Abstract

It is widely known that employee turnover has a negative impact on organizations, as it refers to the rate at which an organization loses employees. On this ground, it was a stigma associated with any organization to get a high employee turnover rate. Hence, the term "employee retention" was developed as an opposite technique to employee turnover, as it refers to all practices and policies that the organization deploys to encourage the employees to stay at the organization. However, recent researches have pointed out that there are different types of employee turnover, and not all of them are negative. These types are due to the employee turnover reasons, ranging from termination of poor performance employees and replacing them with more qualified ones "which is known as positive employee turnover" to departure of high skilled employees who decides to move to other organizations. This research aims at evaluating to what extent Egyptian hotels use positive employee turnover strategies versus employee Retention strategies. A questionnaire was directed to five star hotels human resources managers in Sharm-Elshiekh. Collected data was analyzed statistically. The research revealed that hotels management needs to identify which positions, profiles and skills are most important to them and when turnover is most detrimental to their organization.

Keywords: Positive turnover – Employee retention – Egyptian hotels

Introduction

Turnover is considered to have a direct and indirect impact on organizations' costs (Mercer 2004). Besides, the negative effects of talents migration on the overall performance (Richardson 2005). Therefore, employee retention contracts the side effects of turnover (Horwitz et al., 2003). However, one of the key questions about turnover and retention is "is it always beneficial to the organization to retain employees? Hansen (2005) argues that there is a serious need to distinguish between the employees who need to be retained and others who are preferred to leave.

Literature Review

Employee Turnover

In early time, Kossen (1991) defined employee turnover as voluntary terminations of employees from an organization. Later on, Hom and Griffeth (1995) defined turnover in a very wide range as the movement of employees in and out an organization. For more clarification, Abassi and Hollman (2000) stated that employee turnover doesn't only reflect the voluntary termination of employees, but it exceeds to the rotation of employees allover the labor market; between firms, jobs, occupations, and even between the status of employment and unemployment too. Moreover, Morrell et. al (2004) illustrated several factors which causes employee turnover, such as; exits, quits, attrition, mobility, migration or succession.

Due to its causes, employee turnover is divided into two main types Voluntary and involuntary (Griffeth and Hom, 2001). In general, organizations should accurately differentiate between voluntary and involuntary turnover, as voluntary turnover is related to the employees' own choice, i.e.: resignations. While involuntary turnover is because of a managerial decision, i.e.: Human resource downsizing, misconduct dismissal, retirement and employees sick leaves (Loquercio et al., 2006).

For its effects, voluntary turnover may be functional or dysfunctional for the organization. As high voluntary turnover rates can damage quality and affects customer service. On the other hand, most of organizations accurately observe voluntary dysfunctional turnover, which cares about leaving employees who are most talented as they are the ones likely to get a better opportunity elsewhere (Hinkin and Tracey, 2000), (Griffeth and Hom, 2001).

Figure (1) clarifies turnover classification scheme.

![Turnover Classification Diagram](image-url)
Employee retention

Employee retention is defined from the employers perspective as the process in which employees are encouraged to remain at the organization for a maximum period of time (Burke and Ng, 2006), and it is defined from the employees perspective as “the intention of employees to stay loyal to their current-workplace” (Huang et al., 2006). Anyway, employee retention is mostly the opposite to employee turnover, as it is based on the survival of any organization is highly depending on its human assets. Hence, a mandatory requirement for organizations is to retain these human-assets (Horwitz et al., 2003).

The advantages of employee retention are completely based on the disadvantages of employee turnover; Employee retention reduces turnover costs that are spent on recruiting and selecting new employees retraining and inducting them (Arnold, 2005). Also employee retention helps to keep the organizational knowledge and know-how techniques within the firms (Bernsen et al., 2009). Moreover, it helps to keep organizational standardization by retaining employees who keep the customer service on a stable standard (Stovel and Bontis, 2002), and it helps to decrease the impenitence of employee turnover high levels which lead to low performance and ineffectiveness in organizations (Henry, 2004).

Several strategies have been developed under the name of employee retention; Offering competitive benefits and compensation to employees, providing continuous tainting and development programs, providing efficient career planning and development programs and family involvement and family welfare programs (Hinkin et al., 2000).

Is it always required to retain employees?

The answer of such a question depends basically on two main elements; first, the advantages of functional employee turnover, which can be useful and desirable for any organization. As it can offset potential stagnation, reduce organizational Conflict, Increase mobility and morale, eliminate low performers and encourages innovation with the entry of new blood (Griffith and Hom, 2001). Second, the challenges of employee retention that cannot be easily controlled by the organization; employees job boredom, their continuous looking for change, their unrealistic expectation from their jobs and overall the organizations incorrect employee recruitment and selection practices which can bring unsuitable employee (Echols, 2007).

A framework titled "strategic retention and dismissal of employees” was developed to help organizations to choose between employee retention and turnover. This framework is based on two dimensions A: the employee choice “which expresses their intention to leave or to stay within the organization”, B: the employee performance “which is divided into low and high performance”. According to Dalton, et al., (1982) framework, four cases were illustrated to distinguish retention and separation of employees. First: Functional Retention, if the employee has no intention to leave and is a good performer, Second: Dysfunctional Retention, if the employee has no intention to leave but he is a law performer. Third: Dysfunctional turnover, if the employee has an intention to leave and he is a high performer. Fourth: if the employee has an intention to leave and he is a low performer (Dalton, et al., 1982) (figure 2).

<table>
<thead>
<tr>
<th>Employee Choice</th>
<th>Intention to leave</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>No intention</td>
<td>Desirable employee Remains</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Undesirable employee Remains</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Desirable employee Quits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Undesirable employee Quits</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: strategic retention and dismissal of employees
(Dalton, et al., 1982)

Research Questions
What is the current rate of employees’ turnover at the Egyptian hotels?
What types of employees’ turnover in Egyptian hotels?
Does involuntary turnover have positive effects on hotels’ employees’ performance?
Do Egyptian hotels tend to deploy turnover strategies or retention strategies to improve performance?

Research Methodology
Participants
The study was conducted on a sample consisting of 56 human resources managers in four and five star hotels in Sharm El-Shiekh. The participants were 92.8% male (N= 52) and 7.2% female (N= 4). According to age, 34% of the respondents were over 45 years old (N= 19), 26.8% belong to the less than 35 years old group (N= 15), and the majority of 39.2% belong to the 35-45 years old group (N= 22). Regarding the educational level, only 3.6% of the respondents possess PhD degree (N= 2), where 26.8% possess a master degree (N= 15), and the majority of 69.6% have a bachelor degree (N= 39). In addition, the data also indicate that 28.6% of the respondents have
experience of less than five years in the current position (N= 16), while 21.4% were working more than 10 years (N= 12) and the majority of 50% have 5-10 years of experience (N= 28).
For the hotels profile, about 29 (51.8%) are five-star hotels, 27 (48.2%) are four-star hotels. Regarding to management pattern, about 25 (44.6%) of hotels are chain hotels and 31 (55.4%) are owner-managed.

**Instrument**

The instrument of the study is a questionnaire form designed by researchers to gather data. It consists of 6 parts: the first part investigates respondents' demographics (gender, age, education, experience). Also, hotels profile such as classification and management pattern is identified. The second part of the questionnaire concerns the characteristics of employees' turnover (rate, classification, costs, and effectiveness). The third part deals with the causes of both voluntary and involuntary turnover. It consists of 10 statements. In addition, the fourth part consists of 5 statements to investigate the effects of involuntary (positive) turnover on performance. While the fifth part consists of 4 statements deals with retention challenges. The sixth part consists of 12 statements about retention/turnover deployment.

The questionnaires used a five point likert-type scale ranging from “1= completely disagree” to “5= completely agree” to score the responses. The obtained data was analyzed statistically by Statistical package for social sciences program "SPSS" version 20.

**Results and Discussion**

**Reliability and validity**

In order to calculate reliability of the study instrument, Cronbach's Alpha was used to determine the internal consistency of the questionnaire dimensions; table (1) illustrates Alpha coefficient and validity.

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension</th>
<th>No. of items</th>
<th>Cronbach's Alpha</th>
<th>Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Causes of turnover</td>
<td>10</td>
<td>.89</td>
<td>943</td>
</tr>
<tr>
<td>2</td>
<td>Effects of involuntary turnover</td>
<td>5</td>
<td>.92</td>
<td>959</td>
</tr>
<tr>
<td>3</td>
<td>Retention Challenges</td>
<td>4</td>
<td>.88</td>
<td>938</td>
</tr>
<tr>
<td>4</td>
<td>Turnover/ Retention deployment</td>
<td>12</td>
<td>.89</td>
<td>943</td>
</tr>
<tr>
<td></td>
<td>Overall Total Scale</td>
<td>31</td>
<td>.89</td>
<td>943</td>
</tr>
</tbody>
</table>

Table (1) showed that Cronbach's Alpha coefficient of all dimensions of the study questionnaire had high scores (89%). Moreover, the overall validity coefficient of the scale constructs was 94%. According to Rovai et al. (2012), Cronbach's Alpha coefficient is acceptable at 0.60 or higher. This finding indicates that the instrument is reliable for being used.

**Turnover characteristics at the Egyptian hotels**

Table (2) clarifies the most common characteristics of employees' turnover at the Egyptian hotels.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Description</th>
<th>Frequency (N)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover rate</td>
<td>Below 20%</td>
<td>17</td>
<td>30.3</td>
</tr>
<tr>
<td></td>
<td>20 - 40%</td>
<td>20</td>
<td>35.7</td>
</tr>
<tr>
<td></td>
<td>More than 40%</td>
<td>19</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56</td>
<td>100</td>
</tr>
<tr>
<td>Classification</td>
<td>Voluntary only</td>
<td>11</td>
<td>19.6</td>
</tr>
<tr>
<td></td>
<td>Involuntary only</td>
<td>6</td>
<td>10.7</td>
</tr>
<tr>
<td></td>
<td>Voluntary and involuntary</td>
<td>39</td>
<td>69.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56</td>
<td>100</td>
</tr>
<tr>
<td>Costs</td>
<td>High</td>
<td>21</td>
<td>37.6</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>24</td>
<td>42.8</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>11</td>
<td>19.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56</td>
<td>100</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>Functional</td>
<td>26</td>
<td>46.4</td>
</tr>
<tr>
<td></td>
<td>Dysfunctional</td>
<td>30</td>
<td>53.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56</td>
<td>100</td>
</tr>
</tbody>
</table>

Table (2) indicates the turnover characteristics as perceived by human resource managers at the Egyptian hotels. According to turnover rates, the majority of respondents (69.7%) (35.7 + 34) assured that turnover rates are more than 20%; where about 20 respondents (35.7%) pointed out that the percentage ranged between 20 - 40%. In addition, 19 respondents indicated that rates are more than 40%. While 30.3% of hotels human resource managers pointed out that turnover rates in their hotels below 20%. With regard to turnover classification, about 19.6% of respondents classified it as voluntary turnover and only 10.7% classified it as involuntary. While the majority of respondents (69.6%) indicated that the turnover in hotels is voluntary and involuntary. For the turnover costs, 37.6% of respondents indicated that turnover costs in hotels were high, and about 42.8% of them assured that the cost of employees' turnover was medium. While only 19.6% saw the cost of employees turnover as low. Finally, about 46.4% of the respondents rated employees' turnover as functional for hotels, while 53.6% rated it as dysfunctional.

**Causes of turnover at the Egyptian hotels**

Tables (3-6) illustrate causes of both voluntary and involuntary turnover at the Egyptian hotels.
The previous table clarify that "better pay from competitors" is the main cause of voluntary turnover of hotel employees (M: 4.12, SD: .954), while "Desire to change the career path" was the least reason to quit voluntarily (M: 2.54, SD: 1.091). The other causes came respectively as follows: current working conditions (M: 3.84, SD: .954), Low rates of job satisfaction (M: 3.77, SD: .985) and Need to acquire new skills on a new job (M: 2.96, SD: 1.136). These results are consistent with the study of Manu and Shay (2004) who indicated that low rates of job satisfaction and alternative opportunities may lead employees to quit voluntarily. Moreover, Jones et al. (2000) found that there are strong relationships between job satisfaction and turnover.

Table (4) shows the differences among hotels according to classification and management pattern regarding the causes of voluntary turnover according Mann-Whitney Test as follow:

Table 5: Causes of involuntary turnover at the Egyptian hotels

Table (6) indicates differences between hotels according to classification and management pattern regarding the causes of involuntary turnover according Mann-Whitney Test as follow:

Table 7 clarifies involuntary turnover and hotel employees’ performance.

Impacts of involuntary turnover on performance

108
my (2013) assured that if an organization desires to retain employees, it should recruit the right people for the job, as employee's unrealistic expectations from the job (M: 4.31, SD: .964), Arokiasamy (2013) assured that an employee's expectations from the job and employer are not met, he may be dissatisfied and may tend to look for change (M: 4.06, SD: 1.013) and job boredom (M: 3.75, SD: .986) negatively affect employees retention. According to Steel and Ovalle (1984), if an organization desires to reduce turnover rates and retain staff, it should recruit the right people for the job. According to these findings, retaining employees is a complex function that requires considerable efforts from management to implement.

### Retention challenges

Table (8) indicates challenges that may face hotels management in retaining employees as perceived by human resource managers.

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement &quot;Retention challenges&quot;</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unrealistic expectations from the job</td>
<td>4.31</td>
<td>.964</td>
</tr>
<tr>
<td>2</td>
<td>Incorrect employee recruitment and selection practices</td>
<td>3.22</td>
<td>.982</td>
</tr>
<tr>
<td>3</td>
<td>Looking for change</td>
<td>4.06</td>
<td>1.013</td>
</tr>
<tr>
<td>4</td>
<td>Job boredom</td>
<td>3.75</td>
<td>.986</td>
</tr>
<tr>
<td></td>
<td><strong>Overall Mean</strong></td>
<td><strong>3.84</strong></td>
<td><strong>.975</strong></td>
</tr>
</tbody>
</table>

Table (8) illustrates that hotels management faces challenges when implementing retention strategies such as employee's unrealistic expectations from the job (M: 4.31, SD: .964), Arokiasamy (2013) assured that an employee's expectations from the job and employer are not met, he may be dissatisfied and makes it difficult for an enterprise to retain staff. Also, participants revealed that incorrect employee recruitment and selection practices (M: 3.22, SD: .982), looking for change (M: 4.06, SD: 1.013) and job boredom (M: 3.75, SD: .986) negatively affect employees retention. According to Steel and Ovalle (1984), if an organization desires to reduce turnover rates and retain staff, it should recruit the right people for the job. According to these findings, retaining employees is a complex function that requires considerable efforts from management to implemented.

### Retention/Turnover deployment tendency

Table (9) shows human resource managers’ tendency to adopt either retention or turnover practices in hotels.

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Turnover</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>1</td>
<td>Benefits</td>
<td>3.92</td>
<td>.981</td>
</tr>
<tr>
<td>2</td>
<td>Costs</td>
<td>3.81</td>
<td>.976</td>
</tr>
<tr>
<td>3</td>
<td>Applicability</td>
<td>4.46</td>
<td>1.212</td>
</tr>
<tr>
<td></td>
<td><strong>Overall Mean</strong></td>
<td><strong>4.06</strong></td>
<td><strong>.893</strong></td>
</tr>
</tbody>
</table>

Table (9) shows human resource managers’ tendency to adopt either retention or turnover practices in hotels.

From table (9), it is noted that hotels management tend to deploy both two approaches (turnover and retention), as participants claimed that turnover can be adopted (M: 4.06, SD: .893), as well as retention approach (M: 4.04, SD: .912). According to these findings, hotels management can use turnover approach to improve performance through dismissal low-performance employees; in this case turnover is positive. At the same time, they need to retain high-performance employees.

### Conclusion and recommendations

The research revealed that dismissal due to poor performance and indiscipline is the major cause of involuntary turnover at the Egyptian hotels. A matter which makes it positive for hotels performance. On the other hand, there are challenges facing hotels to retain employees, a matter which makes this function complex and requires a greater effort to implement it successfully. The study recommends that hotels need to identify which positions, profiles and skills are most important to them, and when turnover is most detrimental to their organization, therefore, they can focus on reducing turnover for these selected categories.
Positive Turnover versus Employee Retention at Egyptian Hotels
Moataz bellah Farid
Haitham El-Sawalhy

References