned by their managers.



**Figure 4.3 Level of Income of Respondents in Kisumu Hotels**

**Source: Author's Own Compilation (2011)**

#### **4.1.7 Period Worked in Kisumu Hotels**

The working experience of employees was varied during the study as summarized in the table 4.4 below. A good number of employees 45 (42.5%) had between 3 to 7 years working experience, with 26 (24.5%) of the employees having worked for less than 3 years. The employees who had worked between 8 to 12 years comprised 21 (19.8%) of respondents, while the least number of employees 14 (13.2%) had worked for more than 13 years. The findings indicate that most of the employees had not stayed long in their current positions, which may be an indication of high turnover in the hotels.

**Table 4.4 Period Worked by Respondents in Kisumu Hotels**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<3 yrs	26	24.5	24.5
3 -7 yrs	45	42.5	67.0
8-12 yrs	21	19.8	86.8
13 > yrs	14	13.2	100.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	

**Source: Author's Own Compilation (2011)**

#### **4.1.8 Job status of employees in Kisumu Hotels**

The job status of the employees was varied during the study as summarized in Table 4.5. A good number of employees 39 (36.8%) were working on contract, with 33 (31.3%) being on permanent job status and casual employees comprised 31 (29.2%) of the respondents.

**Table 4.5 Job status of Respondents in Kisumu Hotels**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Casual	31	29.2	29.2
Contract	39	36.8	66.0
Permanent	33	31.1	97.2
Unknown	3	2.8	100.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	

**Source: Author's Own Compilation (2011)**

#### 4.1.9 Number of Hotels Worked in Kisumu Hotels

The number of hotels the workers had worked in was varied as shown in table 4.6. The employees who had previously worked in two hotels comprised of 31 (29.2%) with 25 (23.6%) working in three hotels, while 21 (19.8%) had worked only in their current hotels.

**Table 4.6 Number of Hotels Worked in Kisumu Hotels**

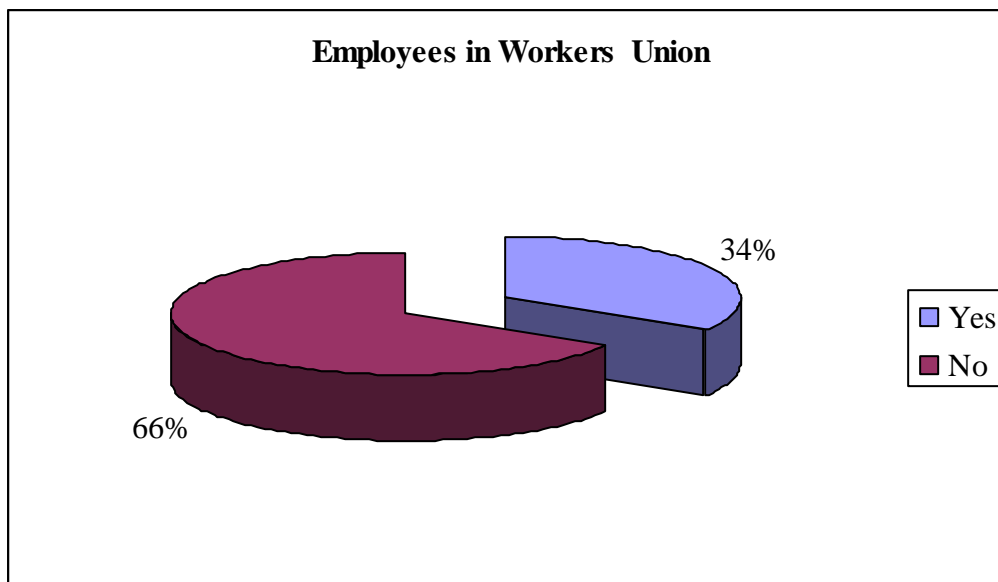
	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
One	20	18.9	18.9
Two	31	29.2	48.1
Three	25	23.6	71.7
More than three	9	8.5	80.2
None	21	19.8	100.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	

**Source: Author's Own Compilation (2011)**

#### 4.1.10 Workers Union

The employees identified various unions they have joined to be varied as shown in figure 4.4. Majority of employees 70 (66%) identified that they were not members of any workers union, with a small number of them 36 (34%) being members of a workers union. The findings indicate that the hotel industry employees were not members of workers union. Most employees were not allowed to be members of any workers union

and thus dismissal/sacking could be done any how with nobody to defend an employee on casual employment.



*Figure 4.4 Workers Union of Respondents in Kisumu Hotels*

**Source: Author's Own Compilation (2011)**

#### **4.2 Job Assignment Practices to Reduce Employee Turnover.**

The employees had different views on the extent to which Job Assignment practices used in their hotel to reduce employee turnover as summarized in table 4.7. Majority 53 (50%) employees perform one task throughout (Routine). Employees who stated that they never had allowance for creativity in task performance and allowance for extra work assigned were 41 (38.7%).

**Table 4.7 Job Assignment Practices on Employee Turnover**

Job Assignment Practices	Always		Often		Periodically		Rarely		Never	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Ensuring job flexibility	17	16.0	26	24.5	28	26.4	24	22.6	11	10.4
The job assignment is based on knowledge	22	20.8	38	35.8	13	12.3	15	14.2	18	17.0
There is fairness when assigning tasks	20	18.9	27	25.5	24	22.6	18	17.0	17	16.0
The right job is assigned to the right person	17	16.0	28	26.4	25	23.6	22	20.8	14	13.2
There is allowance for creativity in task performance	5	4.7	4	3.8	12	11.3	41	38.7	44	41.5
There is equity in the quantity of job assigned (not over worked)	2	1.9	19	17.9	35	33.0	27	25.5	23	21.7
There is enjoyment and fulfillment of assigned tasks	9	8.5	18	17.0	35	33.0	25	23.6	19	17.9
Employees gave views/ideas on how best to assign tasks	8	7.5	18	17.0	27	25.5	27	25.5	26	24.5
There is an allowance for extra work assigned	4	3.8	4	3.8	9	8.5	37	34.9	52	49.1
Staff are assigned work they can complete on time	15	14.2	33	31.1	21	19.8	23	21.7	14	13.2
Abilities of employees are considered when assigning tasks	14	13.2	35	33.0	13	12.3	25	23.6	19	17.9
There are adequate numbers of employees to perform the work	11	10.4	20	18.9	34	32.1	22	20.8	19	17.9
There is adequate equipment for performing the job	17	16.0	20	18.9	29	27.4	20	18.9	20	18.9
Employees perform one task throughout (Routine)	21	19.8	53	50.0	12	11.3	11	10.4	9	8.5
Employees work for long hours	19	17.9	33	31.1	35	33.0	15	14.2	4	3.8

**Source: Author's Own Compilation (2011)**

### 4.3 Job Security Practices to Reduce Employee Turnover

The employees had different views on the extent to which Job security practices were used in their hotel to reduce employee turnover as summarized in table 4.8. Majority of employees 57 (53.8%) identified that employees were never given pension benefits. 54 (50%) stated that the employer paid for NSSF frequently, with 55 (51.8%) identified NHIF is paid frequently, while 74 (69.9%) stated that most employees were on casual basis and 69 (65.1%) employees were affected by low seasonality of the job frequently.

**Table 4.8 Job Security Practices to Reduce Employee Turnover.**

Job Security Practices	Very Frequently		Frequently		Neither Frequently nor Rarely		Rarely		Never	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Employees are given appointment letters	15	14.2	22	20.8	20	18.9	27	25.5	22	20.8
Terms and conditions for job are clearly spelt out	19	17.9	20	18.9	10	9.4	33	31.1	24	22.6
The employer pays for your NSSF	21	19.8	32	30.2	8	7.5	21	19.8	24	22.6
Employees are given pension benefits	10	9.4	9	8.5	8	7.5	22	20.8	57	53.8
Warning letters are issued before termination of employees	22	20.8	18	17.0	15	14.2	28	26.4	23	21.7
There is a specific disciplinary system in place	20	18.9	21	19.8	12	11.3	34	32.1	19	17.9
NHIF is paid	31	29.2	24	22.6	4	3.8	26	24.5	21	19.8
Employment terms are on contract	9	8.5	34	32.1	16	15.1	23	21.7	24	22.6
Employment terms are on permanent basis	10	9.4	13	12.3	7	6.6	47	44.3	29	27.4
Employment is on casual basis	22	20.8	52	49.1	14	13.2	12	11.3	6	5.7
Employees are affected by low seasonality of the job	18	17.0	51	48.1	7	6.6	16	15.1	14	13.2

**Source: Author's Own Compilation (2011)**

#### **4.4 Employee Development/Training**

The employees rated the frequency with which the employee development practices affect employee turnover in their hotel to be varied as shown in table 4.9. 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, 64% of the employees had never received any training rewards and 60.4% had never been awarded performance certificate. However, 49.1% had not been offered external training (short refresher courses), 48.1% of the employees had never received salary/wage increments upon appraisals, 46% had not been given development loans and 45.3% had not been given letters of recognition of service.



**Table 4.9 Employee Development/Training**

Employee Development Practices	Very Frequently		Frequently		None		Rarely		Never	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
	There is employee promotion	5	4.7	9	8.5	22	20.8	40	37.7	30
Employees are 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 are 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

**Source: Author's Own Compilation (2011)**

#### 4.5 Employee Turnover

The employees rated the factors of employee turnover in their hotel as summarized in table 4.10. Majority 55 (51.9%) identified employee development and training involves new employees employed regularly, with 76 (71.7%) of employees report late to work and 73 (68.8%) and employee absenteeism as to be 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 4.10 Employee Turnover in Kisumu Hotels**

	Very High		High		Average		Low		Very Low	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
<b>Employee Turnover</b>										
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 the hotel for a short period e.g. less than six months	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

**Source: Author's Own Compilation (2011)**

#### 4.5.1 Causes of Employee Turnover

The management attributed various causes of employee turnover as summarized in the table 4.11. Majority 23 (82.1%) identified employees report late at work, with 19 (67.8%) of the employees experienced harassments, while 17 (60.7%) identified their wrong placement at work as well as 15 (53.5%) was due to lack of job flexibility. However, 16 (57.1%) managers identified that lack of recognition and training doesn't contribute to employee turnover. The findings indicated that the causes of employee turnover were low during the study. The causes of employee turnover comprised of the low pay they received, absence of fringe benefits, unsuitable working environment, work overload and poor representation in the union.

**Table 4.11 Causes of Employee Turnover**

Causes of Employee Turnover	Very High		High		Average		Low		Very Low	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Low pay	3	10.7	9	32.1	9	32.1	5	17.9	2	7.1
Absence/lack of fringe benefits	2	7.1	5	17.9	11	39.3	7	25.0	3	10.7
Lack of employee appraisal	2	7.1	7	25.0	5	17.9	9	32.1	5	17.9
Employee harassments	2	7.1	1	3.6	6	21.4	9	32.1	10	35.7
Employees report late to work	1	3.6			4	14.3	9	32.1	14	50.0
Lack of Training	3	10.7			9	32.1	5	17.9	11	39.3
Unsuitable working environment	2	7.1	1	3.6	12	42.9	5	17.9	8	28.6
Work overload	5	17.9	6	21.4	7	25.0	6	21.4	4	14.3
Lack of job flexibility	2	7.1	4	14.3	7	25.0	9	32.1	6	21.4
Lack of recognition	4	14.3	5	17.9	3	10.7	6	21.4	10	35.7
Absence of merit/long service increment	5	17.9	6	21.4	3	10.7	5	17.9	9	32.1
Lack/Poor representation (Union)	4	14.3	7	25.0	4	14.3	5	17.9	3	10.7
Wrong placement at work	1	3.6	7	25.0	3	10.7	9	32.1	8	28.6

**Source: Author's Own Compilation (2011)**

#### **4.5.2 Challenges resulting from Employee Turnover**

The management face various challenges as a result from employee turnover as summarized in the table 4.12. From the study 16 (51.7%) managers identified that shortage of staff and low productivity was a challenge resulting from employee turnover, with 12 (49.3%) rarely and never a challenge resulting from employee turnover. Majority 14 (50%) of the management identified that lack of customer satisfaction was a challenge resulting from employee turnover. The findings of the study showed that shortage of staff, low productivity and lack of customer satisfaction were frequent challenges resulting from employee turnover. Challenges not frequently resulting from employee turnover include, high cost in selection and recruitment of employees, lack of trust and warmth between management and employees, a lot of time was spent on employee induction, wastage of materials and low staff morale.

**Table 4.12 Challenges resulting from employee turnover**

Challenges	Very Frequently		Frequently Neither Frequently nor Rarely			Rarely		Never		
	Freq	%	Freq	%	Freq	%	Freq	%		
Shortage of staff	10	35.7	6	21.4	3	10.7	7	25.0	2	7.1
High cost in selection and recruitment	5	17.9	2	7.1	8	28.6	9	32.1	4	14.3
Lack of trust and warmth between management and employees	5	17.9	6	21.4	7	25.0	6	21.4	4	14.3
A lot of time is spent on employee induction	3	10.7	7	25.0	7	25.0	6	21.4	5	17.9
Wastage of materials	2	7.1	3	10.7	9	32.1	7	25.0	7	25.0
Low staff morale	5	17.9	3	10.7	5	17.9	10	35.7	5	17.9
Low productivity	10	35.7	6	21.4	5	17.9	4	14.3	3	10.7
Lack of customer satisfaction	3	10.7	11	39.3	6	21.4	5	17.9	3	10.7

**Source: Author's Own Compilation (2011)**

### 4.5.3 Rate of Employee Turnover

The employees and managers rated the employee turnover to be varied as shown in table 4.13 below. Majority of the managers 20 (71.4%) and 62 (58.5%) employees rated employee turnover to be average, while 24 (22.6%) of employees rated it to be high and 5 (17.9%) managers rated the turnover to be high. The findings showed that employee turnover in the hotels was average.

**Table 4.13 Rate of Employee Turnover**

	Employees		Management	
	Frequency	Percent	Frequency	Percent
Very high	12	11.3	1	3.6
High	12	11.3	4	14.3
Average	62	58.5	20	71.4
Low	16	15.1	2	7.1
Very low	4	3.8	1	3.6
Total	106	100.0	28	100.0

**Source: Author's Own Compilation (2011)**

### 4.5.4 Factors that Encouraged Employees to stay in the Hotels

The employees identified factors that encouraged employees to stay longer in the hotels to be varied as summarized in table 4.14. 37 (34.9%) employees identified job security as a factor that encouraged employees to stay longer in the hotel, with 34 (32.1%) identifying better wages and good management as a factor that encourages employees to stay in the hotel. The least number of employees 1 (0.9%) identified health insurance as a factor that encouraged employees to stay in the hotel.

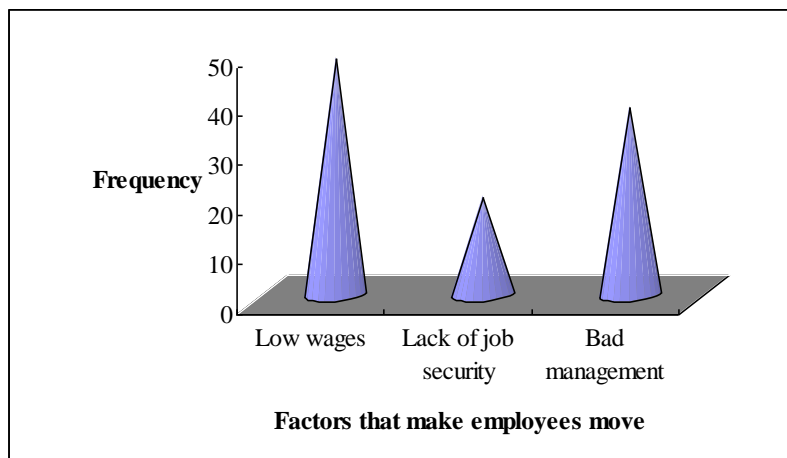
**Table 4.14 Factors that Encouraged Employees to Stay in the Hotel**

	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Better Wages	34	32.1	32.1
Job Security	37	34.9	67.0
Good Management	34	32.1	99.1
Health Insurance	1	.9	100.0
<b>Total</b>	<b>106</b>	<b>100.0</b>	

**Source: Author's Own Compilation (2011)**

#### **4.5.5 Factors that Made Employees to Move**

The employees identified factors that made employees to move from one hotel to another to be varied as summarized in figure 4.5 below. A good number of employees 48 (45.3%) identified low wages as a factor that made employees to move from one hotel to another, with 38 (35.8%) identifying bad management as a factor that made employees to move from one hotel to another and the least 20 (18.9%) identified lack of job security as a factor that made employees to move from one hotel to another



*Figure 4.5 Factors that made employees to move*

**Source: Author's Own Compilation (2011)**

#### **4.6 Factor Analysis and Reliability**

The instruments in this study were developed from prior research and previously tested for reliability. Some of the questions used were slightly modified to make them more relevant to the purpose of the study. Thus, a reliability test was conducted to determine the internal consistency of the measures used. Table 4.15 shows all the variables Cronbach Alpha values of more than 0.75 which is higher than that recommended by Hair et al., (2006). A Cronbach's of 0.70 was sufficient to establish the reliability of the data set (Paige and Littrell, 2002). For this study, the Cronbach's of the four factors ranged from 0.758 to 0.853, indicating the reliability of the data.



The variables in this study were validated through factor analysis. Factor analysis statistical technique was used to identify constructs, or factors, that statistically explained the patterns of variations among multiple values. It involved generating one or more unobserved independent variables that correlate with the observed measures. It attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis was used to reduce the data and identify a small number of factors that explain most of the variance that is observed in a much larger number of manifest variables.

Before performing the analysis, the suitability of the data was assessed through two tests; Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and Bartlett's Test of Sphericity. The KMO has to be more than 0.50 and Bartlett's Test of Sphericity has to be significant. Factor analysis was employed to identify the factors affecting employee Turnover. To test the relevance of factor analysis for the data set, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was applied. According to the suggestions of Kaiser (1974), variables having KMO value less than 0.5 were dropped from this study. The variables with factor loadings above 0.4 were recommended by Kaiser (Bryman and Cramer, 1990) or loadings of 0.40 or greater were considered meaningful for interpretation (Ford et al., 1986). For this study, only variables with factor loadings from 0.55 were included in the analysis. The KMO values for the data set, as shown in Table 4.15, ranged between from 0.774 to 0.839, indicating that factor analysis was qualified for data analysis. The Bartlett Test of Sphericity was highly significant for the three

factors in the Table 4.15, suggesting that factor analysis could be applied to the data set because it was unlikely that the correlation matrix of the variables was an identity.

For factor analyses, principle component analysis and Varimax rotation were performed and suggested that items that had factor loadings lower than 0.50 should be eliminated (Hair et al., 2006). The varimax rotated principle component factor analysis applied has resulted in three factor loading in each of the three independent variables; job assignment, job security and employee training and development as shown in Table 4.15. The job assignment comprised of 60.14 percent, job security 63.76 percent and employee training and development 56.13 percent of the variance explained. Only factors with a loading value of 0.50 and above were considered, and therefore no items were deleted in each of the variables.

**Table 4.15 Factor Analysis and Reliability**

Variable	Factor loading			Cronbach's $\alpha$	% variance explained	KMO	Bartlett's Test of Sphericity
	1	2	3				
<b>Job assignment</b>				<b>.853</b>	<b>60.135</b>	<b>.774</b>	<b>0.001</b>
Ensuring Job Flexibility		.837					
job assignment is based on knowledge		.749					
There is fairness when assigning tasks		.745					
The right job is assigned to the right person		.759					
There is allowance for creativity in task performance			.741				
Equality in the quantity of job assigned							
Enjoyment and fulfillment of assigned tasks		.520	.511				
Employees give views/ideas on how best to assign a task	.509						
There is an allowance for extra work assigned			.723				
Staff are assigned work they can complete on time	.762						
Abilities of employees are considered when assigning tasks	.628						
There are adequate number of employees to perform the work	.817						
Adequate equipment for performing the job	.720						

<b>Job Security</b>				<b>.758</b>	<b>63.76</b>	<b>.839</b>	<b>0.001</b>
Employees perform one task throughout			-.83 9				
Employees work for long hour			-.67 2				
Employees are given appointment letters							
Terms and conditions for job are clearly spelt out	.718						
The employer pays for your NSSF	.721						
Employees are given pension benefits	.759						
Warning letters are issued before termination of employment	.618		.52 1				
There is a specific disciplinary system in place	.523		.53 3				
NHIF is paid	.690						
Employment terms are on contract		.87 3					
Employment terms are on permanent basis	.801						
Employee absenteeism	.847						
<b>Employee training and development</b>				<b>.840</b>	<b>56.13</b>	<b>.794</b>	<b>0.001</b>
There is employee promotion		.69 2					
Employees are given letters of recognition		.72 0					
Internal training is offered to employees		.65 6					
External training is offered to employees	.711						

Employees are given study leave	.807						
Employees receive training rewards	.811						
There is salary increments upon appraisal		.739					
Employees are given performance awards	.668						
There is job rotation		.689					
Employees are given performance awards		.544					
Employers are willing to be guarantors when in need of loans							

**Source: Author's Own Compilation (2011)**

#### **4.7 Pearson Correlation Coefficient on Employee Turnover**

The Pearson correlation was performed to determine the relationship between job assignment, job security and employee development and employee turnover. The result is as shown in table 4.16. There was a negative relationship between job assignment ( $r=-.559$ ), job security ( $-.530$ ) and employee development ( $r=-.280$ ) on employee turnover  $p<0.01$ . The findings showed that an increase in job assignment, job security and employee development would lead to a decrease in employee turnover. The findings indicate that job assignment, job security and employee development factors significantly affect employee turnover. Furthermore, it was identified that employee development affects job assignment and job security.

Employee development was found to be negatively significant related to the employee turnover. The findings empirically support the arguments of Miller and Wheeler (1992) who argue that career development was not a predictor of employee turnover. A negative significant relationship was found between the job security and employee turnover. The job analysis was a significant predictor of employee turnover. The findings empirically support the arguments of Hoon *et al.* (2000). The findings suggest that the hotel industry must offer better job security in order to retain their employees.

**Table 4.16 Correlations on Employee Turnover**

		<b>Employee turnover</b>	<b>Job assignment</b>	<b>Job security</b>	<b>Employee development</b>
Employee turnover	Pearson Correlation Sig. (2-tailed)	1			
Job assignment	Pearson Correlation Sig. (2-tailed)	-.559**	1		
Job security	Pearson Correlation Sig. (2-tailed)	-.531**	.526**	1	
Employee development	Pearson Correlation Sig. (2-tailed)	-.281**	.355**	.311**	1

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

N=106

**Source: Author's Own Compilation (2011)**

#### 4.7 Regression Analysis on Employee Turnover

Regression analysis was carried out using a model, which combines selected independent variables with the employee turnover being the dependent variable. Variables such as job security, job assignment and employee development were predictors representing the independent factors as shown in table 4.17.  $R^2$  represents the values of multiple correlation coefficients between the predictors used in the model and employee turnover. All the predictors used in the model represent only a simple correlation between the predictors and factors to be considered by the hotels. The  $R^2$  represented the measure of variability in employee turnover that is accounted for by the predictors (independent variables). From the model, ( $R^2 = .674$ ) shows that all the predictors account for 67.4% variation for employee turnover. Therefore, the predictors used in the model have captured the variation in the employee turnover.

The adjusted  $R^2$  gave the idea of how well the model generalizes and ideally, its value would be the same or very close to  $R^2$ . In the case of the value of adjusted  $R^2$  is .664, showing that if the data was derived from the population rather than the sample it would account for approximately 66.4% less variance in the employee turnover. The change statistics were used to test whether the change in  $R^2$  is significant using the  $F$  ratio. The model caused  $R^2$  to change from zero to .674 and this change gave rise to an  $F$  ratio of .000, which is significant at a probability of .05

**Table 4.17 Model Summary of Employee Turnover**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.821	.674	.664	.59215	.674	70.178	3	102	.000	1.351

a. Predictors: (Constant), Employee Development, Job Security, Job Assignment

b. Dependent Variable: Employee turnover

**Source: Author's Own Compilation (2011)**

The analysis of variance was used to test whether the model could significantly fit in predicting the outcome than using the mean (Table 4.18). The *F*-ratio represents the ratio of improvement in prediction that results from fitting the model, relative to the inaccuracy that exists in the model. The *F*-ratio was 70.18 which is likely to happen by chance and was significant ( $P < .05$ ). The model significantly improved the ability to predict the employee turnover.



**Table 4.18 ANOVA<sup>b</sup>**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1 Regression	73.821	3	24.607	70.178	.000 <sup>a</sup>
Residual	35.765	102	.351		
Total	109.586	105			

a. Predictors: (Constant), Employee Development, Job Security, Job Assignment

b. Dependent Variable: Employee turnover

**Source: Author's Own Compilation (2011)**

#### **4.7.1 Coefficients of Employee Turnover**

Table 4.19 showed the estimates of  $\beta$  values and gave an individual contribution of each predictor to the model. The  $\beta$  value indicates that the relationship between the employee turnover with each predictor. The positive  $\beta$  values indicate the positive relationship that exists between the predictors and the outcome. The  $\beta$  value for job assignment, job security and employee development had a positive coefficient thus positive relationship.

The model was then specified as:-

$$\mathbf{ET = -2.28 + .331JA + .171JS + .477ED \dots \dots \dots \text{Equation 1.0}}$$

Where, **JA** = Job assignment

**JS** = job security

**ED** = employee development

The *t* test was used as a measure to identify whether the predictors were making a significant contribution to the model. When the *t*-test associated with *b*-values is significant then the predictor is making a significant contribution to the model. From the study findings model, the job assignment ( $t= 3.472, P <.05$ ), Job Security ( $t =2.068, P <.05$ ) and Employee development ( $t =6.41, P<.05$ ). Thus, the job security and employee development predictors were making significant contribution to the employee turnover.

The findings showed that job assignment and employee development had significant contribution to the model compared to the job security. The strengths of influence that each of the independent variables had on the dependent variable was determined by the use of multiple regression coefficients of the independent variables. The influence of each independent variable is shown in table 4.19. As shown in the table, employee development had the strongest significant effect on employee turnover with a standardized beta of .498, followed by job assignment which had significant effect on employee turnover with a standard beta of .281 and finally job security with a standard beta of .154. According to these findings, employee development showed a high positive *t* value, showing that there was no negative relationship between employee development and employee turnover. From the study findings, it was concluded that employee training and development had 49.8% change on employee turnover, followed by job assignment with 28.1% change and job security has 15.5% change on employee turnover. The findings showed that employee training and development accounts for 49.8%, job assignment 28.1% and job security 15.5% change on employee turnover in hotels in Kisumu city.

The coefficients for each of the variables indicates the amount of change one could expect in employee turnover given a one-unit change in the value independent variables, given that all other variables in the model are held constant. The constant is -2.28, and this is the predicted value when all the independent variables equals zero as shown in table 4.19. The unstandardized regression coefficient for job assignment was .331, meaning that for a one unit increase in job assignment, we would expect a .331 unit increase in employee turnover. A one-unit increase in job security would yield a .171 unit increase in the predicted employee turnover and finally a one-unit increase in employee development would yield a .477 unit increase in the predicted employee turnover.

**Table 4.19 Coefficients Employee Turnover**

Model	Unstandardize d Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero- order	Partial	Part	Tolera nce	VIF
1 (Constant)	-2.280	.393		-5.804	.000					
Job Assignment	.331	.095	.281	3.472	.001	.700	.325	.196	.490	2.041
Job Security	.171	.083	.154	2.068	.041	.610	.201	.117	.575	1.740
Employee development	.477	.074	.498	6.407	.000	.769	.536	.362	.529	1.891

a. Dependent Variable: Employee turnover

**Source: Author's Own Compilation (2011)**

#### 4.7.2 Collinearity Diagnostics of Employee Turnover

To test whether there was Collinearity; tests were carried out using tolerance and Variance Inflation Factor (VIF) statistics. For this model, VIF values are all below 10 and tolerance statistics are all well above 0.2 and we can conclude that there is no Collinearity within our data except in project initiation (Myers; Bowerman; O'Connell 1990 and Menard 1995).

The variance proportion varies between 0 and 1, and for each predictor it was distributed across different dimensions (eigenvalues) as shown in table 4.20. This model shows that each predictor has most of its variance loaded onto different dimension. The job assignment has 100% variance on dimension 4; job security has 86% of variance on dimension 3 and Employee development has 61% of variance on dimension 2

**Table 4.20 Collinearity Diagnostics**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Assignment	Security	Development
1	1	3.952	1.000	.00	.00	.00	.00
	2	.026	12.411	.33	.00	.01	.61
	3	.013	17.516	.42	.00	.86	.17
	4	.009	20.870	.25	1.00	.13	.21

a. Dependent Variable: Employee turnover

**Source: Author's Own Compilation (2011)**

#### 4.8 Testing hypotheses

The Chi square was used to determine the significance between the effects of Human Resource Practices on employee turnover in selected medium Sized hotels in Kisumu city as discussed below. Chi-Square was used to test the following hypotheses;

##### ***H<sub>01</sub>: Job assignment has no effect on employee turnover***

The results showed that there was significant effect of job assignment on employee turnover,  $X^2 = (923.12), (814) p < 0.05$  as shown in table 4.21. This was an indication that job assignment had significant effect on employee turnover. From these results we reject the null hypothesis that there is no effect of job assignment on employee turnover and adopt the alternate that job assignment has effect on employee turnover. This finding provides sufficient evidence to conclude that job assignment affects employee turnover.

**Table 4.21 Job assignment Chi-Square Tests**

	<b>Value</b>	<b>df</b>	<b>Asymp. Sig. (2-sided)</b>
Pearson Chi-Square	923.123	814	.005
Likelihood Ratio	410.221	814	1.000
Linear-by-Linear Association	32.761	1	.000
N of Valid Cases	106		

**Source: Author's Own Compilation (2011)**

***H<sub>02</sub>: Job security has no effect on employee turnover***

The results showed that there was significant effect of job security on employee turnover,  $X^2 = (847.65), (748) p < 0.05$  as shown in table 4.22. This was an indication that job security had significant effect on employee turnover. From these results we reject the null hypothesis that there is no effect of job security on employee turnover and adopt the alternate that job security has effects on employee turnover. This finding provides sufficient evidence to conclude that job security affects employee turnover.

**Table 4.22 Job Security Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	847.646	748	.006
Likelihood Ratio	397.314	748	1.000
Linear-by-Linear Association	29.638	1	.000
N of Valid Cases	106		

**Source: Author's Own Compilation (2011)**

***H<sub>03</sub>: Employee development has no effect on employee turnover***

The results showed that there was no significant effect of employee development/training on employee turnover,  $X^2 = (923.12), (814) p < 0.05$  as shown in table 4.23. This was an indication that employee development/training had no significant effect on employee turnover. From these results the null hypothesis is accepted and that employee development/training has no effects on employee turnover. This finding provides insufficient evidence to conclude that employee development/training affects employee turnover.

**Table 4.23 Employee Development/Training Chi-Square Tests**

	<b>Value</b>	<b>df</b>	<b>Asymp. Sig. (2-sided)</b>
Pearson Chi-Square	623.433 <sup>a</sup>	638	.653
Likelihood Ratio	329.022	638	1.000
Linear-by-Linear Association	8.290	1	.004
N of Valid Cases	106		

**Source: Author's Own Compilation (2011)**

#### **4.9 Discussion of Findings**

From the findings it was identified that there was gender disparity in the distribution of employees and managers working in the hotel and hospitality industry during the study. The findings indicated that a good number of employees and managers were young thus productive enough to work in the hotel industry and majority of the managers and employees were married. Majority of the employees had diploma education level and managers had above diploma qualifications. The employees had worked in various sections of the hotel and earned lower salaries than those earned by their managers. Most of the employees had not stayed for long in their current positions, this may be an indication of high turnover in the hotels.

The findings indicate that the hospitality industry employees were not members of workers union. This can be attributed to the fact that they were not allowed to be

members of any workers union and most of them could be dismissed any how, resulting to their engagement in casual employment. The Kenya Union of Domestic, Hotels, Educational Institution, hospitals and Allied Workers (KUDHEIHA) could find away to train and register such employees in order to boost the hotel industry workforce. The findings agrees with Freeman and Medoff (1984), who stated that the workers union provide workers with a “collective voice” to make their wishes known to management and thus bring actual and desired conditions close together. Millward et al., (1992) also argued that without trade unions employee turnover tend to be high and absenteeism is worse. Employees in the non-union sector are two and half times likely to be dismissed as those in unionised establishments and the incidence of compulsory redundancy is higher. This applies not only to terms of employment such as pay, working hours and holidays but also to the way in which employees are treated in such aspects of employment as the redress of grievance, discipline and redundancy.

The findings also showed that shortage of staff, low productivity and lack of customer satisfaction were the frequently reported challenges resulting from employee turnover. Challenges not frequently resulting from employee turnover included, high cost in selection and recruitment of employees, lack of trust and warmth between management and employees a lot of time is spent on employee induction, wastage of materials and low staff morale. Majority of the managers 20 (71.4%) and 62 (58.5%) employees rated the employee turnover to be average, with 24 (22.6%) of the employees rating it to be high and 5 (17.9%) managers rated the turnover to be high and the findings showed that employee turnover in hotel industry was average.



From the regression results model, ( $R^2 = .674$ ) shows that all the predictors account for 65.9% variation for employee turnover. Therefore, the predictors (Employee Development, Job Security, Job Assignment) used in the model have captured the variation in the employee turnover. The model significantly improved the ability to predict the employee turnover since the  $F$ -ratio of 70.18 was significant ( $P < .05$ ). The  $\beta$  value for Employee Development, Job Security and Job Assignment had a positive  $\beta$  value indicating positive relationship. The positive  $b$  values indicate the direction of relationship between predictors and outcome. From the  $t$  test results it showed that employee development ( $t = 6.41$ ,  $P < .05$ ), had significant contribution to the model compared to the job assignment ( $t = 3.472$ ,  $P < .05$ ) and Job Security ( $t = 2.068$ ,  $P < .05$ ). The findings revealed that employee development has a significant effect on employee turnover, as compared to job assignment and job security.

The findings 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 completed, 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 & Montei, 1996; Becker, 1993) who argue 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.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of findings, conclusions of the study based on the findings, the recommendations that are derived herein conclusions and areas for further research.

#### **5.2 Summary of Findings**

In this section the summary of the findings based on each objective are unraveled.

##### **5.2.1 Personal Information**

From the study there was gender disparity in the distribution of employees and managers working in the hotel and hospitality sector during the study. The findings indicated that a good number of employees and managers were young thus productive enough to work in hotel industry.

##### **5.2.2 The extent to which job assignment affect employee turnover in hotels in Kisumu City**

A good number of employees 48 (45.3%) identified low wages as a factor that made employees to move from one hotel to another, with 38 (35.8%) identifying bad management made employees to move from one hotel to another and the least 20 (18.9%) identified lack of job security made employees to move from one hotel to another.

Employee turnover in many hotels has been affected by a number of factors. According to the findings of the study, job assignment practices that have been used to reduce employee turnover are by ensuring that there is job flexibility, assignment of jobs are based on knowledge or skill that one has attained, there is fairness when assigning tasks, the right job is assigned to the right person and that abilities of employees are considered.

### **5.2.3 The effects of Job Security on Employee Turnover in Hotels in Kisumu City**

The findings showed that employee turnover in the hotel industry were average with 37 (34.9%) identify job security as a factor that encouraged employees to stay in the hotel, with 34 (32.1%) identifying better wages and good management encouraged employees to stay in the hotel and the least 1 (0.9%) identified health insurance encourage employees to stay in the hotels.

The findings indicate that the hotel industry employees have not entered into workers unions. This may be attributed to lack of a union to fight for their rights resulting to high employee turnover as some of them can be dismissed any how. This is as a result of high number of employees being lowly uneducated and the kinds of jobs they perform are more casual. This can also be interpreted to mean that Kenya Union of Domestic Hotels, Educational Institutions and Allied Workers (KUDHEIHA) should come out stronger and incorporate hotel employees and bargain better terms for them to enhance their well being and job security.

One of the practices that is applied to reduce employee turnover is job security. According to the study employees have emphasized job security in terms of medical

cover such as that of NHIF dues are paid and other financial benefits. Other practices that are seen to provide job security are when the terms and conditions for a job are spelt out. This indicates that majority of employees prefer employment with job security.

The findings concur with Sailors and Sylvestre (1994) who suggested that to retain efficient and productive employees, firms need to provide employees with an enriched basket of fringe benefits, redefine jobs so that workers perform meaningful tasks, pay equal or higher salaries than the competitors, implement flexible work schedules and sponsor special training or higher education programs.

#### **5.2.4 The effects of employee development/training on employee turnover in hotels in Kisumu City**

Majority of the managers and employees were married and had diploma level of education. The findings indicate that the employees earn lower salaries than those earned by their managers and most of the employees had not stayed for long in their current positions, this may be an indication of high turnover in the organization.

From Pearson correlation findings it was evident that job assignment ( $r = -.559$ ), job security ( $r = -.530$ ) and employee development ( $r = -.280$ ) were negatively significant to employee turnover at 1% level of significance and 2-tailed. The findings indicate that job assignment, job security and employee development factors significantly affect employee turnover. Furthermore it was identified that employee development affects job assignment and job security. The regression results from the model, ( $R^2 = .674$ ) showed that all the predictors account for 67.4% variation of employee turnover. Therefore, the

predictors (Employee Development, Job Security, Job Assignment) used in the model have captured the variation in the employee turnover. However other factors not considered in the study accounted for 32.6%. The model significantly improved the ability to predict the employee turnover since the  $F$ - ratio of 70.18 which was significant ( $P < .05$ ).

The  $\beta$  value for employee development (.477), job security (.171) and job assignment (.331) had a positive relationship between predictors and outcome. The  $t$ - test results showed that employee development ( $t = 6.41, P < .05$ ), had a significant contribution to the model compared to the job assignment ( $t = 3.472, P < .05$ ) and Job Security ( $t = 2.068, P < .05$ ). The findings revealed that employee development play a significant contribution to employee turnover, as compared to job assignment and job security.

From the multivariate analysis, the three HR practices namely Employee Development, Job Security and job Assignment were found to be explanatory factors having significant effects on employee turnover. The implication of the finding is that if the hotel industry needs to reduce employee turnover, employee training and development, job security and job assignment are critical factors to be considered. However for any strategies to be taken to reduce the employee turnover, there should be focus on improving the quality levels of these factors/ variables.

Employee development was found to be the strongest HRM practice predictor of employee turnover. 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. The findings agree with that of Kaufman & Hotchkiss, (2006) that once a training program is completed, worker productivity is expected to increase. The findings agree with that of (Colarelli & Montei, 1996; Becker, 1993) who argue that training is of growing importance to companies seeking to gain an advantage among competitors.

The findings agree with, Arthur (1994), who argues that the importance of ensuring employee retention following training may lie in the strategic approach that is utilized. Training attempts to increase employee commitment and may serve to counter the numerous direct and indirect costs associated with turnover, although a commitment strategy, can be tied to all company.

### **5.3 Conclusion**

The findings indicated that job assignment, job security and employee development significantly affected employee turnover. Furthermore it was identified that employee development affected job assignment and job security. 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.

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. Hotels need to strategically and methodically develop Human Resource Practices that are designed to fully achieve commitment. An effective training program is one such organizational practice that can lead to greater employee commitment and a more stable workforce.

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. 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 act as a guarantor.

#### **5.4 Recommendations**

From the study, the following recommendations were drawn.

- 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.
- The government should consider providing incentives to the hospitality industry since it employs majority of young people in the society. This could assist in increasing the number of tourist's accommodation.



- Since most of the employees working in the 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.
- The hotel management should establish reasons of employees leaving and try to solve the problems given by holding an exit interview whenever possible.
- Umbrella bodies and the government should provide adequate job security to the employees who are not unionized.

### **5.5 Areas for Further Research**

From the findings of the study, other variables, which were not considered in this study, may account for the unexplained variance in employee turnover. Further research studies should be carried out to find out the effects of other factors on employee turnover. Since the study was conducted in Kisumu city there is need for more research to be carried in other towns and cities and comparisons made on the effect of human resources practices affecting employee turnover.

The study focused on only three Human Resources Practices that have been found to affect employee turnover in Hotels, but further research should be conducted on other Human Resource Practices such as; realistic job information, job analysis, work family balance, career development, compensation and supervisor support that also have impacts on employee turnover. Other studies should be conducted to identify the effect of organizational commitment as an attitude reflecting employees' loyalty to their organization.

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APPENDICES

APPENDIX A:

MAP OF KISUMU CITY SHOWING HOTELS IN THE STUDY



## APPENDIX B: QUESTIONNAIRE FOR EMPLOYEES

**Dear Respondent,**

I am a student in the Department of Hotel and Hospitality Management in Moi University. I am carrying out a research on the effect of Human Resource Practices on Employee Turnover in Medium sized hotels Kisumu City, Kenya. The findings of my research will be vital for a presentation in form of a thesis which is a requirement for completion of my studies.

I humbly request you to contribute to the study by filling in the questions briefly and accurately. Do not indicate your name on the questionnaires.

Thank you.

**Section A.** Please tick the appropriate box

### **Personal information**

1. Gender    a) Male     b) Female
2. Age    a) 20 - 30 years     b) 31 - 40 years     41 - 50 years   
above 50 years
3. Marital Status    a) Married     b) Single     c) Divorced   
d) Widowed
4. What is your highest level of education?
- Primary     Technical Certificate     Degree     Secondary   
Diploma

5. Which section are you working in?

Front Office  Housekeeping  Production/Kitchen   
Service  Other

6. What is your level of income? (Kshs.) below 5,000  5,001 – 10,000

10,001 – 20,000  above 21,000

7. How long have you worked with this establishment?

Below 3 years  3 - 7 years  8 – 12 years   
above 13 years

8. What is your job status?

Permanent  Casual  Contract   
Unknown

## Section B: JOB ASSIGNMENT

Please indicate to what extent the following Job Assignment practices are used in the hotel to reduce employee turnover.

	<b>Job Assignment Practices</b>	<b>Always</b>	<b>Often</b>	<b>Periodically</b>	<b>Rarely</b>	<b>Never</b>
A	Ensuring job flexibility					
B	The job assignment is based on knowledge					
C	There is fairness when assigning tasks					
D	The right job is assigned to the right person					
E	There is allowance for creativity in task performance					
F	There is equity in the quantity of job assigned (not over worked)					
G	There is enjoyment and fulfillment of job assigned tasks					
H	Employees gave views/ideas on how best to assign tasks					
I	There is an allowance for extra work assigned					
J	Staff are assigned work they can complete on time					
K	Abilities of employees are considered when assigning tasks					
L	There are adequate numbers of employees to perform the work					
M	There is adequate equipment to perform the job					

Please tick to what extent the following job assignment practices are used in the hotel

		<b>Always</b> <b>1</b>	<b>Often</b> <b>2</b>	<b>Periodically</b> <b>3</b>	<b>Rarely</b> <b>4</b>	<b>Never</b> <b>5</b>
A	Employees perform one task throughout (Routine)					
B	Employees work for long hours					

### **SECTION C: JOB SECURITY**

Please tick the frequency which the following job security practices are applied in your establishment to reduce employee turnover.

	<b>Job Security Practices</b>	<b>Very Frequently</b>	<b>Frequently</b>	<b>Neither Frequently nor Rarely</b>	<b>Rarely</b>	<b>Never</b>
A	Employees are given appointment letters					
B	Terms and conditions for job are clearly spelt out (e.g. clear working procedures, terms of payment)					
C	The employer pays for your NSSF					
D	Employees are given pension benefits					
E	Warning letters are issued before termination of employees					
F	There is a specific disciplinary system in place					
G	NHIF is paid					
H	Employment terms are on contract					
I	Employee terms are on permanent basis					

Please tick the frequency with which the following job security practices are applied in the hotel.

	<b>Job Security Practices</b>	<b>Very Frequently</b> <b>1</b>	<b>Frequently</b> <b>2</b>	<b>Neither Frequently nor Rarely</b> <b>3</b>	<b>Rarely</b> <b>4</b>	<b>Never</b> <b>5</b>
A	Employment is on casual basis					
B	Employees are affected by low seasonality of the job					

- Are you a member of a worker's Union?

Yes

No

**SECTION D: EMPLOYEE DEVELOPMENT/TRAINING**

Please tick the frequency with which the following employee development practices affect employee turnover in your hotel.

	<b>Employee Development Practices</b>	<b>Always 5</b>	<b>Often 4</b>	<b>Periodically 3</b>	<b>Rarely 2</b>	<b>Never 1</b>
A	There is employee promotion					
B	Employees are given letters of recognition of service					
C	Internal training is offered to employees (on the job training, coaching)					
D	External training is offered to employees (short refresher courses)					
E	Employees are given study leave					
F	Employees receive training rewards					
G	There is salary/wage increments upon appraisals					
H	Employees are given development loans.					
I	There is job rotation					
J	Employees are given performance awards(certificates)					
K	Employers are willing to be guarantors to employees when in need of loans					



## SECTION E: EMPLOYEE DEVELOPMENT/TRAINING

Please tick how you would rate the following factors as regards employee turnover in your hotel

	<b>Employee Turnover</b>	<b>Very High 1</b>	<b>High 2</b>	<b>Average 3</b>	<b>Low 4</b>	<b>Very Low 5</b>
A	Employees leaving without giving notices					
B	Moving of employees from one hotel to another					
C	Employees working in the hotel for a short period e.g. less than six months					
D	New employees are employed regularly					
E	Employees report late to work					
F	Employee absenteeism					

- How can you rate employee turnover in your hotel?

Very high  High  Average  Low  Very Low

- What factors encourage employees to stay in the hotel?

Better wages  Job Security  Good Management   
Health Insurance

- What factors made employees to move from one hotel to another?

Low wages   
Lack of Job Security   
Bad Management   
No Health Insurance Package

**Thank you for your time.**

## **APPENDIX C: QUESTIONNAIRE FOR MANAGEMENT**

**Dear Respondent,**

I am a student in the Department of Hotel and Hospitality Management in Moi University. I am carrying out a research on the effect of human resource practices on employee turnover in medium sized hotels in Kisumu City, Kenya. The findings of my research will be vital for a presentation in form of a thesis which is a requirement for completion of my studies.

I humbly request you to contribute to the study by filling in the questions briefly and accurately. Do not indicate your name on the questionnaires.

Thank you.

**SECTION: A.** Please tick the appropriate box

**PERSONAL INFORMATION**

1. Gender a) Male  b) Female

2. Age a) 20 - 30 years  b) 31 - 40 years  c) 41 - 50 years   
d) above 50 years

3. Marital Status a) Married  b) Single

4. What is your highest level of education?

Primary  Technical Certificate  Degree

Secondary  Diploma

Any other, specify \_\_\_\_\_

5. What is your level of income (Kshs.) below 5,000  5,000–10,000

11,000 – 20,000  21,000 – 30,000  above 30, 000

6. What position do you hold in your hotel?

Manager  Head housekeeper  Head Waiter   
Head Chef  Accountant

Any other, specify \_\_\_\_\_

## SECTION B: INFORMATION ON EMPLOYEE TURNOVER

1. To what extent do you rate employee turnover in your hotel?

Very high  High  Average  Low  Very Low

2. How would you attribute the following as reasons for employees leaving their jobs?

	<b>Causes of Employee Turnover</b>	<b>Very High 1</b>	<b>High 2</b>	<b>Average 3</b>	<b>Low 4</b>	<b>Very Low 5</b>
A	Low pay					
B	Absence/lack of fringe benefits					
C	Lack of employee appraisal					
D	Employee harassments					
E	Employees report late to work					
F	Lack of Training					
G	Unsuitable working environment					
H	Work overload					
I	Lack of job flexibility					
J	Lack of recognition					
K	Absence of merit/long service increment					
L	Lack/Poor representation (Union)					
M	Wrong placement at work					

Any other, please specify.....

3. Do you think employee turnover is a challenge to your hotel?

Yes

No

4. Do you try to solve employee exits?

If Yes,

How?.....

.....

5. How frequently are the following challenges faced by management resulting from employee turnover?

	Challenges	Very Frequently 1	Frequently 2	Neither Frequently nor Rarely 3	Rarely 4	Never 5
A	Shortage of staff					
B	High cost in selection and recruitment of employees					
C	Lack of trust and warmth between management and employees					
D	A lot of time is spent on employee induction					
E	Wastage of materials					
F	Low staff morale					
G	Low productivity					
H	Lack of customer satisfaction					

6. From your own opinion which department has the highest rate of employee turnover?

**Thank you for your time.**