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Effect of Employee Engagement on Employee Turnover Intention in Hotels within Eldoret Town, Kenya

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Abstract:

Employee turnover is a common problem in the hospitality industry and it is not country specific. It accounts for employee turnover of between 60% and 300% annually. The main purpose of this study was to determine the effects of employee engagement on employee turnover intention in selected hotels within Eldoret town. This study was guided by Expectancy Theory. A cross-sectional research design was used in selected non-rated hotels within Eldoret town. The target population was the non-managerial cadre of staff accounting for 365 employed staff. Stratified sampling was used to select the hotels that participated in this study. Proportionate random sampling was used to select 187 participants from the sampled hotels and a questionnaire was employed to gather data from key informants. Data was analyzed using Statistical Package for Social Sciences (SPSS) version 25.0. Descriptive statistics, standard deviation, percentages and inferential statistics were used in representation of data. there is a significant positive correlation between employee engagement and employee turnover intention ($r=0.411$, $p=0.000$). Thus, an increase in employee engagement activities led to rise in employee turnover intention. It also recommends that Department of Hospitality Management uses the University of Eldoret outreach services to conduct awareness seminars for hotel practitioners on the necessity of honoring the psychological contract. Lastly it recommends replication in all non-rated hotels in Kenya to receive a complete national picture.

Keywords: *Employee, engagement, turnover, intention, hotels*

1. Introduction

The hospitality industry is a vast field of categories that offer numerous services including accommodation, dining, meetings and the bar. The delivery of services from the hotel to the customer are dependent on the employees and must be of a level that satisfies customers (Faldetta, Fasone, and Provenzano, 2013). The hospitality industry must therefore have a client-centered culture whose employees understand the needs of customers and strive to satisfy them. The Tourism Regulatory Authority (2015) estimates that by 2017, the industry will cater for about 628,000 jobs in Kenya and will directly contribute 3.7% to the GDP.

Despite these impressive figures of employment, it is one of the industries with a high employee turnover rate. In Kenya, the hotel industry falls short of the industry turnover average worldwide, but still leads locally in employee turnover, (Republic of Kenya 2004). However, Kuria (2011) states that high turnover rate in the hotel industry is not country-specific but rather a worldwide phenomenon. Owners of hotels may cherish this because of low investment they spend on such staff but in the long run their businesses may fail to attract customers due to low quality services. Unskilled or semi-skilled staff could be a burden to the hotel because their interaction with customers is low level. Their deficiency in interpersonal skills may lead to loss of business because customers are not encouraged to make return visits. The problem of high staff turnover remains a dark cloud for these investors.

Most of the hotels in Eldoret town are non-rated and they hire unskilled or semi-skilled employees that cannot give quality services to their customers. Ongori (2007) advises owners and their managers to find ways to mitigate the effects of employee turnover by understanding the contents of psychological contract and avoid breaches of the psychological contract variables to minimize employee turnover at all costs. The lack of quality supervision, inadequate communication from management, unclear terms and conditions of service, lack of clear-cut definition of responsibilities, lack of promotional opportunities and nonexistent occupational safety are some of the reasons for employees to harbor intentions to leave their jobs. These reasons point at the breach of the psychological contract on the part of management of organizations in this industry.

It is not surprising, therefore, to find that most employees perceive their jobs as merely transitory as they seek work-life elsewhere. They may see that their jobs lack career structure hence leading them to a dead end. Guerrier (2009) points out that there is assumption that tourism and hospitality jobs are for the unskilled or semi-skilled and performed by

people of low status. This could explain the lack of observation of the contents of the psychological contract by hospitality managements because when one staff leaves, it does not cost the hotel much to find a replacement. Kyule (2010) state that it is not unfamiliar to visit a specific hotel and find a set of employees serving but, on your return, visit you will find a completely new set of employees serving. It is like the managements have adopted 'let-her-go-we-will-find-a-replacement' attitude.

Eldoret is a fast-growing commercial and educational town in Kenya. It boasts of housing several university campuses that have local as well as international students and staff. It is a home of international athletes who occasionally organize athletics meetings and competitions that attract visitors from all over the world. It is an important transit town for the East and Central African region. The town should, therefore, be a thriving centre for hospitality businesses. The last decade or so, has indeed witnessed the springing up of decent and aesthetically attractive hotels.

2. Statement of Problem

In the recent past, the hospitality industry has experienced rapid growth given the rise in number of new entrants in the market. However, the trained and experienced labour market has not grown in tandem with this particular growth. Demand for labour has risen and the result has been high employee turnover at the lower levels especially in low budget hotels. Most hotels in Eldoret town fall in the low budget, non-rated category hence likely to experience large number of staff leaving their jobs.

The hotel industry must have a stable, human resources pool who understand the needs of customers well enough and strive to satisfy them. To assure desired level of services to the customer, an employee must have a proper perspective of his/her employment contract. This is possible when both the employee and the employer have a positive understanding of the elements of the psychological contract. This understanding will in turn minimize the turnover intentions that employees may have. It is important for an employer to recognize that employees have expectations that need to be addressed. Staff turnover aside, a closer look around Eldoret hospitality businesses reveals that, low cadre hospitality jobs are performed by unskilled or semi-skilled staff. Thus, these jobs are considered jobs of low status in the society and performed by people of low status. The study sought to look at the individual elements of the employee engagement on employee turnover intentions within the selected hotels in Eldoret town.

3. Theoretical Framework

In 1984, Professor Victor Vroom first introduced the concept of expectancy theory. The principle tries to explain the continued functioning of workers. It means there will be a lot of motivation if people know what to do to get a lovely bonus. The correlation between the mental contract breaches and employee engagement was explored between Maycock and Amasi (2015). Dawson (1993), study concluded that in employment, transactions such as payment for services rendered are reciprocal and occur between employers who are providers of reward and recognition and employees who are service providers. Vroom's Expectancy Theory states that employees' psychological expectations need to be satisfied in order for them to commit themselves to the organization.

4. Review of Literature

4.1. Employee Turnover Intention

The purpose of employee turnover can be described as the actions of the worker wanting to leave his current position. Albattat, Som and Helalat (2013) describe turnover as the action of an employee to leave its current role. They later amended it to include moving people into an entity and out of jobs, which, they claim, can be accidental and unintended, controllable or unavoidable. Decisions on employee turnover in the current employment situation are usually considered and taken.

In the hospitality industry worldwide, employee turnover is a common problem. The intention of the employer to sell the current sales is serving as proxy. The hospitality industry has become a customer-based business, and it capitalizes highly on its human resources to gain its competitive advantage. Nivethitha, Dyaram and Kamalanabha, (2014). Faldetta, Fasone and Provenzano, (2015) notes that it is mainly through the employee that services are generated and made from hotel to client. We often claim that the success of the company depends mainly on the quality and efficiency of the workers. Ongori (2007) claims that globalisation, which required companies to produce tangible products and high-quality services constantly based on the policies of workers, was estimated by Johnson, O'Leary, and Kelly (2003) to have around 50 percent of an employee's annual salary in hiring and preparation for a replacement job. There are no cuts in expenses and every time a worker leaves, productivity is expected to decline. This is attributed to the pre-production training provided by the substitute to understand the role and organizational culture. Managers want to make sure the person survives despite wasting time and resources on hiring and training staff. Dessler (2014) concludes that this requires the understanding of the driving force for employees to leave and suggests that since the costs of losing good employees are high, managing turnover should be an important task of the Human Resource Manager.

Faldetta *et al* (2015) states that the hospitality industry is a seasonal one. One of the reasons for turnover in the industry is very high with over half the industry's employees being forced to leave at the end of every high season. Managers are increasingly becoming accustomed to hiring and firing employees according to the rhythm of regular season fluctuations. Nivethitha *et al*, (2015), add to this by stating that the consequences of underpaid and undertrained employees are low levels of motivation leading to job dissatisfaction and thus high turnover of customers. Kumar *et al* (2012) classifies turnover into three categories. First, is the unpreventable which includes illness, family issues and retirement or death. Secondly, is the desirable turnover which revolves around the employee's incompetency.

The International Labour Organisation (ILO) conducted a survey in 2001 on labour turnover in the Kenyan hospitality industry and found that it stood at 60% which compared poorly with the turnover rates of United States, the United Kingdom and Asia at 51.7%, 42% and 30% respectively. These statistics portray a worrying state of affairs in the Kenya's hospitality industry. According to the Republic of Kenya Economic Survey (2004), the hospitality industry's rate of turnover as shown by the ILO, is higher than that in her other industries.

4.2. Employee Engagement and Turnover Intention

Commitment happens when individuals are dedicated and motivated to achieve a higher level of performance. Armstrong (2014) says people dedicate themselves to their company, and are motivated to achieve greater levels of performance when they are actively involved at work. The company has positive intentions. A key driver of employee engagement is the willingness of workers to interact with the leadership of the company. In Kular, Gateny, Rees, Soane and Truss (2008), it is evident that "one size doesn't fit all" as core drivers for interaction are established. There is need for a study of employee engagement increasing the need to use staff outsourcing and solutions offered.

Employees in a hotel need to be informed and updated on events and change in strategic policy that affects them. Job involvement therefore empowers employees to make decisions in relation to their work, Mbane and Ezeudiyi, (2016). Armstrong (2011) believes that factors that influence genuine engagement are either rational aspects or emotional aspects. He describes the rational aspects as being what relates to an employee's understanding of his/her role whereas the emotional aspects entail how the person feels about the organization. Armstrong (2014) sees engagement as having three core facets. Engagement will end in a behavioral outcome leading to what he described as "engaged employees." June, Gilson and Harter (2004) suggested that the loyalty to staff has something to do with feelings and well-being. But they emphasize that organizational experiments frequently neglect the impact on the behavior of emotions and feelings. Nevertheless, Purcell et al (2003) research has found that decision-making engagement is an important factor, strongly linked to a high level of workplace commitment, finding it to be an important driver.

4.3. Research Methodology

The study was conducted using the cross-sectional research design. This study was carried out in selected hotels within Eldoret town. The study collected quantifiable data using questionnaires.

The study was conducted in Eldoret Town, which is in Uasin Gishu County. Eldoret is a commercial town as it offers services like wholesale and retail trade, auto repair garages, entertainment centers, and banking services. The county is home to two public universities – Moi University and University of Eldoret as well as several campuses of other universities. It also houses several institutions of tertiary education such as technical institutes and polytechnics. These institutions house both local as well as foreign students and lecturers. Eldoret is home to several international athletes who occasionally organize athletics competitions that attract visitors the world over.

The target population of this study was the staff in selected registered non-rated hotels within Eldoret town. There are 26 such hotels employing 365 people, according to the 2015 report by the Tourism Regulatory Authority of Kenya. The Cochran formula, which was employed in this study, provides a simplified formula to calculate sample size. A total of 187 respondents was selected from a population of 365.

The study used questionnaire to collect data from the respondents. A pilot study was conducted in Kitale Town, Trans Nzoia County with 5 hotels randomly selected with a total of 34 respondents, making about 10% of the sampling frame of 365. To determine and validity of the questionnaire, assistance was sought from the supervisors. The data collected was cleaned, coded, and entered into the computer using SPSS package version 22. It was then analyzed using descriptive and inferential statistics methods.

5. Results

5.1. Employee Turnover Intention

The study found that 49.7% respondents disagree on thinking to quit while 8% were not sure on whether they wanted to quit or not. However, 31% agreed that if given a chance they would move to another work place though 6.9% strongly disagreed. 30% believed managers look after their interest though 26% disagreed to this. The findings are shown on Table 1 below.

		SD	D	NS	A	SA	Mean	SD	Skewness	kurtosis
I think about quitting	f %	40 22.9	87 49.7	14 8	22 13	12 6.9	3.7	1.1	0.54	1.6
I feel like moving to another work place	f %	51 29	46 26.3	12 6.9	54 31	12 6.9	3.3	1.1	-0.55	0.4
Senior managers look after my interests	f %	28 16	47 26	25 14	52 30	23 13	2.5	1	-2.92	-1.04
Exit interviews are important	f %	11 6.3	34 19.4	31 18	43 25	56 32	3.4	1.2	-1.65	-2.69
I am in this job because there was no alternative employment	f %	37 21	70 40	8 4.6	22 13	34 19	3.8	1	0.41	-1.89
Seasonality of the industry affects my decision on where to work	f %	16 9.1	31 17.1	20 11	77 44	31 18	3.6	0.8	-0.35	-2.62
Employee turnover intention leads to actual turnover	f %	16 9.1	31 10	0 0	87 50	30 29	4.6	0.6	-1.98	1.12
Employee turnover intention							3.5	0.97	-1.04	-0.51

Table 1: Employee Turnover Intention

On the importance of exit interviews, 32% strongly agreed they were important however 6.3% strongly disagreed. 77% believed seasonality in the industry influenced their decision on where to work though 9.1% strongly disagreed. The study found that 50% of the respondents agreed that the intention to quit lead to the employee finally quitting. On poor supervision, 33% agreed that it informed their decision to quit. Skewness and Kurtosis for normal distribution falls under the range of -1.96 and 1.96. from the results, it is evident that distribution is normal as the range of skewness and kurtosis lie between the range of -1.96 and 1.96.

5.2. Employee Engagement

The study found 48.6% of respondents agreed there was adequate communication within the hotel, on whether they felt their work contributions were appreciated 63.4% agreed. However, 38.9% disagreed to being given opportunities to use their ideas so as to improve on service delivery. There was no involvement in decision making with 45.1 % disagreeing on being involved in in change process. On encouragement to come up with better way for service delivery, 42.3% disagreed on being encouraged. The study found that 53.1% strongly agreed that being involved in decision making helped in the delivery of better service improving on performance. Skewness and Kurtosis for normal distribution falls under the range of -1.96 and 1.96. from the results, it is evident that distribution is normal as the range of skewness and kurtosis lie between the range of -1.96 and 1.96. This is illustrated in Table 2 below.

		SD	D	NS	A	SA	Mean	S.D	Skewness	Kurtosis
Adequate communication	F %	10 5.7	57 32.6	8 4.6	85 48.6	14 8	3.4	1.07	-0.5	0.81
My work contributions are appreciated	F %	3 1.7	27 15.4	23 13.1	111 63.4	11 6.3	3.5	0.93	0.4	0.27
Sufficient opportunity to use my ideas for better service delivery	F %	37 21.1	68 38.9	27 15.4	34 19.4	9 5.1	2.9	1.26	0.17	0.64
Involved in change process	F %	38 27.7	79 45.1	2 1.1	32 18.3	24 13.7	2.6	1.43	2.15	3.72
There is encouragement in coming up with new better ways for service delivery	F %	49 28	74 42.3	2 1.1	40 22.9	10 5.7	2.6	1.39	2.1	-0.69
There is great involvement with decision making helps in better service delivery	F %	2 1.1	1 0.6	0 0	79 45.1	93 53.1	4.4	0.63	0.82	2.83
Employee engagement							2.8	1.12	0.85	1.26

Table 2: Employee engagement

5.3. Correlation Analysis on study Variables

The researcher runs the correlation matrix in order to check whether there was association between variables as shown in table 3. Results of the study also showed that there is a significant positive correlation between employee engagement and employee turnover intention ($r=0.411$, $p=0.000$). Thus, an increase in employee engagement activities led to rise in employee turnover intention.

		Governance	Monitoring
Governance	Pearson Correlation	1	.411**
	Sig. (2-tailed)		.000
Monitoring	Pearson Correlation	.411**	1
	Sig. (2-tailed)	.000	

Table 3: Correlation Analysis

** Correlation is significant at the 0.01 level (2-tailed)

The employee engagement had significant influence on employee turnover intention $P < 0.05$. This agrees with Kular et al, (2008) that communication as one of the key drivers of employee engagement which gives employees opportunities to feed their views upwards and to demonstrate their commitment to the organization. Findings of the study revealed that employee engagement affected their decision to quit. This was indicated by respondents indicated that they were not given sufficient opportunities to use their ideas for better service delivery. This does not provide employees the opportunity to be informed and make decisions in relation to their work, (Mbane and Ezeudiyi, 2016). Findings illustrated that employees believed being involved in change decision making gave them confidence in making on-the-spot- of-the-moment decisions which is crucial in handling hotel guests. The respondents agreed that there were adequate communication channels, however, most of the communication in their hotels was only downward communication.

6. Conclusion

The study concluded that hotels need to treat employees fairly. This can be done by making sure that promotions are done on merit and not through inappropriate relationships with managers. Also, employee disciplinary cases must be heard and determined fairly. This can be done by ensuring that proper channels for disputes are followed. Employees should be involved in the decision-making process, they are able to make decisions regarding their service in the hotel they work in.

7. Recommendations

Hotels should have policies that ensure qualified and productive employees are retained through having workable contracts. The management must also ensure that employees are involved no matter how minimally during decision making processes, especially if there is a change in operations and the change will affect service delivery.

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