

Fighting turnover: What do Viennese five-star hotels have to say about this?

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration in

Tourism, Hotel Management and Operations

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Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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Abstract

The tourism and hospitality industry is known for its importance towards the global economy; however, many hospitality organisations are struggling with one major issue: high labour turnover rate. Even though 2,000 articles have been published on this issue, there is no research on how the Viennese five-star hotels deal with this problem. This thesis is aimed to find out the reasons for labour turnover within the Viennese luxury establishments, how the labour turnover can affect the hotels, and what can be done to reduce the fluctuation. The solutions are meant primarily for Viennese five-star hotels in order to fight against high labour turnover.

For this thesis, existing literature was needed to define the issue and the methods that can be used against it. In addition, the author conducted eight structured interviews with human resources managers of Viennese five-star hotels. The interviewees were asked nine questions which are derived from the research questions and literature review.

The results of the thesis show that there are many reasons for high labour turnover. Currently, the job offers are greater than the job demands; the employees have the freedom to choose their workplaces and can change them easily due to the similar nature of work. Especially young people are very flexible and fond of travelling, they tend to change their workplaces internationally. A high labour turnover does affect Viennese hotels; the issue can influence the performance, productivity and satisfaction of the staff. Likewise, the costs increase with high labour turnover rate; the hotel has to consider separation costs, replacement costs and training costs. In order to reduce employee turnover rate, the employers have to increase the satisfaction of the employees. With benefits, training and appreciation, the employees can be motivated and retained in the company.

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1 Introduction

In the introduction, the author will explain the background of the thesis. Moreover, the purpose of the study and the research questions will be presented. The analytical approach of this thesis will be clarified and the outline of the thesis will be shown.

1.1 Background of the thesis

The tourism and hospitality industry has always been a significant and influential sector towards the worldwide economy. Especially the hotel industry, which history reaches back to 2,000 B.C., plays a crucial role in the “development of trade, commerce and travel throughout the world” (Rushmore & Baum, 2002, p. 148). From Babylonian taverns to establishments providing food and beds during the Olympic Games times (Rushmore & Baum, 2002), the hotel industry was ever-changing. The very first city hotel with 73 rooms was built in the United States of America in 1794. From the 1900s to 2000s, the hotel industry experienced many up and downs due to the economic cycle (Rushmore & Baum, 2002).

In comparison to 1794, large hotels are very common and can be found in almost every city in the world today. The tourism and hospitality industry is one of the biggest industries worldwide; “it creates jobs, drives exports, and generates prosperity across the world” (World Travel and Tourism Council [WTTC], 2018, p.3). According to the World Travel and Tourism Council (2018), every 10th person is working in the industry, which also means that 9.9% of the global employment, or 313 million jobs, only exists due to the tourism and hospitality industry. Additionally, in 2017, the total contribution of this industry to GDP was approximately 8.3 trillion US dollars, which accounts 10.4 per cent of the global GDP. This report also states that in 2017, the visitor exports generated approximately 1.5 trillion US dollars and the investment of this sector resulted in 882 billion US dollars. World Travel and Tourism Council (2018) forecasts an improvement in the GDP contribution, employment contribution, visitor exports and investments in the following ten years.

However, with the rise of popularity and importance, the hotel sector is facing a huge challenge: the high labour turnover rate. Due to the fact that the hotel and hospitality industry mainly provides services, this industry is highly dependent on its employees.

It is no secret that the labour turnover rates in hotels are rather high (Brien, Brown, & Thomas, 2017) as the hotel industry is known for its characteristics of paying low wages, having low job security, and oftentimes, having questionable management styles (Deery & Shaw, 1999). It is also proven that the major costs are attributed to labour turnover (Davidson, Timo, & Wang, 2010). This is mainly because high labour turnover can provoke knowledge depreciation causing by employees leaving the organisation without transferring their knowledge (Yang, 2008). According to Yang (2008), a high labour turnover rate can lead to a decrease in competitive advantage.

1.2 Purpose of the study

Even though it is widely known that hotel employees play a vital role in their companies, high labour turnover rates still exist throughout the world. According to Lee, Hom, Eberly, Li and Mitchell (2017), around 2,000 articles on voluntary employee turnover have been published. Although this issue is crucial for every hotel in the world, there are no studies on why Viennese hotel employees are keen to leave their workplaces.

The purpose of this thesis is to find out why 5-star hotel employees in Vienna are willing to leave hotels. The destination Vienna was chosen because of the author's own interests and her existing work experiences. The author has chosen to examine five-star hotels due to the believe that five-star hotels might put more pressure on the employees than other hotels in other categories. Additionally, the author experienced employee turnover in the Viennese five-star hotels she has worked for. This thesis serves to support Viennese five-star hotels in determining the right methods in order to reduce or even eliminate the high labour turnover rates.

This thesis is pre-eminently interesting for five-star hotels in Vienna to cope with the abovementioned issue as the data will be collected from those; however, the methods that will be discussed in the following sections can be applied to other categories of the hotels as well. In addition, the results can support non-Viennese hotels to a certain extent, as all of the international hotels share the same problem.

In order to achieve the aim, the following research questions must be answered:

- Why is the voluntary labour turnover rate high within the hotel industry?
- Does voluntary labour turnover affect the Viennese five-star hotels and if so, how?
- What can be done in order to reduce the labour turnover rate in Vienna?

1.3 Analytical approach

To deeply understand this topic, this thesis is going to show information based on existing literature. First, the thesis is going to give an overview of the hotel industry. Herein, the hotel industry will be explained by its past and present and the characteristics of the industry will be emphasized. Moreover, the definition and the measurement of employee turnover will be discussed. Additionally, the thesis will show the causes of employee turnover, how it can impact the organisation and methods to minimize it. Furthermore, the Viennese hotel market will be highlighted.

In order to accomplish primary research, the researcher is going to conduct interviews with human resources managers of various five-star Viennese hotels. Hereby, the aim is to find out whether the issues explained in the literature are aligned with the current situations in those Viennese hotels. Moreover, the interviews will help to determine whether the hotels have their own methods to fight against the employee turnover.

1.4 Outline of the thesis

This thesis contains the following five parts: introduction, literature review, methodology, findings and conclusions and recommendations.

In the introduction of the thesis, the author will give an overview of the topic and the background of the thesis. Additionally, the purpose of the study is going to be explained leading to the three main questions of the research. Further, the analytical approach for this thesis will be shown. The second part of the thesis is called literature review; herein, the author will give an overview of the following three topics: hospitality industry, employee turnover and the Viennese hotel market. In the first part, the author will describe the history of the hospitality industry, the hospitality industry of today and the trends in this sector. In the second part, employee turnover will be defined and the measurement of labour turnover rate will be shown.

Furthermore, the author will reveal the reason for employee turnover, how it can affect an organisation and strategies to minimise the turnover rate. Then, employee turnover will be linked to the hospitality industry. In the third part of the literature review, it is possible to find current data (arrivals, overnights, number of hotels, etc.) of the hospitality industry in Vienna. In the methodology part of the thesis, the qualitative research design and interviews as a data collection method will be explained. Herein, the author will show nine interview questions and describe the development of those. Moreover, the data collection and the analysis process will be clarified. The findings of the interviews with Viennese human resources managers will be presented in chapter four of the thesis. Herein, the author will show the questions and the answers of the interviewees. After showing the findings, the author will give conclusions and recommendations in the last part of the thesis.

2 Literature Review

Herein, the author will give an overview of the hospitality industry, in which the past and present of this industry will be explained. Further, labour turnover will be defined and the author will discuss the problems arising from labour turnover. In the last part of the literature review, the Viennese hotel market will be presented.

2.1 The hospitality industry

Most people consider the hospitality industry as hotel and restaurants; however, the term hospitality industry is much broader. The word hospitality is derived from the Latin word hospice, which was referred to the medieval houses for travellers in ancient times (Barrows, Powers, & Reynolds, 2012). Barrows et al. (2012) declared that the term does not only refer to hotels and restaurants but also “other institutions that offer shelter, food, or both to people away from their homes” (p. 4). With this, the authors gave examples of casinos, private clubs and resorts. According to Barrows et al. (2012), the profession to provide hospitality belongs to one of the oldest professions; in this industry, the main task of a hospitality provider is to satisfy the guests and make them feel welcome. Today, many people want to start a career in the hospitality industry because of the many subfields in this industry. Working in the hospitality industry allows an employee to move from position to position without leaving the industry.

Compared to other industries, the hospitality industry has its unique characteristics. First of all, operating hotels never close their doors. Most of the hotels are open 365 days a year and 24 hours a day. Although it is true that the employees are not working every day, most of the workers in this industry tend to work 10 hours a day (Walker, 2009). The fact that hotels never close their doors leads to the second characteristic: different shifts. Unlike in the offices, most of the employees in a hotel have to experience different working shifts. In the hospitality industry, there are four shifts: the night shift, morning shift, mid-shift and evening shift (Walker, 2009). Another unique characteristic of the hospitality industry is that the services are intangible. Intangibility means that guests of the hotels cannot test the products and services in advance. Moreover, Walker (2009) mentioned that it is unique in the hospitality that during the production of hospitality, the input of the guests is needed; the production

and consumption happens at the same time, also referred as inseparability. Lastly, the products of this industry are perishable; the rooms a hotel could not sell today cannot be kept for future (Walker, 2009).

2.1.1 The history of the hospitality industry

The tourism and hospitality industry has always been one of the most significant and influential parts of the world economy. The history of the hospitality industry reaches back to 2000 B.C.; Babylonian taverns and inns were discovered with similar characteristics of the hospitality industry of today (Rushmore & Baum, 2002). From the beginning of the Olympic Games in 776 B.C. to the time of the Roman Empire, the travel and lodging demand increased due to the improved education and sophistication of the people. After the fall of the Roman Empire, the church started to gain in dominance. As religious travellers were common at that time, the churches provided accommodations for those travellers (Rushmore & Baum, 2002). In the 13th century, the first hotel guild was invented in Florence, Italy and during the Industrial Revolution in 1760, the lodging industry was heavily demanded in England due to the new national posting system. Public gathering places and overnight accommodations were called the colonial inn. Those were popular in the United States in the 1700s (Rushmore & Baum, 2002).

The first hotels that are very similar to those today appeared in the United States during the 1800s. From 1900 until today, the hospitality industry has changed immensely. Hotels have been built and sold during the Great Depression; the first motels appeared in the 1950s, and at the same time lodging chains (e.g. Marriott Corporation) started to gain in popularity (Rushmore & Baum, 2002). According to Rushmore and Baum (2002), the budget hotels, which offered lower prices than other hotels at that time, arrived and gained in competitive advantage in the 1960s. Ten years later, the hotel industry flourished due to the fast expansion by the concept of franchise (Rushmore & Baum, 2002). In the 1980s, another boom took place caused by the new concept of segmentation which helped the hotels gain more product lines. Additionally, new types and categories of hotels were introduced to the market (Rushmore & Baum, 2002). According to Rushmore and Baum (2002), in the first few years of the 1990s, the hotel industry experienced a fall in occupancy due to overbuilding of hotels and the Gulf War. However, due to the help of Resolution Trust

Corporation (RTC), the hotel industry started to gain in popularity again in the following years.

2.1.2 The hospitality industry of today

The travel and tourism industry of today is significant for the worldwide economy; it is one of the biggest industries worldwide (Walker, 2009). The hospitality industry is an important part of the travel and tourism industry. As reported by the World Travel and Tourism Council (2018), 313 million jobs, which means 9.9% of the global employment, exists due to the travel and tourism industry. Moreover, in 2017, the total contribution of the travel and tourism industry to GDP was approximately 8.3 trillion US dollars, which accounts for 10.4% of the global GDP. According to the World Travel and Tourism Council (2018), the visitor exports generated approximately 1.5 trillion US dollars and the investment of this sector resulted in 882 billion US dollars in 2017.

In Europe, the hospitality industry plays a vital role and contribute immensely to the European economy. Ernst and Young (2013) reported that in 2010, one of 13 jobs in Europe belongs to the hospitality industry. Additionally, it is measured that one euro spent in the hospitality industry results in an additional 1.16 euro spent in the economy in 2013 (Ernst & Young, 2013).

According to the Cambridge Dictionary (2019), the hospitality industry can be defined as “businesses such as hotels, bars and restaurants that offer people food, drink or a place to sleep” (“hospitality industry”, 2019). Even though the basic concept of the hotel industry has not been changed throughout the millenniums, the hotels of today might consider the following crucial trends in order to gain in competitive advantage. According to Barrows et al. (2012), the outlook for hospitality lies in globalisation, technology, sustainability and employee training. In the following section, the trends are going to be explained in detail.

2.1.2.1 Globalisation

In the past decades, the hotel and hospitality sector grew immensely due to the internationalisation of the industry. According to Yu, Byun and Lee (2014), globalisation can support hotel companies in “increasing their sales, distributing operations in different countries, recruiting inexpensive labours and resources and build world-wide brand recognition” (p. 114). Nonetheless, it is argued that

globalisation might put more pressure on the hotels as the customers who have greater access to information can choose their accommodations freely (Yu et al., 2014). Another negative aspect of globalisation is the loss of authenticity; many hotels from international hotel chains strive for the standardised room appearance as it can save certain costs. Especially the hotels in heritage destinations shall consider to remain its authenticity as this is a strong marketing tool (Yu et al., 2014). Overall, it can be said that globalisation can help a hotel in gaining competitive advantage once the hotel studied the market conditions, customs and environment accurately.

2.1.2.2 Digitalisation

According to Hoisington (2017), new technologies have changed the industries enormously. Due to the digitalisation, the new technologies did not only affect the operations in general but also helped in finding new ways of doing marketing and study consumer behaviour. Because of the latest technologies, the hotel industry has faced increased competition (Hoisington, 2017). To gain in competitive advantage, a hotel business must consider the external changes and develop a contemporary digital strategy (Montargot, 2016). Having a proper digital strategy and using new technologies might bring the hotel customer loyalty, reduce the costs and errors and increase both customers' and employees' satisfaction (Montargot, 2016).

2.1.2.3 Sustainability

Jones, Hillier and Comfort (2014) stated that the "concept of sustainability has attracted increasing attention in political, media and investment circles" (p. 5). It is becoming more and more common that business leaders develop sustainability plans for their corporate strategies. This trend can be explained by the fact that the concerns about shortages of natural resources increase, so as the number of environmental legislation and regulations (Jones et al., 2014). Jones et al. (2014) also stated that corporations develop sustainability plans because of shareholders; their awareness of the "importance of ethically sound corporate investments" (p. 5) is increasing. As an example, the hotel chain Marriott International issues the Marriott International's Sustainability and Social Impact Report yearly as they "intend to help stakeholders to learn more about the company, how to approach sustainability and social impact efforts" (Marriott International, 2017). However, it is argued that a new phenomenon, called greenwashing and bluewashing, arises as corporations try to repair their public

reputation through alleged effort in sustainability and social responsibility (Laufer, 2003). According to Cambridge Dictionary (2019), greenwashing can be explained by “the behaviour or activities that make people believe that a company is doing more to protect the environment than it really is” (“greenwashing”, 2019). Collins Dictionary (2019) defines bluewash as “...a business or organisation’s commitment to social responsibilities and to use this perception for public relations and economic gain” (“bluewash”, 2019).

2.1.2.4 Training and development of the employees

In order to increase the performance of the employees, it is crucial to train them properly. Chiang, Back and Canter (2005) argued that training does not only affect the quality of customer service, but it is also linked to an improvement of self-esteem. Most organisations nowadays have already implemented a training schedule since the development of the employees’ skills correlates positively with the profitability of the organisation (Ameeq & Hanif, 2013). As the hospitality industry mainly provides services, Ameeq and Hanif (2013) asserted that the employees must be continuously trained to keep the customers satisfied. Accurate training methods are significant for greater job satisfaction, better product and service consistency, lower business costs and greater organisational commitment (Chiang et al., 2005). Additionally, Ameeq and Hanif (2013) stated that not only access to training but social support and feedbacks are leading to the achievement of the organisational goals.

2.2 Employee turnover

Employee turnover can be generally defined as “the rate at which employees leave a company and are replaced by new employees” (Cambridge Dictionary, 2019). Employee turnover can be in two major forms: involuntary turnover and voluntary turnover (McElroy, Morrow & Rude, 2001). Herein, involuntary turnover can be split into dismissals and downsizing; dismissals are mostly the result when employees show poor or unprofessional performance whereas downsizing, or reduction-in-force, occurs as “a function of the organisation’s economic conditions or strategic planning efforts” (McElroy et al., 2001, p. 1294). Unlike involuntary turnover and reduction-in-force, voluntary turnover happens when the employees are “dissatisfied with their jobs and want little to do with them” (Greenberg, 2011, p. 225). In this thesis, employee turnover will be perceived as voluntary turnover.

Furthermore, dissatisfaction does not only lead to voluntary turnover but also to absenteeism. Greenberg (2011) explained that absenteeism occurs when employees are often demotivated and do not show up at their workplace, even when they are scheduled to work. Voluntary turnover, however, talks about when an employee is willing to terminate a working relationship formally and voluntarily. When employees resign freely from their jobs, costs will eventually occur due to recruiting processes, training of the new employees and the lost productivity. As employee turnover is associated with additional expenses, it can be considered as a major problem (Greenberg, 2011).

2.2.1 Measurement of employee turnover rate

Gustafson (2002) explained the measurement of employee turnover rate as “the ratio of number of organisational members who have left during the period being considered divided by the average number of people in that organisation during the period” (as cited in Price, 1977, p. 15). This can be displayed as:

$$\frac{\text{Employees who left the organisation}}{\text{Average number of employees}} \times 100 = \text{Turnover rate \%}$$

Johnson (1981) asserted that single recorded turnover rates are little of value when they are not compared to other companies or industries. Only comparison can show a company whether their turnover rates can be considered as high or low.

2.2.2 Causes of employee turnover

Greenberg (2011) explained that employers have to first realise the reasons for voluntary employee turnover in order to find solutions against it. Heathfield (2018) expressed how unfortunate it is for the organisations to lose capable employees; however, the author also believed that it behoves an employer to reduce employee turnover. Moreover, Greenberg (2011) stated that there are eight core reasons, why an employee decides to leave his workplace:

- “Affective
- Contractual
- Constituent

- Alternative
- Calculative
- Normative
- Behavioural
- Moral”

(p. 225).

Affective can be explained by a person who leaves the workplace due to dissatisfaction towards the job task itself or other experiences in the workplace. Contractual means that the employee wants to be on the same working level as someone who is a minimalistic worker or does not reach the expectations. Employees in the constituent category desire to terminate relationships with one or more colleagues at the workplace. Alternative explains the situation when a person seeks or finds a better job opportunity than the current job. Calculative happens when the employee does not believe in the organisation and has doubt about the future of his company. People in the category normative want to terminate the working relationship due to high pressure within the company. Herein, some colleague might force them to leave the company. Behavioural can be explained by people who believe that leaving the company is easy as they are not appreciated and valued enough by their colleagues. The last category, moral, means that employees consider leaving the company as ethically appropriate (Greenberg, 2011).

Furthermore, Heathfield (2018) argued that people are willing to leave the job because the job is not what the employee expected. Another reason is that many jobs and their requirements are not suitable for the respective employees and their abilities. Additionally, it is believed that employees resign to end the relationship of their supervisor or manager (Heathfield, 2018). According to Gustafson (2002), employees tend to leave their workplaces once the organisation is not stable anymore. Both low in training and communications can lead to high turnover (Gustafson, 2008).

2.2.2.1 The unfolding model of voluntary turnover

The unfolding model of voluntary turnover is a decision-making model which was developed by Lee and Mitchell in 1991. The theory suggests that employees’ decision to leave the organisation is not based on single reasons but on “a complex set of

cognitive processes” (Greenberg, 2011, p. 227). Lee and Mitchell (1994) stated that the unfolding model utilises constructs of the image theory by Beach (1990). To understand the unfolding model of voluntary turnover, one has to know that the image theory by Beach (1990) suggests that when making decisions, people are rather “screening than choosing among options” (Lee & Mitchell, 1994, p. 57). Furthermore, Lee and Mitchell (1994) asserted that screening is a fairly fast process and described it as “a mechanism that determines whether incoming information or potential changes in people’s behaviour actually become options in a decision process” (p. 57).

The unfolding model of voluntary turnover depends on two key factors and can result in four possible decision paths (Greenberg, 2011). The first key factor is “shock to the system” (Lee & Mitchell, 1994, p. 60). Shock to the system is theorised to be an “attention-getting event” (Greenberg, 2011, p. 227) which make the employees assess their jobs and consider a possible termination (Lee & Mitchell, 1994). Lee, Gerhart, Weller and Trevor (2008) explained that the shock could be either job-related or personal, positive and negative, internal and external to the particular employee. Lee and Mitchell (1994) stated that a shock does not necessarily surprise an employee; it can be “any expected or unexpected change to an ongoing social system” (p. 61). Examples for this can be job offers, downsizing processes, the merger of companies, promotions, marital status and company losses (Greenberg, 2011; Lee et al., 2008). The second factor, “decision frames” (Lee & Mitchell, 1994, p. 60), can be explained as “a set of internalised rules and images regarding how to interpret something that has occurred” (Greenberg, 2011, p. 227).

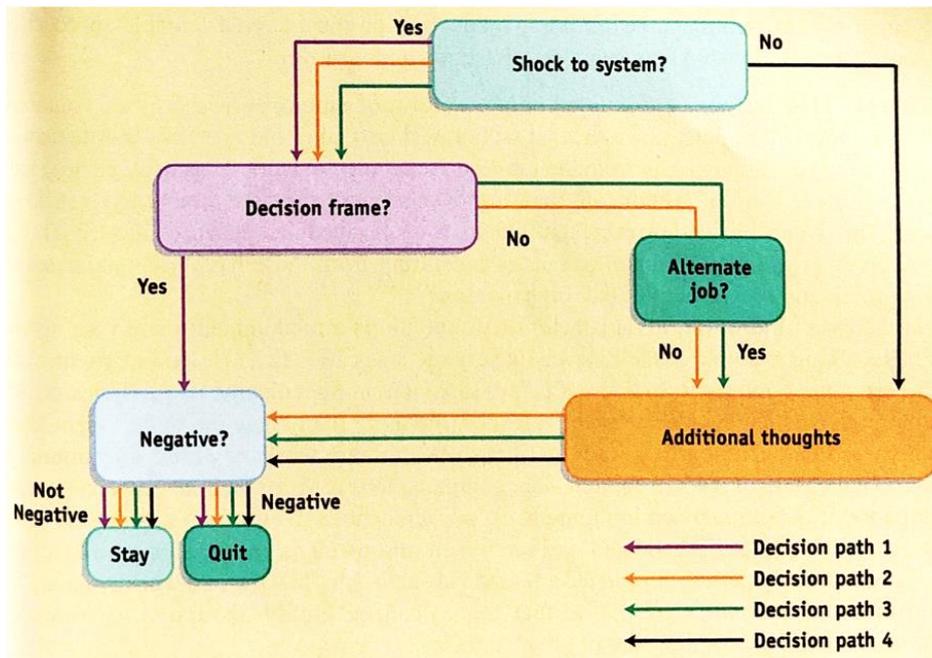


Figure 1. The unfolding model of voluntary turnover. (Source: Greenberg, 2011, p. 227)

In figure 1, the four different decision paths are shown. Decision path 1 can be explained by the fact that a shock to the system occurs which leads to a decision frame. Hereby, Greenberg (2011) gave the example of an employee who experiences his company making a loss; due to this event, the employee starts to evaluate his future and consider whether the company loss can affect his job. Depending on the seriousness of the situation, the employee might decide to stay or to leave. Decision path 2 shows an occurrence of a shock to the system but neither a decision frame nor an alternative job option. This situation might appear when the company is bought by another one, and the employee cannot picture how the future in this merged company will look like for him. As he has no other job choices, he might evaluate other factors and whether they affect him negatively. Eventually, he will decide for either staying or leaving the company. In this case, the decision frame is lacking, so the employee is forced to estimate and evaluate more (Greenberg, 2011). Decision path 3 is similar to decision path 2, lacking a decision frame. However, in path 3, the person has an alternative job opportunity, resulting in fewer lines of thought (Greenberg, 2011). In the last path, neither a shock to the system nor a decision frame is considered. This shows that the employee has no reason to leave the company in the first place.

However, if the employee feels dissatisfied in his job, he might take a bit longer to evaluate and to decide as there are no initial shocks (Greenberg, 2011).

2.2.3 How can employee turnover affect the organisation?

After the reasons for leaving a company have been discussed, the next step is to understand how this action affects the company. According to Tziner and Birati (1996), not all turnovers shall be considered as a negative event as it is essential to distinguish between functional and dysfunctional turnover. The former can be explained by the fact when poor performers leave the company either voluntarily or involuntarily. Herein, the employers might hire better performers, which results in a benefit for the company. The latter happens if good performers leave the organisation voluntarily or the contract is terminated by downsizing; hereby, the turnover evokes negative effects (Tziner & Birati, 1996).

McElroy et al. (2001) found out in their research that employee turnover leads to a decrease in organisational performance, productivity and profitability. These declines are mainly caused by employees leaving the company without transferring their knowledge which also leads to a reduction in competitive advantage (Yang, 2008). In general, these losses can be seen as costs for the organisation (Davidson et al., 2010). Tziner and Birati (1996) stated that the costing model of Cascio (1991), as shown in figure 2, consists of separation costs, replacement costs and training costs. Furthermore, separation costs can be divided into three components: exit interview costs, administrative costs and severance pay. The separation costs can be explained by the “financial value of both interviewer’s time and the departing employee’s time” (Tziner & Birati, 1996, p. 114). The costs of administration include all the costs of activities that are necessary for removing an employee from the system; herein, Tziner and Birati (1996) talked about “removing an employee from the payroll, termination of benefits and the return of company equipment” (p. 114). Moreover, the compensation paid to the employee can be defined as severance pay (Tziner & Birati, 1996). Replacement costs are financial expenditures arising from activities that try to replace a departed employee. Hereby, the costs include advertising the position, the process of recruiting, assessing the skills and compatibility of the candidates, decision making, and the process of managing a proper orientation for the employee (Tziner & Birati, 1996). Training costs emerge not only from on-the-job training but also activities

that help the replaced employee to understand the organisation, its values and regulations (Tziner & Birati, 1996).

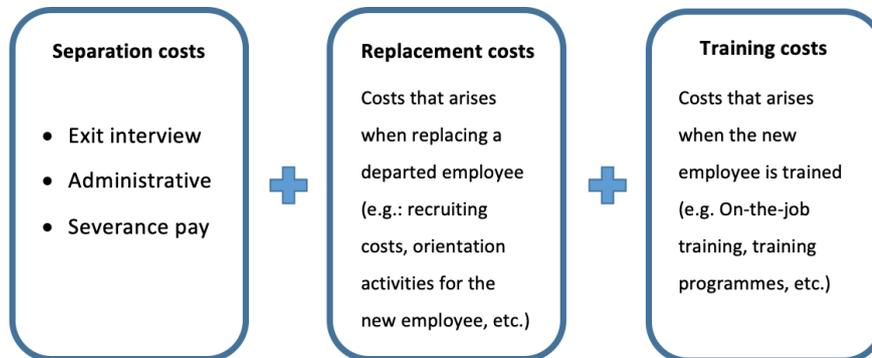


Figure 2. Cascio's employee turnover costing model. (Source: Tziner & Birati, 1996; Cascio, 1991) Adapted by Geng

According to Tziner and Birati (1996), Cascio's (1991) costing model is giving an overview of the costs; however, this model is not complete. The authors claimed that the costing model lacks the fourth component: the costs of the reduced productivity of the new worker. Herein, Tziner and Birati (1996) argued that Cascio (1991) omitted the costs of time a new employee requires in order to reach an equivalent productivity level of a departed employee.

Moreover, Tziner and Birati (1996) claimed that the following detrimental consequences must be taken care of when employees decide to leave the company:

- A drop in morale can arise due to employees leaving the company. This can lead to demotivation and decrease in productivity within the remaining workforce.
- Due to lack of workforce, the company might lose competitive advantage in the market since the customers cannot be supplied with the promised services or products.
- The organisation might have to pay excessive overtime compensations to either inside or outsourced employees, who try to fill the gap temporarily.
- Supervisors and other employees might be paid more as they help to integrate new workers

(Tziner & Birati, 1996).

2.2.4 Employee retention – how to minimize the employee turnover rate?

This thesis has already stated that employee turnover leads to immense costs; hence organisations have to develop strategies in order to retain the employees. James and Mathew (2012) explained that employee retention is the process in which employers try to encourage employees to stay within the company as long as possible. According to Barrows et al. (2012), holding to employees is important as the employer has already spent much time and effort into the employees, losing them would result in a complex problem. The retention process is not only beneficial for the organisation but also for the employees (James & Mathews, 2012). Nowadays, due to the easy accessibility of information, employees tend to move immediately to other organisations when they are dissatisfied (James & Mathew, 2012). The authors argued that it is the responsibility of the employers to retain their good employees (James & Mathew, 2012). James and Mathews (2012) claimed that proper retention management could improve a company's competitive advantage; some known practices of retention management are "additional financial incentives, increased frequency of performance appraisal and training and development opportunities" (James & Mathews, 2012, p. 81).

According to James and Mathews (2012), it is crucial for the company to know the relationships between organisational culture, job satisfaction and the intention to leave the company. The authors stated that both organisational commitment and job satisfaction are negatively and significantly related to turnover intention (as cited in Gaan, 2011). Additionally, organisational culture influences job satisfaction directly (James & Mathews, 2012). Greenberg (2011) defined organisation culture as "a cognitive framework consisting of attitudes, values, behavioural norms and expectations shared by organisation members" (p. 511). Furthermore, organisational culture can be divided into a toxic organisational culture and a healthy organisational culture. The former describes when employees feel that they are not appreciated enough and the latter is explained by people who are feeling extremely valued (Greenberg, 2011). Withal, organisational commitment only appears within a healthy organisational culture (James & Mathews, 2012). The value theory of job satisfaction claims that job satisfaction is determined by the gap between what the employees want and what the employees have. Herein, the smaller the gap, the more satisfied

they are (Greenberg, 2011). Many factors can influence the job satisfaction of a person; the elements depend on the individuals and their perception (Greenberg, 2011).

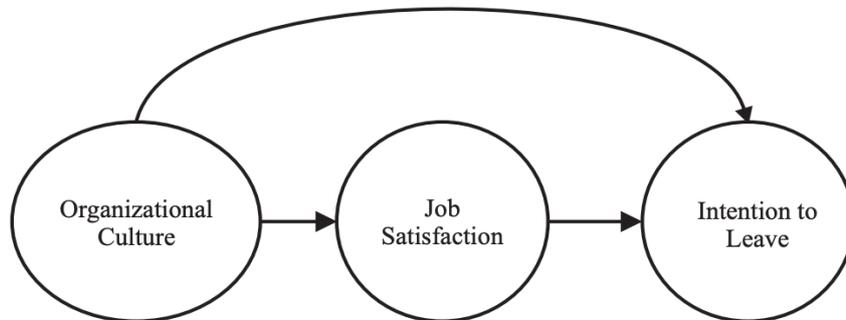


Figure 3. Relationship between organisational culture, job satisfaction and intention to leave.

(Source: James & Mathews, 2012, p.82)

2.2.4.1 Motivation in organisations

As job dissatisfaction leads to labour turnover, the organisations have to try to satisfy the employees by motivate them consistently. In general, proper motivation strategies can enhance the overall wellbeing of the employees. A good motivation strategy results in a higher level of job satisfaction, healthy organisational culture and so, a lower employee turnover rate (Ramllal, 2004). As this thesis is going to state six motivation theories, it is significant to dispel any ambiguity concerning the term motivation. Mitchell (1982) explained that motivation is a “psychological process, that causes the arousal, direction, and persistence of voluntary actions that are goal oriented” (p. 81) and according to Ramllal (2004), the term motivation is derived from the Latin word *movere*, which means to move (as cited in Kreitner & Kinicki, 1998). Greenberg (2011) argued that there are three critical points about motivation:

- Motivation and job performance are not the same. People who perform a job task is not necessarily motivated to do that. Motivation is a possible determinant of job performance.
- “Motivation is multifaceted” (p. 245), meaning that an employee can have several motives at once.

- Money is not the only motivator for an employee, non-monetary motivators such as comfortable working atmosphere and promotion opportunities are as effective as monetary motivators.

Furthermore, the author is going to explain six motivation theories that can be effectively applied to the workplace. The six motivation theories will be explained since these are the commonly used theories in the workplaces. DeNisi and Griffin (2008) stated that the motivation theories could be differentiated between need-based theories and process theories. Need-based theories are concerned with what is needed to satisfy a person; herein, the thesis will give an overview of the hierarchy of needs theory, the ERG theory and the dual factor theory. On the other side, process theories focus on "...how a person becomes motivated to perform in a certain way" (p. 428). Hereby, the thesis is going to explain the reinforcement theory, the equity theory and the expectancy theory (DeNisi & Griffin, 2008).

2.2.4.1.1 The hierarchy of need theory

The hierarchy of need theory is developed by Maslow in 1943. Maslow's (1943) theory can be represented as a pyramid; he believed that there are five set of needs: physiological need, safety need, love need, esteem need and self-actualisation (Ramlall, 2004; Maslow, 1943). The physiological need comprises need for survival such as air, water and food. The safety need describes that people need protection from dangerous environments (Greenberg, 2011). The third set of need, love or affiliation needs, explains that people need appreciation and acceptance from people in their environment. Esteem need signify the importance of recognition for accomplishments. On the very top of the pyramid – self-actualisation – imply "the need to realise one's personal potential" (Greenberg, 2011, p.262). Wahba and Bridwell (1976) stated that these needs could be applied globally rather than suitable for one area. Furthermore, the needs can be distinguished between deficiency needs and growth needs; hereby, deficiency needs comprise the physiological need, the need of love and safety whereas growth needs contain self-actualisation and self-esteem (Wahba & Bridwell, 1976). According to Gawel (1997), Maslow theorised that people follow this sequence and cannot achieve the next set of needs without being fully satisfied in the current need.



Figure 4. Maslow's theory: the hierarchy of need. (Source: Maslow, 1943; Ramlall, 2004)

Adapted by Geng

To adapt the pyramid into workplace terms, one can say that in order to satisfy the physiological needs of the employees, the company shall consider introducing a cafeteria for its employees (Greenberg, 2011). To suffice the safety needs, the employer shall protect the employees by having safety and security procedures in the company. Employers shall create team spirits, use praise and allow sufficient participation in order to satisfy the affiliation needs (Ramlall, 2004). If employees want to achieve esteem needs, organisations might consider conducting ceremonies where the employees are able to receive prizes and awards (Greenberg, 2011). Self-actualisation needs can be fulfilled by giving training, provide challenges and encourage creativity in order to give the employee the opportunity to grow and develop (Greenberg, 2011; Ramlall, 2004).

2.2.4.1.2 The ERG theory

DeNisi and Griffin (2008) explained that this theory is developed by Alderfer. The authors stated that this theory is similar to the hierarchy of needs; however, unlike Maslow's theory, Alderfer's theory has only three categories as Alderfer (1969) believed that Maslow's need categories are overlapping. Alderfer (1969) labelled these categories as existence needs, relatedness needs and growth needs. The author explained that existence needs include the "material and physiological desires" (p. 145) of people. To satisfy existence needs, people must defeat hunger and thirst.

Additionally, “pay, fringe benefits, and physical working conditions” (p. 145) are part of the existence needs. Relatedness needs describe the significance of relationships and connections with people that are important to the person. Some examples for significant other people can be family members, friends and colleagues. The author believed that people need to “...mutually sharing their thoughts and feelings” (p. 146) in order to satisfy this category of needs. The difference between existence needs and relatedness needs lies in mutuality. Lastly, the growth needs can be explained by all the needs that develop the person; herein, this can be explained by the productive and creative effects of the person towards himself and his environment. People on this level have developed themselves by always seeking for opportunities and utilising his full capacity (Alderfer, 1969).

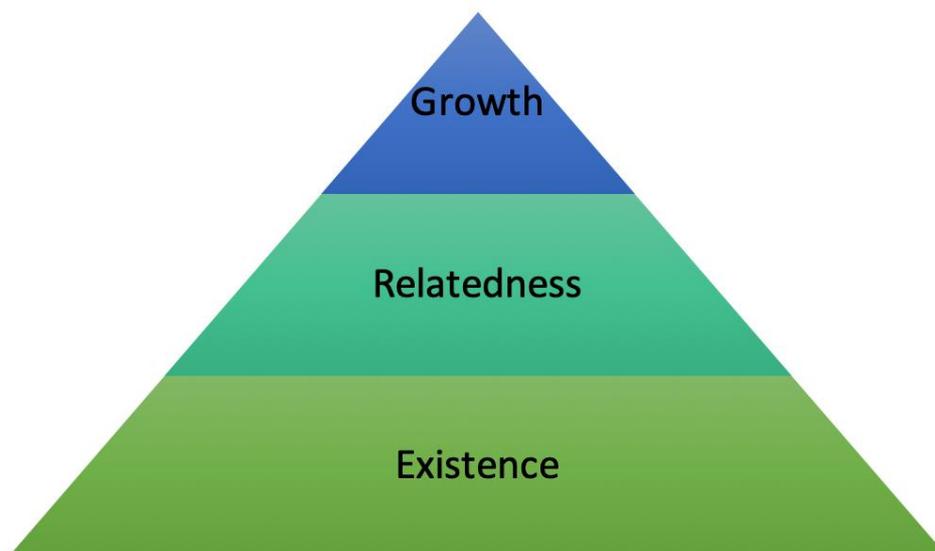


Figure 5. Alderfer's ERG theory. (Source: Alderfer, 1969; DeNisi & Griffin, 2008)

Adapted by Geng

2.2.4.1.3 The dual factor theory

DeNisi and Griffin (2008) stated that Herzberg's dual factor theory is probably the best known need-based theory. In this theory, Herzberg constructed two categories of factors that affect people's satisfaction and dissatisfaction at workplace. According to Gawel (1997), the first category is called hygiene factors; this category includes factors such as fair treatment of the employees, decent salaries, company policy, great relationships between the colleagues, proper working conditions, etc. This set of factors is not called motivators because the theory assumes that with the presence of these factors, the satisfaction of employees will not increase; however, if these factors are missing, the employees will show dissatisfaction. The second category is called motivation factors or motivators; the author mentioned that this category includes factors such as "achievement, recognition, the work itself, responsibility and advancement" (p. 1). The dual factor theory believes that those are the determinants that can satisfy people at their workplaces (Gawel, 1997).

2.2.4.1.4 Reinforcement theory

DeNisi and Griffin (2008) claimed that the reinforcement theory is the most essential process theory. This theory believes that all behaviour is an influence and creates its consequences. This model has three core components: stimulus, response and outcomes. Stimuli can be explained by "...something in the environment that cues the person about the behaviour" (p. 429). Herein, the authors gave the example that a drinking vending machine might be a stimulus reminding one that one might be thirsty. The second component, response, is a person's behaviour to meet the stimulus. To continue with the same example, the response here can be that a thirsty person buys a drink from the vending machine. The third component, outcomes, refers to the aforementioned consequences that appear after the response. Herein, the authors stated that several outcomes can appear. In the mentioned example, a positive outcome would be that the vending machine gives the person his drink. A negative outcome would be that the machine is not working properly and does not depositing the drink (DeNisi & Griffin, 2008).

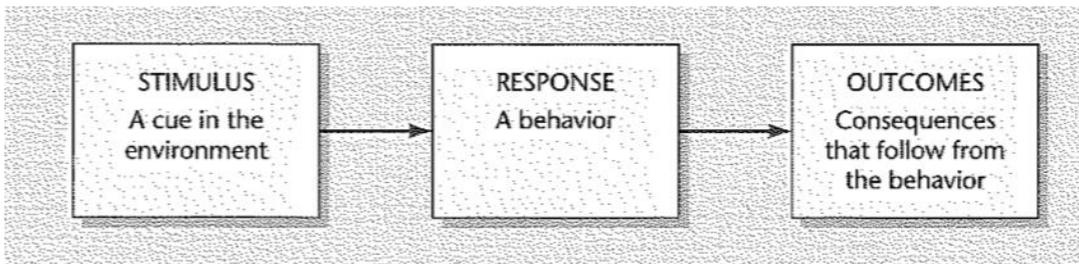


Figure 6. Reinforcement theory: stimulus, response and outcome. (Source: DeNisi & Griffin, 2008, p. 429)

To apply this theory into a working place, DeNisi and Griffin (2008) gave the example that a supervisor asks an employee to stay late at work. The employee accepted his request. Herein, this desirable behaviour is a stimulus. The supervisor might now praise the employee for working late. The outcome of this situation is positive; the employee might repeat his behaviour and work until late. However, it can also happen that the supervisor ignores the fact that the employee works longer, this response might lead to a neutral or no outcome. The employee might less likely to repeat this extra shift. Furthermore, the supervisor might force the employee to stay or be rude to him, although the employee is willing to stay. Herein, the situation leads to a negative outcome, the employee might never work late again (DeNisi & Griffin, 2008).

2.2.4.1.5 Equity theory

This theory suggests that people do not want to earn as much as they can; however, they want to be paid fairly. Herein, the theory explains that employees are calculating the ratios between their work inputs and outcomes. The inputs are their contributions to work, and the outcomes are the rewards they receive for their contributions (Greenberg, 2011). To judge whether the employee is treated equally, the person compares the ratio of the aforementioned two components with the ratio from their colleagues. These comparisons can result in overpayment inequity, underpayment inequity and equitable payment. The equity theory suggests that neither overpayment inequity nor underpayment inequity will lead to a motivated employee due to his feeling of guilt or anger; the person can only be motivated when the payment is equitable (Greenberg, 2011).

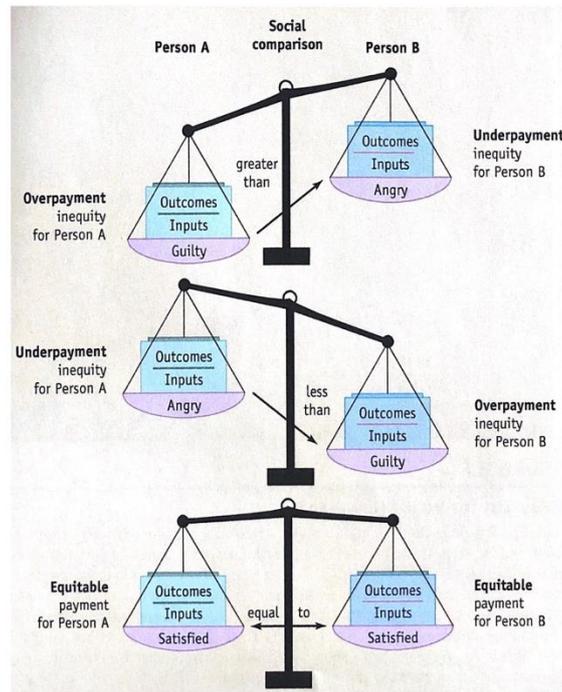


Figure 7. Equity theory: overpayment, underpayment and equitable payment. (Source: Greenberg, 2011, p.255)

Ramllal (2004) stated that once the employee feels that he is maltreated, he will start with reducing his input, seeking for salary increases or merely quit his job, which leads to a higher turnover rate of the company.

2.2.4.1.6 Expectancy theory

The expectancy theory was developed by Vroom in 1964. Greenberg (2011) claimed that there are many different versions of this theory today; however, all of the expectancy theories are based on the assumption that motivational force for an action is a function of the following three beliefs: expectancy, instrumentality and valence (Greenberg, 2011; Chiang & Jang, 2008). Tien (2000) stated that the expectancy theory is a decision-making model based on the need a person has for a reward. The theory can be displayed as:

$$\text{expectancy} \times \text{instrumentality} \times \text{valence} = \text{motivation force}$$

(Vroom, 1964).

Expectancy is the belief that great effort will lead to high performance (Chiang and Jang, 2008; Greenberg, 2011). Greenberg (2011) gave the example that employees who have to work with defective equipment have low expectancy in achieving a good performance; therefore, the employees stop exerting effort. Moreover, instrumentality is the belief that high performance will lead to excellent outcomes (Chiang & Jang, 2008). Herein, the outcomes can be perceived as rewards. If a productive employee is not being recognised by the employers and does not receive the deserved compensation, he will be demotivated towards his work and will not perform great anymore (Greenberg, 2011). Valence refers to the value of the rewards; herein, the value is perceived subjectively by the employees due to the different needs and preferences (Chiang & Jang, 2008).

2.2.5 Employee turnover in the hospitality industry

Although it is true that proper human resources management should occur in every industry but for the hospitality industry, excellent human resources management determines the success of the company. The hospitality industry is highly depended on its human capital as it provides services to the guests (Walker, 2009). Walker (2009) argued that despite the differences in size, category and location, all hotels are similar in respect of the work loads, wages, services and tasks. The similarity of the hotels can cause employees leaving the hotels for another hotel much more frequently when being dissatisfied. Walker (2009) stated that finding the right human capitals is becoming more difficult as many of the applicants are not qualified enough for the hospitality industry. Therefore, it is more important to keep those, who are good performers. In order to retain the well-trained employees, employers must earn the trust of the staff; to do that, the employers have to guarantee a safe working environment, training and mentoring, proper communication channels, opportunities for promotion, fair treatment and controlled stress levels of the employees (Walker, 2009; Deery & Shaw, 1999).

Despite the fact that these human resources theories are widely known, Deery and Shaw (1999) claim it is not a secret that the hospitality industry has a relatively high turnover rate. Walker (2009) stated that in many hotels, the yearly employee turnover

rate resulted in over 100 per cent. Deery and Shaw (1999) explained that the high turnover rate in the hospitality industry is due to low payment and job security and controversial management styles. Walker (2009) mentioned that it is nowadays common in the hospitality industry to recruit entry-level employees without any knowledge and skills in the hospitality field. In addition, Deery and Shaw (1999) argued that the level of temporary workers is too high and the percentages of female workers are considerably higher than those of men. Due to Deery and Shaw's (1999) research, there is definitely a turnover culture amongst the hotels. As the employee turnover in the hospitality is now explained, this thesis will give an overview of the Viennese hotel market.

2.3 The Viennese hotel market

Vienna, the capital city of Austria, is known as the most liveable city worldwide (Mercer, 2018). Due to the good quality of living and the rich history of the city, Vienna has already been an attractive destination. According to Vienna Tourist Board (2019), in 2018 Vienna had in total 426 hospitality establishments whereof 21 are five-star hotels, 164 are four-star hotels, 170 are three-star hotels and 71 hotels are in the one and two-star category. The total number of rooms in Vienna accounted to 34,107 – 3,944 rooms can be found in the five-star hotels, 16,224 rooms in the four-star hotels, 11,180 rooms in the three-star hotels and 2,759 rooms belonged to two and one-star establishments (Vienna Tourist Board, 2019). Additionally, Vienna offered in total 67,816 beds, where 8,046 beds are part of the five-star hotels, 31,771 beds belonged to the four-star category, 21,772 beds can be found in the three-star category and 6,227 in the one and two-star hotels. The survey was conducted on 31st May 2018 (Vienna Tourist Board, 2019).

<i>Category</i>	<i>Establishments</i>	<i>Rooms</i>	<i>Beds</i>
<i>Five-star</i>	21	3,944	8,046
<i>Four-star</i>	164	16,224	31,771
<i>Three-star</i>	170	11,180	21,772
<i>Two & one-star</i>	71	2,759	6,227
<i>Total</i>	426	34,107	67,816

Table 1. Numbers of hotels, rooms and beds in Vienna (Source: Vienna Tourist Board, 2019)

Adapted by Geng

In 2018, the average Viennese room occupancy resulted in 77.8 per cent. 73.4 per cent occupancy was found in five-star establishments, 78.5 per cent in four-star hotels, 77.3 per cent in three-star hotels and 82.3 per cent in two and one-star hotels (Vienna Tourist Board, 2019). Additionally, the average bed occupancy of all Viennese hotels was 60.2 per cent, whereof the five-star hotels had 55.3 per cent in bed occupancy. 852,391 out of the 6,771,176 total arrivals were recorded in the five-star establishments. In addition, a total of 14,339,674 overnight-stays were registered. 1,587,144 overnights accounted for the five-star establishments. The revenue per available room (without breakfast and value added tax) of the five-star hotels resulted in 154 euros in 2018 (Vienna Tourist Board, 2019).

<i>Category</i>	<i>Room Occupancy</i>	<i>Bed Occupancy</i>	<i>Arrivals</i>	<i>Overnights</i>
<i>Five-star</i>	73.4%	55.3%	852,391	1,587,144
<i>Four-star</i>	78.5%	61.6%	3,273,335	7,038,449
<i>Three-star</i>	77.3%	61.1%	2,116,745	4,578,958
<i>Two & one-star</i>	82.3%	56.1%	528,705	1,135,123
<i>Total</i>	77.8%	60.2%	6,771,176	14,339,674

Table 2. Occupancy, arrivals and overnights in Vienna (Source: Vienna Tourist Board, 2019)

Adapted by Geng

Moreover, the main markets of Vienna were Germany, Austria, United States of America, Great Britain, Italy, Spain, China, France, Russia and Switzerland in 2018 (Vienna Tourist Board, 2019). According to Vienna Tourist Board (2019), three hotels (Andaz Vienna, Moons and B&B) will be opened in 2019 and five hotels in 2020.

3 Methodology

In this section, the author will give an overview of the qualitative research design and explain interviews as a data collection type in detail. Moreover, the development of the interview questions will be elaborated.

3.1 Introduction to interviews

As interviews are a data collection method of the qualitative approach, the qualitative research is going to be explained in the following section. Creswell (2014) revealed that a study or research could be done in three different designs: the qualitative, the quantitative and the mixed research design. Furthermore, the author stated that although one can determine similarities between the different research designs, there are some basic characteristics that define qualitative research:

- **Natural setting:** In contrast to quantitative research, a researcher who performs qualitative research tends to gather his information and data in the natural environment of the participants. The researcher does not put the participants into a contrived situation. Moreover, the researcher could collect the information by talking to the participants directly in order to explore how their behaviours and facial expressions.
- **Researcher as a key instrument:** Qualitative researchers gather the needed information by themselves; even though they might use a protocol, the collection, observation and examination of the documents are done by the researcher.
- **Multiple sources of data:** Oftentimes, qualitative researchers tend to collect their information from various data collection methods (e.g. observations, interviews, etc.) instead of relying on only one method. After the collection, they review all of their data, organise them and put the data into categories.
- **Inductive and deductive data analysis:** The data gathered by the researchers will be first inductively and afterwards deductively analysed. Herein, inductive analysis means that the researchers work "...back and forth between the themes and the database" (p. 186) and deductive analysis happens when the researchers reanalyse their data and determine whether more evidence or other supportive materials are needed.

- Participants' meanings: The qualitative researcher focuses on the contributions of the participants and their meanings rather than the meaning that "writers express in the literature" (p. 186).
- Holistic account: A qualitative researcher has to "report multiple perspectives, identify the many factors involved in a situation" (p. 186) in order to develop a complex and large picture of the issue of his study (Creswell, 2014).

Besides the core characteristics, identifying the right qualitative design is a crucial part. Creswell (2014) mentioned that there are many qualitative designs; however, he recommended to use these five approaches: narrative, phenomenology, ethnography, case study and grounded theory studies. Herein, the researcher might learn about individuals, events, processes and cultural behaviour of people. Creswell (2014) selected these five approaches since they are commonly used in the social and health sciences. Furthermore, the researcher plays a vital role in qualitative research. As qualitative research is interpretative, the research, especially the data collection process, requires the researcher to be involved physically. By being involved physically, the researcher can observe the behaviour and facial expressions of the participants better which leads to a better understanding of the topic. Due to the fact that the researcher is an integral part of the research, he has to be careful and identify his personal background, biases, values that he might bring into the research process (Creswell, 2014).

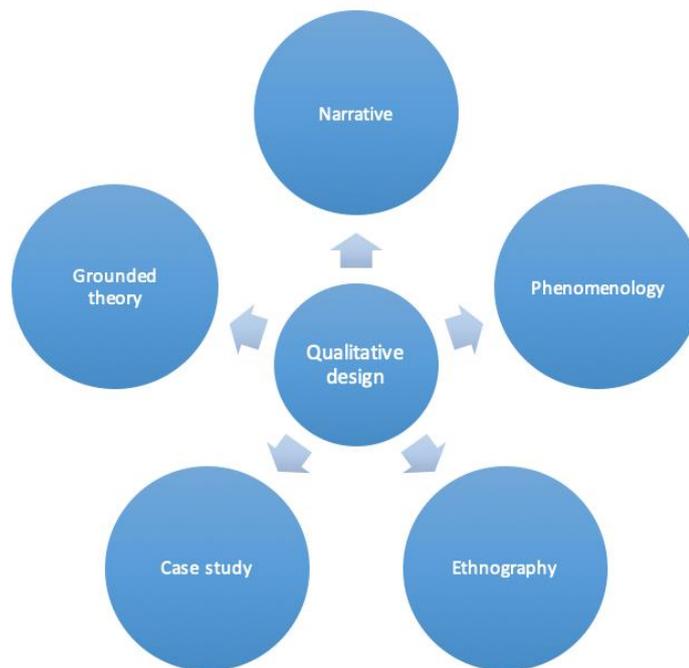


Figure 8. The five commonly used designs in qualitative research (Creswell, 2014)

Adapted by Geng

According to Creswell (2014), the data collection process does not only include gathering the data but also “setting boundaries for the study” (p. 189). For this process, the researcher must consider four main factors: the setting, the actors, the events and the process. The setting explains the physical environment the researcher selects for the data collection process. The people or participants needed for the study are called the actors. Creswell (2014) explained the event as “what the actors will be observed” (p. 189) and the process is “the evolving nature of events undertaken by the actors within the setting” (p. 189). Additionally, the author stated that there are four main data collection types: qualitative observation, qualitative interviews, qualitative documents, qualitative audio and visual materials (Creswell, 2014).

As this thesis will use qualitative interviews as a data collection method, herein, the data collection type interview is going to be explained in detail. DiCicco-Bloom and Crabtree (2006) claimed that qualitative interviews are one of the most known strategies for gathering qualitative data. In general, Creswell (2014) said that interviews could be done in four ways. Firstly, the researcher can conduct an interview

in-person; this means that the researcher and the interviewee are talking face-to-face. Secondly, a qualitative interview can be done through the phone. Thirdly, the focus group is common in conducting an interview; here, the researcher gathers many participants together and interview them in a group. Lastly, E-mail or internet interviews are commonplace nowadays (Creswell, 2014).

Moreover, there are many advantages to conducting a qualitative interview. To begin with, there are many ways to conduct an interview. Besides the in-person interview, the researcher can also conduct interviews via telephone or e-mail. Thus, if the participants do not have time to give in-person interviews, there are still other tools to receive the information needed (Creswell, 2014). Another advantage of using this method is that the interviewer can extract useful historical information out of the interviews. Furthermore, qualitative interviews can be controlled by the interviewer; he can give directions and “control over the line of questioning” (Creswell, 2014, p. 191). However, the interview method does bring limitation to it. Creswell (2014) stated that interviews might “provide indirect information filtered through the views of interviewees” (p. 191). Additionally, the author explained that not all the people are eloquent; this might lead to loss of information. Additionally, since the researcher is part of the interview, the interviewees might give biased answers due to the researcher’s presence. In contrast to other qualitative data collection methods, such as observation, an interview can be conducted in a “...designated place rather than the natural field setting” (Creswell, 2014, p. 191).

Further, this data collection strategy can be divided into three parts: structured interviews, semi-structured interviews and unstructured interviews (DiCicco-Bloom & Crabtree, 2006). McLeod (2014) stated that structured interviews are also known as formal interviews. Often, structured interviews are used in job interviews where the questions are put into standardised order before they are asked. This kind of interview is inflexible as there are almost no deviations from the planned schedule. Moreover, the strength of structured interviews is that the researcher can easily replicate and quantify the closed-ended questions and the answers; in other words, with this type of interviews, it is possible to test for reliability (McLeod, 2014). DiCicco-Bloom and Crabtree (2006) explained that structured interviews are oftentimes used for gaining quantitative data. McLeod (2014) also mentioned that in contrast to other kinds of

interviews, a structured interview could be quickly conducted. Thus, the researcher can conduct many interviews in a short time. Nonetheless, limitations are coming with structured interviews. As aforementioned, this kind of interview is not flexible. That being so, the researcher has to follow the schedule, and additional questions which suit the situation cannot be asked. Another limitation lies in the answers to structured interviews. The answers might lack in details due to the closed-ended questions (McLeod, 2014).

DiCiccio-Bloom and Crabtree (2006) argued that semi-structured interviews oftentimes happen as the only source or data for the researcher. The researcher designs a set of open-ended questions in advance; however, there will be space and time left for situational emerging questions and answers. Additionally, this format is suitable for interviewing individuals or groups; the interviews can last from 30 minutes to several hours. For a semi-structured interview, the interviewer often predetermines a location and time outside the natural setting; “semi-structured in-depth interviews are the most widely used interviewing format for the qualitative research” (DiCiccio-Bloom and Crabtree, 2006, p. 315). Adam (2015) stated that the advantage to using semi-structured interviews is that they are “...suited for a number of valuable tasks, particularly when more than a few of the open-ended questions require follow-up queries” (p. 493). However, it is very time-consuming and labour intensive to conduct a semi-structured interview. In addition, the author mentioned that the interviewees must be experts and knowledgeable; they need to be smart, sensitive and have substantial knowledge about the research topic (Adam, 2015).

McLeod (2014) stated that unstructured interviews are also called discovery interviews; in contrast to structured interviews, the researcher does not need to plan an interview schedule in advance. Although some researchers pre-determine the questions, the questions can be asked in any order, and the interviewer can add or delete questions while conducting the interview. DiCiccio-Bloom and Crabtree (2006) mentioned that unstructured interviews are equivalent to guided conversations. McLeod (2014) asserted that there are three benefits of using the unstructured interview. Firstly, unstructured interviews are flexible; as abovementioned, the interviewer can adapt his questions based on the answers of his interviewees. Secondly, as unstructured interviews contain mostly open-ended questions, the

interviewees can use their own words and give answers with more depth. Thirdly, the validity can increase because the interviewer has the chance to ask for clarification in order to better understand the topic (McLeod, 2014). However, there are some disadvantages to using the unstructured interview. The author mentioned that unstructured interviews could cost lots of time in order to conduct and analyse them. Additionally, in contrast to other data collection methods, such as questionnaires, conducting unstructured interviews can be expensive (McLeod, 2014).

3.2 Development of the questions

In the following section, the author is going to show the nine questions which will be asked during the interviews and explain how they are developed.

1. In general, employee turnover is a global issue in the hospitality industry.
Why is employee turnover rather high in this industry?
2. Does labour turnover affect the Viennese five-star hotels? If so, how?
3. What are the main reasons causing labour turnover in the Viennese hospitality industry?
4. Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?
5. Do you think that managers/supervisors play an important role in employee turnover? Why or why not?
6. Why is employee turnover considered as costly? What cost can appear due to employee turnover?
7. What are the best ways in order to reduce labour turnover?
8. Do you have an employee retention strategy? How do you motivate your employees?
9. Which motivator is more effective: monetary or non-monetary?

The questions are derived from the literature review and the three research questions:

- Why is voluntary labour turnover rate high within the hotel industry?
- Does voluntary labour turnover affect the Viennese five-star hotels and if so, how?
- What can be done in order to reduce the labour turnover rate in Vienna?

All of the questions are open-ended questions and developed to answer the abovementioned research questions. The first and second question will be asked in order to find out whether Viennese five-star hotels are affected by labour turnover. Additionally, the author wants to find out whether labour turnover is a severe issue in the hospitality industry. From the third to the fifth question, the aim is to find out why there is a labour turnover issue. Hereby, the author wants to know what plays a considerable role in labour turnover. Question six is developed in order to determine the effects and implications of labour turnover in the hospitality industry. The last three questions shall help to find solutions in order to fight against this global issue.

3.3 Data collection process and analysis

The primary data of the thesis were solely collected through expert interviews with human resources managers of various Viennese five-star hotels. All the interviews were structured and designed in English; however, some interviewees were asked additional questions to elaborate on their answers. On the 3rd April 2019, the author sent out eleven inquiries of interviews via e-mail. The e-mail was written in German and can be found in Appendix 1. Eleven hotels were contacted as there are 21 Viennese five-star hotels in total and the author wanted to cover 50 per cent of the hotels in order to gain at least five interviews for the thesis. Additionally, the contacted hotels were chosen due to the interest of the author for these hotels. The contact details of the human resources managers were collected by the author in September 2018 at the Modul Career Fair. Eight out of eleven human resources managers replied, and all of them accepted the enquiry. The participating hotels were:

- Hotel Imperial Vienna
- Hotel Melia Vienna
- Hotel Sans Souci

- Grand Hotel Vienna
- Hotel Sacher Vienna
- InterContinental Vienna
- Park Hyatt Vienna
- Le Meridien Vienna.

The first six abovementioned hotels were in-person interviews; they were conducted in the hotels. The interview with Park Hyatt Vienna was conducted via e-mail, and the interview with Le Meridien Vienna was done via telephone. In average, an interview lasted for 18 minutes, where the most extended interview took place in Hotel Imperial Vienna and lasted for 38 minutes. All the interviews were conducted between the 8th April 2019 and the 18th April 2019 and done in English. The author took notes and voice-recorded all the interviews except the e-mail interview with Park Hyatt Vienna. The transcripts of the voice-recorded interviews and the e-mail interview can be found in Appendix 2.

While conducting the interviews, the author voice-recorded all the interviewees with their consent. After the transcript of the recordings, the author compared the transcripts with the notes which were taken during the interviews. Further, the similarities and differences of the answers were highlighted. Lastly, the author summarised the answers for the finding chapter.

4 Findings

In this chapter, the author is going to present the findings which were gathered from the answers of the eight interviewees. Since the interview questions are structured, one can find each question and the answers to them in the respective order.

The first question of the interviews was asked to find out why employee turnover is rather high in the hospitality industry worldwide. Herein, all but one interviewee agreed that hospitality industry does have issues with labour turnover. However, one manager stated that this problem does not occur explicitly in the hospitality industry, but it depends on the labour market situation. Four interviewees explained that high turnover is a result of the many job opportunities one has; in the hospitality industry, people can swap their jobs easily due to globalisation. Especially young people want to travel and gain new experiences. Additionally, the job opportunities within one area are increasing due to the growth of the hospitality industry; people can move forward in their careers much faster. The human resources manager of Le Meridien Vienna explained that two years of staying in one property could be considered as a long time. Two interviewees mentioned that they are in favour of changing jobs; this shows that these employees are flexible and they crave for new experiences. Another reason for labour turnover in this industry is the irregular working times. Three interviewees clarified that they cannot offer regular working times for many positions; a hotel opens 365 days a year and 24 hours a day. Due to the fact that many employees, who prefer a steady lifestyle with their families, have to work during holidays or nights, turnover can increase. The human resource manager of Hotel Melia Vienna identified that demographical change could lead to labour turnover; she explained that the hospitality industry acts very late on Generation Y and Z, even though these generations will dominate the labour market soon. The payment was identified as an issue; three managers agreed that the wages of some positions are comparably low. The human resources manager of Hotel Imperial Vienna explained that sometimes, people might leave their workplace for another one where they can work illegally without paying any taxes, and with unemployment benefits, they might earn more than in their previous jobs. This phenomenon can cause a high turnover in the hospitality industry. The manager of Grand Hotel Vienna argued that the labour law defines the turnover

rate; in the United States of America, it is easier to recruit and terminate the employees; therefore, the labour turnover is higher than in European countries.

With the second question of the interview, the author wanted to know whether labour turnover does affect Viennese five-star hotels. The interviewees were asked to elaborate on the reasons for their answers. Only one manager denied that labour turnover does affect the Viennese five-star hotels. She explained that many leading hotels in Vienna are working together and none of those hotels is interested in a high fluctuation. Hence, Viennese five-star hotels are working actively on having a low turnover rate; she argued that compared to other destinations, Viennese hotels have a flat turnover rate. Seven managers agreed on the fact that turnover affects Viennese hotels. First of all, four out of eight managers explained that the hospitality industry is very flexible. As many new hotels are going to open and Vienna does already have a lot of hotels, people have lots of opportunities to change their workplaces. Two human resources managers explained that the Viennese five-star hotels do appreciate when people switch their jobs within the hospitality industry; many of them leave the hospitality industry after quitting their jobs. One of the managers clarified that the working hours became the central issue of turnover in the past three years. Moreover, the manager of Park Hyatt Vienna explained that the implication of labour turnover could be that some hotels cannot find suitable employees easily; hence, the business cannot operate as usual. However, a bit of fluctuation is considered as healthy to some managers; the manager of Le Meridien Vienna said that they had employed many young, flexible people for helping them to start their careers. Hence, the young employees will leave eventually, which create fluctuation.

The third question was asked in order to identify the main reasons causing labour turnover in the Viennese hospitality industry. Herein, six out of eight interviewees agreed on the fact that the many job opportunities in this sector are one of the main reasons for fluctuation. Moreover, four managers agreed, that the main problem lies in payment. The human resources manager of Hotel Melia Vienna pointed out that the Austrian collective bargain agreement for many positions are rather low. Additionally, the manager of Hotel Imperial Vienna said that the hotels could only increase the salaries to an extent due to the high income tax and insurance costs. Two of the managers argued that the irregular working hours of many positions create labour

turnover in Viennese five-star hotels. The manager of Grand Hotel Vienna notified that the hotels are working against these issues; the salaries and working hours are getting better.

After finding out the main reasons for labour turnover, the author wanted to know whether the nature of work plays a vital role. Herein, the nature of work of the hospitality industry includes irregular working times, different working shifts, salaries, flexibility, etc. Six out of eight managers agreed that the nature of work plays a vital role; however, they mentioned that they try to compensate the issues arising from the nature of work with benefits which can only be offered by the hospitality industry. The manager of Hotel Imperial Vienna stated that not only the hospitality industry has this kind of nature, but other branches need their employees to work long hours and be flexible as well. Additionally, she mentioned that people have a wrong view to the industry due to media which the manager of InterContinental Vienna agreed to; if people in the hospitality industry has to work long hours, they will be compensated accordingly to the law. The human resources manager of Hotel Sacher Vienna agreed partly that the nature of work plays a vital role to labour turnover; she stated that some people in the hospitality industry do have low salaries, but they can easily earn more with tips. The manager of Le Meridien Vienna denied that the nature of work could create labour turnover; she argued that people applying for a position in the hotel know about its nature. She added that it depends on the employers; they have to know how to deal with the nature of work in this industry.

Moreover, the interviewees were asked whether supervisors and managers play an essential role in labour turnover. Herein, all the interviewees agreed that managers contribute enormously to either employee turnover or retention. The human resources manager of Hotel Sans Souci argued that employees are applying for the company; however, they leave due to their direct bosses. Further, she mentioned that the managers are one of the first reasons employee consider when they decide to leave. The manager of the Grand Hotel Vienna stated that this industry is a human business; the proper relationships between people are vital for success. Many managers added to their statements that it is crucial for the managers to know their teams; they have to show appreciation, be trustful and empower their employees in order to be successful. Two managers stated that especially the younger generations,

Generation Y and Z, are susceptible when it comes to relationships with people. The younger generations do have a different mindset; they care more about wellbeing, work-life-balance and good relationships than the older generations.

The sixth question of the interview was asked in order to identify the cost of turnover. Herein, the replies of all the human resources managers were similar; they talked about the recruiting cost, training cost, the loss of knowledge and the loss of potential business. To elaborate on the recruiting cost, the managers replied that it takes a long time to find a suitable employee; it takes a human resources manager at least four weeks to recruit a new employee. Herein, the manager has to advertise the vacant position, contact the applicant, make a decision and an offer. As this process needs time, other employees have to cover the shift until the new employee starts. The other employees might feel more pressure and have to work long hours, which correspond to higher payroll costs. Further, due to the pressure, the performance of the current employees might decrease; this can lead to dissatisfaction of guests and loss of potential business. The managers also explained that training can apply high cost to the hotel; every hotel has its own standards and it takes time until the new employee becomes as efficient as the current employees. Additionally, it takes lots of effort to train an employee well; if this employee decides to leave the company, the company will simultaneously lose the knowledge and skills of this person.

After defining the causes and costs of labour turnover, the author wanted to know the best way to reduce the fluctuation. Herein, two managers mentioned that employer branding is essential to keep the fluctuation low. Further, most of the managers stated that it is crucial to create a pleasant working atmosphere; the employers have to invest in its people. The employers do have to know its people and listen to them in order to identify what they need. The human resources manager of InterContinental Vienna emphasized on being a fair employer. The employees have to trust their employers; honesty plays a vital role in reducing fluctuation. Four out of eight managers stressed on the benefits in the hospitality industry; the employees can receive free meals, training, travels, etc. The manager of Hotel Sacher Vienna added that it is significant that the employees know about all the benefits they can receive. The human resources manager from Hotel Imperial Vienna mentioned that there is not one best way to reduce turnover; the hotels have to investigate and identify their problems to plan on

a solution. The manager from Hotel Melia Vienna also stated that there is not one best way but rather many ways. The employer has to always care about the employees to keep the turnover flat. Additionally, it was mentioned that the employers have to obviate the risk of high labour turnover before the employment; the manager of Sans Souci Vienna explained that during the recruiting process, employers already have to make sure that the potential employee fits the company.

Furthermore, the author wanted to find out whether the hotels have a retention strategy and how they motivate their employees. Hotel Imperial Vienna, which is managed by the company Marriott International, stated that they have a take-care strategy provided by Marriott International. Aside from appreciation weeks and garden parties, they are working on a retention strategy which is called Well-being at the Imperial. Hotel Sacher Vienna mentioned that they are starting on a retention strategy soon where they will receive external assistance. Hotel Sans Souci and Hotel InterContinental explained that they do not have a specific retention strategy; however, they do motivate their employees and they know how to retain their employees. The other managers have not mentioned eminently about a retention strategy; yet, all the hotels do know how to motivate their employees. The manager of Hotel Melia explained that her way of retaining employees is to communicate; not only does she interact with the staff but she works very closely with the managers of the hotel. The manager of the Grand Hotel Vienna mentioned that one has to recognise the potentials of each employee. After discovering the potentials, one can try to develop the employees. Moreover, the manager explained that networking is important; sometimes she supports employees who have left the company. Due to the assistance of the manager, former employees might decide to return to the hotel. The manager of Park Hyatt Vienna explained that to retain the employees; one has to treat them like an individual; the hotel managers have to know their staff and treat them as correctly as their guests. The manager of Le Meridien Vienna stated that they are continually trying to add values; it is all about appreciating the employees.

The last question serves to find out whether the monetary or the non-monetary motivator is more effective in retaining employees. Here, three managers answered that a combination of both motivators is significant. Most of the managers stated that the non-monetary motivator is more crucial as the motivation will not last for a long

time if one is only motivated by financial compensations. In addition, it is mentioned that it depends on the person and their desires. The manager of Hotel Imperial Vienna claimed that money is not a motivator. She believes in Herzberg's dual factor theory where financial compensation belongs to the hygiene factors; a factor that cannot increase employees' but shows dissatisfaction when it is not present. All of the human resources managers agree that non-monetary motivators are extremely significant; the employees have to feel comfortable in their working environment, they have to have a chance to be successful and they have to receive enough appreciation from their employers.

5 Conclusion and Recommendations

In the last chapter of the thesis, the findings to the three research questions will be summarised. Furthermore, the author will conclude and reflect on the research. Likewise, suggestions for future research will be shown, and lastly, the author will give recommendations to employers in the hotel industry who have experienced labour turnover in their hotels.

First, this thesis is aimed to identify the reasons for a high labour turnover rate within the hospitality industry. Both primary and secondary research showed that globalisation affects this industry enormously. Additionally, the tourism and hospitality industry contributes a lot to the global GDP, and this industry is continuously growing. Hence, people are very flexible in this industry; they have many job opportunities and can change their workplaces internationally. Moreover, it was found out that job dissatisfaction leads to high labour turnover; the reasons for job dissatisfaction might be a wrong expectation of the nature of the job, dissatisfaction with the amount of salary, and poor relationship with the managers. Secondly, the author wanted to find out whether the Viennese five-star hotels are affected by voluntary labour turnover. The research showed that most of the hotels in Vienna are affected by labour turnover because of the aforementioned reasons. The main implication of labour turnover on five-star hotels is the appearance of higher costs. Lastly, the author found the solutions to reduce labour turnover rate in Vienna. Herein, the research revealed that the key to a low labour turnover rate is to motivate the employees constantly in order to increase their job satisfaction. When motivating employees, employers have to create a safe and comfortable working atmosphere; the non-monetary benefits of the employees are more effective than monetary benefits.

Looking into the primary and secondary research, one can detect many similarities. First of all, the authors of the existing literature and the interviewees are agreeing on the fact, that the hospitality industry is growing; more and more people are entering this industry due to the freedom of changing positions without leaving the industry. Moreover, it can be confirmed that the hotel business has its unique characteristics; the different working shifts, the constant operation times and the intangibility of the product can lead to high pressure to the employees. Another similarity can be

identified; people tend to resign when they are dissatisfied with their working environment and their supervisors. Furthermore, the interviewees agreed on the literature that employee turnover has negative effects on a hotel's performance, productivity and profitability; they stated the same labour turnover costs as the literature. Similar results are showed in methods of retaining employees, holding to them is significant and can improve a company's competitive advantage. Herein, the employees have to be valued and motivated. Albeit the many similarities between the primary and secondary research, few opinions of the interviewed experts differ from the literature. Although the interviewees have mentioned the importance of globalisation, training and development of the employees, no one has touched upon the topics sustainability and digitalisation and their connection to labour turnover. Moreover, eight core reasons were stated on why employees would resign from their workplaces; however, only five reasons were specified by the interviewees. Contractual, calculative and moral reasons were not mentioned. In addition, it is to note that only one interviewee has quoted on one of the six motivation theories from the literature.

Despite the fact that there is existing literature on labour turnover in the hospitality industry, no one has researched on the Viennese five-star hotel market explicitly. Due to time restrictions, the author could not reach more than eight human resources managers. Additionally, the author focused solely on the facts and opinions of the five-star hotel employers; it might be interesting to see results from future researchers concentrating on the views of the hotel employees and employers of non-luxury hotels. This research serves to support Viennese five-star hotels; to have a low labour turnover, the author suggests to plan on a retention strategy that fits the hotel. Although the hotels share the same nature of work, each hotel has its own mission and vision. Additionally, the author recommends to identify the issues before working on the strategy; the reasons for labour turnover can vary from hotel to hotel. Further, communication is a vital tool; the information has to be received by the employees. Moreover, the Generation Y and Z will soon dominate the labour market; the hotel industry has to adapt as quickly as possible to the needs and trends of the new generations. Withal, every employee has to be treated with respect; they and their work have to be appreciated, celebrated and not taken for granted.

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Appendices

Appendix 1: Enquiry of interview (German)

Sehr geehrte Damen und Herren,

Ich bin derzeit Studentin der Modul University Wien und möchte im Rahmen meiner Bachelorarbeit einen Experten Interview (auf Englisch) mit Ihnen führen. In meiner Bachelorarbeit befasse ich mich mit dem Thema „labour turnover“ und möchte herausfinden, wie man dieses Problem in der 5* Hotellerie bekämpfen kann. Für dieses Interview habe ich folgende 9 Fragen vorbereitet:

1. In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?
2. Does labour turnover affect the Viennese five-star hotels? If so, how?
3. What are the main reasons causing labour turnover in the Viennese hospitality industry?
4. Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?
5. Do you think that managers/supervisors play an important role in employee turnover? Why or why not?
6. Why is employee turnover considered as costly? What cost can appear due to employee turnover?
7. What are the best ways in order to reduce labour turnover?
8. Do you have an employee retention strategy? How do you motivate your employees?
9. Which motivator is more effective: monetary or non-monetary?

Wie Sie sehen, werde ich nicht nach konkreten Daten des Hotels fragen, denn ich möchte einen generellen Überblick und mögliche Lösungen für dieses Problem finden. Dieses Interview wird ca. 30 Minuten dauern und ich bitte Sie dringend um Hilfe, da ich diese Arbeit nicht fertigstellen kann ohne Ihre Expertise und Erfahrungen. Wenn Sie einwilligen, möchte ich Sie noch gerne im April interviewen (bitte geben Sie mir

Bescheid wann Sie Zeit haben) und ich wäre Ihnen sehr dankbar für Ihre Zusage und Hilfe!

Mit freundlichen Grüßen,
Mengyuan Geng

Appendix 2: Transcripts of interviews

Transcript of interview: Hotel Imperial Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 1: In my opinion, turnover does not specifically happen in the hospitality industry. You can find turnover everywhere; the labour market allows it. If people have lots of opportunities and chances to work wherever they want to, they will not reduce turnover. They are not in need to cling to the one job. They are willing to move to find something better, something more interesting. That is a phenomenon that cannot be limited to the hospitality industry. However, at the moment that is the case in Austria. Austria is a hospitality country; hospitality contributes a lot to the GDP. Not only the hospitality industry but the surrounding industries which produce agricultural goods (e.g. furniture) is necessary for the hospitality industry. So, it is an important branch and a lot of people working there have lots of opportunities for where they can work. And there are many companies that are in need of new associates. That, the chances of getting a new job whenever I want, causes a high turnover. That is one part. Another part is that sometimes it is not a big industry where you have one company with 5000 associates, they are rather small-scaled. The majority of them are small and medium-sized companies. So, sometimes you will find so-called illegal employment. If a person works a while and goes to the national public employment service and ask for the unemployment benefits, and if this person finds an additional working place, he can work without paying any taxes. And this encourages the idea to leave. Maybe the job is not what I wanted, but it is a job. That is what I consider to be the main source of turnover. It is a pragmatic reason; there are other reasons which has to do with job satisfaction etc., but the issue is that there are enough jobs and people can choose.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 1: Yes. As far as I know, our population size is similar to the size in Hamburg, but I was told that we have twice as many hospitality places. This might start with a Heuriger and end with a five-star house. So, that means a lot of opportunities for jobs and a lot of need for people who are willing to work. We have a lot of immigration in Vienna because we are a multicultural city. So, we have an influx and an increase in population. That also means that we have an increase in the labour market; we have high volatility in the labour market. People are moving around and jumping in and out. So, in the five-star-plus, there are two problems. One problem is you have to register your employees and pay the taxes, which is the correct way of doing business, but not everyone is doing it like this. There are smaller units, where the boss and his wife and a few other people are working in there, the public authorities cannot look and find them. However, they can find us easily because we are like a big white elephant in the middle of the city. So, we do our business correctly, and we have to do it correctly, no doubts about that. So, for us, if we do not have enough associates, we cannot just get them in and get them out. Also, they would not come because some of them will say: if I go to the national public employment service and work additionally, it is much better for me, and I will get much more money than working for you for 40 hours. Here, we pay more than the collective bargain agreement, but not much more to cover the creative disposition of going or not going to work. So this is one part. The other part is that our service is not that easy to learn; you cannot just come in and do it. We have a lot of standards and requirements. I give you an example: in our housekeeping, we have maids that are staying with us for already 20 to 25 years, because we need them. If we get additional or temporary workers from an agency, we have to get those on a daily basis and always the same people because otherwise, our service will break down. Therefore, we are hurt specifically by the turnovers because it is not so easy to know what to do if you first come in. It takes a long time to train them, to make them ready for the challenges of our international and local guests.

Interviewer: Would you say that temporary workers would leave the company easier at the beginning, when they are not fully trained?

Interviewee 1: Yes. If they remain longer, they will see the advantages they would have in a place like this. So we take care of our associates, we have high qualitative food and beverages for them, and we pay very seriously on the last day of the month. We also pay for overtimes and take care of everything. If you stay here for a while, then you will see that there is an advantage but if you first come in you might feel that it is very challenging and very hard, you have to learn a lot, and you have to do a lot. And this might bring the people to the idea that leaving is the better option.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 1: The things I have mentioned. There are a lot of jobs and a lot of opportunities. But you have to do your jobs and these jobs can be challenging. If you do not like it, you can quit and go from one to the other. I would say the main reason is pragmatic. They have a lot of choices. The second thing has to do with the legal payment; if you do not pay illegally, you cannot increase the wages and salaries to an extent because income tax and the insurance are very high. This might be the second thing in the hospitality industry; some people consider that they do not get enough money and too much work. I would not say that this happens at our place because we have a lot of people staying for a long time, so, I do think that we do something right because then they will leave. But they do not because they cannot find a better place easily. So, as an employer, you have to take care and to do the best things for them to remain and to stay longer.

Interviewer: Thank you for the insights of the legal payments, let us talk about the nature of work now. Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interviewee 1: It plays a vital role but people in other branches, in other parts of the economy, they have to work. They have to work a lot considering the hours, and they have to be very flexible. It is just normal for nowadays lives. You would not find jobs so easily where you work nine to five every day. Flexibility is an important thing nowadays; I would not say that I really welcome this because sometimes it seems to get too flexible. Here, I do not want to have the ideological discussion about that, but

this is the case. But somehow the hospitality came into the way that we are getting criticized very often, very strongly. So, it gets normal to bash the hospitality industry. And this is not totally correct. So, if you watch TV: recently I saw in the news that in the western part of Austria they desperately try to find people and then they told how much the collective bargain would be for a normal cook, which is around 1.700€. Then they talked to a chef who said that he works 60 hours a week and then there was a cut. Then, everyone will think: oh, he works 60 hours a week for only 1.700€! But this is not the case. That guy will get 10.000€ because he is the head chef plus the overtime! This is totally idiotic and that is why people always think bad about the hospitality industry. I know young people, who were not being trained in the hospitality industry, but they are strong, healthy and charming, they go to Sölden. I admit, they work six days a week but they come back with a 20.000€ net at the end of the season. That is a lot of money; they get free food and a place to stay. They come back with a lot of money. I would say that it is not that bad. If you see the salary from a maid in Tyrol, you cannot believe. These are the seasonal jobs. The jobs are hard, but if I am young and need the money, I go there to have fun and get the money. But coming back to turnover, there are a lot of jobs out there and you can get them. This is part of coming and going. It is a matter of supply and demand. And the supply is on the side of the associates at the moment.

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 1: Yes. Everybody plays a role in an organisation, but the managers mostly do and research shows that people are very sensitive to the relationships within the working environment. I would strongly recommend the ideas and theories of Herzberg; it is about the motivational theories, you know.

Interviewer: Sure, there is a part in my bachelor thesis about this theory!

Interviewee 1: Yes, great! I personally trust in Herzberg even though the theory is not new. He distinguished between two factors; the so-called hygiene factors, which are the payments, the safety and security of the organisation we have to provide, and these factors let the people take considerations to remain. But if you want to make them be very committed and very efficient, then you have to work with the motivation

factors. This is something like the work itself, the success they feel, the appreciation they get from others, especially from the boss. And the relationship to my colleagues and my boss, both from the hygiene and the motivation side, is very strong with Herzberg. This I think is realistic. I think Herzberg did it in the 1930s or 1940s, but it remained the same. And it will still be. The younger the people are, the stronger they rely on relationships and the more sensitive they feel to their bosses and educators.

Interviewer: You mean that the leaders have to consider both the hygiene and motivation factors.

Interviewee 1: Yes, I agree to that.

Interviewer: Why are young people more sensitive?

Interviewee 1: Older people normally have their outside life and their families. They calculate a little bit differently. Younger people are very sensitive. We did research with our apprentices and their trainers about motivation. Relationships to their colleagues and their educators and managers, especially to the older people were very important to the young people. There was a question: what would make you leave the workplace? They answered: If the relationships get unpleasant. It is very important to young people. I think it is important to everyone but the older people would stand a little bit longer. You have another mindset if you are young, that how it is.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 1: It is costly. It is costly because if someone says: I will quit my job. And let us say that he or she is a cook, then this person has a termination period of 14 days. In this time, normally people want to consume their overtimes or their vacation days to have a rest. And if you do not accept it, then people go to sick leave. That is a normal way to do. I speak openly to you because there is no need to hide something; we are all in the same industry. And after, the person is gone. Then, you try to look for another person. And this does not take you two weeks; it takes you normally four weeks at least to find one. You have to send your job offers, you have your interviews, people want to decide, you want to decide, then you make an offer. Let us say that the person agrees and then they have to go to their company and to quit. So, at least it will take

four weeks, so twice as much. During this time, no one is in this position, so others have to cover with their overtime, so this is very costly. You will lose the money because the others in the team might not have the time to sell actively like before. So, everything goes down. Service might lack because someone is missing. It is also costly because guest satisfaction will be reduced. So, you have to pay for the searching process, where you put your offer in, then you lose one person and you do not have the second person yet. This makes you vulnerable in your service and performance. And you will lose quality.

Interviewer: Do you think that a little bit of turnover might be healthy?

Interviewee 1: Yes. You are absolutely right. In our industry, turnover means a change and it also means gaining experiences. So, no turnover will be very bad. But you need a turnover in the right places. Sometimes turnover happens and in our property it does. Some positions we have the people for a very long time and they do not move. However, it would be better for us to have a controlled turnover. This means that we will get fresh ideas and experiences. But you cannot always control, unfortunately.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 1: First I would say investigation. You have to find out what is the problem, what is the cause. If the cause is simply because of other nice hotels open and they search for associates, then there is not much you can do about this phenomenon because it is outside your property. So, you have to investigate what makes them go, is it the money or do they want to see new things? In hospitality, they are very flexible, vigilant and interested in new things. You cannot avoid this. So, try to find what you could improve for your associates. It might be the salaries in some positions, or it can be that a manager is not as good as you would need him in leading skills. Sometimes, you are just unlucky one starts to go and the other will follow because the workload is too much, the rest will leave as well. The pressure of those who remain starts to increase. Here, you might search for temporary staff, this is costly again, but you need it to cover the bad consequence.

Interviewer: So, the best way is to investigate first?

Interviewee 1: Yes, I would say so. Do not follow the idea of “yes, I know how and who”, you have to investigate to find your main problems. Normally, there is not only one cause.

Interviewer: If I understand correctly, there is no best way but many ways depends on your problem?

Interviewee 1: Absolutely. It depends on the problem and the property and the situation. No property can afford not to investigate what is going on.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 1: The take-care strategy is from Marriott International; this hotel is managed by Marriott International. They give us a lot of opportunities from appreciation weeks to take care initiatives. We do garden parties once a year. So, we are trying to make it more interesting and fun to stay with us. We try to look that the salary is good and acceptable for the associates. We try to give those development opportunities, who want to have it. Not everyone wants, some just want the money and fun but there are people who prefer development opportunities, and we have to provide it. We have to take care and give them a working environment that is safe and up to date. So, the work is easy, and they can concentrate on serving the guest and not on fighting against the bad organisation.

Interviewer: Do you have your own retention strategies and not provided from Marriott International?

Interviewee 1: Yes, at the moment, we have the so-called “Well-being at the Imperial”, we work together with Demografieberatung, which is an institution closed to Deloitte, and they have a project with the European Union where they provide assistance to the hospitality industry. We tried to get the assistance, and we got it. We did research on our sick leave, turnover and educational strategies. Anonymous data were given to human resources. Then, we have focus groups where people can discuss. Marriott does the so-called “engagement survey” on an annual basis and we get results from this. We had a participation rate of 98%, so the results are reliable and we can use them. And they also get into the project “Well-being at the Imperial”. So, we are in the

middle of the program. Soon we will decide on the rollout of the project to keep people more satisfied, engaged and committed.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 1: I follow Herzberg; money is not a motivator. Money is a hygiene factor; you cannot put it away. It is one of the most important hygiene factors. I doubt money is a motivation because it will not make you fly. Maybe at the beginning when you get it, it will make you happy, but then it will bring you back on the ground. So, you cannot follow this method. You cannot always increase, increase and increase, that would be economic suicide for the company. Money is not a strategy to replace all other important factors. Even, if people say that they are only interested in money, I would not believe them. This might be the case for a moment, you can get him in with an offer, but you cannot keep him. Personally, I would follow Herzberg; money is not a motivation factor. You have to pay with a sensible view of the market and have appropriate payment. Never try to fill them with money because it will not work.

Interviewer: And what do you think would work?

Interviewee 1: At the end of my career, which will be more or less soon, I would say it will work if you have true, open and honest communication with your associates. If you listen and explain it to them. If you stay in contact, and if you show them the backgrounds of decisions made within the company. Also, you have to give them the chance of being successful. Even the newest or the youngest in the property needs the feeling of success, and with this goes appreciation. Appreciation for good work and taking care of a crisis, you can always ask and help a bit. I would say that having conversations intensively and successfully, show appreciation and respect at any time is important. Showing respect is important for everybody, I would say.

Transcript of interview: Hotel Melia Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 2: I think because of two things. The tourism and hotel industry act really late on Generation Y and demographical change. As you know, Generation Y likes to study, they like to travel and they are digital natives. I do not need to explain that in the tourism and hotel industry, you need to be flexible, you need to work on the holidays or in the nights and during the days. This is why the turnover is really high.

Interviewer: You say that the hospitality industry act too late on the Generation Y. What about the other generations?

Interviewee 2: Generation Z is the same as Generation Y. Baby Boomers are going to retire soon, probably in 6 or 7 years, they are not in the market anymore. Generation X is very flexible, they are a bit older like me, and most of them are in the management positions and hardly in the line positions.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 2: As I have no other experiences in another hotel, I cannot explain. I know the tourism industry very well. However, what I can tell you is that the five-star hotels are more diverse and more flexible and you can improve yourself in five-star hotels more than in another hotel category. If I think about our labour and employees, we are offering them many chances to grow. For example, global mobility, development programs and on or off the job training are the thing we offer.

Interviewer: And what are the implications of labour turnover?

Interviewee 2: Like any other organisations, we have monthly reports. Then we reflect the facts: what happened? Why is turnover so high? If an employee leaves us, I am doing an exit speak with the employee, and I am asking them why they are leaving us and want to change the job. In fact, I will make a report at the end of the year and then I, for example, discover that 50% are leaving because of the leadership then it is my turn to act on the leadership. And if they say it is because of flexibility, then it is my

turn to take care of the flexibility of the employee. And I share my experiences with other human resources managers from other countries with the same labour as us.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 2: To be honest, it is about money. In Austria, we have a collective bargain agreement, and the compensation is really not that high in the hospitality industry.

Interviewer: Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interviewee 2: Yes, absolutely! But we have other benefits like we are in a multicultural industry, the diversity is huge! It does not matter where you are from or what gender you have. We can offer our employee the whole world; they can move, learn more and grow if they want.

Interviewer: In other words, the nature of work is an issue but you try to compensate that with other benefits.

Interviewee 2: Yes! And this is what we are currently doing. We are showing our employees the benefits of the hotel and tourism industry. You have fun in that industry.

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 2: Definitely, yes! If you are not a good leader, if you are not understandable, you cannot lead. You are not leaving the company; you are leaving the leader. Indeed, it is really important.

Interviewer: How do you think shall a manager be in order to make the employees stay?

Interviewee 2: It does not matter how the manager should or should not be, but it matters how well the manager knows the team. Rule number one of leadership is to know the team, to know their needs and to know how they can work together.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 2: If I lose an employee, I need to recruit another one. And if I recruit another one, the recruiting cost appears. I need to do advertisements; I need to do interviews which is my working time. Afterwards, I have to hire somebody and invest in these persons. I need to teach them, lead them and to model them. I need to bring them on board and share what we are and what is our goal, mission and vision. This cost a lot of time and time is a resource. Time is money. If I lose an employee, I lose knowledge. And for this knowledge, I have paid before. Then, I have to pay double or triple or even more if labour turnover happens. Sometimes a bit of labour turnover is good because of internal applications.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 2: There are many ways. You have to take care of the needs of the employees. You need to care from the very beginning; first, you have to recruit the right person. You need to have a good onboarding program. You need to give them the right tools to do a good job. Afterwards, you need to take them to a career plan, training plan, development plan, etc. So, the whole life cycle of the employee career is important to take care of to reduce labour turnover. This is applicable to all the industries, so the hospitality industry is no exception.

Interviewer: You mean there is no “best way”. You have to always to be on the life cycle?

Interviewee 2: Yes, to be honest, you can try to find the best way, but the human is individual. You need to take care of the individuals and their individual needs.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 2: Leading, for example. Even I am the human resources manager, I go around the hotel, and I always ask the employees: how they feel today, is there something special you want to talk to me? Then I have an open door policy; everybody

can come to me even they do not have an appointment. The next thing is that I do work very closely with our general manager and the department heads. I do always ask them the development plans; I ask them what the next steps are and how I can support them. This is my way to reduce the turnover rate. I work with them together. Even though I am the human resources manager, I cannot see or hear everything, so I ask them.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 2: I cannot tell you since both of them are really important. There are many pieces of literature showing us that monetary motivators have a short effect, the first effect is great, but after some time the money seems to be usual. So, therefore, we need both of them, monetary and non-monetary motivators.

Transcript of interview: Hotel Sans Souci

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 3: The issue in that industry is that the working hours are not as nice as in other sectors; it is not a Monday to Friday and nine to five job. It is rather opening 365 days a year; you also work during the nights. Basically, you have to work when all the others are celebrating. I think another issue is the payment, the payment is rather low, but it surely depends on in which part of the hospitality industry you are working. For example, our hotel is a small and stand-alone hotel and there are not so many development possibilities. We do promote from within; however, I do not have so many positions open, it is just not possible. So, one person has to leave in order to promote from within. And this is another issue; there are just limited ways you can develop. I think as long as people are young, the chain hotels are great for them because they can go overseas and see a different part of the world but the older you get, the less comfortable you are with moving around. Those people want to settle down with their families.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 3: It does affect the Viennese five-star hotels but same as the other hotels, I think. Here, I would say that five-star hotels have lower turnover than other hotel categories. Maybe not in four-star hotels but definitely in three-star hotels. The people who apply for this hotel are coming from other hotel categories because they want to get into a five-star hotel. When they entered a five-star hotel, they are less likely to go back down.

Interviewer: Because of the development opportunities you were talking about?

Interviewee 3: Exactly.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 3: Payment, working hours and opportunities for development.

Interviewer: So, you mean the nature of work plays a vital role?

Interviewee 3: Yes, however, if we are not talking about this hotel, many employees are coming for the companies but leave because of their direct bosses.

Interviewer: This actually leads to my next question: do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 3: Yes, definitely! If supervisors or leader can motivate their employees, they are more likely to stay. They have to be good at empowering and giving feedback or creating further development. But if this is not happening, it does not mean that he is a bad leader, it can happen due to time reasons. However, yes, people leave because of their bosses, I would say this is one of the first reasons they leave because if they stay in the hospitality industry, the payment and working hours are the same! So, if they leave and the reason are not the managers, they leave for different sectors. This is actually what we are experiencing a lot at the moment; people leave and get into other industries because of the working times and families.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 3: Replacement is always costly. You have to put the announcement online or even into the newspapers and papers are even more expensive. Then, you have to screen the documents, doing the interviews which are very costly for the human resources department. Also, the manager of the department has to be involved, and this costs time. As soon as you have found your new employee, you have to prepare the documents and do the legal work. When the employee comes, you have to invest a lot of energy and time so the employee can get on board. From the company side, you have to show the employee the culture, the mission and the vision. And the employee has to learn all the tasks he needs to accomplish the work. For example, he is a waiter, he knows how to do his work but every company work a bit different. So, all of this cost time. It depends on the departments but in the housekeeping department, an employee needs at least one month to be on the same level as the

experienced employee. And it is even worse in the administration work, in marketing department you need six months until you are a really good help.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 3: Hard question. In the hospitality industry, if people are staying for more than two years, it is already a long time. What we can do is that you have to make sure a cultural fit between the employee and the company. I am not only checking for their skills and knowledge, but I am interested in their attitudes, whether he fits our company and our values.

Interviewer: Do you mean that before the employment you are already trying to reduce the turnover?

Interviewee 3: Exactly. Then, you have to check whether they want to develop. If certain opportunities come up, you offer these to them. We also put a lot of effort into the education of our leaders; we want better leaders and we do not want them to leave because of their supervisors or bosses. Of course, we have benefits. We always think of benefits we can give to our employees because the payment is low. We have discounts on other companies and within our company. We do have the training, training is a big part, we have basic training but each employee does also have a certain amount of budget he can spend on whatever he wants to learn. It does not necessarily have something to do with the hotel, if they want to learn dancing, they can go learn dancing.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 3: We do have a plan, but I would not say that we have a strategy. We are a new hotel; we are six years old now. We just try hard that our employees are happy, but we do not have a real retention strategy.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 3: What I have learned in the university is that it should be non-monetary, but in the hospitality industry, it is a combination. For many employees, the money is motivation, and therefore we are trying to overpay the base level, the collective bargain agreement, but both are important, he must feel comfortable at work. As soon as they do not feel good at work, they leave anyway, no matter what money he gets. In the office positions, people tend to leave because of the money, but there is just no more, because this is one of the most expensive things we have in human resources. So, in this industry, we need a combination.

Transcript of interview: Grand Hotel Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 4: My question is: where do you have the information that the employee turnover is high in that industry?

Interviewer: This information is based on many pieces of literature and other experts. Especially many researches in the US are talking about very high employee turnover in the global hospitality industry; therefore, I want to find out whether Viennese hotels are experiencing the same issue.

Interviewee 4: No, it comes up to the labour law. We have completely different labour law in Europe and the US, therefore because of the labour law, they have higher turnover due to the easier possibilities to hire and fire. Here, we struggle to get employees, or qualified employees and therefore we are not interested in a high fluctuation but a healthy fluctuation. This means that no fluctuation is not very good, but high fluctuation is also bad. This means running out of experiences, and it is not easy to recruit. We actually do not have a problem with high fluctuation but a problem with recruitment. So, I do not agree that hotels have a high fluctuation; there are hotels that have high fluctuation, but this depends on the hotel itself and on which category the hotel has. Also, in the gastronomy, it is a different story, in the F&B or restaurant, it depends on what gastronomy you have. Do you have system gastronomy? Or high gastronomy? And normally, in the high class gastronomy you do not have big fluctuation. When it comes to system gastronomy like McDonald's, it is a little bit different; it is a different story. There, it is easier to hire and fire and you do not have that high qualified profiles. In Vienna, we do not have that high fluctuation. There are companies who have, but it depends on the companies, how you treat their employees, what you are doing to keep the employees with you, what you are doing develop them, what you are doing to keep them loyal and how you recruit. I do agree that each continent has a different story; it depends on the labour laws. In general, the hospitality industry is actually growing; it is growing very fast. All the big companies (e.g. Hilton, Marriott, etc.), they are getting bigger and opening more hotels, there is still a willingness to become greater and to invest more in hotels. The investment into

hotels is still quite high, but I do not believe it will stay like this. In Europe, the interest is getting lower already but still, there is a high potential. Therefore, yes, the recruitment is very difficult and as mentioned, in each continent, in each country, the labour law is responsible for the fluctuation; in Europe, we are quite stable.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 4: Well, in Vienna we have a general manager's council and we, the managers of the leading hotels, meet once per month. Even though we are competitors, we still work in several fields together and we share information. And this is what the human resources managers do as well. So, none of us is interested in high fluctuation. And all of us, the five-star hotels in Vienna, are working on having low fluctuation. A healthy but low fluctuation. I do not know about the other hotels, of course, when new hotels open, the fluctuation is a bit higher. And sometimes, seasonal-wise, you have a bit of fluctuation. From my point of view, I have worked in Germany as accompanied companies as a counsellor, I worked in Slovenia, I do not agree that we have that high fluctuation in Vienna.

Interviewer: So, you mean it does not affect the Viennese five-star hotels.

Interviewee 4: No.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 4: First of all, it is the big growth. You need more staff than people who finish the professions. You need much more staff than in former times because you have more and more openings. The second thing is that the hotel industry had not a good reputation, this comes actually from the working times, working schedules, also the salaries are quite low if you compare it to the other branches. But for many years, we are working against this issue; the salaries are getting better; we are doing many things to make the working hours better. The labour law itself creates many restrictions which the companies have to stick to; otherwise the penalties are too high. So, from the legal point of view, they have done many things but also from the industry itself. We can see that if we want to get qualified staff, we need better circumstances for our employees. We need to invest in our people. We need to educate them and to

develop them. With these, we try to keep the fluctuation as low as possible. And also to keep loyalty to the hotel and to keep the loyalty to the branch itself. We are working with schools and universities very closely. We are doing quite a lot when it comes to PR and marketing for our industry. We need more people to get interested in our branch even if the salaries are not as high as in other industries. It is a passion; I always tell people that working in hotels is not a business but a lifestyle. It takes a lot but it gives a lot. I tell the apprentices that you will lose lots of friends, but you will gain lots of other friends. We also like to emphasise on the advantages. For example, you will never get unemployed if you work in the hotel industry because the need is there. If you get into an international company, you can work everywhere; you can travel. You will know so many people; you will have so many new possibilities. Even if you start an apprenticeship as a cook, you can become a director of finance. I actually know someone who had a career like this. So, you can do everything. I started as a waitress and now I work in human resources, there are so many possibilities in the hotel industries. These are the advantages we try to tell people to keep the fluctuation low. For sure, the working times will always stay like this, we work on holidays when others are not, but you are getting so much back if you are passionate about this field.

Interviewer: Thank you for this extensive answer, I think we might already covered few other questions already. Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 4: Absolutely! It is a human business, we are people working for people, and this means that relationship is very important. Also, if it comes to Generation Y and Z, emotions play a bigger role. These generations are more into work-life-balances and relationships. If you are a bad manager, your fluctuation will be surely high. People will come and then they will go. Of course, you have to get them to work and people have to perform, it is not about being best friends, but it is very important that your employees trust you. Not only do employees have to trust their direct managers but also the human resources manager and general manager. In former times, like 20 years ago, managers are people who had no clues who their employees are. They did not know their names. Of course, not everyone but some of them were like that. Now the general managers know their people; they know their apprentices, they know the interns and people. Of course, because of social media, the network and connections

are different today. It is going into the direction of emotions and personal relationships. As mentioned, it is not everything. Even if I have a good relationship with someone but he is not performing, he is still going out. It is how it is. We need people who are performing. On the other hand, we have to do a lot and invest in this trustful relationship.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 4: Easy. As soon as a person who is trained and leaves your house, you have to train another one. There is a lot of knowledge and routine going away. First of all, the recruitment is very difficult. I am fortunate at the moment with our hotel. To be honest, if you look at other hotels, I only have a few positions open but last year, when I started here, I had 26 positions open. And we are not talking about 26 people because one position can have several people. At the moment, we only have seven positions open so I am very lucky here. Recruitment is very difficult. Sometimes you cannot find the people for the position for several months. This means more workloads for others, the satisfaction of the others is going down and the efficiency is going down. The mistakes are going up, which can be reflected in the guest experience. This is something that happens if a really well-trained person is leaving your company and this is costly. It costs trust, it costs time and you have to train new employees. Until this person, who you have searched for several months is trained and can work effectively, this can cost a lot. If one person is leaving, it is alright. However, sometimes, if you have a high fluctuation, where three or four persons are leaving from one department, you cannot cover the shifts anymore. You might save on the payroll but the others who are still here have to work so much who might also think to leave. Because they think that they cannot take it anymore. And this can cause others going.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 4: Investing in people. I have already told you; first of all, you have to know your people. You have to know what their wishes and their potentials are and how you can develop them. Sometimes, even if the person goes, you can support him somewhere else and create a network. Even you cannot offer him what he wants or what he deserves, you can help him elsewhere to improve his career. Because many

times, people come back. I have many returners. And this is my best investment. You have to invest in training, you have always to talk to the managers and supervisors so that they realise there is a fire and starts burning. You have to invest in employees' satisfaction; this does not only mean salary but bonuses like free meals, travels, etc. to make the employees' experiences richer. You have to invest in good relationships that he feels he is in a family where he does not want to leave again. You have to create a good environment. A good medical situation is also important and free time situations like we go together for runs. Like sometimes we go running as a team, we have parties, you have to come together. You have to inform your employees what is going on, to appreciate them, you have to announce big changes like someone is getting a better position, you have to celebrate the success of the employees. This is very important, most of the employee leave because they do not feel appreciated.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 4: It depends on the person. I would say for most of the employees it is the non-monetary. You definitely have to work in a good environment and you have to feel comfortable. They have to feel safe and appreciated, so the performance is not going down. However, there are people who are only interested in money, this is nothing bad, but then you have to see how and if you can fulfil this. Here, you have to be always honest; if you cannot fulfil his wish, you have to tell this immediately. You have to talk openly. What you never should do is to lie to your employees; I have seen this many times, and I really do not like it because it will always come back to you. Whatever you promise, you have to fulfil. If you cannot fulfil it, you have to talk openly because employees often understand you. You have to be open so they know they can trust you. Some people work only for money, which is fine. What I have seen is that most of the people will not leave the house when they feel comfortable.

Transcript of interview: Hotel Sacher Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interview 5: I think it is a little bit self-made. For many years the career opportunities have been much higher if you change from restaurants, hotels, etc. within the hospitality industry. You could always move forward much faster. Even the large hotel chains, you can change from one hotel to another or within positions, you can change faster. I think that part is self-made. Job hopping is not something that is badly looked on if you are working in the hospitality industry. If you were working in another industry that can be different. But in our industry, it is not considered as bad. Actually, people then are considered as flexible and hard-working and interested in a career. That my opinion and belief on why turnover is that high.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interview 5: Yes, it does. We are fishing in the same pond in Vienna. I would say that the best offer wins and people know that. And of course, people keep track on what position is vacant, and they just apply. Eventually, they will get a good offer, and they will take it. It is not only about the money; every company offers some different kind of benefits. If that fits you, then why not? It does not matter if you are working on this side of the Ring or the other.

Interviewer: So, because of the many offers, people have the choice.

Interview 5: Yes, they really do. The luxury hotels are working really close together. In the last few years, we were already very happy if the employees are moving from one house to the other and not are leaving Vienna completely.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interview 5: Again, fishing in the same pond is the issue. Of course, lots of new openings, we are not only talking about three-star hotels, but also many luxury hotels are opening at the moment. We do not have more candidates in Vienna; the pool of the people stays the same. It is getting more and more difficult to keep the employees

in your own company. Otherwise, we have to go to other countries and recruit from there. However, especially my hotel is very Viennese, and we do have 30 nationalities here, but they need to have the Viennese spirit or lived here for quite some time to speak the language well.

Interviewer: Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interview 5: Partly yes. I believe it is really important for the employees to feel well to work in “strange hours” and not “normal hours”. It is helpful if they have people in their families or friends who have already worked in that area. Otherwise, you have to be dedicated. You have to be more dedicated to work in the hospitality industry than somewhere else because you have to really want to work there because of the working hours. Of course, the hospitality industry does not have too great payments; however, there are also other industries with not that high salaries. If you work well, for example with customers, you have more possibilities to earn more money. It is not really about money but the working hours and you have to work on weekends, etc. It is hard for the families if you are not at home because you are working in the night and sleep during the day, so it can be very difficult if you have small children. If you have a nine to five job, these things do not happen. I believe we, in the hospitality industry, need more flexibility in the future regarding the working hours. Of course, the payment shall be increased, but it shall be increased everywhere and I do not think this the great binding tool to keep the employees. Money is important, but flexibility is more important. Part-time is getting more and more important.

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interview 5: I think it is very important. They have their own teams, and they have to keep their teams together. Supervise them, coach them and give them what they need. They cannot do their work without their teams. If these teams break, then you will never get the standards you want as a manager. I believe it is very important that they show the appreciation of the job the people are doing. Career planning is important as well.

Interviewer: Do you think people leave their jobs because of their managers?

Interview 5: Yes, I do. I have been working in the human resources for over 15 years, and I have seen so many different companies. So, I have realised how important it is for the manager to appreciate their teams. It is not about the money, but the appreciation for small things. If someone needs time off because of family reasons and the manager accept it and make something possible, he will come back and do everything.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interview 5: Especially when an employee leaves, you have high costs because you have to pay overtime. So, your payroll does increase. Very often it happens that you have to recruit before the person left, which create an overlap and the payroll will show it very well. Then, you have the cost of time the human resources need to recruitment, contract, onboarding, etc. and managers of the departments need to spend their time as well. They have to do all the training and get the people started. If they leave, you do not have any return on investment for that. You need to calculate the time managers invest into new employees and put that into money as well.

Interviewer: What are the best ways in order to reduce labour turnover?

Interview 5: There is a lovely word called “employer branding” which is actually very important for keeping your turnover as low as possible. You have to really make sure that the employees know what benefits they really have. Of course, you have to keep the work-life-balance as best as possible. For someone, the best shift is at night because they need off during the day and for others vice versa, everyone is different. If you can be flexible, it is quite good.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interview 5: We are starting on that. Hopefully, we are going to get external help for that because I believe that a lot of employees need to hear certain things from someone outside the company. Of course, you can try to brainwash your employees but there are a lot of people who are really critical and often you need help from outside. You have to explain to them the benefits they have, show appreciation and tell them about career opportunities. We are also starting with health care in order to help people. It is really important to communicate that properly to everyone so that they will know that exists. And hopefully, they will talk about these benefits outside the company to make it easier for recruiting. In order to keep them, we have to start working on flexible hours so it fits the people and their lives better than at the moment. The benefits we are talking about are not only discounts in certain shops but things like the employee of the month or employee appraisals are all part of the retention program. There are lots of single points you have to put together.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interview 5: I do actually believe that non-monetary is more important because it will last longer in the end. You can be happy for probably half a year if you get more money, but the thing is that the net amount you really get is not that high because of the taxes. So, non-monetary is more important and you have to make sure that the employees know about them. Sometimes the benefits are just normal for everyone, but if you are working in another area, you will find out that the free meals are not included and you will find out how much you have

Transcript of interview: InterContinental Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 6: On the one side, people in the hospitality industry want to try different things. They want to work in the ski-resorts during the winter season for example. So, it is difficult to put the whole hospitality industry into one pot. In our hotel, we are very lucky. We have a labour turnover rate between 18% to 22% which is almost nothing for this industry. But of course, especially young people like to swap jobs. However, many of our employees return to our hotel, which is a big compliment for us. Many people who have a family prefer a steady life. The hotel industry is quick moving, there are so many things happening, people can work anywhere, and people tend to try out new things.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 6: Of course it does. We know, the cost of turnover is immense. You have the recruitment cost, the loss of knowledge, you have to hire someone and then you have to do training etc. so it takes another 3 to 4 months until the new colleague can step into the shoes of the former. So the cost of labour turnover is a really high one. What I have seen recently is that we are not losing our employees to competitors but to universities or they swap industries.

Interviewer: So, if people leave hotels, they tend to go to other industries?

Interviewee 6: Yes, because the main issues are the working hours. They want fixed working hours from Monday to Friday. This has become the main issue of turnover in the last two to three years.

Interviewer: You just replied my next question to you, too! So, the main reason for labour turnover are the working hours.

Interviewee 6: Yes, I think above all, it is all about the working hours. I tend to joke that we shall open the hotel only from Monday morning to Friday evening, then we will not have problems to find new colleagues! Working in the hotel offices is alright, there we do not have a higher turnover. But at the reception and other positions where

people have to work in shifts, they tend to go to other industries to find regular nine to five jobs. Especially those who have partners or families and want to settle down.

Interviewer: Do you think that the nature of work (service, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interviewee 6: What I realise is that the media, word-of-mouth and even work councils make this industry look bad. They tend to do some harm to the employer branding within the hotel industry. I come from outside industry to the hospitality industry, so I have seen other industries as well. When I came here, I was completely confused and irritated because people here complained about the food, but then I thought that I never had food for free! Or other people complained that they have to go to training, but then I had always to pay for my own training and had to complete them in my free time! So, what I saw is that people never see the benefits that they were receiving. Of course, salaries or payments is an issue; the thing is that if you have 200 to 300 employees, I cannot turn around the world and start from the beginning. You can only fix few screws here and there but what people tend to forget about are the benefits that hotel industries offer and other industries cannot offer.

Interviewer: Since you have mentioned that the payment is an issue here, why is that?

Interviewee 6: I think that most of the hotels cannot afford to pay much above the legal payment and this is due to history. When you reach the supervisor positions or department head positions, the earnings are absolutely alright and fair. However, the line positions are very much collective bargaining positions. It has always been like that, and it is very difficult to change because there is an owner and you have your budgets and a lot of factors, but it is getting better!

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 6: Yes, absolutely! Classic management theory. We are doing interviews with all the colleagues who leave us, and we know the importance of the leaders and the team heads. It is one of the most important reasons for leaving, if it is not the working environment, it is because the leading they receive. One of the biggest tasks

of human resources management is to be sure that the leaders fit in and that they are good in leading their teams.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover? You have already mentioned recruitment costs but are there any other costs?

Interviewee 6: Training costs, the onboarding of new colleagues and the loss of knowledge. With every colleague who is leaving the company, you lose knowledge. When I first started in this industry, I realised that there was a wrong mindset. People believed that every employee could be replaced easily, but that is not true. The costs are immense. The new colleagues are normally coming when the old colleagues are still working or consuming their holidays, that means you have double payroll costs. If you think of sales managers, it takes them up to 6 months to be fully on board and to work effectively. So, you are losing time and money there as well.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 6: Being a fair employer, it is as simple as that. You have to be honest; you have to have an open door policy and listen to your colleagues. We have two employee service per year. We also force our managers to really work on the issues they have in their departments. It is about being fair concerning the working hours; you have to offer a working environment where people like to work in. One of the biggest compliments for me is when we have internal job applications. This shows me that people want to stay with us. And the biggest compliment is when they return. I see people want to try out something else and when they come back, they often say that they underestimated the benefits of working here. It is actually very basic; we cannot put it into the management theory; you have to put the people into the heart; they are the people who work with guests and customers. So if they are happy, they will make the others happy which will bring back the money, which is logical.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 6: Motivation is very individual. One is probably motivated by having excellent food in the canteen, the other wants to develop by getting the right training. It is very individual, and this is what we are trying to go for, we try to see every employee individually. So, this is why we do not have any huge strategies; it is just about dealing with people and being together, laugh and create a good working environment. We listen to our colleagues and act on that quickly.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 6: Non-monetary. We all know from the management literature that money works for a couple of months. I always tell the managers that people who only want to continue working if they get more money, they are already close to leaving us. You cannot do retention only with money. If the working environment does not fit, it does not matter how much you pay, we will lose the employee eventually. Money helps for a couple of week or month, but it is about having the right working environment.

E-mail Interview: Park Hyatt Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 7: Turnover is high due to several reasons: staff members need to be flexible when it comes to working hours. At the same time, they want to have a stable work-life balance. Nowadays 80% of staff members terminating in the industry, leave the industry and do not go to a competitor as they want to know their schedule for the next days/weeks and make plans. This is very difficult in hospitality and it is unpredictable. Moreover, people nowadays do not want to “serve” anymore. They want to work in a field that is socially attractive. This is currently mainly not the case in hospitality/gastronomy. Payment is another issue staff members complain about. It all needs to be aligned in order to be attractive to potential staff members.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 7: Yes, it does affect the Viennese five-star hotels. As mentioned above, people leave the industry while more hotels/gastronomy is opening. For some hotels/restaurants, it is hard to find suitable staff members and keep the business running as usual.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 7: As mentioned above.

Interviewer: Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interviewee 7: As mentioned above.

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 7: Yes, we need to realize that a strict hierarchy will not be the key to a solution. Every staff member wants to be part of a team and not ranked with a job title.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 7: Training

Time for interviews

Time of managers for recruitment

Recruitment itself

Open positions that need to be filled freelancer/outsourced companies (higher costs)

Potential lost business

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 7: Employer branding, listening to what staff members need and want, being more flexible when it comes to duty roster (part time, ¾ day working week etc.), recruitment needs to be more open as well to unexperienced potential new staff members, inclusion and diversity is part of recruitment.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 7: It's the little things, not seeing a staff member as a number but treating him like an individual, know your staff members as you know your guests and treat them the same way.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 7: Both but well-balanced.

Transcript of interview via telephone: Le Meridien Vienna

Interviewer: In general, employee turnover is a global issue in the hospitality industry. Why is employee turnover rather high in this industry?

Interviewee 8: This industry is a very young and dynamic industry. This industry allows you to travel; it is a global industry. For example, you can start working in Austria, but it is easy to continue working in other countries through the globalisation. A lot of people are doing that, and that is the reason for a higher fluctuation. I think in our industry if you stay in one property for two years, it is already considered as good.

Interviewer: So, you mean there are many opportunities to change the hotels?

Interviewee 8: Yes! And it is also alright to change within hotels. We want people with different experiences, people who do not only stay in one place but have seen different places all over the world, so they have great knowledge. If I see a CV of somebody changing workplaces or countries every two years, I consider it as good. It is good for them; it shows that they know what they are doing. I don't consider it as negative. I think the time is over where people are staying for 20 years in the same company.

Interviewer: Does labour turnover affect the Viennese five-star hotels? If so, how?

Interviewee 8: Well, it depends on the staff of the different properties. We do have a high turnover because our staff are on average 24 years old. All of our staff are very young. They see us as their first step into their careers, and so do we. We are building careers, or, we are a starting point for a career. We know our high turnover, and we are absolutely fine with it as young people stay with us for two years. We do have executive level staff, like the GM and the department heads, who stay with us for 15 years. So, you do need a base. Our base is the department heads, but for all the other staff we are a building their careers. So, a fluctuation is there.

Interviewer: What are the main reasons causing labour turnover in the Viennese hospitality industry?

Interviewee 8: First of all, as mentioned, in our industry we have many opportunities, people go abroad, but there are also other factors. You have to look at the generations entering the labour market. It is a big generation. At the moment, we have more jobs than people doing them. In times of the Baby Boomers, people were fighting for the job. Now it is the other way around. We, as a hotel and as employers have to fight for talents. They have basically the choice. The time will change, in 10 years it will not look like that anymore. And in the future, we have to rethink as the market will not stay like that.

Interviewer: Do you think that the nature of work (working hours, payment, etc.) of the hospitality industry plays a vital role in employee turnover? Why or why not?

Interviewee 8: I do not think so because if you chose the hospitality industry, you know that you are entering a business with 24/7 opening hours. So, in my opinion, it is on us, the employers, to know how to deal with that. With the flexible shifts, there are big opportunities for us, if the law allows it, to create maybe four days working weeks. Not every industry can do that. Yes, we, the hospitality industry, had a bad reputation, but this is from the past. A lot of employers changed already in concerns of overtimes; they are well tracked and paid out. I think the managers have to rethink because when we grew up, we were taught differently but the industry is not like that anymore. A lot of initiatives have already started, and we have to think positively and not negatively.

Interviewer: Do you think that managers/supervisors play an important role in employee turnover? Why or why not?

Interviewee 8: Yes, you do not leave companies, you leave managers, in my opinion.

Interviewer: Why is employee turnover considered as costly? What cost can appear due to employee turnover?

Interviewee 8: First, you have to retrain if someone is leaving. So, you have to look for somebody new, so there is the recruiting cost. Here, you start with the advertisement cost, which is not cheap. Then you have the cost of the human resources, we have to take the time to recruit and once you have chosen a person you have to do the training. Until the person is prepared, it takes one to two months depending on the position. And there is the loss of knowledge cost.

Interviewer: What are the best ways in order to reduce labour turnover?

Interviewee 8: Well, you have to have good benefits, you need people to feel comfortable. As I mentioned before, those apparently negative sides of the hotel industry, you have to turn it into something positive. You have to give them enough spare time, you have to have good food in the canteen. You have to have good benefits for travels. Just create a good atmosphere in the hotel.

Interviewer: Do you have an employee retention strategy? How do you motivate your employees?

Interviewee 8: Yes. We do appreciation week; we do a lot of training, we are really focusing on building careers, giving opportunities and chances for young people if they are willing to develop. We are trying to add salaries as they are very basic, but we are trying to add values. We also have three apartments where employees can rent as a flat to a better price. There are lots of initiatives we are doing right now. We are starting with a networking-clubbing soon. We really appreciate the people.

Interviewer: Which motivator is more effective: monetary or non-monetary?

Interviewee 8: Non-monetary. Of course, there have to be a certain amount of money, and that amount has to be right, but in many positions in the hotel industry, you can earn lots of tips if you do your job well. And if you do your job well, you are happy. If you are happy, the hotel is happy and will make you happier. I think it is a chain.

Interviewer: So, if I understand correctly, you say that money is the basic but non-monetary are the bonuses?

Interviewee 8: Absolutely, yes.