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Human Resource Management and Turnover Intentions in the Jordanian Hotel Sector

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ABSTRACT

Increasing employment turnover rate in the Jordanian hotel sector is an emerging problem worthy of consideration. This study sought to investigate the turnover phenomenon in the Jordanian hotel sector, which experiences relatively

high turnover, and to examine the impact of human resource management (HRM) practices on employees' turnover intentions. A self-administered structured questionnaire was constructed based on previous studies and data were captured from 250 employees. The results of analysing these data showed that job analysis had a significant effect on employees' turnover intentions that explained seven per cent of the variance in employees' intentions to leave. However, no statistical evidence was found regarding the effects of other HRM practices on employees' turnover intentions. In addition, and importantly, it was found that more than

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half of the participants intended to leave their hotel employment in the near future, but there was no relationship between their age and their intentions to leave. The study suggests that incentive plans based on rewards, bonuses, salaries enhancement, and performance appraisal reports could be useful strategies to be reconsidered in the surveyed hotels. The present study emphasises the need to broaden the focus of turnover research beyond attitudinal, demographic and relational factors.

INTRODUCTION

Recently, there has been widening recognition that HRM strategies, practices and activities have an impact on organisational performance and bottom line results contributing to overall

effectiveness (Stone & Dadrack 2008). Academics and professionals have emphasised the use of competitive strategies that account for core competencies and capabilities within human resources (Cho, et al. 2006). Thus, the emphasis on human resources to improve organisational performance and competitiveness has become stronger not only because they cannot be copied or imitated by others, but because they provide an effective and rapid response to market demands (Prahalad & Hamel 1990, Stalk, Evans & Schulman 1992, Huselid 1998, Cho, et al. 2006). Moreover, concepts such as human capital, core competencies, intellectual capital, organisational capabilities, high performance work systems, process management, value base teams, and high performance teams have affirmed the role of HRM to organisational performance (Cho, et al. 2006). In the hospitality industry, the effective utilisation of human resources can give an organisation its competitive edge. A primary reason for this condition is that the services it provides are seen as inseparable from their provider (Nadiri & Tanova 2009).

The importance of recruiting, retaining and managing human resources (HR) to increase competitiveness of organisations has become a crucial factor in the success of the hospitality industry. Indeed, it has been observed in many organisations that management often fails at HR implementation. Further, several HR policies expressively described by senior managers exist only on paper (Khilji & Wang 2006). The gap between effective HRM policies and practices engenders employee

dissatisfaction and turnover (Khilji & Wang 2006, Storey 1992). This evidence has led some scholars to question the effectiveness of implementing HR policies within organisations. Gratton and Truss (2003) argue the existence of HR policies 'on paper' is not enough, and the implementation of HR policies into action is necessary to the question of whether or not an organisation is delivering in the area of people management.

Like many other managerial topics, there is a lack in research pertaining to turnover and HRM in developing countries despite calls to expand the international HR perspective (Baruch & Budhwar 2006). This lack of knowledge limits contexts relating to HRM theory (Wright, et al. 2005). Consequently, HR practitioners face, in developing countries, an absence of focused strategies for combating high turnover rates and improving organisational performance (Khatri, Budhwar & Fern 2005, Khilji & Wang 2006).

The present paper, therefore, outlines research that aims to achieve two important research objectives. First, to investigate the turnover phenomenon in the Jordanian hotel sector. Second, this study examines the impact of HRM practices in the Jordanian hotels sector on employee turnover intentions. These important research objectives have not been addressed before in the Jordanian context as the majority of HRM studies have been conducted in developed countries. Hence, the present study is expected to contribute to the literature, and especially in the Jordanian context, where there is a desperate need for more research work to be conducted

(Altarawneh 2009).

The study is organised in four main parts. First, it begins by exploring the HRM practices and turnover theory to establish research hypotheses. The second part provides a research sample and design, and results are presented with the third part of the manuscript. The final part includes conclusions, the main findings, with indications of some limitations and a discussion of implications for future research in HRM.

PREVIOUS LITERATURE AND RESEARCH HYPOTHESES

HRM in Hotels

The development of HRM has its origins in the large manufacturing sector and much of the literature reflects this orientation (Worsfold 1999). It is important to recognise that HRM in hotels pertains to small to medium organisations, where the pluralist unitarist debate may be considered of less importance in an industry that has never had a strong union presence (Nadiri & Tanova 2009). In addition, Cheng and Brown (1998) argue that the hospitality industry 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. The success of this industry depends on the quality of employees and how effectively they are managed, which enables an organisation to achieve its objectives (Nankervis & Debrah 1995). Therefore, it is essential for the hotels to

develop efficient HRM practices and policies that enable them to recruit, select and retain competent employees who contribute to the achievement of organisational objectives.

Personnel management in the hotel industry, however, has suffered a poor role and image (Alleyne, Doherty & Greenidge 2006). Kelliher and Johanson (1987) conducted a survey in the hotel industry and found that in small hotels the main functions of personnel management were to recruit and select staff, while in larger hotels the situation was slightly different because more sophisticated practices were used. A later study, conducted by Hornsby and Kuratko (1990) aimed to compare personnel practices in different sized firms. These researchers found little differences in what respondents considered the most important personnel issues, but in general there was greater sophistication of personnel practices in larger firms. An even more recent study conducted by Price (1994) concluded there was a strong correlation between size and the presence of HRM styles and practices. Price (1994) reported that the majority of examples of good personnel practices were found amongst larger hotels that were clearly improving personnel practices as well as recognising the need for management training. Employment practices in smaller hotels, however, were very informal with many managers seeing little need for formal arrangements, preferring a caring approach to staff. Hoque (1999a), who conducted a study with larger hotels, reported comparable favourable HRM practices similar to the systems of large manufacturing organisations.

Employees' Turnover and HRM in the Hotel Industry

Turnover has been used as an organisational performance indicator since the early work of March and Simon (1958). These social scientists defined employee turnover intention as a reflection of an employee's decision to participate and work in the organisation. More recently, Denvir and McMahon (1992:143) define labour turnover as "... the movement of people into and out of employment within an organization.". These definitions suggest the turnover intention can be voluntary or involuntary. As people leave an organisation for a multitude of reasons, that may not be management related. A further categorisation of turnover is controllable or unavoidable (Khilji & Wang 2007).

High turnover is generally acknowledged as one of the distinguishing features of the hotel and hospitality industry (Worsfold 1999). Indeed, the hospitality industry is often plagued with high staff turnover levels, resulting in high personnel costs incurred because of recruiting and training new replacements (Hom & Griffeth 1995, Cheng & Brown 1998). Several studies have also examined both the magnitude and costs of turnover in the hotel industry (Hom & Griffeth 1995). With few staff staying longer than five years, turnover contributes significantly to labour costs through high replacement costs. With a skilled labour force needed in the trade and hotels increasingly providing the required training, early turnover may waste a hotel's sizeable investment in employee development (Hom & Griffeth 1995,

Nadiri & Tanova 2009). Many turnover studies have focused on other industry causes and effects. 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 1993). In spite of employee turnover having consequences the problem is often ignored because the costs are indirect and hidden (Hom & Kinicki 2001, Seston, et al. 2009). Furthermore, many hotels may consider it simply part of 'doing business' in this industry (Khilji & Wang 2006).

Voluntary turnover is treated as a managerial problem that requires attention. Thus, relevant theory presents a premise that people leave if they are unhappy with their jobs and job alternatives are available (Hom & Kinicki 2001). Phillips (1996: 180) highlights the centrality of voluntary turnover in HRM debate by stating, "HR programmes designed to reduce turnover can result in tremendous bottom line improvement." The literature has so far identified factors that impact on turnover rates as orientation and socialisation processes (Woods 1992); ad hoc recruitment and selection procedures (Wheelhouse 1989, Woods & Macaulay 1989, Wagner 1991, Bonn & Forbringer 1992), discrimination at the workplace (Antolik 1993), training and development opportunities (Hiemstra 1990, Hogan 1992, Conrade, Woods & Ninemeier 1994), management styles (Boella 1988, Wheelhouse 1989, Woods & Macaulay 1989, Lee-Ross 1993, Rowden 1995),

organisational commitment (Denvir & McMahon 1992), competition and organisational culture (Woods & Macaulay 1989), labour shortage (Woods 1992, Debrah 1994), stress and burnout (Woods 1992, Hom & Griffeth 1995), the seasonal nature of the industry (Boella 1988, Denvir & McMahon 1992), and job dissatisfaction (Wheelhouse 1989, Bonn & Forbringer 1992, Hom & Griffeth 1995). 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.

Khilji and Wang (2007) reported that the impacts of labour turnover on a hotel's bottom line could be classified into direct costs and indirect costs. Direct costs are essentially financial consequences that include administrative costs as a result of increased recruitment and training expenditure of new employees (Boella 1988, Mercer 1988, Woods & Macaulay 1989, Riley 1991, Woods 1992, Mullins 1995). The indirect consequences of turnover include productivity losses due to unfamiliarity of the workplace, poor service quality as a result of insufficient manpower (Wheelhouse 1989, Riley 1991, Denvir & McMahon 1992), compromised standards and low morale due to the constant departures of workmates, which are in turn integrally damaging to the hotel's reputation (Woods & Macaulay 1989, Riley 1991, Mullins 1995). Denvir and McMahon (1992) argued that individual hotels experience different levels of labour turnover thus, confirming the view that turnover is partly within the control of

management, which would suggest that turnover is, in effect, manageable through effective HRM practices.

Hotel industries would be perceived to have recognised the adverse effects of labour turnover (Nankervis 1993, Debrah 1994). Consequently, hotel HRM practitioners have been encouraged to adopt suitable HRM practices. These actions are demonstrated in recruitment and selection, orientation and socialisation, training and development, performance management, and compensation (Mullins 1995, Cheng & Brown 1998, Khilji & Wang 2007) initiatives. In fact, HRM studies frequently focus on a resource based view to imply employees are value creating assets and a source of unique competitive advantage for organisations. Thus, their retention (measured in terms of turnover rates) is central to studies focusing upon effectiveness of HR practices. These notions in terms of dimensions employee turnover and HRM in the hotel industry provide the foundation for the first hypothesis.

H1: HRM practices and employees turnover intentions are correlated in the Jordanian hotel sector

Factors Influencing Employee Turnover

Previous studies indicate that voluntary turnover is influenced by many factors. Maertz (2001) argues that severing the relationship with an organisation can include several non job factors such as age, gender or availability of attractive job opportunities elsewhere, in addition to some organisational factors such as

multinational, high performing or low performing, and organisational size. Lee and Michell (1994) argue that the concept of lack of fit with employee values implies that if some aspects of a job are incompatible with an employee's expectations or goals a consideration to quit can manifest. Thus, it could be expected changes in HR practices to be more in line with younger employees' values and goals could lead to lower turnover among younger employees, when compared to older employees. This leads to the second hypothesis.

H2: Turnover intentions and employee age are related

In terms of the relationship between organisational type (multinational or local) and employees' turnover and HRM practices, it is generally believed that in developing countries multinational companies have better HRM systems when compared to the local companies, and are considered as better places for work (Taylor, Beechler & Napier 1996, Duarte 2001). Warner (2004) argues that local organisations are still very far from applying the concept of HRM as is understood internationally.

Additionally, multinational organisations recruit and retain the top talent by offering better career opportunities, compensation, good salaries rate and a less hierarchical HR system (Nadiri & Tanova 2009). Socialising and working in multinationals further changes employees' work related values to reflect the parent company's culture. Therefore, in a competitive and growing economy where job

opportunities are numerous, employees in multinational organisations, when compared to those in local organisations, are more likely to be influenced by HR practices in their organisations (Khilji & Wang 2007). These contentions provide the foundation for hypotheses three and four.

H3: Turnover intentions and hotel ownership are related

H4: HRM practices and hotel ownership are related

Regarding to the relationship between organisational type or category and HRM practices and turnover rate, evidence from the UK and the USA demonstrates this relationship. This evidence illustrates that profitable organisations are more likely to invest in developing good HR systems and those undergoing financial crisis are more likely to layoff employees and adopt other cost cutting measures (Lawler 2005). The argument made in this study is that five star hotels are mostly more profitable than other ranked hotels. That convention is simply because high performing organisations have the resources to divert to the development activities that low performing organisations find difficult to provide. Using this logic it is expected that profitable hotel organisations (five stars) in Jordan invest more in developing effective HRM practices thus, exposing employees to new alternatives in HRM. In that way employees in these organisations are expected to receive extensive training and have better developed skills, which makes these employees more marketable than their counterparts in

other organisations. In a competitive environment, these employees from higher performing organisations, with a greater awareness, a higher expectation of development oriented HRM practices and better developed skills, are more likely to stay lastingly in these organisations. Therefore, based on this discussion the following two hypotheses are proposed.

H5: Employee turnover intentions and hotel categories are related

H6: HRM practices and hotel categories are related

METHODOLOGY

After reviewing the theoretical grounds of the expected relationships among turnover intention, HRM practices and other individual and organisational variables, a discussion of the research methodology that was employed to test the study hypotheses follows.

Participants and Site

Regular employees working in the hotels organisations that operate in the region of Wadi-Mousa (Petra) south Jordan were targeted to be the population of this study. Employees were chosen as a subject for this study to investigate the impact of the existence of HRM practices on employees' intentions to leave the targeted hotels. Petra is considered as one of the new Seven Wonders of the World (<http://en.wikipedia.org/wiki/Petra>). An amazing archaeological site in Jordan the region is crowded by different hotels. The hotel sector was targeted in this study because it is a

highly competitive industry that operates in a dynamic environment of growth. In addition, there is an obvious turnover phenomenon in the hotels of Petra, which need to be considered.

The names and addresses of the targeted hotels were drawn from the Jordanian Ministry of Tourism and Antiquities website. The population of the study includes 1039 employees working in 29 hotels. Among these hotels, there are multinationals (international) and local hotels operating in the same market. The decision was made to include 250 employees as a sample for the study using a quota sample technique, as it shown in Table 1. The figures presented in the fourth column shows the respondents for each hotel category who were invited to participate in the study.

Table 1

Population and study sample

Hotel category stars	Hotels #	Employee #	Administered questionnaires
5	7	839	200
4	3	60	15
3	4	56	15
2	5	44	11
1	10	40	10
Total	29	1,039	250

Note: Stars is nominal star rating and # = number.

Procedure

The first author contacted all CEO in the hotels

via a formal letter and/or a telephone call and briefly described the objectives of the study. She then requested an appointment to discuss the study further, where the entire study objectives were explained to encourage each organisation to participate.. The first author then personally distributed 250 questionnaires to employees and tried to establish direct contact with many employees by walking around and talking with them. She explained the objectives of the study to each respondent in order to establish trust, to be regarded positively and to advise them on the basis of the worth of the study, a strategy that has been suggested by Saunders, Lewis & Thornhill (2009). Respondents were free to choose to return the questionnaire to her during the same visit, in the next visit, or via post. Since questionnaires were distributed personally it was possible to reach 250 employees. However, of the 250 distributed questionnaires only 150 were returned, and of these 147 were usable for an effective response rate of 58.8 per cent. All respondents were Jordanian employees in keeping with the objective of the present study.

Measures

A self administrated questionnaire was constructed based on previous studies to investigate the turnover intentions and to measure the impact of HRM practices on employees' intentions to leave in Jordanian hotel sector. The questionnaire was translated into Arabic, the participants' native language. Each one of the study constructs and scales are presented in outline.

General Information

The questionnaire included questions related to employees' gender, age, work experiences and salaries.

Organisational Category

Five categories were used for measuring hotels rating ranging from one star to five stars. These were coded as '1' for one star and so forth to '5' for five stars hotels

Organisational Ownership

Two main categories were used to classify hotels ownership: a multinational hotel which was coded as '1' and a Jordanian hotel and coded '0'.

HRM Practices

Items used to measure HRM practices were adapted from Huselid (1995) to fit the study context, and have been used elsewhere (e.g., Hoque 1999b, Alleyne, et al. 2006, Cho, et al. 2006). In total eight HRM practices were measured on a binomial scale to whether the specific practice is used or not, for each item, a 'yes' was coded '1' and a 'no' was coded with a zero, with an additional option (I don't know) to avoid non response cases. These practices were job analysis, job description, opportunities for promotion, selection procedures (two items), payment and salaries enhancements, rewards, performance appraisal system, and job security.

Turnover Intention

A three item, five point Likert scale was used to measure employee turnover intention, the dependent variable. The responses ranged from 1 = strongly disagree to 5 = strongly agree. Each item asked the respondents to indicate the

degree of occurrence of thought of quitting, searching for another job, and actually intending to quit. This scale has been used by other related studies (e.g., Nadiri & Tanova 2009, Seston, et al. 2009).

RESULTS

Table 2 presents the profile of the study participants and the hotels. In total 147 employees participated in this study, over 55 per cent of them worked at five star hotels and 26 per cent were from three star hotels. In addition, 62.6 per cent of the participants worked at international hotels, whereas 37.4 per cent worked at locally owned hotels. All the participants were male, which can be explained by socio cultural barriers. Especially, according to the participants, most of the Wadi-Mussa habitants do not consider hotels as suitable workplaces for women. The average age of the participants was 26 years who earn on average 225 JD. Moreover, the results showed that 79 per cent of the participants had between one to five years work experience, but no one was above 16 years of age.

Table 2
Respondent profile % (N = 147)

HRM department	Hotel ownership	Hotel classification	Work experience
Yes	Local	One star	Less than one
No	International	Two stars	1 - 5
		Three stars	6 - 10

Four stars	10.2	11 - 15
Five stars	55.8	Over 16

Table 3 shows the most two adopted HRM practices were job analysis and job description. Specifically, 84.4 per cent of the participants indicated ('yes') that their jobs are subject to a formal job analysis, whereas 83.7 per cent of the participants indicated 'yes' that there is a written job description for each job in their hotel. This result is consistent with the results of Alleyne, et al. (2006) (69.56 per cent), and Hoque (1999a) (76.81 per cent), who used job analysis and job description as one item. Further, 68.7 per cent of the participants said that applicants undergo structured interviews before being hired in their hotels. Only 30.6 per cent of the participants indicated 'yes' to whether or not employees' bonuses and rewards are given based on their job performance appraisals. 54.4 per cent indicated ('yes') that their salaries' raises depend on their performance appraisals. However, 63.3 per cent of the participants indicated ('yes') that they receive formal performance appraisals in their hotels. The responses, shown, shown in Table 3, for the HRM practice of rewards are least confirmatory. The results of Table 3 suggest that the targeted Jordanian hotels seldom link pay raises and individual bonuses, and rewards to employees' job performance reports.

Table 3

HRM activities implementation in Jordanian hotels

HRM practices	Yes	1	2	3	4	5	No	1	2	3	4	5
Job analysis: in this hotel jobs subject to a formal job analysis: determining duties, responsibilities and qualifications that are related to a specific job	124	2	0	34	15	73	19	2	8	2	0	7
Job description: there is a written job description for each job in the hotel	123	2	0	32	13	76	22	2	8	4	2	6
Note: Stars is nominal star rating and # = number.												
Promotion internal recruiting: good employees have good opportunities to be promoted to positions of greater pay and/or responsibilities	99	2	0	27	9	61	43	2	8	8	4	21

within the hotel													
Pre employment tests:													
workforce is administrated an employment tests prior to hiring	91	0	0	16	6	69	54	4	8	22	9	11	
Selection: applicants undergo structured interviews before being hired													
Payment and salaries enhancements: pay raises for employees in this job are based on job performance													
Rewards: individual bonuses and reward for employees are based on their job performance													
Performance appraisals: employees in this job regularly at least yearly receive a													
	101	4	0	24	7	66	40	0	8	12	8	12	
	80	0	0	21	3	56	58	4	8	12	12	22	
	45	0	0	8	2	35	90	4	8	28	13	37	
	93	2	0	19	11	61	44	2	8	16	4	14	

Intention to leave employment was assessed. It was found that 46.3 per cent of the participants indicated an intention to remain their current employment. The remainder, therefore, almost 53 per cent of the sample indicated an intention to leave their hotel employment.

Hypotheses Testing

H1: HRM practices and employee turnover intentions are correlated in the Jordanian hotel sector

In order to assess the influence of the independent variables (HRM practices on the dependant variable employee's intention to leave) the former were used as dummy variables. The influence were assessed firstly, by using T-tests to assess for significant difference in employee turnover intention between those who answered 'yes' and those who answered 'no'. (' I do not know' responses were excluded). Secondly, in order to determine how much each independent variable (each HRM practice) explains the variance in the dependent variable when considering the influence of the controlling variables and other independent, hierarchical regression analysis was conducted.

Table 4 presents the T-test results for HRM practices and turnover intention. It is shown in Table 4 there are significant differences between 1) those who answered 'yes' and those who answered 'no' regarding the existence of

job analysis, 2) payment and salaries enhancements, and 3) job appraisal. Other HRM practices were non significantly different. The results of the hierarchical regressions presented in Table 4 show that the amount of the variance explained by the existence of job analysis is seven per cent. However, the change of R² was non significant regarding payment and salaries enhancements and job appraisal, which contradict with the results of T-tests. This contradiction can be explained by the overlapping influences with the variables that were controlled for in the hierarchical regressions. Therefore, Hypothesis 1 is accepted regarding for only one HRM practice: job analysis.

Table 4

Relationship between HRM practices and turnover intentions

Variable	T-test	Alpha	DR ²	p <
Job description	1.437	.163	0.2	.626
Promotion	1.875	.063	1.3	.181
Pre employment test	-1.953	.054	2.2	.088
Selection	.072	.943	0.1	.670
Pay	2.596	.010	1.1	.216
Reward	.639	.524	0.3	.525
Appraisal	2.390	.018	0.2	.627
Job analysis	2.635	.009	7.0	.003

Note: DR² = % change in R².

H2: Turnover intentions and employee age are related.

The result of a Pearson correlation coefficient showed that $r = -.126$ and $p = .129$. This result indicates that there is a non significant relationship between age and an employee

intention to leave. Therefore, hypothesis 2 is rejected. This result is non supportive of the