

THE NATURE AND CAUSES OF EMPLOYEE TURNOVER AND ABSENTEEISM IN THE HOSPITALITY INDUSTRY IN GHANA

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Abstract

The study is an attempt to examine the nature and causes of employee turnover and absenteeism in the hospitality industry. It also considers the measures that can be adopted by the Management of the Hospitality industry to solve the problem, as well as other approaches that may be adopted to improve upon the industry's efforts. The discussion commences by looking at the main aim and objective of the research and suggests critically evaluating and analysing the causes of labour turnover and absenteeism in the hospitality industry in relation to employee and employer commitments. The debate goes on to examine the causes and controlling absenteeism and turnover in the industry. Given the literature available, findings reported here is an effort to provide information that will help hospitality captains and industrial advisors to help curb the frequency of absenteeism and high labour turnover in the industry and ensure much better commitment to work. The writer continues to challenge his submissions with policy implications that could be adopted by Management and the general public in order to normalize employee retention in the Hospitality industry with particular reference to Ghana.

Keywords: Hospitality, Absenteeism, Turnover, commitment, Labour, Retention, Management, Employer and Employee

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Introduction

The aim is to identify, analyse and critically evaluate the causes of the high labour turnover and absenteeism in the hospitality industry in Ghana. This research was conducted using library materials, journal article and web search. The general objective of the study is to establish the incidence of absenteeism and employee turnover in the hospitality industry and to analyze the causes of such turnover, in other to find the basis for an effective way of normalizing staff retention in the industry. According to Lynn, (2002), Hospitality researchers have studied both the causes and costs of turnover. However, much of this hospitality research has involved surveys of executives', managers', and/or departing employees' opinions about these issues (e.g., Hinkin and Tracy, 2002; Hogan, 1992; Pizam and Thornburg 2000; Rowley and Purcell, 2001; Woods and Macaulay, 1989) Absenteeism and turnover have often been used as a measure of a worker's commitment to industrial employment: The I. L. O. African Labour Survey of 1958, for example sees the African worker as uncommitted to industrial employment because he is unstable, restless and prone to absent himself apparently without valid reasons. Kerr et al. (1960, p.101) also perceive the committed worker as one who is permanently attached to industrial employment and whose absenteeism is reduced to only the unavoidable one caused by sickness. According to Kerr et al, the workers in the early stages of industrialization are uncommitted and semi-committed since they tend to have a high turnover rate stemming from the fact that they tend to be target workers who remain in wage employment for only a temporary period in other to get some money to fulfill an immediate need and then return to the land or to their 'rural tribal' background. This view is similar to what Moore and Feldman(1960) say in connection with the uncommitted workers in the developing countries, a reasonable impression is that in many countries there is a high rate" (Lynn, 2002).

Given the high turnover rates in the industry and challenges to recruits and retain qualified and well trained employees (Lynn, 2002; Luk and Mok, 1995), there is the need to understand our potential employees and their career expectations (Ghiselli et al, 2005). This negative turnover and absenteeism effect on service may be stronger when sales are high, because temporary under-staffing is more serious, and training new hires is more difficult, in a busy restaurant than in a slow one. On the other hand, turnover could have a weaker (not stronger) effect on service when sales are high, because new hires may be motivated to learn more quickly in a busy establishment than in a slow one.

Absenteeism versus Labour and Commitment

The above relationships between absenteeism and turnover on the one hand, and commitment on the other have been criticized in the literature. (Behrend 1945, pp.35-36) for example has found that the absence of workers in the developed countries contains some voluntary or avoidable absence. This, therefore, means that they cannot be described as possessing the commitment which Kerr et al see them as having; (Bishpham, 1964, pp. 55-59) established that the low levels of absenteeism and turnover of a worker in the developed countries may be due to 'mere conformism' rather than to 'out and out commitment' (Behrend, 1945, pp.35-36); researches also shows that the extent of absenteeism and turnover of British workers depends upon the state of the employment market: when, jobs are hard to get, as during the pre-war years, there are low rates of absenteeism and turnover since the worker tends to suppress his intolerance of the job. In times of full employment, the rate of absenteeism and turnover tend to be high. The nature of the work its self can also be perceived as an important influential factor so far as absenteeism is concerned. Workers in the hospitality industry for example, work under strenuous and dangerous conditions and therefore, tend to have high absenteeism rate (Montross, 2013).

Absenteeism measures employees miss work as a percentage of the total number of employees, it is calculated using the following formula (Suff, 2010):

$$\text{Absenteeism} = \frac{\text{No. of staff absent}}{\text{Total no. of staff}} \times 100$$

If a firm employs 50 people and on one day 4 people are absent, the absenteeism rate for that day is 8% (4/50 × 100). In order to calculate the absenteeism rate for a year it is necessary to calculate the total number of days that should have been worked.

Absenteeism is defined by the business dictionary (2014) as a voluntary non attendance at work without valid reason. This means, either habitual evasion of work, or wilful absence as in a strike action. It does not include involuntary or occasional absence due to valid causes or reasons

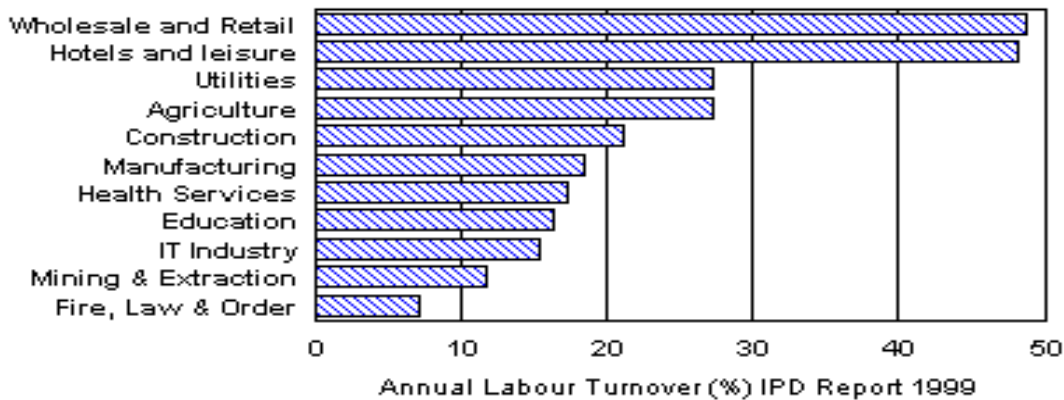
beyond one's control, such as accidents or sickness whilst turnover in human resource management is defined as the number of employees hired to replace those who left or were fired during a 12 month period.

Turnover is a measure of the rate of change of a firm's workforce; it is measured using the following formula:

$$\text{Labour turnover} = \frac{\text{No. of staff leaving per year}}{\text{Average no. of staff}}$$

Turnover levels vary very considerably from industry to industry. The highest levels of turnover (20.4%) are found in private sector organisations. Successive IPD surveys of labour turnover show that the highest levels are typically found in retailing, hotels, catering and leisure call centres and among other lower paid private sector services groups. The public sector has an average turnover rate of 13.5% (Winterton, 2004).

LABOUR TURNOVER BY INDUSTRY



Source: Adapted from IPD report 1999.

Close observation indicate that hotels and restaurants in Ghana are owned by the private sector organisations that fill most top positions with their relatives and tribes-men. This shows that they practice nepotism and ethnocentrism in the protection of their business (Archbishop Sarpong, 2012). The former is the major problem that has resulted in the high labour turnover and absenteeism in the industry in Ghana, although, several factors will come out as this research get to it concluding parts.

The general theoretical framework within which it is intended to analyse the data on absenteeism and turnover is that the relationship between the employer and the employee can be viewed in terms of an exchange relationship under which the employee trades his services and compliance with his employer's directives for economic rewards from the employer. The employer upon entering into this exchange relationship makes investment in that relationship at the cost of alternative opportunities to devote his time and his resources to other associations or interest where he could have obtained social rewards. Thus the decision to forego alternative opportunities and invest in the employment relationships involves, for the employee commitment. The commitment may be small, depending on other opportunities and needs.

Blau (1964) explains this commitment as involving both 'actual' and 'virtual' opportunity cost. The former refers to the costs of abandoning associations already engaged in for the present one. The latter covers the costs involved in foreign other associations that could have been rewarding: The abandoning of these associations and the investments consequently made in the present associations make for "firm attachment" to the present association. This strong attachment stops the individual from exploring other alternative opportunities. Firm attachment (or commitment) in short then "restricts" or minimizes social mobility or, in this context, turnover since it "prevents" individuals from taking advantage of alternative opportunities (Costley, & Todd, 1987).

Causes of Absenteeism and turnover

The major causes of absenteeism and turnover may be linked to the Social cognitive career theory (SCCT) which this journal seeks to find. This theory may be defined as; Efficacy beliefs influence academic motivation and aspirations, level of interest in intellectual pursuits, scholastic achievements, and academic goal persistence (Bandura, 1995, 1997; Schunk, 1994). A strong sense of personal efficacy creates self-directed lifetime learners who are valued and economically rewarded in today's society (Lent, Hackett, & Brown, 1999; Brown, and Lent, 1996). The definitions clearly show that, many people enter into the hospitality profession without necessarily testing their SCCT. Lent, et al. suggested that, there are three building blocks to career development. These, they said to be;

- Self efficacy- beliefs about our abilities to succeed -Primary sources of self efficacy
- Outcome expectations- beliefs about the outcome of performing particular behaviors

- Personal goals- the determination to engage in a particular activity or to effect a particular outcome.

From their article, it can be concluded that, most people don't test their SCCT's before making a decision to join the industry and therefore leave at a very premature state of their career. Other causes to the problems are found below.

Turnover

Based on literature available, if the labour turnover rate is increasing, it may be a sign of increasing dissatisfaction within the workforce. These causes may be either internal or external (ACAS, 2010; Lawler, 2008; Ahuja, 1988; Abdulai, 2000; Ammons, 1992 and Boateng, 2005).

Internal reasons could be: A poor recruitment and selection process that leads to a person being placed within a job that they are not suited to. Eventually that person will leave to find a job more suited to them. ; Ineffective leadership or motivation will leave employees with a lack of commitment to the firm. They will feel no sense of loyalty to the business, and they will tend to look elsewhere for promotions or new opportunities. They will not be interested in looking for new ways in which they could contribute to the firm; and Wages that are lower than those being earned by similar workers in local firms.

External causes could be as follows: More local vacancies arising, perhaps due to the setting up or expansion of other firms in the area and better transport links making a wider geographical area available to workers.

Absenteeism

Aside from genuine illness, the main causes of **absenteeism** are failures of the firm's human relations systems (part of HRM). Often these can be linked to Herzberg's (1959) hygiene factors, such as: Poor working conditions, making workers uncomfortable or even causing injury; A failure to respect individuals and to be concerned with their needs; A failure of teamwork, leading to feelings of alienation or even bullying; Over supervision, leading to stress or the feeling of not being trusted; Inappropriate tasks, leading to stress as workers are unable to complete their tasks satisfactorily; and, Pay rates that the employees feel are too low for their skills. However, (Ghana News Agency, 2013), emphasis that, in Ghana, the most frequent reason

for staying away from work is the attendance of funerals of relatives and friends. Even though, the industry has its peak sales during the weekend, that rather when staff stay off from work.

Curbing Absenteeism and Turnover

When a firm is faced with high levels of absenteeism it will look to the HRM department for remedies. Many writers have made suggestions to reduce absenteeism, notable among those are; (Montross, 2013; Lawler, 2008; Rankin, 2008; and, Taylor, 2002) in their submissions, they all suggested and agreed to four points, including; Flexible time; Job enrichment ; Improved HRM and Attendance bonuses for staff.

Philips, (1990), in his article, “**The price tag on turnover**”, published in the *Personnel Journal*; suggest a number of ways that can be adopted in retaining staff to avoid absenteeism and high turnover. This included; Job previews; Making line managers accountable; Career development and progression; consulting employees; be flexible; avoid the development of a culture of ‘absenteeism’; Job security; Treat people fairly; and defend your organisation.

Cost of Labour turnover and absenteeism in the Hospitality Industry

McPheat, (2009) in his submission argued that employee turnover may be challenging. While it may seem like a huge inconvenience and labour turnover really does open up a world of opportunities; you may be able to move people into new positions, reassign employees based on their strengths and weaknesses, and change the entire focus of your team, also, New workers can bring in new ideas and enthusiasm; workers with specific skills can be employed rather than having to train existing employees; and new ways of solving problems can be seen by new workers who can offer a different perspective, however good his ideas, the negatives it brings cannot be out-numbered.

High rates of labour turnover are expensive in terms of both direct and indirect costs on businesses. Direct costs include the time and money needed to find, lost production cost, Potential loss of sales (e.g. if there is high turnover amongst the sales force), Loss of know-how and customer goodwill, hire and train replacement workers. Indirect costs are (intangible cost) include reductions in productivity and service caused by understaffing during the time it takes to

find replacement workers and by the inexperience of new workers once they are found and hired (Woods and Macaulay, 1989; Crane, 1982; I.D.S,2008; Janas, 2009 and Macafee, 2007).

Other literature available indicates that, absenteeism on the other hand has the same cost related. For a firm the costs of absenteeism can be very high and may include; Lost production as the worker is unable to catch up with the work that was missed, It maybe necessary to offer extra overtime in order to complete an order on time. This will increase the costs of the firm and lower their overall profits unless they can raise the price to compensate and if workers sense that there is a trend of absenteeism, they will tend to take more days off themselves, this will lead to the problem snowballing (Pizam and Thornburg, 2000)

Conclusion and Recommendation

Resulting from the research from this paper, Labour turnover is very high in the hospitality and tourism sector in Ghana because of the following conclusions drawn from the study:

Though there were no reliable data on recruitments and resignations in the industry, to enable the study to draw informed conclusions, employee turnover is found to be real problem in the sector. The study found out that a greater proportion of the employees were likely to quit if better opportunities came their way. Most of such employees were those in the higher levels of education and without any aim of career development.

The major determinants of employee turnover in the hospitality industry were identified as the poor reward and compensation system, the deplorable and repulsive working environment, and the absence of a promising career progression scheme. Other contributory factors included low motivations and delays in promotions. Employee characteristics and the prevailing economic environment, on the other hand, came out as a minor factor.

Also, though, many managers have tentatively addressed these issues, their efforts had not gone far enough to promote job satisfaction among the employees. The industry can, therefore draw on the experiences of other institutions within the country to improve upon its approach to normalize employee retention.

Policy implications of the study that could be adopted by Management and the general public in other to normalize employee retention in the Hospitality industry in Ghana can also be seen as internal and national policies. The internal policy implications have to do with the measures that Management and employees of the industry can collectively implement to arrest the situation(e.g. reliable database on human resources on manpower planning, recruitment, selection and reward and compensation) , whereas the national policy implications consider the roles of the government and other stakeholders in solving the problem of employee turnover in the hospitality industry(e.g. Ghana Tourism Authority, Ghana Tourism Federation, Institute of Hospitality- Ghana, and the hoteliers association of Ghana).

Proper research into the true nature and causes of employee turnover in the hospitality industry, in other to access the trend and types of employees who resign from the sector. It should be a policy of the industry to conduct exit interviews for absent staff to know their reasons for the absenteeism in other to correct all existing anomalies.

To retain the employees, Management could adopt policies that will address the major factors that contribute to the problem of employee turnover in the industry. These policies should aim at improving upon the reward and compensation systems, providing more conducive working environment to promote job satisfaction.

Furthermore, The Industry could make it a policy to invest more resources in the training programs of its line staff to improve upon their leadership skills. This will improve a better employee-management relation, and thereby, minimize the low motivation experienced by the employees. Management may also adopt a policy that will empower the employees, involve them in taking major decisions, as well as make their jobs more challenging and interesting to promote personal growth and advancement. Management could also take another look at the promotion policy of the sector so as to minimize the delays and frustrations associated with it.

Lastly, Management could adopt a more comprehensive and attractive career progression policy to develop the skills and knowledge of the employees. Thus, employees could be encouraged and sponsored to undertake further studies as it pertains in many other sectors. Management will also have to intensify its in-service training programs for all categories of staff. The issue of nepotism and ethnocentrism should be a thing of the past if industry proprietors what to retain their staff.

This study's data is an important supplement to previous articles written on the high labour turnover and absenteeism in the hospitality industry, but more research is needed to further our understanding of this phenomenon.

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