

1992-05-01

## The Problem of Labor Turnover in Hotels

Frank McMahon

*Technological University Dublin, [frank.mcmahon@tudublin.ie](mailto:frank.mcmahon@tudublin.ie)*

Follow this and additional works at: <https://arrow.tudublin.ie/diraaart>



Part of the [Hospitality Administration and Management Commons](#)

---

### Recommended Citation

McMahon, F. (1992) The Problem of Labor Turnover In Hotels, *Arizona Hospitality Trends*.

This Article is brought to you for free and open access by the Directorate of Academic Affairs at ARROW@TU Dublin. It has been accepted for inclusion in Articles by an authorized administrator of ARROW@TU Dublin. For more information, please contact [arrow.admin@tudublin.ie](mailto:arrow.admin@tudublin.ie), [aisling.coyne@tudublin.ie](mailto:aisling.coyne@tudublin.ie), [gerard.connolly@tudublin.ie](mailto:gerard.connolly@tudublin.ie), [vera.kilshaw@tudublin.ie](mailto:vera.kilshaw@tudublin.ie).

## VANTAGE POINT

— a column written by the world's leading hospitality educators —

## The Problem of Labor Turnover in Hotels

By Frank McMahon, Deputy Principal  
Dublin College of Catering

A report, *Hotels of the Future*, produced by Horwath and Horwath in 1988 at the behest of the International Hotel Association, concluded that the human-resources issue of the '90s will be the single issue dividing success from failure.

There is growing concern about the problems of attracting and retaining an adequate workforce. The growth of the hotel and catering industry internationally (coupled with a declining population in the West) is creating a severe problem in much of Europe and the United States. This has led many major hotel operators to develop action plans. At the IHA Congress in Prague (October 1990), Volker Buring, director general of human resources for the Accor group (based in France and now claiming to be the largest hotel and catering employer in the world), described their coordinated plan, which involved defining staffing needs, systematizing the recruitment and selection of staff, developing attractive material on Accor for student use, and inviting students to in-house seminars, creating a welcoming structure. Subsequent discussion among delegates identified sources of staff apart from hotel schools, e.g., married women and older "redundant" workers who might be retrained. But one aspect appeared to receive much less attention — the extent to which hotels lose the staff that they have struggled to attract.

Ann Denvir, who recently completed her BSc degree in hotel and catering management at the Dublin College of Catering, undertook a study of four London hotels for the year 1990. These were all four-star hotels, enjoying high occupancy levels, and were owned by international hotel groups. The hotels had labor turnover rates, which varied between 58 percent and 112 percent.

### Measuring labor turnover

The measure used here for Labor Turnover was the Number of Leavers as a percentage of the average number employed — a somewhat crude overall approach, which may mask great differences between departments within a hotel. But for purposes of this article it demonstrates clearly the very high rate of labor turnover (an average of 80 percent) for the four hotels involved. When one mentions an actual figure (80 percent), one immediately wonders what should the target figure be? A nil rate of Labor Turnover is not desirable, since it would indicate a hotel with a static workforce, growing old together and without the infusion of new ideas and new energies. Though the definition of an ideal figure may well differ from hotel to hotel, I suspect that the desirable range is likely to be from 10 percent to 25 percent. The gap between this range and the actual 80 percent shown in the study shows the extent of the problem.

### Costs of labor turnover

There are enormous costs associated with the high levels of labor turnover encountered in these hotels. These costs include the cost of advertising for new staff, fees paid to recruitment agencies, overtime payments to other staff, loss of business and goodwill, interviewing time for staff, replacement of uniforms, cost of induction and training programs, and lack of productivity until a new employee reaches normal standard.

The costs mentioned above ignore the fact that many employees leave after a period of growing disenchantment, during which time their jobs may well have been performed with gradually diminishing levels of service.

High levels of staff turnover have long been accepted in the hotel industry in Europe. The desire for international experience has created a pattern of short-term residencies in various countries, especially since many hotels offer accommodation to their staff, making it easier for them to adopt a nomadic style of life, untethered by the anchor of house ownership that others have.

### Time for action

What are hoteliers doing about the high level of staff turnover? One is tempted to say "not much," when two of the hotels in the London survey do not even bother to conduct exit interviews with all those leaving. Such interviews are useful in determining the causes of departure. Where exit interviews were conducted, many leavers stated they were leaving the country either to travel or to return home. (The latter is indicative of the high reliance on foreign staff.)

One is tempted to draw at least tentative conclusions from the data in Table 1. It is noticeable that Hotel D has the highest percentage wage cost and the lowest rate of staff turnover. One also notes that Hotel D had the highest occupancy level. Is the solution

**Table 1**      **Survey of London Hotels, 1990**

	Hotel A	Hotel B	Hotel C	Hotel D
# of Rooms	400	900	800	400
1990 Occupancy	81%	80%	79%	85%
Average # on Staff	180	381	472	190
Wage Cost as Percent of Revenue	20%	—%	27%	33%
Labor Turnover	112%	73%	82%	58%
Exit Interviews	1 leaver in 10	1 leaver in 10	All	All

to be found in increasing wage rates and thereby making it unattractive for staff to leave? The hotel industry has been characterized in popular imagination as an industry of poorly paid employees. In an employee attitude survey conducted at the end of 1989 for a major UK hotel group, over 500 staff were canvassed for their opinions on many aspects of their work. Generally, they were very positive in their attitudes, found the work interesting, their colleagues friendly, and their employer "good." But when it came to the issue of pay, a large majority (74 percent) thought that other industries paid better than the hotel industry.

Much work needs to be done to solve the problem of staff turnover in the hotel industry. A start can be made by the systematic gathering of information on levels of turnover, the comparison of level of turnover in hotels and other industries, and the conducting of exit interviews to establish the reasons for leaving.

A second line of attack will involve overcoming the "induction crisis" that new employees experience. Carefully thought-out

induction programs can be effective here. And finally, the longer-term problems of establishing career progression plans for more hotel employees will have to be faced and overcome.

**Frank McMahon**, deputy principal of the Dublin College of Catering, is a graduate of the University of Dublin, holding the BComm and the



MBA degrees. He served for three years as head of the hotel school in Zimbabwe (funded by Ireland's aid program), has been a member of the editorial board of the *International Journal of Hospitality Management* since 1982, and was secretary of the *International Association of Hotel Management Schools* from 1981 to 1984. McMahon worked for five years with Great Southern Hotels before opting for an academic career.

*Dublin College of Catering*