

## A STUDY OF INCREASING ATTRITION RATE OF EMPLOYEES IN HOTEL INDUSTRY: SPECIAL REFERENCE, HOTELS IN & AROUND WORLD FAMOUS ARAMBOL BEACH, NORTH GOA

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### ABSTRACT

*The hotel industry in India has been evolving since long, though the situation was very different in the earlier days when India had just a few five-star hotels and a few budget hotels. However, today India is flooded with hotels and almost all major International Hotel brands have their presence and their clientele is quite diverse in nature. In India hotel is going through a major new phase with all the possible foreign brands. Since the country is booming overall with high growth and economy in sectors like Information Technology, Telecom, Retail, and Real Estate, naturally there is an increase in demand for hotels in the country. Further when India started with FDI (Foreign Direct Investment) more International brand started to come and now the big luxury brand like Ritz Carlton in Bangalore and St. Regis in Mumbai also has made its way. These international companies have brought a significant increase contributing to the economy.*

**Keywords:** Attrition Rate, Information Technology, Telecom, Real Estate, Foreign Direct Investment.

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### Introduction

The hotel industry in India has been from British times but at very slow growth. The major hotel which came up was in 1903 by The Indian Hotel Company with first hotel The Tai Mahal in Mumbai owned by MR. Jamsetji Nusserwanji Tata and later the East India Hotel emerged under the guidance of Mr. Mohan Singh Oberoi with hotels like The Grand Calcutta in 1930 and The Cecil Hotel in Shimla in 1935. In 70s new trend started where lots of beautiful palace of Rajasthan started getting linked up with the Taj Lake Palace in Udaipur, Rambagh Palace and so on. Another Indian brand which emerged was ITC brand which came with first hotel in 1975 in Chennai called The Chola hotel and further in 1978 got the franchise with the Sheraton group of hotels to become more professional and give their best services. ITC brand along with The Taj group of Hotels and The Oberoi has also expanded internationally. When India hosted the Asian Games in 1982 a lot of International brands felt they should be making its presence in India as they felt India is a good market for their hotels so a lots of international brands like Hyatt, Le Meridian came in capital city than expanded in metro cities and now these brands are all over in India.

The hotel industry is in the service industry is intangible, for which the guest have a great experience at the hotel. This industry is diverse in nature and opportunities are growing due to accelerating growth of the service economy. Hotel industry Average Room Rate (ARR) and occupancy are the two most important factors that determine profitability. ARR, in turn, depends upon the location, brand image, star rating, quality of facilities, pricing of value-added services, complementary services offered and the seasonal factor. The international hotels which are coming in India should manage and invest their funds and adopt many new business strategies which may be unknown to our country and

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create modern service packages to its guest. Hotel occupancy has gone high, even in mid-segment hotels which are charging USD 250 per day. The hotel industry in India is successful only second after China in the Asian Pacific. The WTTC (World Travel and Tourism Council) has ranked India 18<sup>th</sup> in business travel in 2010 and at present India ranks 5<sup>th</sup>. India is the world's 7<sup>th</sup> largest tourism economy in terms of GDP. India's success includes the new model for development and growth. The commonwealth games of 2010 which were hosted in New Delhi gave a rise of 50 international mid segment and budget hotels chain moving into India. Several initiatives were taken by the MOT (Ministry of Tourism) to enlarge the scope of FTA's (Foreign Tourist Arrivals) in varied tourism in the northern Eastern region of India. The tax reform has given a positive impact on the Indian economy.

The GST (Goods and Service Tax) has divided the sector for taxation. As per the GST hotels with a tariff less than Rs 1000 per day have been exempted from GST, at the same time a room rate costing between Rs 1000-2500 are taxed at 12%, those tariff rate above Rs 2500 -7500 will be taxed 18% and those hotels which have tariff rate of Rs 7500 and above will be taxed at 28%. This move will upgrade to millions of middle-class travellers across the country.

The hotel segment is growing in India in a fast pace which includes business hotels, resorts, apartments, time-share etc. along with that the Food and Beverage outlets also are growing in a fast rate. The table below shows the number of hotels in various categories and also shows the number of rooms present in each category approved by the Ministry of Tourism as of 31<sup>st</sup> May 2018. The below table shows a huge growth in the total number of hotels that is 1802 hotels among which the highest number of hotels and rooms are in the three-star, four-star, five-star and five deluxe category.

**Table 1: Indian Tourism Statistics 2018 on Number of Hotels Present**

Number of approved Hotels and Hotel rooms in the country, as on 31-05-2018

S. No.	Category of Hotels	No. of Hotels	No of Rooms
1	One Star	6	236
2	Two star	43	955
3	Three star	442	15619
4	Four star	253	14611
5	Five star	158	19791
6	Five star deluxe	160	35672
7	Apartment hotels	1	126
8	Guest house	5	73
9	Heritage hotels	14	238
10	Bed & breakfast establishment	720	3576
	<b>Total</b>	<b>1802</b>	<b>90897</b>

India lately has been seen as a major tourist destination and is getting very popular as a wedding destination and also getting famous for MICE (Meeting, Incentive, Conference, and Event). MICE have become one of the most important forms of tourism and it is growing at a fast pace. MICE have been accounted for around 54% of the foreign travels in the year 2014-2015 as per the ITB (Internationale Tourismus- Borse) World Travel Trend Report. MICE have become a blend of business and leisure. Therefore the MICE also include sightseeing, shopping, sports activities, and leisure activities. MICE travellers overall tend to spend more for various activities which helps the tourism to grow further. MICE in various countries like Thailand, Singapore, and Malaysia has strengthened the brand value of the country international. India is also slowly moving towards the MICE market and is estimated to generate 6.5 million outbound tourists. India by 2020 will reinforce to become the key source market for the MICE and luxury tourist. The growth market for MICE has made India emerge with full-fledged hotel industry in India. The competition in the industry is at the highest level and every brand is trying to put their foot forward to provide "Service par Excellence" to their guest to increase their market value and this is where the hotel industry is different from the others.

- **Employment Opportunities in Hotel Industry**

It has been seen that India after being the second populated country in world still has a skilled manpower shortage. Though every year 20 million youth added to the workforce only small percentage out of them actually manage to secure a job. This is because large numbers of youth possess a graduation degree, they do not have any specific skill required in the 21<sup>st</sup> century to get employment. In the world changing scenario with regard to the hotel and job market, there is need of overpowering skilled workers. Skill in India and around the world has also changed over the period of time. Students in India

should now choose a career which is skill driven and seek a job. In the era of competition where the purpose of life has grown far beyond just living and winning bread for oneself, the phenomenon all over the world strive their best to get their talent and efforts recognized. Mere minting money without social impact and recognition is a life no less than in a cloister, devoid of self-identity and confined. Though in a few years the rat race has enormously increased exponentially, giving vent to more competitions and competitors in every field and that too on international standards and levels. Even hotel industry has no more remained a distant dream or rather a path less chosen among the newbie and novices. Every year in India many students graduate in this booming industry and cross the epic style of their respective colleges to enter this industry as professionals. In recent years, the number of students choosing the hotel as a career has grown enormously increasing more competition in the industry. In the corporate world, the demand for highly skilled and talented individuals has grown as a result. People pursue industrial training, vocational training, and other internship in order to prune their skills to stand apart from the crowd.

The hotel industry has ample scope and opportunity from Luxury Five-Star Hotels to small establishments like Cafes, Quick Service Restaurants, Discotheques, Night Clubs and Casinos. The opportunity for a job with pertaining to the hotel industry is very frequent and a lot of establishments looking for the qualified and trained employee all the time. The employees working in the hotel industry have the opportunity to develop various skills like:

- Multi-tasking
- Customer service
- Soft Skills
- Working in a team
- People skills dealing with an array of different types of people
- Being able to handle work pressure
- Leadership Skills

Today's youth pursuing an education in the hotel industry, the number of opportunities is vast. The economic growth in the hotel sector as per WTTC (World Travel and Tourism Council) will eventually grow in other market sectors also. In the United States of America, the hotel and tourism have the highest potential to grow; this also is true in many cases in India where the hotel industry has grown tremendously.

The hotel industry is a labour intensive because it's a service industry. One of the major advantages India has a large concentration of English speaking individuals, which prove as a channel in advancement and opulence to the industry. Besides the regular jobs of a travel agent, tour guide, chef, waiter, and managers other opportunities nowadays are some new trends that have been emerged are like:

- Airline Catering and Cabin Service
  - Quick Service Restaurant
  - Beverage, Food and Confectionery Production
  - Institutional and Industrial Catering
- Even Government organizations like:
- Armed forces mess
  - ministerial conventions and railways services
  - Cruise Ship Management
  - Casino (Goa and Sikkim )

In India, around 2.40 million people are working in a hotel and various allied industries, which has accounted for 9.3 % of total employment generated for the country in 2016. The employment in this industry is expected to rise drastically by 46.42 million by 2026. This number will increase with more and more skilled employees passing out from the hotel management colleges. At the same time, they are lots of hotels also opening in urban, semi-urban and some in rural areas. This will encourage the well-qualified graduates and professionals over the untrained graduates. The graduates not only have openings in the hotels, cruise, and airlines but also in umpteen numbers of industries who look forward to recruiting the hotel management students as generally their soft skills are better than the others. This industry has moved beyond the restaurants, hotels to even in the healthcare centres, wellness, and corporate sectors.

- **The Attrition Rate in Hotel Industry**

Attrition is a situation where an employee leaves one organization and joins another organization due to job dissatisfaction, new opportunity in the market and various other factors. Now a day's one of the most important questions which should be asked by higher authority to Human Resource authority, "Why our attrition rate is higher than other companies", Earlier it wasn't important for the organization, whether their employees are committed or not, but now the time has been changed. The company cannot afford to lose its best employee to competitors because well-experienced staff will make the differences in service given to the customer.

The rising attrition rate in the hotel industry is very alarming. Every hotel conducts induction program, a regular training program to their employees which is carried out by the learning and development department or the training department. This department in the hotel tries its best to groom the staff and develop the attitude. At the same time, the new employees also learn the required skills to excel in his/her field. The hotel industry employees generally on regular bases interact with the customer since hotel industry is service industry oriented. Therefore it has been seen that when an employee joins the company a lot of efforts are made to groom and get them skilled. After this entire attempt made by the training department and the employee is leaving the job within 6 months definitely its huge loss to the organization. An employer will always prefer that the employee works in their organization for at least 3-4 years to recover training investments from employees' perspective, gain enough experience to add value to subsequent roles, It is generally seen that the age group of 18- 28 years in the hotel industry try frequently changing their job for reason like lack of job satisfaction, long working hours, salary factors etc. The biggest challenge in India is retaining staff in hotels, getting good service oriented staff. Hotel industry cannot be made of bricks and mortar it's the people that make the hotel industry successful. Therefore it's important that the right position the right people are recruited and trained to give the best possible service.

#### **Literature Review**

**Neha Mehra and Promila Sharma (2016)** Tourism and hotel sector high a proportion of employees are young and sometimes also are migrant workers from other states. There are seven major departments in the hospitality and tourism sector those are food production and bakery. Food and beverage service, front office, housekeeping, travel and tour, sales and marketing and event management. Tourism is all about facilities and tourist attraction places, but not to forget its major component is about people especially the relationship between the customer and individual giving the services. Here it's important that employee providing the services should have good technical knowledge, skills, and attitude to give the best possible services that are been expected by the customer. To be successful in the tourism sector it is important that the guest is provided a home away from home.

**Ashworth (2009)** Tourism region is the most of the time associated with a historical event, hallmark event, local specialties, and products, good transportation, infrastructure, and flagship buildings. As a result, the destination may constitute an experience value consequently; it is assumed that the potential influence of the personal tendency of place attachment on perceived authenticity might depend on the specific levels of iconicity of visitor attractions and heritage value of the destination region. Goa has natural sun and sand with rich culture background and heritage site which makes Goa a top destination for domestic and international tourist.

**Pearce, D. (2001)** The study of urban tourism directly deals with the number of inconsistency. These are summed up briefly as distinct suggestions that characterize urban tourism and provide a focus for scientific investigation. Urban tourism is important for every state to improve its economy; it is a wide from of tourism that is common. But it has not received much attention from the professional of tourism or of the city, particularly in linking theoretical research to tourism studies more generally. This has resulted, not a much vital improvement in tourism, and has only vaguely defined and distinguishes with little development of systematic structure of understanding. Tourist visit cities for several purposes, it can spiritual, historical site, nature because etc. it is generally seen can absorb these tourist and thus to a large extent economically a physically indistinguishable.

#### **Research Methodology**

##### **Testing of Hypothesis**

The data collected from the respondents were analysed by SPSS software. The SPSS software is satisfied software designed to assist the researcher to objectively understand the data. Statistical analysis methods such as 'One Sample T-test' applied to analyse the data and examine the relationship between variables such as the relationship between age, education level, lack of experience of job and attrition rate.

**H<sub>0</sub>:  $\mu = 100$**  is Null Hypothesis; which implies that there is no significant relationship between the variables.

**H<sub>1</sub>:  $\mu \neq 100$**  is Alternative Hypothesis; which implies that there is a significant relation between the variables.

### Hypothesis

**H<sub>1</sub>:** There is significant relation between age and attrition factors of the employees.

**H<sub>2</sub>:** There is significant relation between education qualification and attrition factors of the employees.

**H<sub>3</sub>:** There is significant relation between lack of experience and attrition factors of the employees.

**H<sub>1</sub>:** **There is significant relation between age and attrition factors of the employees.**

**Table 2: Age Group of Respondents**

Sr. No.	Age Groups	Frequency	Percent	Df	t-value	p
1	18-20	303	50.6	2	1.193	0.355
2	21-25	263	43.8			
3	26-30	34	5.6			
	<b>Total</b>	600	100			

Accept the alternative hypothesis because T's calculated value' (1.193) is less than the T value' (4.045). It means that there is significant relation between the age and attrition factors of the employees at 0.05 level of significance.

### SPSS Results

**H<sub>1</sub>:  $\mu = 100$**  is Alternative Hypothesis

This means there is significant relation between age and attrition factors of the employees.

#### One- Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	3	200.00	145.145	83.799

#### One – Sample Test

	Test Value = 100					
	T	Df	Sig. (2-tailed)	Mean Difference	95% of Confidence Interval of the Difference	
					Lower	Upper
Frequency	1.193	2	.355	100.000	-260.56	460.56

**H<sub>2</sub>:** There is significant relation between education qualification and attrition factors of the employees.

**Table 3: Educational Qualification of Respondents**

Sr. No.	Qualification	Frequency	Percent	Df	t- value	P value
1	SSC	36	6.0	3	0.659	0.557
2	HSSC	257	42.8			
3	Graduate/Diploma	303	50.5			
4	Post Graduate	4	0.67			
	<b>Total</b>	600	100			

Accept the Alternative Hypothesis at a 0.005 level of significant which means that there is significant relation between education qualification and attrition factors of employees.6

Accepting the alternative hypothesis is because of the T- calculated value is less (0.659) than the T- critical value (3.182).

#### One – Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150.00	151.844	75.922

**One – Sample Test**

	Test Value = 100					
	T	Df	Sig. (2-tailed)	Mean Difference	95% of Confidence Interval of the Difference	
					Lower	Upper
Frequency	.659	3	.557	50.000	-191.62	291.62

H<sub>3</sub>: There is significant relation between lack of experience and attrition factors of the employees.

**Table 4: Work Experience of Respondents**

Sr. No.	Category	Frequency	Percent	Df	t-value	p-value
1	Below 1 year	275	45.8	3	0.697	0.536
2	2-4 years	273	45.5			
3	5-7 years	37	6.2			
4	Above 7 years	15	2.5			
	Total	600	100			

Accept the Alternative Hypothesis at a 0.05 level of significant which means that there is significant relation between lack of experience and attrition factors of employees.

Accepting the alternative hypothesis is because of the T- calculated value is less (0.697) than the T- critical Value (3.182).

**One – Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Frequency	4	150.00	143.467	71.733

**One-Sample Test**

	Test Value = 100					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Frequency	.693	3	.536	50.000	-178.29	278.29

**Limitations**

- The study of population has been taken from the Hotel industry in Five-Star, Four Star, and Three- Star Category in North and South- Goa; it may not be applied to other Hospitality sector located in other parts and other types of industries like production units etc.
- The study has given opinion of the employees in Hotel Industry of Five Star Hotel of South- Goa and North- Goa.
- The focus is only on reduction the attrition rate in the Hotel Industry and in relation to retaining the employee.
- The sample size of the employee is only 600 employees.

**Conclusion**

The main reason for the high attrition rate in the five – star hotels which observed:

- Long working hours.
- Work opportunity aboard which gives them a better pay package.
- Work opportunity on cruise liners which given the chance to earn in dollars and euro and also gets an opportunity to see the world while at work.
- Lack of salary benefits, incentives, and overtime facilities.
- Opportunity in the retail industry with a better pay package and better working conditions.
- Higher studies.
- Both the gender finding it difficult in balancing the work-life.
- Not able to commit their family life.

- Working on odd shifts.
- Guest misbehavior towards the employee.
- Night shift.
- Lack of self-esteem.
- Lack of clean restroom absent in some hotels.
- Lack of facilities such as a proper cafeteria, recreation centers, transportation, lockers, accommodation.
- Lack of employee's welfare scheme.
- Lack of employment terms and conditions.
- Random transfers from one hotels to another hotel within the termed sometimes from one city to another.
- Hire and firing policies existing in the hotel.
- Lack of motivation by the middle and top management.
- The ego issues and high headlines of the middle management.
- Lack of policy and practices.
- The monotony of the job.

#### **Attrition Level is Higher in Women Employee**

The women employee joining hotel as it is very low in number and the women joined the hotel to make their career in the hotel also after a while want to leave the job for various personal reasons. Few reasons for leaving the job suddenly would have to do late night shift and more commonly tend to take more sudden leave due to a family commitment. Many women employee during their pregnancy leaves the job due to immense pressure at work. Women caught up into situations like taking care of the elders in the family, maternity, child care etc. the hotel industry has not accommodated them or shown any consideration much. The hotel industry sometimes are not in a position to accommodate the women situation due to the nature of work which leaves no choice for the women to take the decision to leave the job or take a break in the service. More often it is seen that women leave the job more often between the age group of 24-30.

#### **Attritions is Seen Highest in the Age Group of 18-25 Years**

With an in-depth analyzing the information collected from the respondents was revealed some signification information with regard to the high attrition rate in the five –star hotel segment .the response taken majority was from young age group between the age group of 18-25 years. This age group is career oriented and backed the patience to reach to the next level of the position. At this age what lacks is the determination to learn a particular skill rather their thought is more on the reaching a particular goal in a shorter period of time .learning all the aspects at work and knowing the organizational culture and growing along with the organization does not appeal to the younger generation.

#### **Lack of Proper Education Qualification also a Major Reason for High Attrition Rate**

As per the study observed 48percent of the respondents were under qualified and these employees only come to the hotel industry for a short duration of time. Some under qualified employee work for a while taking work experience, go abroad or make their further career on the cruise liners, very few join back in the further education for a regular course and few understanding the demanding hotel industry switch their career to others industries. These employee who generally joins the industry after a sort- based skilled course is of short duration and the skills are not taught to them properly in the collages which lacks the skill and required knowledge. The major reason for the employee to leave the hotel job could be because the nature of the job is labor intensive and demand a lot of time of the employee at work. Sometimes. The qualified employee who passes out from the hotel management collages who lack proper educations due to lack of infrastructure in the collage and students passing out do have the qualification on paper but are not well skilled and trained to the basic requirement of hotel operations. So when the hotels employ these employees from the campus interview and when the hotel assesses them they shortfall with the basic requirement of communication skills and others required skills. These employees tend to be unhappy since they are not able to perform the job task and eventually leave the job.

### **The Marital Status of the Employees also a Reason of High Attrition**

During the investigation and discussion, it was observed that the location of the hotel is very far from the city area since most of the hotels in Goa at resorts which are located in the coastlines. Most of the employees often stay away from their work area and have to stay closer to the hotel, here the hotels prefer to give housing allowance rather than providing accommodation so many times the staff are spending a lot of money on their stay which also lacks more hygiene and sanitation which makes them unhappy with the stay .the employees who are married have the extra responsibility of their children and elders at home for which it makes it more difficult as the employees at work is expected to put in extra time at work. The hotels usually have a policy that the employee cannot leave from work after his/her shift but has to wait for their reliever and handover the work further. If the reliever does not turn up the employee tend to do double shift and the employee is not able to take on the family responsibility well. In the long run, it makes the employees unhappy and this may feet his/ her quality of work and also affects in long run on the health conditions these definitely are a few reasons for the employee to leave the job and try to find an alternative job.

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