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Journal Information

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TABLE OF CONTENT

<i>A analytical study on the attrition rate of the motels of North East, with special reference to Guwahati</i>	5
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A Analytical Study on the Attrition Rate of the Motels of North East, With Special Reference to Guwahati

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Abstract

Over the last decade and half the mad rush to India for business opportunities has intensified and elevated room rates and occupancy levels in India. Over recent years, the international market place for the tourism and hospitality industry has become increasingly dynamic and competitive. Environmental conditions of globalization, deregulated labour markets and changing demographic profiles make the management of service delivery increasingly problematic. In particular, these shifting environmental conditions have led to difficulties for many smaller firms. Employees are the key factors for the success of any organizations. Getting and moreover retaining the good employees is one of the most important aspects for any organization and especially for the Human Resource Department.

The city of Guwahati is also no exception from that. The requirement of rooms and service related to that has increased day to day. Hence, the staff required to meet this requirement is also more. Attrition is one of the most serious concerns of the organizations today, irrespective of the industry in which they are operating. Attrition is all about people leaving organizations with the slightest provocation and having no respect and commitment to the company in which they are working.

Keywords: - Attrition, organization, Human Resource Department, management.

Introduction

The hospitality is a part of larger enterprise known as travel and tourism industry. The travel and tourism is a vast group of business with one goal in common providing necessary and desired products and services to customers and travellers.

Accommodation facilities constitute a vital and fundamental part of tourism supply. Among the important inputs, which flow into the tourism, system is tourism accommodation forming a vital component of tourism superstructure.

Hotel is defined by British law as a Place where a bonafide guest receives food and shelter, provided he is in a position to pay for it and it is in a receivable condition. (Rights of admission reserved).

A Hotel may be defined as an establishment whose primary business is providing lodging facilities for the public and which furnishes one or more of the following services:

- Food and Beverage Services
- Room attendant Services
- Laundry services
- And use of Furniture and Fixtures.

Growth and Development of Hotel Industry

The real growth of the modern hotels took place in the USA beginning with the opening of the “City Hotel” in 1794 in New York. This was the first building erected for hotel purpose. The Hospitality Industry covers a wide range of organization offering food service and accommodation. The hospitality industry is divided into sectors according to the skill-sets required for the work involved. Sectors include accommodation, food & beverage, meeting and events, gaming entertainment and recreation, tourism services and visitors information. The Hotel Industry Comprises a major share of the Hospitality Industry.

Over the last decade and half the mad rush to India for business opportunities has intensified and elevated room rates and occupancy levels in India. The city of Guwahati is also no exception from that. The requirement of rooms and service related to that has increased day to day. Hence, the staff required to meet this requirement is also more.

The study through this is a critical appreciation of the attrition levels in staff of some hotels in Guwahati. This study is a comparative study with special reference to the housekeeping or Accommodation Operation and Food & Beverage Service departments.

Over recent years, the international market-place for the tourism and hospitality industry has become increasingly dynamic and competitive. Environmental conditions of globalization, deregulated labour markets and changing demographic profiles make the management of service delivery increasingly problematic. In particular, these shifting environmental conditions have led to difficulties for many smaller firms. One major problem in today’s date that the hotel industry is suffering in the potential growth of attrition level. Attrition rate or churn rate is a measure of the number of individual or items moving into or out of a collection over a specific period of time. The term is used in many contexts, but is most widely applied in business with respect to a contractual customer base. It is a possible indicator of employee's satisfaction, cheaper and/or better offers from the competitors. It can be minimized by creating barriers, which discourage employees to change organization through retention activities such as loyalty programme. The study will be a summary of the level in the current scenario of hotels in Guwahati. Various Tools and techniques available will be used for finding out a solution for the objectives. Following for example are formulas for measuring employee turnover and retention.

Measuring of employee's turnover:

$$\text{Employees turnover} = \frac{\text{Total no. of leavers over period}}{\text{Total no. employee over period}} \times 100$$

Total no. of leavers = all leavers, even people who left involuntarily due to dismissal & redundancy or retirement.

Attrition is one of the most serious concerns of the organizations today, irrespective of the industry in which they are operating. Attrition is all about people leaving organizations with the slightest provocation and having no respect and commitment to the company in which they are working.

According to Human Resource Dictionary, “In training, the percentage of employee trainees dropped from training as a result of their failure to make progress or achieve desired results” is known as attrition rate.

Generally, one gets to notice the following types of attritions in any organization:-

- Fresher attrition – The number of fresher who leaves the concerns within a year. It tells you how many are using the company as a springboard.
- Infant mortality – Percentage of people who leaves the concerns within few years. This indicates the ease with which people adapt to the company.
- Critical resource attrition – This is key man exit.
- Low performance attrition – Those who leave due to poor performance

A graded system can probably predict the true picture of an organization as the manpower is distributed among different departments, where similar tasks are grouped together which makes easier for the observer to take out the lapses.

Scope

Hospitality is a large area to be explored and has huge number of employment opportunities. But the attrition level in this area is always very high, due to which these organizations suffer a lot. The reasons of employees leaving an organization are many and it is difficult to find the actual one. The present study involved the analysis of different causes of attrition, but one single project is that is why not sufficient to complete the study about attrition. The universe is infinite.

Aims and Objectives

- To study the attrition trends in the three star Hotels of Guwahati
- To find out various reasons and to identify the root causes of attrition
- To suggest appropriate measures to retain staff in selected departments of three star category hotels of Guwahati city.

Limitations

- Time is always a major constrain – Lack of sufficient time for completion of project may sometimes affect the quality of output
- Samples selected may or may not be true representation of data.
- Some hotels out rightly denied disclosing any of the details like hotels turnover, strategies, attrition rates and reasons
- As hotels are always in an operational mode the employees do not get chance to spare more time for the personal interviews
- Undue influence of the manager of the hotel may not provide scope for the employees to express their opinion openly. This influence if exists may be hurdles to get correct information's
- People understanding comprehensive English apart from the front line employees are very less in hotels

Research Methodology

Research always starts with a question or a problem. Its purpose is to question through the application of the scientific method. It is a systematic and intensive study directed towards a more complete knowledge of the subject studied. Research specifies the information required to address these issues, designs, and the method for collecting information, manage and implement the data collection process, analyze the results and communicate the findings and their implication. Probe question, open question, closed question helped a lot to get the best out of the employees.

Data collection

Primary data was collected by observing the environment in the Hotel Landmark and other Hotels of Guwahati. Study their different strategies of recruitment, selection, employee compensation etc. Find out the attrition rate of Hotels. Secondary data was collected by referring to various websites, books, magazines, journals and daily newspapers for collecting information regarding project under study. Fieldwork for the study was carried on from August to November 2013. I have used questioner and interview schedule for collecting data regarding the opinion of management and employee towards causes of Attrition, by taking different parameters like – working hours, salary withdrawal, satisfaction with compensation, benefits, scope of growth etc.

Sample Size

A sample size is the representation of the data. The size of the sample in this study will be 20 nos. for each organization. For example if the study is made for eight hotels the size will be $8 \times 20 = 160$ numbers. The universe is finite.

Methodology Used

The techniques of sampling taken is Random sampling and systematic sampling. I have adopted random sampling for the conduct of the survey. Questionnaires of two sets were used for the research of primary data. The first set was for the management and the second was for the employees working in the organization. The sampling was done on a random basis on each of the eight hotels of Guwahati again randomly selected among all star category hotels of Guwahati. The data has been analyzed by using appropriate statistical techniques such as percentage.

Analysis and Finding

1. Total number of staff in your hotel?

Observation:- No hotels from the sample selected has total no of employees more than three hundred. Hence, all the hotels are in an advantageous position to train the staff effectively and less cost of training.

2. Total number of technically trained staff?

Observation:- The majority of the hotel staff are not technically trained, the management as result has to answer regular in house training for better result.

3. What is the ratio of turn over for last 5 years?

Name of the Hotels	2008	2009	2010	2011	2012
Landmark	7	7	11	9	8
Asoka	6	5	7	4	5
Dynasty	8	9	8	9	8
Rajmahal	9	12	14	12	14
Kiranshree			10	14	15
Pragati Manor			12	14	15

Grand Starline	5	8	7	10	8
Gate Way			7	5	8

Bar Diagram of Turn Over Ratio.

Observation:- The above finding of employee turnover or churn rate in different hotels in Guwahati suggest that older players like Asoka, Landmark and Dynasty has a lesser rate of attrition, compared to the new ones in the market. On the other hand, Rajmahal and Dynasty has to work more for retaining employees for better profit.

4. Do the employees have a say in Management decision?

Yes	No
75	25

Employees Say in Management

Observation:- The above diagram signifies that 25% of the hotels does not allow its employees have a say in the management decision. This can be a major cause of attrition as the employee has a feeling of not involved and loose the interest of the employees.

5. What is the probationary period of the staff?

	1 year	2 years	More
Landmark	•	•	•
Asoka	•	•	•
Dynasty	•	•	•
Rajmahal	•	•	•
Asoka	•	•	•
Kiranshree	•	•	•
Starline	•	•	•
Pragoti Manor	•	•	•

Probation Period of Staff

Observation:- Longer probation period has an adverse effect in employee psychology. They suffer from in- security for the job and chances of quitting the job is more. Hence, it is suggest able to have a reasonable provision period. It is here observed hotels having longer period compared to hotels having shorter provision has a slight increased rate of attrition.

6. Do you have a separate HR Department?

Observation:- 60% of sample hotels have separate HR department whereas 40% percent does not. It is important to have separate HR department in a hotel, as it is not always easy for the management single handily handle employee grievance and other employee related issues. Existence of a separate HR department might help in reducing attrition as this department solely can concentrate on various employee issues.

7. What are the sources of recruitment?

Observation:- Mostly we seen that the recruitment sources adopted by hotels are

- Walking interviews.
- Interviews through Advertisement.
- Employees reference.
- Through consultancies.
- Campus recruitment in Hotel Schools.

8. Do you offer in-house training?

Observation:- Almost all hotels have in-house training staff to regularly motivate and technically trained their staff. Training is considered as the backbone of an organization and it can prove as a major source for employee retention. Thus reducing attrition levels in hotels.

9. Do you have annual increment of salaries?

Observation:- Yes, the sample hotels offer an annual increment of salaries.

10. Do you have an employee reward scheme?

Observation:- Rewards and incentives are tools to retain employees. It also helps employees motivating for better performance, which increases the profitability of the business. The sample hotels have all have an employee reward scheme.

11. Does your employees enjoy medical benefits?

Observation:- Medical benefits should be offered not only to the employees but also to the family members. An employee's family secured by medical benefits restricts the employee for a longer duration in an organization. All the sample hotels offer medical benefits to the employees, which helps them to retain staff.

12. Do you conduct exit interview?

Observation:- No, the sample hotels do not at all conduct exit interview which is very important to know the root cause of leaving.

13. Working hours in hotels?

Working Hours	Percentage
8 to 10 hours	55%
10 to 16 hours	38%
16 & above	7%

Working Hours of employees

Observation:- Longer working hours may be hectic and repetitive task would decrease the quality of output. The management therefore should adhere to standard working hours for employees. Longer working hours and work pressure may be prime reason for mass attrition.

14. Salary withdrawn

Salary Withdrawn in Rs.	Percentage
Below 5000	55%
5000 to 8000	35%
8000 to 15000	10%
15000 & above	0%

Salary withdrawn by a Steward.

Observation:- When compared with all sample hotels, salary for a same position (steward in F & B department) it was being found that most of the hotels were offering a salary which is less than Rs. 5000/- . It is a common situation observed in hotels of Guwahati that the entry levels staffs has a very less salary structure. Hence even a small hike in salary offered by another organization, successfully can lure a potential employee for quitting a job. The situation if exist can be a major threat of retaining employees. But lately the management of different hotels has understood the effect of losing a potential employee and the cost to appoint and trained new ones. Thus, a completely new trend in the local hotel market may be expected.

15. Are you satisfied with the compensation and benefits?

- A) Satisfied
- B) Highly Satisfied
- C) Dissatisfied
- D) Highly Dissatisfied

	In Percentage
Satisfied	50
Highly Satisfied	24
Dissatisfied	20
Highly Dissatisfied	6

Employee satisfaction with compensation and benefit

Observation:- After thorough observation it is found that 50% of the employees are satisfied, 24% are highly satisfied, 20% are dissatisfied and 6% are highly dissatisfied. The 6%, which are highly dissatisfied, are maximum prone to attrition. The other 20%, which are dissatisfied, can be motivated and retained by various strategies like training, reward schemes and other employee benefit schemes proposed by the management.

16. Is there any scope of growth?

Scope of growth	In percentage
Yes	80%

Scope of growth

Observation:- An organization with a good scope of growth would retain more group of staff than one with no scope.

17. Hierarchy of too many levels

Hierarchy of too many levels	In percentage
Yes	65%
No	35%

Hierarchy of too many levels

Observation:- An organization with a flat hierarchy will have a less scope of internal promotion as the number of position towards the top of the hierarchy is less. On the other hand, hierarchy with too many levels offers a chance of internal promotion. But this will have

less effect in attrition levels as an organization with too many levels of hierarchy might arise a peer to peer controversy.

18. Is enough freedom & flexibility of thought and experience provided?

Freedom & flexibility	In percentage
Yes	45%
No	65%

Freedom & flexibility of thoughts and experience

Observation:- An employee having freedom and flexibility of thoughts and experienced would perform better and chances of attrition are less. A smart management would have ask for suggestions and ideas from their employees for the decision making process. This can be an effective way of employee retention.

19. How is the work culture?

Work culture	In percentage
Good	45%
Bad	35%
Average	20%

Work culture

Observation:- A sound work culture is a basis of good retention strategy. An employee work in a good work culture definitely would have a better output capability.

20. If you are the manager what would you recommend to retain employees?

Observation:- Following are the some of the recommendation given by the employees of various hotels:-

- A. Offer special training to improve personal traits of employees.
- B. Create clear communication between employees and management, so that decision making is transparent.
- C. Provide extra facilities to staff.
- D. Enact some staff recreational policies to attract employees.
- E. Regular appraisal and employee feedback to be taken and acted upon.
- F. Attractive pay packages competitive in the market to be developed
- G. Maintain a good relationship with employees and try to encourage and appreciate innovative ideas of employees.
- H. Time to Time Training of employees would make the staff efficient.

Major Findings

- Maximum hotels from the sample selected have total number of employees come within 150 to 200. No hotels have more than 250 employees.
- Majority of the hotel staff are not technically trained, only in hotel Ashoka has maximum i.e. 33% of technically trained staff.
- Average Turn Over rates of The Sample Hotels for last 5 years were



- Landmark Hotels = 8.4%
- Hotel Brahmaputra Ashok = 5.4%
- Hotel Dynasty = 8.4%
- Hotel Rajmahal = 12.2%
- Hotel Kiranshree Portico = 13%
- Hotel Pragati Manor = 13.67%
- Hotel Grand Starline = 7.6%
- Hotel Gateway = 6.67%

Ashok being a semi Government organization the staff attrition is less as they consider this job to be more secured rather than other private organization. Reasons of attrition are very generic and it would be different from individual to individual. But one cannot ignore the fact that the organization too has lots to offer for retaining their staff.

- 25% of the Hotels do not allow their employees to have a say in management decisions.
- Some hotels has longer probation period for staff.
- 6.40% of the sample hotels do not have separate HR Department.
- Mostly the sources of recruitment adopted by the hotels are—walking interview, interviews through advertisement, employees reference, through consultations and campus recruitment sequentially.
- All sample Hotels has an in-house training program.
- All sample hotels offer an annual increment of salaries by 15%.
- Employee Reward Scheme and incentives & bonuses are provided to the employees of all sample hotels.
- Medical benefits for staff extended in the sample hotels.
- Exit interview not conducted in all sample hotels.
- Working hours for staff were not standardized.
- Salary withdrawn when compared with all sample hotels keeping a single position as constant was found that most hotels offered a very less amount of salary. Less salary structure might be a cause of attrition.
- 6% of employees in the sample hotels were highly dissatisfied regarding their compensation and benefits.
- Though 80% of employees were satisfied with their scope of growth, but 20% were not at all satisfied and 65% of employees felt that they have hierarchy of too many levels.

Recommendation

- **Separate Human Resources department---** All hotels should have a separate H.R department for employee retention and thus reducing the attrition rates.
- **Involving employees in decision making wherever possible---** Management should involve employees at the time of decision-making and give them chance to say their viewpoint and opinions if they want.
- **Regular training and development---** As there are very less number of employees who are technically not trained, the management should take some steps to provide training to the employees periodically.
- **Standardized working hours---** Management should put in place standardised working hours for all employees and make some scheme like extra pay for extra work to motivate employees.
- **Hiring the right people---** Right people must be hired for right job, with an emphasis of following the right procedure and focus on their developmental needs such as training etc.



- **Conducting exit interview---** Exit interview must be conducted which in most of the sample hotels has not been adopted so as to know the actual reason of the employee quitting the job and further rectifying actions can be taken.
- **Awareness of top-level management---** The Sample Hotels needs to be more specific in handling employee related issues and proper and effective functioning of the HR department can reduce the increased attrition rate. The Managing Director also has to be made aware of the adverse effect of attrition and thus reduce the same with joined hands.

Others – Growth scope, Job freedom and flexibility, Medical and other related benefits, regular salary increments etc should be incorporated to reduce attrition rate.



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