

# Attrition and Retention of employees in hospitality industry: Reality Vs Myth

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**Abstract.** The studied survey as per bureau of labor statistics 2018 annual employee turnover rate of more than 74.9 percent in the hospitality industry, that means more than 6 percent of employees departing every month. Which is increased from 72.5 percent in 2017. And In 2018 Attrition rate presenting the highest level. A drastic Change in low figure of 57.1 percent in 2010. In the present scenario the hospitality world presenting the image of carrier in the fantasy world, where everything is followed as per law and culture. Where As per the labor law and Indian factories act 1948. Every person who has completed the age of 18 years cannot work more than 48 Hours in a week and not more than 9 hours a day but this is the myth in our hospitality industry. One of the biggest factors of attrition and Retention rate is high that is Lack of growth and progression opportunity, being over-worked without extra pay, impolite behavior with staff which is common in every 2nd workplace environment in the reality world and it is the biggest factor for attrition. Now hospitality industry modifies their working environment to retain their employees.

**Keywords:** Key Words: Hospitality, Attrition, Retention, Turnover

## 1 Research objective

To review the paper pertaining to employee attrition and retention in the hospitality industry and to identify the factors which are responsible for the same.

## 2 Methodology

The research is based on primary and secondary data taken from observation, research papers, abstract and websites.

## 3 Introduction

Employee Attrition:

This paper gives the brief introduction about the hospitality industry its employee attrition and retention rate as well as its critical reasons for the same which shows the reality and myth of that fantasy and luxury world.

Employee attrition or retention is very common trend around the world. Employee turnover is defined as 'the ratio of number of workers that replaced in the given time period to the average number of workers. It's basically means how long is employee is stay and work in particular organization. High turnover can be detrimental the company's productivity, revenue generation and goodwill if skilled worker leave their organization because they are the backbone of the company (Taylor, 1998).

There are various reasons because of each employee leave the hospitality industry or any organization which can be defined as voluntary and involuntary turnover. In which the employee gives the formal

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intimation for their leaving that's voluntary and without any prior information or notice that is involuntary turnover. In the hospitality industry voluntary retirement can be controllable but involuntary retirement is very difficult to control because the employee might not be showing their problem or dissatisfaction towards their work and environment but from internally, they are not at all satisfied with work culture, environment, people, policies etc.

So that in trend is follow that try to get in and understand the various reasons because of which employee leave the organization which hampered the goodwill of the brand and its culture.

#### **4 Hospitality industry**

Hospitality industry is a broad term which involved many aspects of hotels and hospitality industry. The Indian tourism and hospitality have appeared as very important and crucial sector for contributing the growth and employment. Hospitality industry has a potential to generate the employment as well as foreign exchange for the country.

As per GDP taking into consideration by the travel and tourism sector to India's it will go up to US\$ 275.2 billion in 2025. This sector is the third largest foreign exchange earner in India.

Employee turnover is a huge loss for the hospitality industry and it also seen that the employee attrition is usually higher in the initial month because of the 'induction crisis' where it's not gets delivered effectively which resulted more attrition and that leads cost incurred for the organization.

It's clearly evident that's the hospitality industry has two important challenges i.e. To find the appropriate employee and another challenge is the high employee turnover which ultimately brings a huge losses to the industry.

About working hours in hospitality industry:

As per Indian factories act, 1948 employee is not work more than 9 hours a day and 48 hours a week and if they are working more hours than they will be getting over time for their extra work. But this is the actual rule which everyone needs to follow mandatory but the reality is very different because most of the hospitality industry where employees are working hours are not fixed where they work for 12 hours or more than that also whereas in hotels getting week off, festival off, etc. On the other hand, during the peak time like festival, Christmas, new year they are not getting any off and this will affect hamper their personal life. This is really embarrassing as we are Indians and surrounded by numerous cultures.

Like NUHII (NATIONAL UNION OF HOSPITALITY OF INDUSTRY OF INDIA) send the notice to all the hotels to implement rule which is under the factory act. And this was started from Pune, to implement the eight-hour working rule for its employees and this rule was not as per guidelines not been implemented effectively for the past many decades which is the real fact of this industry. People start judging their employee by their more working hours. This means we believe in quantity not quality. And then also its not implemented fully.

Whereas related to this only on the other hand in japan Microsoft it's a software company but they took a great decision where they launched a four-day week experiment in its japan office in the month of august 2019. And the resulted American multinational after the experiment found that employees were happier and increase the productive by 40% without decreasing pay. The project called- work life choice.

This will result in improving the productivity and efficiency of the staff and the idea which was evolved with happy faces that create a positive environment within the organization.

Microsoft's Japan President and CEO Takuya Hirano said, "Work a short time, rest well and learn a lot." On the company's website, he wrote that he wants the employees to achieve the results with 20 per cent less working time. Apart from increased productivity, employees took 25 per cent less time off during the trial. Electricity consumption reduced to 23 per cent as the office was shut by one extra day. There was a 59 per cent drop in usage of paper during the trial. Around 92 per cent of employees preferred a shorter week. Stress level among the staff dropped by 7 per cent.

## **5 Attrition**

In our country the hospitality sector is the one of the biggest sectors which contributes the major share in GDP as well as in economy because its generate foreign exchange. In the hospitality industry the Material, Money, Manpower, Machine are very important factors but in this manpower and mankind are the key to success and minimize the attrition in the hospitality industry which is really missing that is the ground reality of today's hospitality and the myth is that employees are treated very politely, professionally without any kind of harassment but directly or indirectly they are getting their respect and job satisfaction at the workplace and the word "Satisfaction" creates a big impact at workplace because no people should that place where they are not getting their respect, money and importantly job satisfaction and this will increase the mental pressure, loss of productivity and the result is attrition employee left the organization. And that's the important assets which hospitality industry increases losing day by day. In the attrition as per research according to the Forbes Jobvite survey, 30% of job seekers have left a job within 90 days of starting and as per Marcel Schwantes (Founder and Chief Human officer)

And out of all this working hour is creating a big negative impact at the workplace as well as in the market for new employment because they the image that company working are more and this will give the adverse effect in their personal as well as professional life.

## **6 Retention**

International or national hospitality sector now a days they are more working on minimize the attrition and retained their employee for the longer period of time which reflect the success of that organization. So that's human resource and learning & development department are more focusing on creating a good and satisfactory working culture and environment where they are more focused that's employee engagement, New opportunity and growth, employees reward and awards ceremony, annual day, family support and safety, education, organizing the events like theme parties, lunch, dinner, sports day etc. They will ensure this will be follow in the organization and make the workplace more friendly and satisfactory. Whereas in international brand they give more freedom and responsibility to their employee as compare to our country brands because their work culture and mentality which is still transforming that's why India is still developing not developed country.

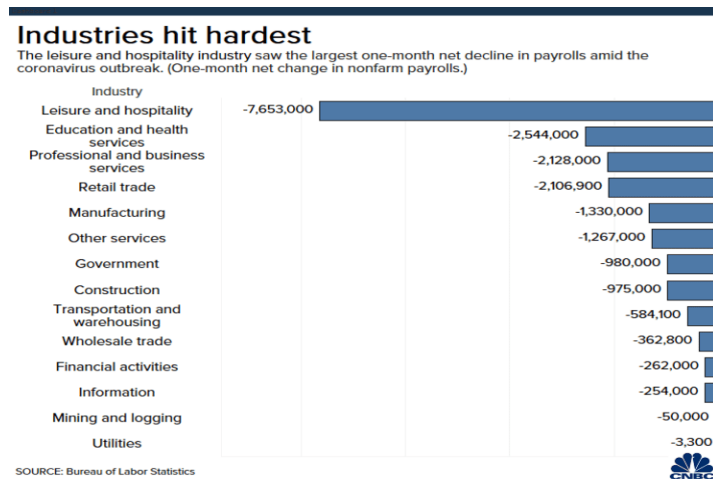
## 7 Factors identified for attrition

- Compensation
- Stress in job
- Better opportunities
- Personal reasons
- Work life imbalance
- Working hours
- Lack of opportunity to present creative and innovative ideas
- Lack of support (From supervisor or subordinates)
- Departmental issue
- Inadequate Training and Development
- Faulty Recruitment
- Expectation between reality
- Pandemic like Spanish Flu, Corona Virus Disease 2019

## 8 Attrition due to pandemic or COVID-19

Hotel and Hospitality is one of the biggest industries as well as fragile in the nature because anything impact which is naturally or caused by human that will create a negative impact on this sector it might affect the world or the particular geographical area.

Like in the late December 2019 the novel corona virus was evolved in the world from city of Wuhan, China and that was spread like a fire around the world confirmed in 188 countries and more than 19.1 million infection confirmed including more than 710000 deaths.



The tourism and hospitality industry are badly affected in phase of attrition people will suffered with layoff or job loss during pandemic. Many organizations in these sectors have already laid off their employee like online travel booking agency Expedia announced to lay off more than 3000 employees globally. Go Air also has already laid off its pilot, introduced leave without pay for its employees and also announced pay cut, the spread of coronavirus that has crippled the economy, a spike in involuntary attrition and more to go in the coming month.

Due to COVID unfavorable impact India is about to lose 130 million job this year and out of which 40% are professionals or white-collar jobs.

**MOSTLY AFFECTED SECTORS DUE TO COVID:**

Hotel and hospitality  
Automobile  
Aviation  
Food  
Entertainment  
Manufacturing

**MOSTLY IMPROVE SECTORS IN COVID:**

Mostly service providing industries are booming and growing during this time.

Healthcare  
Pharmaceuticals  
E-Commerce  
IT services  
Essential retail

During the pandemic also with some relaxation Hotel and Hospitality industry will re-open but with all the new mandatory new norms and with new and old faces after the huge attrition and job loss.

Before this pandemic in the hotel and hospitality industry employee will leave their jobs with another security which we called a attrition and to minimize the attrition percentage company were doing many programs and change their policies for retained their staff with employee satisfaction.

All the countries border are sealed during the pandemic even within the countries state border are also sealed to stop the corona virus spread but this also affected the livelihood of the hospitality industry in which all the travel activities were stopped and the hotel are operate as a COVID paid quarantine center with minimum staff.

During this time travel and tourism both are stopped and running very slow as per the huge negative taking into consideration with this around the world travel and tourism sectors are stopped and running in huge loss whereas:

60% of the service providers are believed that they will recover by 2023 and with this they are planning for the future step and planning 53% of the leading hotels are shut down due to COVID impact and this leads to job loss and job insecurity.

Many hotels are used as a quarantine centre for the travellers from “Vande Bharat Mission” or COVID patients due to which only few hotels are operated those who got the permission from government with all the norms.

In the hospitality sector its time to revalued and redesigned the working and operation structure with the new changes of hospitality. Facing a bleak job market, it's a tough time for professionals as well as new graduates considering this huge impact on the job availability and career path so as per that new generation must have to think beyond the availability of resources so they will get the benefit in the future as per the situation.

Before COVID time the hotel and hospitality sector is one of the fastest growing industry around the world where multiple opportunity are available where professionals can enhance their career with new idea.

According to the U.S Bureau of labour statistics, in June 2019 the Hotel and hospitality industry which includes accommodation and food services and art, entertainment and recreation activity and they hired more than 11 lakhs people nationwide, and this increase in figure of more than 62000 from June 2018.

Now this halt the hospitality professional was placed at home from march where restaurants, bars, hotels, casinos are forced to cancel all the events and bookings.

These figures might be dangerous and gives a fear for our career and about hospitality sector and by the time this pandemic is exiting it will create an adverse effect but in few years sooner or later when the situation come to normal again the hospitality industry will be booming with new concepts, ideas, innovations, energy, employment, experience because for some this might me threat but it can be opportunity to grow with new hospitality structure which is going to be challenging for hotel and hospitality sectors and again that day will be coming in few years where job are more and professional in on demand. And new hospitality will be evolved with new models and opportunities.

This is the reality of today's world where myth is evolving with this big question that our job is secured or not in the industry with is challenging phase every hospitality professional must we multitasker and dependency at one platform may be risky.

## 9 Conclusion

Hospitality industry is crucial sector in the world for providing employment but still need a lot of improvement and new ideas for the employees and this leads to minimize the attrition rate. Because as per the laws if we start working for the employees than also its brings the revolution in this sector because everything is shining at the front face but there are many hidden facts no one witnessed because of fear or not ready to take big responsibility. Because (WE ARE LADIES AND GENTLEMAN AND SERVING LADIES AND GENTLEMAN) really means a lot and I learned and injected in the DNA.

I also wanted to marks that industry is very dynamic and fastest growing but sometime situation are unexpected and its not in hand of human for that hospitality sector need to think in a broader way considering all the threats and experiences and that will also support them to secure the job and also retained their employees for future.

## 10 Research gap

- A lot of research has been done on attrition; but we found the less information about hospitality reality and myths.
- There are various categories of hospitality to understand every category has different reasons when it comes to attrition because it is not generalized for all.
- Attrition also depends on the department in which employee is work and the level at which one works.
- It seems that attrition rate is very highest in first 3 to 6 month when an employee join. There is a need to identify the reasons specially limited to those 6 month which initiates the idea of attrition.
- With this topic attrition and retention was the main aim to do the research but there are many unexpected uncertainties which might arise without any prior intimation and that will hamper the hospitality structure from the base.
- During research I found that attrition was the biggest problem in hospitality industry but there is time where attrition or job loss is not an option it's a demand of time and situation like COVID-19 pandemic where entire hospitality sector is shutdown.

## 11 Scope

- This paper can be used to understand the reasons of attrition in the hospitality industry and take the best action which are suitable.
- Linkages of sustainable practices to attrition needs to be understand at workplace
- Frequently interaction with the team and try resolve their all confusions and problems.
- The results should share with the hotels for reducing the attrition.
- This paper can be used for doing research and understand the various reasons of attrition and job loss in hospitality sector.

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