

# Voluntary Employee Turnover in Tourist Hotel F&B Outlets

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## 1. Introduction

Intoday's world, every large business organization is faced with the reality of employee turnover. Individuals leave organizations for diverse reasons. Employee turnover is important to individuals, organizations and society (Mobley, 1982). Viewed from individual's perspective, his or her turnover results in many potentially negative consequences. For example, he or she may lose nonvested benefits, may disrupt the family's social support system, and can be subject to the 『grass looks greener』 phenomenon only to experience later disillusionment.

From an organizational point of view, turnover can a significant cost in terms of lost recruiting, training, socialization investments, disruption and replacement, and so forth. Furthermore, turnover can have negative implications for the individuals who remain with the organization (Mobley, 1977). Finally, excessively high levels of turnover from a societal perspective can increase the cost of production and can bring about idle productive capacity

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because of dearth in trained workers (Price, 1977)

The emerging demographic portrait of Korea's workforce is changing and the educational level of Koreans is rapidly rising. The workforce is growing old as younger workers are on the wane. Since the successful completion of '88 Seoul Olympics, the general standards of living have increased substantially. The GDP per capita is expected to be far more than \$10,000. Thanks to the high living standards, many of the younger workers tend to look for easy and high-paid jobs in lieu of many "dirty, difficult and dangerous" jobs. The hotel and foodservice industries have been hit. It is expected that the hospitality industry will be confronted with severe labor shortage in the years to come (KTA, 1995). To make it worse, many lodging employees, particularly at the F&B outlets, will leave organizations. Wasmuth and Davis (1983) noted in their article at the Cornell Quarterly that employee turnover in the field of hotel industry often reaches substantial rates and that it is dysfunctional and costly to an individual hotel.

Notwithstanding the importance and popularity of the topic, few researchers have studied turnover systematically in the lodging industry. In addition, few studies have offered the cross-validity of the results. More replication of those existing outcomes in various settings including the field of lodging industry would provide the cross-validity. The present study, the first of its kind in Korea, will shed a light on the nature and magnitude of the employees working at tourist hotels in the Seoul area.

## 2. Review of Literature

Employee turnover has been one of the most extensively researched areas. The published literature dealing with employee turnover can be traced back to studies as early as 1910. This large volume of literature have examined the relationship between employee turnover and variables such as organizational structure e.g., work unit size, formalization, centralization (Porter & Steers, 1973), psychological climate variables, e.g., role perceptions, perceived leader behaviors, perceived job characteristics (Jones & James, 1980), affective reactions, e.g., overall job satisfaction, facet satisfaction, organization commitment (Price, 1977, Mobley, 1982), personal characteristics, e.g., age, tenure, education (Bluedorn, 1980), and behavioral predisposition, e.g., turnover intentions (

Hom, 1984).

In spite of this voluminous literature, it has been contended that relatively few strong generalizations regarding the phenomenon of employee turnover can be made ( Cotton & Turtle, 1986, Mobley, 1982). Seriously lacking in early research efforts have been attempts to integrate findings and to develop conceptual models of the turnover process ( Mobley, 1982). However, the early work by March and Simon (1958) was an exception in this respect.

Turnover is defined by Price (1977) as " movement across the membership boundary of a work organization". Both accessions to and separations from the organization are researched by those interested in turnover. Newly-hired employees are a common type of accession, whereas quits, retirements, layoff, dismissals, and deaths are instances of separation.

Given the definition of Price, Bluedorn (1981) expanded the notion of turnover in which the distinction is made between voluntary separations and involuntary separations. Voluntary turnover, the concern of this study, refers to movement across the membership of an organization initiated by the individual while involuntary turnover is movement across the membership boundary of an organization initiated by the organization.

With respect to the hotel employee turnover, Wasmuth and Davis (1983) made an in-depth study for the first time. Classifying turnover into three categories: external versus internal, planned versus unplanned, and high versus low, they attempted to provide a meaningful analysis that could be translated into useful strategies for controlling and managing turnover. Quite recently, however, Martin and Bartol (1985) suggested an elaborate matrix for managing salesmen's turnover strategically. They looked at turnover from two perspectives: functional versus dysfunctional, and performance versus replaceability.

The formal reviews of turnover appeared for the first time in the mid-1950s, with the work of Brayfield and Crockett (1955) and Herzberg et al. (1957). Both reviews found evidence of a significant relationship between employee dissatisfaction and subsequent turnover.

Shortly after these reviews made an appearance, March and Simon (1958) presented in their book, *ORGANIZATION*, one of the earliest and perhaps most influential integrative models of employee turnover. The model, called a literature-based model of the " decision to

participate” was predicated on the general postulate that increase in the balance of inducement utilities over contribution utilities decrease the propensity of the individual participant to leave the organization, whereas decreases in that balance have an opposite effect. The inducements-contributions balance was posited to be influenced by two major components: 1) the perceived desirability of leaving the organization and 2) the perceived ease of movement from the organization. This model has contributed to the study of turnover by focusing attention on the need to assess both economic-labor market and behavioral variables in studying the employee turnover.

Price (1977) proposed a conceptual model of voluntary turnover from a sociological perspective based on an extensive review of turnover correlates. Price (1975, 1977) argued that job dissatisfaction moderated by actual economic opportunity, is the primary cause of turnover. The model suggests that five variables determine job satisfaction: actual pay, integration, instrumental communication, formal communication, and centralization.

One of Price’s contributions to the literature is his discussion of the impact of employee turnover on the organization. He contended that successively higher amounts of turnover lead to 1) successively larger proportions of administrative staff relative to production workers, 2) successively lower amounts of integration, 3) successively lower amounts of satisfaction, 4) successively high amounts of innovation, and 5) successively lower amounts of centralization.

Drawing on the conceptual work of March and Simon and Locke (1976), Mobley (1977) presented a model of the turnover decision process which identifies possible intermediate linkages in the satisfaction-turnover relationship. Mobley specified the linkages between job satisfaction and turnover, an aspect of the turnover process not dealt with in details in Price’s model. Based on relevant literature, Mobley hypothesized that dissatisfaction leads to thinking of quitting, intentions to search, intention to stay or leave, and finally actual turnover.

Mobley, Griffeth, Hand and Melino (1979) presented an expanded turnover model predicated on the centrality of behavioral intentions to stay or leave. The model incorporated elements of the preceding models and attempted to capture the overall complexity of the turnover process. Though the model included individual, organizational, and economic factors, it explicitly recognizes the role of perceptions, expectations, and values as well as available job alternatives as factors in the turnover decision.

Steers and Mowday (1981), in their discussion of turnover models including that of Mobley, identified numerous shortcomings of existing models. They indicated that existing models fail to take into account the role of available information about a job and its effects on an individual decision to participate, that not to leave an organization. They also noted that the role of job performance level has been overlooked in most models. Building upon earlier theoretical and empirical work on turnover, Steers and Mowday developed a largely cognitive model of employee turnover that focuses on the processes leading to the decision to participate or to withdraw.

They argued that the dynamics of their conceptualization can best be described by breaking the model into three sequential parts: 1) job expectations and job attitudes, 2) job attitudes and intentions to leave, and 3) intentions to leave, available alternatives and turnover behavior.

Deviating from conventional thinking, Sheridan and Abelson (1983) developed a cusp catastrophe model based on two determinants. In their model, organizational commitment and job tension define a two-dimensional control surface, with withdrawal behavior. The conceptualization has three characteristics. First, withdrawal behavior is a discontinuous variable with abrupt changes observed between different states of withdrawal. Second, the theory represents a hysteresis zone of behavior as a fold in the behavior surface. Third, divergent behaviors occur on opposite ends of the bifurcation plane.

Reviewing empirical tests on job alternatives, Hulin, Roznowski and Hachiya (1985) came to the conclusion that perceptual estimates of labor-market prospects have predicted turnover poorly, whereas aggregate labor-market statistics, such as unemployment rates, predicted turnover consistently. To account for such discrepant findings, they proposed that work alternatives can directly affect job satisfaction, a reversal of the contention that it is satisfaction that influences alternatives. They also held that job opportunities may directly induce turnover because employees quit when they are sure of an alternative job.

Quite recently, Lee and Mitchell (1944) generalized Beach's image theory (1991) to further the understanding of turnover decisions. Image theory challenges prevailing turnover theories that assume an economic rational basis for decision making ( Mobley, Griffeth, Hand, and Meglino, 1979; Hulin, Rozenowski and Hachiya, 1985) and presumes that people make decisions by comparing the fit of the options in the decision to various internal images rather than by maximizing the subjective expected utility. Extending image

theory, they further proposed that the entire process of screening and decision making begins with a "shock to the system", a specific event that jars the employee to make deliberate judgments about his or her job and perhaps to consider quitting the job. Lee and Mitchell theorized that the social and cognitive contest that surrounds the experienced shock provides a "decision frame" —or frame of reference— with which to interpret the shock along dimensions, such as novelty, favorability, or threat. Then, employee, they theorized, will take one of four paths to leave their jobs.

### 3. Methods

The research population included all the full-time employees working currently in the F&B department at the tourist hotels in the Seoul area. The sample, consisting of 200 employees, was drawn from a population of 2,000. The sample encompasses entry-level employees as well as supervisory staff both in the front of the house (dining area) and in the back of the house (kitchen). The upscale tourist hotels (super deluxe-level and deluxe-level) were selected for this study.

Based on a few existing questionnaires in the field literatures such as the Turnover Intention Questionnaire (TIQ), the Job Satisfaction Questionnaire (JSQ), and the Organizational Commitment Questionnaire (OCQ), the survey questionnaire for this study was developed by the researcher in consultation with industry experts and peers on the faculty at ChongJu university.

The study attempts to examine the relationships between turnover and educational level of employees. A conceptual model was designed to take a comprehensive and systematic approach to accomplish the purpose of the research.

The questionnaire administered to survey the sample of the F&B employees at the given hotels was made up of four major components: demographic, educational, job-related variables, and turnover intentions. Demographic characteristics required personal information from the respondents ( i.e., pay, age, and tenure etc.). Educational characteristics covered the educational backgrounds of the participants ( i.e., formal, professional and continuing education). With regard to the job-related characteristics, respondents were asked to provide information on their attitude toward job satisfaction and

commitment to the organization. In addition, the turnover intentions questionnaire was developed to gather data on the intentions of each respondent. Equipped with information gleaned and data collected from the questionnaires, the relationships among education, job-related variables, and turnover intentions could be investigated.

Questionnaire kits were forwarded to the sampled hotels, to the attention of the personnel manager who distributed the kits to the randomly selected employees. Each kit includes a questionnaire, a letter explaining the research and requesting cooperation, and a stamped envelope addressed to the researcher. Two major efforts were made to increase the response rate of the survey questionnaire. First, the research requested the personnel manager to encourage the employees to actively take part in the survey. Secondly, follow-up letters were mailed to those who had not responded to the initial questionnaire. The response rate was favorably high, 60 percent, representing 120 respondents out of a total of 200 sampled employees.

## 4. Results and Discussion

The study sought to investigate the relationships between education and turnover intentions, controlling for potentially confounding effects of demographic and job-related characteristics. Thus, six hypotheses from four major variables ( demographic, job-related, turnover intentions, and educational) were made. The results of the hypothesis testing were as follows.

**Hypothesis 1 :** There are significant relationship educational variables and turnover intentions. Three sets of simple regression models consisting of formal educational level, professional degree and continuing education, were provided to examine the relationship between educational characteristics and turnover intentions. the results of the analysis showed that formal educational level has a significant positive effect on turnover intentions while professional degree and continuing education have no significant relationship with turnover intentions.

**Hypothesis 2 :** There are significant relationship between educational variables and

demographic variables. Three sets of multiple regression models comprising formal educational level, professional degree, and continuing education were generated to explore the linkages between educational characteristics and demographic variables. The results of the analysis demonstrated that age and gender have significant relationship with formal educational level; age, gender and professional tenure, have significant relationship with professional degree; only professional affiliation has a positive relationship with continuing education.

**Hypothesis 3 :** There are significant relationship between educational variables and turnover intentions, controlling for the confounding effects of demographic variables. A multiple regression model was formulated to see the effect of formal educational level on turnover intentions, controlling for demographic variables. The results revealed that formal educational level has a significant effect on turnover intentions when demographic variables are controlled.

**Hypothesis 4 :** There are significant relationship between educational variables and job-related variables. Three sets of multiple regression models were developed to take a look at the relationship between educational variables and job-related variables. The findings indicated that organizational commitment has a significant relationship with professional degree, but there is no difference in job satisfaction between those who have professional degree and those who do not. Both organizational commitment and job satisfaction have no relationship with continuing education.

**Hypothesis 5 :** There are significant relationship between educational variables and turnover intentions, controlling for the confounding effects of job-related variables. Three sets of multiple regression models were generated to examine the relationship between educational characteristics and turnover intentions, controlling for the confounding effects of job-related variables. The results of the analysis divulged that formal educational level does not have any significant positive effect on turnover intentions when organizational commitment is controlled; formal education level also does not have significant positive effect on turnover intentions when the job-related variables are controlled.



**Hypothesis 6 :** There are significant relationship between educational variables and turnover intentions, controlling for the confounding effects of demographic and job-related variables. A multiple regression analysis was conducted to investigate the effect of formal educational level on turnover intentions, controlling for both demographic and job-related variables. The results of this model further showed that several demographics consisting of marital status, professional tenure, perceived life satisfaction, property size and pay have significant relationship with turnover intentions. In other words, married employees are more apt to stay with the organization than singles; those who have been with organization for a longer duration tend to remain in organization; those who are more satisfied are less likely to leave the organization. However, those who are not sufficiently paid and those who are working a large property are not satisfied and intend to quit their jobs.

Predicated on the findings of this study, the following conclusions are reached. First, formal educational level has no direct relationship with turnover intentions, but has an indirect positive effect on turnover intentions. The findings of the study showed that formal educational level has a significant positive effect on turnover intentions, but the positive effect becomes insignificant when organizational commitment is controlled. Second, professional degree and continuing education have no direct or indirect relationship with turnover intentions. Since both professional degree and continuing education have no bearing on the turnover intentions of the F&B employees, the management have to take a close look at their present training programs and educational subsidies for their employees. A close attention should be paid to the needs and wants of the employees other than training and education. Third, turnover intentions is a function of job-related variables. The results indicated that job-related variables contributed to the explained variance in turnover intentions, but demographic and educational variables have little influence on turnover intentions. To understand the turnover intentions of the employees, the management have to study not only practical but theoretical aspects of both job satisfaction and organizational commitment. At hotel schools, their curricula have to accommodate more courses in the field of organizational theory.

The interest in employee turnover, evident in past years, will probably expand in the future. The decline in the relative number of young people entering the workforce indicates

a competitive labor market in the yeats to come.

The study attempted to examine the nature and magnitude of the relationship between education and turnover intentions among the F&B employees at the upscale tourist hotels in the Seoul atea, using a comprehensive and systematic approach and testing for the cross-validity of the existing reseatch findings. The findings of the study might be viewed as need for continuous reseatch to this subject. It is suggested that future study would center on the same or similar top in the related organizations such as air lines, travel agencies and food service industry, to cite a few. The future study will shed a light on the nature and magnitude of the relationship between education and turnover intentions.

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