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The Relation between Demographic Factors and the Turnover Intention in Pre-Opening Hotel Businesses

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Abstract

Determining the employees' turnover intention in pre-opening hotel businesses is important for the hospitality industry who have to bear the costs of employment and in-service training. This study aims to examine the relation between of the employees who are recruited by opening hotel businesses and their turnover intentions. A questionnaire was utilized on 151 employees who worked at six 5-Star pre-opening hotels in Istanbul. Respondents were selected based on convenience sampling method. According to the results of the study, *turnover intentions* of the employees in opening hotel businesses are low. It was also found that there is difference on turnover intention based on gender variable.

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1. Introduction

The success of organizations depends on the quality of the employees in tourism industry (Reichel and Pizam, 1984; Sepehri et al., 2014). The level of employee turnover is considered among the important factors that define the success of the businesses in that, the less the turnover the superior the hotel is over the other hotels in the competitive set (Hinkin and Tracey, 2000; Baum, 2007; Mohsin, Lengler, and Bhupesh, 2013). Thus low turnover rates are imperative for hotels in order to continue their existence and activities (Baum, 2006).

Pre-opening hotels can be defined as the lodging facilities that are operating, organizing, recruiting and training employees budgeting, marketing, planning the main opening date etc. before they start serving guests (Landman, 2012a). This construction and pre-opening process is over for 12-18 months in large hotels, and 6-9 months in small facilities (Savath Hospitality Management, 2014). Employee turnover rate is important especially in *pre-opening hotel businesses* that have to organize their structure according to future expectations and budgeting for the processes of recruitment and training of employees which can lead additional costs for the period of pre-opening (Landman, 2012b).

The primary targets of hotel businesses during opening stage are preparing the building and the products for the market, defining its position in the market for the future, and setting the operational standards for all functions of human resources department. Employment costs in pre-opening hotels are more than established

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hotel facilities which are already in business. Employees' leaving the job before the official opening may interrupt the opening process of the hotel and even delay the planned opening date. For this reason, the factors such as demographic factors of the employees which may cause the employees leave the job should be considered strategically in a newly-established organization (Boles, Ross, and Johnson, 1995). Therefore, whether there are differences on turnover intention among the employees in terms of demographic must be determined which would make it possible for the businesses to take relevant precautions. However, a better understandings of demographic factors may build a difference in strategically managing employees (David, 2011). Employees' demographic characteristics and their relationship between intention to leave during the opening stage may provide managers generating the greater levels of employee satisfaction and organizational commitment, and reduce the risk of any delay and cancellation on the planned official opening date that may occur due to the high job turnover intentions associated with recruiting, selecting, and training costs as well as potential negative impact on the future customer relationships (Schwepker, 2001).

This study aims to determine the demographic factors that would affect turnover intentions based on a quantitative research on six hotels in Istanbul, Turkey. The results offer valuable insights for hotels that are in pre-opening stage to recruit the motivated and loyal employees who would differentiate the organization from competition in the future with a strategy implementation manner. In addition, it is projected that the outcomes of this study will contribute to the efforts that aim to decrease the employee turnover rate in pre-opening hotel businesses.

2. Literature Review

The employee turnover rate in the hospitality industry is the highest in the tourism industry which can reach up-to 200% and 300% a year, the employee costs may also be as high as 40% of the total operational expenses (Hartman and Yrie, 1996; Hinkin and Tracey, 2000; Kennedy and Berger, 1994). When the fact that a new employee being more costly for the business than the other employees for the 30-day-long work is considered, it becomes obvious that hotel businesses providing quality services depends on developing a strategic management philosophy that will ensure the long-term loyalty of their employees (Demir, Çolakoğlu and Güzel, 2007; Meier, 2007; Özyer, 2010; Cetin et al., 2014).

In recent years, various studies have been conducted on the turnover intention. In these studies, it has been observed that the reasons for the high employee turnover rates in hotel businesses are; the physical difficulties of the job, excessive working hours, job stress, wrong practices of managers, low training possibilities, and better working opportunities in other industries (Fallon and Rutherford, 2010, p. 454; Williams, Harris, and Parker, 2008; Ogbonna and Harris, 2002). Lashley (2000, p. 115) groups the reasons of the employee turnover rates as *evitable* and the *inevitable* circumstances. He describes the *evitable* situations as low wage policies, physical difficulty of the job, long working hours, improper management styles, lacking training opportunities, improper working conditions, stress and transportation difficulties; and describes the *inevitable* ones as retirement, illness, death, marriage, birth leave, educational reasons and similar other factors. Mobley (1982, p. 10) claimed that the turnover intention is different from the real action of leaving the job, and explained this situation by offering a comparison of the employees both staying and leaving the job. Tett and Meyer (1993) likewise defined turnover intention as intentionally to seek an alternative role in other organizations.

It has been argued in the literature of organizational behavior that there is a relation between the organizational outcomes like the turnover intentions of the employees and their job satisfaction, organizational commitment and job performances (Susskind et al., 2000). In addition, there are various studies in which factors such as demographic and job characteristics, organizational commitment, organizational environment, exhaustion, job satisfaction, career satisfaction, job satisfaction and similar other factors are examined in hospitality (Çolakoğlu, Ayyıldız and Cengiz, 2009; Toker, 2007; Matin, Kalali and Anvari, 2012; Hong and Kaur, 2008; Toker, 2007; Yalçın and İplik, 2005, p. 399). Mowday, Porter and Steers (1982) define the organizational commitment, (i.e. the turnover intention, and other factors that may affect the other organizational outcomes) under four different dimensions which are *personal characteristics*, *role characteristics*, *structural characteristics*, and *job experience*. These factors, which may affect the organizational outcomes, are defined as the past experiences of the employees, situational, organizational-functional, and personal factors by Schwenk (1986, p. 229). Luthans, Baack, and Taylor (1987) stated the demographic factors as gender, age, marital status, education status and vocational experience. When the structure of the tourism industry is considered, tourism training level, the title and the department of employees might also be added to the demographic factors as can be seen in the study of Demirdelen and Ulama (2013).

In this context, Allen and Meyer (1993) stated that the working hours of the employees in the organization, their status a career path in an organization increases the satisfaction level of the employees, and this situation creates a positive relation between the working durations of the employees and their commitment to the

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