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A STUDY ON FACTORS AFFECTING TURNOVER INTENTION OF HOTEL EMPLOYEES

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ABSTRACT

This study used linear structural modeling to explore the factors affecting the turnover intention of hotel employees in Taiwan. A total of 400 questionnaires were distributed to hotel employees. Among these, 350 were valid samples, a valid return rate of 87.50%. The empirical results showed that (1) more harmonious coworker relationships between hotel employees and a higher level of satisfaction regarding their work environment have a significantly positive effect on job satisfaction; (2) a higher level of organizational commitment among hotel employees has a significantly negative effect on turnover intention; (3) the direct effect of employee job satisfaction and salary level on turnover intention has not reached a significant level. Nevertheless, the two factors have indirect negative effects on turnover intention.

Key Words: turnover intention, organizational commitment, job satisfaction, salary level.

JEL Codes: J63, J28, M54

INTRODUCTION

In recent years, the number of visitors to Taiwan has increased rapidly, topping 5 million in November 2010 and setting a new 60-year record (Ministry of Transportation and Communications, 2010). This means that the tourist demands for hotels and services have also increased. According to the data of the Accounting and Statistics Department of the Executive Yuan (2010), the average annual salary of employees in Taiwan is 587,000 NTD, and the average length of service is 5.9 years. However, in the hotel and F&B (food and beverages) industry, the annual salary is only 361,000

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NTD, and the average length of service is 3 years. In addition, more than 81.5% of employees work in the same workplace for less than 5 years, and half of the employees leave the workplaces within one year, indicating that the hotel and F&B industry workers choose to quit their jobs due to low salary levels and high levels of work pressure.

Past studies relating to turnover intention have shown that organizational commitment and job satisfaction are regarded as two important antecedent variables that affect the turnover intention of employees (Clegg, 1983; Karsh, Booske, and Sainfort, 2005). In fact, the findings of empirical studies on the relationship between organizational commitment, job satisfaction and turnover intention have confirmed that the two variables have significantly negative effects on turnover intention (Bartle, Dansby, Landis, and McIntyre, 2002; Parker and Kohlmeyer, 2005). This suggests that employees with high job satisfaction levels have a higher level of work efficiency, organizational commitment, and willingness to sacrifice for the organization, making it more difficult for them to leave their jobs.

Factors affecting employee turnover today have become increasingly complex. The variables affecting job satisfaction are numerous and complex in relation to each other. Nevertheless, among all the possible factors affecting job satisfaction, most studies classify factors such as work environment and coworker relationships as the most influential factors affecting job satisfaction (Cranny, Smith, and Stone, 1992; Robbins, 2003). Moreover, other studies have confirmed that salary level has a significantly positive effect on organizational commitment (Folger and Konovsky, 1989), as well as on turnover intention (Ghiselli, La, and Bai, 2001; Summers and Henfrix, 1991). It is apparent that the effect of work environment, salary level, and coworker relationships are important to turnover intention. Regarding coworker relationships, this study intends to find out whether the work environment affects employee job satisfaction, and in turn, turnover intention. Moreover, because the salary level of the hotel and F&B industry is the lowest among all industries, another question to be answered by this paper is whether the salary level affects organizational commitment, which leads to a high turnover rate. This study uses hotel employees in Taiwan as the research subjects, and discusses the causal structural relationship of their turnover intentions.

Hypotheses Development

Good coworker relationships can help employees address work challenges and enable them to be dedicated to details that affect service quality, enhance service quality stability, and improve job satisfaction (Aryee and Zhen, 2006; Erdogan and Enders, 2007). In addition to coworker relationships that affect employee job satisfaction, the quality of the work environment is also important to hotel employees. Relevant studies have pointed out that when the work environment is well regarded, employee work attitudes are better, and thus, job satisfaction is higher (Winter and Sarros, 2002; Sell and Cleal, 2011). Hence, creating a work environment affects the service quality and corporate image. Based on the above, the following research hypotheses are proposed:

H1: Hotel employee coworker relationships have a significantly positive effect on job satisfaction.

H2: The hotel work environment has a significantly positive effect on job satisfaction.

H3: The salary level of hotel employees has a significantly positive effect on organizational commitment.

H4: The salary level of hotel employees has a significantly negative effect on turnover intention.

Because the hotel industry is labor intensive, it faces a high turnover rate due to long working hours,

heavy workloads, work shifts, irregular vacation days, and relatively low salaries. As a result, salary management becomes even more important in human resource management. Greenberg (1990), Ghiselli, La Lopa and Bai (2001) suggested that most employees will choose to leave when the organization lowers their salaries. Folger and Konovsky (1989) pointed out that the salary level significantly affects the employees' organizational commitment, which in turn, has a significant effect on turnover intention. Levine (1993) indicated that employees with relatively higher salaries are less likely to quit, and their organizational commitment level is higher. Hence, the following hypotheses are proposed:

Regarding the direct effect of job satisfaction on turnover intention, Price (1977) suggested that job satisfaction is the antecedent variable of turnover intention, indicating that job satisfaction has a significantly negative impact on turnover intention. In addition, regarding the indirect effect of job satisfaction on turnover intention, Porter, Steers, Mowday, (1974) pointed out that job satisfaction is more vulnerable to the effects of personal or specific factors than organizational commitment, thus resulting in changes in job satisfaction. Based on its uncertainty and changeability, job satisfaction is regarded as an antecedent variable of organizational commitment. Based on the above, organizational commitment can be seen as an important intermediate variable. The level of job satisfaction can often affect turnover intention through organizational commitment (Lok and Crawford, 2001; Parker and Kohlmeyer, 2005). Tett and Meyer (1993) confirmed that job satisfaction has a significant effect on organizational commitment and no direct effect on turnover intention. However, it indirectly affects turnover intention through organizational commitment. Therefore, this paper proposes the following hypotheses:

H5: Hotel employee job satisfaction has a significantly positive effect on organizational commitment.

H6: Hotel employee job satisfaction has a significantly negative effect on turnover intention.

H7: Hotel employee organizational commitment has a significantly negative effect on turnover intention.

Questionnaire Development

This study discusses the influencing factors of hotel employee turnover intention revealed by a questionnaire survey. The questionnaire contents are divided into two parts: the first part includes 6 variables, namely job satisfaction, organizational commitment, turnover intention, coworker relationships, work environment, and salary level; the second part comprises personal background data. The questionnaire is measured by a Likert 7-point scale ranging from 7 to 1 according to the level of agreement. The detailed questionnaire items and references are as shown in Table 1.

Table-1. Questionnaire items and references?

Constructs	Measurement Items	References
Coworker Relationship	CR1 Coworkers are friendly.	Balzer et al.(1997);
	CR2 Coworkers will support me at work.	Dabke et al. (2008)
	CR3 I have my supervisors' support in work.	
	CR4 I have good interactions with my coworkers.	
	CR5 I have good interactions with my supervisors.	
Work Environment	WE1 I can handle tasks at work with my own judgment.	Balzer et al. (1997) ; Dabke et al. (2008)
	WE2 At work, I have the necessary equipment and tools to facilitate my job.	
	WE3 At work, my company provides me with suitable clothing to facilitate my performance.	
	WE4 At work, my company provides an independent and healthy work environment.	
Salary level	PL1 I am very satisfied with my salary.	Balzer et al. (1997);
	PL2 My employee's benefits are very good.	Dabke et al. (2008)
	PL3 I receive an additional bonus if I do additional work.	
Job Satisfaction	TS1 In general, I like my job.	Cammann et al.
	TS2 In general, I am satisfied with my job.	(1979)
	TS3 In general, I like working here.	
Organizational Commitment	Value Commitment	Porter et al. (1974)
	OC11 I often tell my friends that the hotel I work for is a very good one.	
	OC12 I am fortunate to work in this hotel.	
	OC13 I feel proud when others mention the hotel I work for.	
	OC14 In comparison with other hotels, this is the best hotel I have ever worked for.	
	OC15 My values are similar to the business philosophy of this hotel.	
	OC16 I can realize my full potential when working in	
	OC17 I am willing to accept any work assigned by my supervisors to continue working in this hotel.	
	Effort Commitment	
	OC21 I strongly disagree with the policies of this hotel	

toward employees.

OC22 I will do a similar job in other hotels.

OC23 I cannot see any future if I continue working in

OC24 I think it is wrong to stay in this hotel.

OC25 If there are changes in the current environmental
situation, I will leave the current hotel.

Retention Commitment

OC31 I am concerned about the negligence in serving
the customers of the hotel that I work for.

OC32 I am willing to help the development of this hotel
and gain success.

OC33 I frequently care about the future development of
the hotel that I work for.

	TI1 I often seriously consider leaving my current job.	Michaels
Turnover	TI2 I intend to quit my current job.	and
Intention	TI3 I have started to look for other jobs.	Spector
		(1982)

Sample and Data Collection

This study conducted a questionnaire survey using convenient sampling. The survey period was from January to February 2011, and was conducted in 12 major hotels in southern Taiwan. The researcher distributed 30 to 40 copies of the questionnaire in each hotel, totaling 400 questionnaires. A total of 363 questionnaires were retrieved. After eliminating 13 invalid samples, there were 350 valid samples, a valid return rate of 87.5%.

The descriptive statistics analysis on the demographic structure revealed that among the respondents, 40.9% were males and 59.1% were females; mostly aged 20 to 29 (46.9%), followed by 30 to 39 (33.7%); 67.4% were single and 30.9% were married; most had a university education background (44.3%), followed by college education (26.9%), and senior/vocational high school education (18%); 26.6% worked in the F&B department and 23.4% in the room service department; most were entry level service personnel (64.6%), followed by supervisors (11.1%); most had an average seniority level of more than three years (24.9%); most had a monthly salary of 20,000 to 30,000 NTD (58.6%), followed by 30,001 to 40,000 NTD (21.4%).

RESULTS

SPSS 16.0 for Windows and Amos 16 were used for data analysis. The structural equation model (SEM) was used for technical analysis, and was divided into a measurement model and structural model for descriptive purposes.

Analysis of the Measurement Model

The Cronbach's α values of the six latent variables in this study are in the range of 0.75 to 0.93, all of which are above 0.7, and are consistent with the suggested level of 0.7 by Hair et al. (1998). Hence, the scale has overall stability and consistency. The questionnaire design of this study is

based on previous literature and theoretical modifications. The questionnaire was modified based on pre-test and expert opinions to improve the readability, and thus, it has content validity. Regarding convergent validity, except for the AVE (average variance extracted) value at 0.305 of the salary level variable, all other values are consistent with or close to criteria, suggesting that the latent variables have very strong convergent validity. Regarding discriminant validity, Hair, Anderson, Tatham, (1998) argued that the determination of discriminant validity depends on the square roots of AVE values of various constructs being larger than the correlation coefficients of pair-wise constructs. This indicates strong validity between various constructs (perspectives). Therefore, the research findings suggest that the scale has very strong discriminant validity.

Analysis of the Structure Model

This study's Chi-square value is 646.467, and the p value is 0.000, a level of significance that suggests that the overall model and sample data are not consistent. However, as the Chi-square value is vulnerable to overly large sample sizes, this study takes the comprehensive evaluation approach to observe other indicators. The results are as shown below: $\chi^2 / df = 3.737$, GFI=0.851, AGFI=0.801, CFI=0.911, NFI=0.883, RMR=0.177, RMSEA=0.089, most of which are acceptable, suggesting that the model fitness can be accepted. The estimated results of SEM can be illustrated by standardized coefficients, as shown in Table 2 and Figure 1. The empirical results indicate that coworker relationships have a positive effect on job satisfaction, and the coefficient value is 0.16, reaching the 1% significance level. Hence, H1 is supported. The finding is consistent with Erdogan and Enders (2007), who suggested that more harmonious coworker relationships can enhance job satisfaction. Results also indicate that the work environment has a positive effect on job satisfaction. The coefficient value is 0.67, reaching the 1% significance level. Thus, H2 is supported. This finding is consistent with Sell and Cleal (2011) and Erdogan and Enders (2007). In other words, if the employer can provide a better work environment, employee job satisfaction can be effectively improved, thus reducing the turnover rate.

Results show that salary level has a positive effect on organizational commitment, with the coefficient value of 0.16, reaching the 1% significance level. Thus, H3 is supported. This finding indicates that the salary level can affect employee loyalty to the organization, which is consistent with Folger and Konovsky (1989) and Levine (1993). In other words, when the salary level is not as high as expected, employee work performance might be affected, resulting in reduced contribution to the organization.

The coefficient value of the effect of salary level on turnover intention is 0.08, having not reached the significance level. This indicates that the salary level of hotel employees will not significantly affect turnover. Hence, H4 is not supported. Many factors must be taken into consideration. Employees will not continuously work for a single hotel due to any one factor. Relevant studies by Lambert, Hogan, and Barton (2001) and Livingston (2003) hold the same opinion.

The survey results indicate that job satisfaction has a positive effect on organizational commitment. The coefficient value is 0.31, reaching the 1% significance level, thus supporting H5. This indicates that employee organizational commitment can be explained by job satisfaction, which is consistent with Khandekar and Sharma (2005) and Elci, Kitapçı, and Erturk (2007). When employees are satisfied with and perceive the value of their jobs, they are willing to stay with the company. In other words, higher job satisfaction leads to a higher level of commitment to the organization and more willingness to sacrifice for the organization, thus reducing the turnover intention.

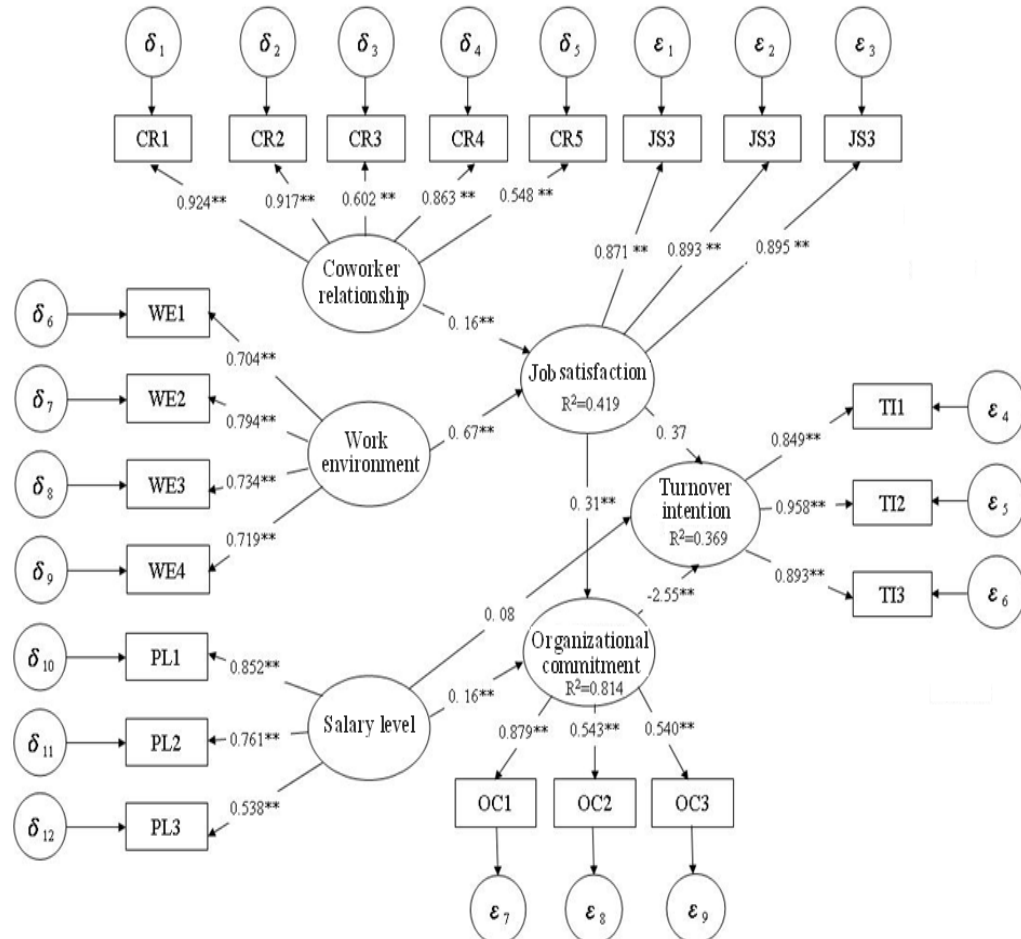
Survey results show the coefficient value of the effect of job satisfaction on turnover intention is 0.37, which does not reach the significance level. This means that the level of job satisfaction has no significant effect on turnover intention. Hence, H6 is not supported. In fact, Tett and Meyer (1993) and Parker and Kohlmeyer (2005) pointed out that job satisfaction indirectly affects the

turnover intention through organizational commitment, and the direct effect of job satisfaction on turnover intention is not significant. This indicates that job satisfaction has an indirect negative effect on turnover intention through organizational commitment.

Finally, the results show that organizational commitment has a negative effect on turnover intention, and the coefficient value is -2.55, reaching the 1% significance level. Hence, H7 is supported. This finding is consistent with Clinebell and Shadwick (2005), and Riketta (2002), who suggested that a high level of organizational commitment can enhance employee trust and reliance on the organization, and reduce the rate of employee turnover.

As shown in Figure 1, although the effect of job satisfaction on turnover intention is not direct, it has an indirect effect with a coefficient value of -2.24 (-2.55×0.31). Moreover, salary level has no direct effect on turnover intention, but an indirect effect, with the coefficient value of -2.39 (-2.55×0.16). These findings indicate that both factors indirectly affect turnover intention through organizational commitment. It is recommended that hotels strengthen employee identification and commitment as well as trust in the organization to reduce employee turnover and retain employee talent.

Figure-1. Theory Structure Equation Model (Standardized Coefficients)



CONCLUSIONS

The empirical results of this study suggest that coworker relationships and work environment have significantly positive effects on job satisfaction. If hotels can provide a better work environment and facilitate harmonious coworker relationships among employees, job satisfaction can be effectively improved. Moreover, job satisfaction and salary level have no direct effect on turnover intention; however, job satisfaction and salary level can indirectly affect the employee turnover rate through organizational commitment. The results also suggest that higher salary levels, higher levels of job satisfaction, and higher levels of organizational commitment will lead to lower turnover intention.

When discussing factors affecting employee turnover intention, the study showed that coworker relationships, salary level, and organizational commitment in addition to work environment are important factors that influence employee turnover intention. Because job satisfaction and salary level indirectly affect turnover intention through organizational commitment, employees will begin to identify with the company, its goals and business strategies, and their jobs if the company can effectively enhance their organizational commitment. Therefore, the effect of organizational commitment is very important to hotel employees.

Hotel employees are the main subjects in this study. However, it is debatable whether employees of other sectors may face the same problems and difficulties that result in turnover behaviors. Hence, future studies can investigate employees of different service sectors to discuss the differences in the turnover models. This study used only the cross-section study data as the empirical study basis and did not probe into the interactions of different variables in time; hence, the causal inferences are limited. Future studies can use the longitudinal data for analysis.

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