Turnover Intention in the Hotel Industry: The Employees’ Perceptions

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ABSTRACT

The hotel industry is rapidly expanding, needing more employees. The high demand for employees may lead to tighter competition in the job market, increasing employee turnover. This study aims to provide statistical evidence about the role of job stress, job insecurity, and compensation in explaining turnover intention among hotel employees. Primary data related to hotel employees’ perceptions were collected using an online survey. The survey involved 135 employees of Jakarta’s five-star hotels. The data were analyzed using Partial Least Square Structural Equation Modelling (PLS-SEM) to test three research hypotheses. The analysis results show that job stress and job insecurity positively relate to turnover intention in the hotel industry, whereas compensation is negatively associated with turnover intention. The finding could provide insight for hotel managers on reducing employee turnover. It also contributes to the upward literature on the hospitality and tourism industry.

KEYWORDS

Job Stress
Job Insecurity
Compensation
Turnover Intention
Hospitality Industry

Introduction

The hospitality industry has been one of the most vibrant and expanding for a long time. The hospitality and tourism industries have also been among the most active and growing (Lestari et al., 2020). The hospitality sector employs thousands of people in occupations from lodging and travel to entertainment and food and drink (Garcia, 2022). Employees are obliged to the tourism industry, and their availability contributes to achieving any plan or program for the sector’s growth (Aynalem et al., 2016). The hospitality industry employs one out of every ten people worldwide (Langford et al., 2019). However, this does not imply that the sector has an easy time experience preserving employees (Karinadewi & Martdianty, 2020). The hospitality business faces a persistent problem with employee turnover on a global scale (Santhanam et al., 2015). Human resources are indisputably one of the most parts of an organization because they allow the business to achieve its objectives (Asepta & Pramitasari, 2022).

The hotel industry has struggled to attract and retain top talent (Ek Styvén et al., 2022; Thio & Foedjiawati, 2019). Turnover rates in hospitality range from 60–120 percent per year, which is higher than in other industries (Han, 2022). Many factors contribute to high staff turnover rates in hotels, including low wages, unfavorable working conditions, a lack of job security, and limited prospects for advancement, all of which contribute (Ghani et al., 2022). Employee turnover compromises organizational effectiveness and profitability because it results in the loss of crucial corporate assets and resources (Okae, 2018). Even though human resource professionals have identified turnover as a concern, the issue is being addressed ineffectively (Ndembele et al., 2021).

Finding the primary causes of hospitality workers leaving their jobs in large numbers is challenging. Previous studies indicated that the reason for hotel employee turnover is poor pay and advantages (Che Ahmat et al., 2019; Jolly et al., 2021), job stress (Chen et al., 2022; Rehman & Mubashar, 2017), job insecurity (Asimah, 2018; Bajrami et al., 2021; Dusek et al., 2016), compensation (Atongdem & Combert,
2019; Okae, 2018; Santhanam et al., 2017), and several things such as working hours, workload, work pressure, training and development, leadership, career plans, and family factors (Aynalem et al., 2016; Blomme et al., 2010; Gom et al., 2021; Lantican, 2021; Mensah et al., 2021; Mooney, 2019; Wang et al., 2017). Dwesini (2019) conducted a literature review in 2019 which found that researchers have empirically studied the issue of industrial labor turnover in several countries, including South Africa, Australia, Greece, and the United States.

According to some of the studies abovementioned, it is revealed that the rate at which employees leave the hospitality industry is unstoppable and difficult to manage for affected companies. Therefore, based on this phenomenon, this study aims to provide statistical evidence about the role of job stress, job insecurity, and compensation on turnover intention among hotel employees in Jakarta. The selection of the variables to be studied is because the hotel industry has recently faced the problem of the COVID-19 pandemic, which has triggered stress (Yan et al., 2021) and feelings of insecurity (Jung et al., 2021) among hotel employees. Meanwhile, the compensation variable is important for employees and hotel establishments (Adrian et al., 2022). Jakarta, as the research location, is selected because this city is the capital city of the Republic of Indonesia which has the potential to attract tourists to meet the needs for lodging accommodations (Desliana et al., 2016). So, it is essential to be able to maintain the existing workforce in the hospitality sector to meet the needs of tourists.

This study investigates the direct effect of each independent variable on the dependent variable without any factor mediation, which is a differentiator from previous research. The advantage of this research is that it can determine the factors that influence turnover intention among hotel workers, then hotel management can find ways to overcome this. The results of this study will later become a theoretical contribution to the world of hospitality/tourism in Indonesia because any results from this study will be able to find out the factors that cause turnover intention of hotel employees.

Literature Review

Turnover Intention

Employee turnover refers to switching between employers, professions, and positions, as well as employment and unemployment in the labor market (Dwesini, 2019; Hendryadi & Zannati, 2018). Employee turnover reveals a person’s subjective likelihood of leaving an organization, which reflects the culture and values of the organization (Djajasinga et al., 2021). The desire of employees to leave a company is known as turnover intention, and it is a good predictor of actual turnover (Awang et al., 2013). Employee turnover has been a significant managerial problem in Indonesia (Karina dewi & Martdianty, 2020). Several studies have described the relationship between job stress (Lantican, 2021; Park & Min, 2020; Rehman & Mubashar, 2017), job insecurity (Brahmannanda & Dewi, 2020; Bajrami et al., 2021), and compensation (Brahmannanda & Dewi, 2020; Saputra & Suwandana, 2021; Vizano et al., 2021) on turnover intention. A high turnover intention can result in financial losses for the company because it takes time for new employees to get to know the company’s culture and environment and the costs for training (Saputra & Suwandana, 2021).

Job Stress and Turnover Intention

Job stress refers to a person’s perception of deviations from the usual expectations when facing significant opportunities, constraints, or responsibilities related to their job (Tsui, 2021). Ramlawati et al. (2021) define job stress as a negative response to work-related circumstances that interfere with employees’ lives, resulting in changes in their physiological, psychological, and behavioral health. Job stress has significant financial and health consequences for employers who may incur costs of thousands of dollars per employee annually and for individual employees, according to Schwegker and Dimitriou (2021). Rizan et al. (2022) suggest that prolonged exposure to job stress can lead to adverse health outcomes, such as cardiovascular disease, depression, and anxiety.
Several studies have demonstrated that job stress impacts employees’ intentions to leave. Duffour et al. (2021) investigated the Ghanaian hospitality industry with 367 employees and found a significant positive relationship between job stress and turnover intention. Likewise, Junaidi et al. (2020) conducted a study at a garment company in Indonesia with a sample of 85 employees, which revealed a significant effect of job stress on turnover intention. Baek et al. (2018) conducted research in the hotel industry in Korea with a total of 344 questionnaires, showing a positive relationship between job stress and turnover intention. Consistent with these findings, Asepta & Pramitasari (2022) conducted a study using a causal-comparative research approach on 100 female workers in Malang, which found that job stress affected turnover intention.

**H1. There is a relationship between job stress and turnover intention.**

**Job Insecurity and Turnover Intention**

Job insecurity refers to employees’ feeling that they may lose their job or lack clarity about the future of their current position (Sun et al., 2022). When employees experience this sensation, they are inclined to put in more effort to demonstrate their value to the company and avoid losing their jobs (Nikolova et al., 2022). However, job insecurity can have far-reaching adverse effects on employees’ health and well-being, attitudes toward their work and the company, and behavior at the workplace (Stankevičiūtė et al., 2021). Despite these factors, when companies do not provide job security, employees tend to be less committed to their jobs and the company, have higher turnover intentions, and suffer from worse mental and physical health (Cheng & Chan, 2008; Lingmont & Alexiou, 2020; Selenko et al., 2017).

Based on previous research conducted in the hotel industry in the Middle East with a total of 847 respondents, the result found that the perception of job insecurity, not accompanied by self-efficacy, harmed turnover intentions (Mahmoud et al., 2022). The research conducted by Asimah (2018), using a descriptive and cross-sectional survey of 80 employees deliberately selected from the hotel industry in Ho, Ghana, found that job insecurity is one of the six factors that affect turnover intention, with a turnover rate of 70.31%. An empirical study conducted by Dusek et al. (2016) found that job insecurity directly affects the turnover intention of Russian citizens. Achmad and Yustina (2022) also found that job insecurity has a positive relationship with turnover intention.

**H2. There is a relationship between job insecurity and turnover intention.**

**Compensation and Turnover Intention**

Compensation refers to direct and indirect monetary and non-monetary rewards given to employees based on their work value, contribution, and performance (Syaifullah & Prasetyo, 2018). It is crucial for employees as it reflects values in the workplace, to colleagues, family, and society (Sari et al., 2022). According to Cao et al. (2013), a significant negative correlation between compensation and turnover intention, a pay structure that deviates significantly from workers’ expectations, can result in a high percentage of job turnover. Similar findings were reported by Brahmannanda and Dewi (2020), showing that compensation affects turnover intention.

**H3. There is a relationship between compensation and turnover intention.**

Based on the discussion above, this study develops a model as presented in Figure 1.

![Figure 1. Research Conceptual Framework](image-url)
Research Method

This quantitative research examines the relationship between job stress, job insecurity, compensation, and turnover intention among hotel employees in Jakarta. The study collected data from 135 hotel employees in Jakarta, ranging from one to five-star hotels, between September 2022 and November 2022. Online questionnaires via Google Forms and WhatsApp groups were used to examine three independent variables: job stress, job insecurity, and compensation, with turnover intention as the dependent variable. Sample sizes between 30 and 500 are suitable for most studies, with larger samples expected to yield better results (Alwi, 2015).

The questionnaires used in this study were adapted and modified from earlier studies. Eight job stress items were adapted from research conducted by Hongkong et al. (2019), while twelve questions for job insecurity questions from Etehadi and Karatepe (2019). The indicators used to measure compensation in this study were wages and salaries, incentives, allowances, and facilities, according to Simamora (2004). The turnover intention was measured using indicators adapted from Mobley (2011), including thoughts of stopping work, desire to leave work, and desire to find another job. Each question was measured, on a five-point Likert scale, with point number 1 indicating “strongly disagree,” number 2 indicating “disagree,” number 3 indicating “neutral,” number 4 indicating “agree,” and number 5 indicating “strongly agree.”

The research used the quantitative multivariate partial least squares structural equation modeling (PLS-SEM) for hypothesis testing and analysis. The study used the method because it is predictive (Avkiran, 2018) and widely used in the hospitality sector (Ali et al., 2018; Usakli & Kucukergin, 2018). The research conducted the model analysis and interpretation to ensure the validity and reliability of the suggested measurement scales in two steps: a measurement model analysis and a structural model analysis (Hair et al., 2014; 2017; Sarstedt et al., 2014).

Results and Discussion

Figure 2 shows the partial least squares analysis, which includes outer weight/loading as part of the outer model analysis. The Path Coefficient and R-Square values, as well as the Constructs values, are included as part of the Inner Model. After the data processing, the study omitted several statements because the outer loading value did not reach 0.7. Therefore, the condition required that the loading value be more than 0.7 (Hair et al., 2017).

Lestari et al. (Factors Affecting Turnover Intention in The Hotel Industry)
The data processing results show that several statements are missing from the calculation of SEM-PLS, including points JS1, JS2, JS4, and JS5, on job stress, and points JiS1, JiS4, JiS7, and JiS10. TI1, TI2, TI3, and TI4 are the turnover intention points.

The study assessed the indicators (outer model) using various methods such as convergent validity, construct reliability, average variance extracted (AVE), and discriminant validity. The study utilized Convergent validity to evaluate the validity indicator shown by the outer loading of each variable > 0.70. The study also measured Construct reliability as the latent variables > 0.70. It is worth noting that Cronbach’s alpha is equivalent to construct reliability. Additionally, the study used the average variance extracted (AVE) to determine if the requirement for discriminant validity was met, with the minimum threshold being 0.50. Table 1 provides a visual representation of these metrics.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loading</th>
<th>CR*</th>
<th>AVE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Stress</td>
<td>JS3</td>
<td>0.774</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS6</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS7</td>
<td>0.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS8</td>
<td>0.759</td>
<td>0.782</td>
<td>0.600</td>
</tr>
<tr>
<td>Job Insecurity</td>
<td>JiS2</td>
<td>0.871</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS3</td>
<td>0.882</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS5</td>
<td>0.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS6</td>
<td>0.774</td>
<td>0.931</td>
<td>0.671</td>
</tr>
<tr>
<td></td>
<td>JiS8</td>
<td>0.827</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS9</td>
<td>0.870</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS11</td>
<td>0.780</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JiS12</td>
<td>0.756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>Comp1</td>
<td>0.751</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp2</td>
<td>0.772</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp3</td>
<td>0.776</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp4</td>
<td>0.847</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Comp5</td>
<td>0.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp6</td>
<td>0.720</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp7</td>
<td>0.802</td>
<td>0.945</td>
<td>0.622</td>
</tr>
<tr>
<td></td>
<td>Comp8</td>
<td>0.887</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp9</td>
<td>0.751</td>
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<tr>
<td></td>
<td>Comp10</td>
<td>0.748</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp11</td>
<td>0.792</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comp12</td>
<td>0.864</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>TI5</td>
<td>0.875</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI6</td>
<td>0.897</td>
<td>0.849</td>
<td>0.691</td>
</tr>
<tr>
<td></td>
<td>TI7</td>
<td>0.794</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TI8</td>
<td>0.750</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(1) Cronbach’s alpha, (2) Average Variance Extracted

Source: Primary Data Processed (2022)

After that, the study examined the discriminant’s validity. For each construct, the study calculated the square roots of the AVE, and the outcomes were noted along the correlation matrix’s diagonal, as shown in Table 2. The square root of the AVE indicates that for any given set of measurements, there should be more variation in each of them compared to the given treatments. The study effectively demonstrates the discriminant validity of the constructs are more diagonal elements in rows and columns than off-diagonal elements.
Table 2 demonstrates that all measurements have satisfactory levels of validity and reliability.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.789</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Insecurity</td>
<td>-0.266</td>
<td>0.819</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Stress</td>
<td>-0.272</td>
<td>0.277</td>
<td>0.755</td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>-0.556</td>
<td>0.560</td>
<td>0.468</td>
<td>0.831</td>
</tr>
</tbody>
</table>

The square root of the AVE is plotted on the diagonal, and correlations are constructed below the diagonal.

Source: Primary Data Processed (2022)

To perform partial least squares, we used Smart PLS 4, a variance-based structural equation modeling (SEM) method (Joseph F Hair Jr et al., 2017). PLS-SEM is a good perspective for exploratory research from the SEM perspective (Joe F Hair et al., 2012). The creation of three hypotheses supported the conceptual framework of the study. By calculating the explained variance (R^2) of the dependent variables, the path coefficients (β), and their degrees of significance produced from a bootstrapping resampling approach, we evaluated the predicted correlations under the criteria provided by (Hair et al., 2017).

The result of the hypotheses test is shown in Table 3. The result revealed that job stress (β = 0.257, t = 4.232, p < 0.05), job insecurity (β = 0.387, t = 6.700, p < 0.05), and compensation (β = -0.383, t = 6.338, p < 0.05), were associated with the turnover intention, supporting H1, H2, and H3.

Table 3. Hypotheses Testing Results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Std. Beta (β)</th>
<th>Std. Error</th>
<th>t-value</th>
<th>P-values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Stress → Turnover Intention</td>
<td>0.257</td>
<td>0.061</td>
<td>4.232</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Job Insecurity → Turnover Intention</td>
<td>0.387</td>
<td>0.058</td>
<td>6.700</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Compensation → Turnover Intention</td>
<td>-0.383</td>
<td>0.060</td>
<td>6.338</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Primary Data Processed (2022)

The study concludes that job stress and job insecurity positively relate to the turnover intention of hotel employees in Jakarta, whereas compensation negatively relates to turnover intention.

The research findings are consistent with earlier studies. Hypothesis 1 aligns with earlier research conducted by (Baek et al., 2018; Duffour et al., 2021), which found that job stress has a significant positive relationship with turnover intention among hotel employees. This result also agrees with Junaidi et al. (2020) general finding that job stress significantly affects turnover intention.

Likewise, hypothesis 2’s findings confirm those of earlier research. According to previous research, known as high job insecurity, an employee has little sense of job security if their intention to leave increases (Cheng & Chan, 2008; Lingmont & Alexiou, 2020; Selenko et al., 2017). The results of this study are also in line with previous studies in the hotel industry, which suggest that job insecurity has a positive effect on turnover intention (Asimah, 2018; Dusek et al., 2016; Mahmoud et al., 2022). Moreover, several studies suggest that role stressors, work tension, and work attitudes significantly impact employees’ intention to leave. Burnout, role stressor conflicts, and co-worker support have a stronger relationship with hospitality employees’ intention to leave than findings from earlier meta-analyses in other industry contexts (Park & Min, 2020).

Meanwhile, the findings for hypothesis 3 are consistent with earlier studies by (Brahmannanda & Dewi, 2020; Cao et al., 2013). There is a strong negative relationship between compensation and turnover intention, with a pay structure that significantly deviates from expectations leading to a high rate of job turnover. Several factors other than the compensation that can also predict employee turnover in the hospitality industry are job satisfaction, employee compensation, employee engagement, employee motivation, and work environment (Okae, 2018).
Conclusion

The findings of this study are beneficial to the hotel business in its efforts to reduce turnover rates. A high turnover rate can result in losses both materially and in terms of time for the management. By knowing the factors impacted by hotel employee turnover, management can take proactive steps to ensure that employees feel attached to the company they work for, and the company can reduce the turnover rate. It is essential to understand why employees leave their jobs if businesses are to survive. Ultimately, the hospitality sector will be able to retain workers naturally with low turnover rates, which will reduce costs associated with recruiting, onboarding, and training.

Management can take proactive measures to increase employees’ attachment to the company and reduce turnover rates by understanding the factors that have led to hotel employee turnover. Businesses to survive must understand the reasons why employees leave their jobs. It is crucial because if the hospitality sector can naturally retain workers with low turnover rates, it will result in significant cost savings related to recruiting, onboarding, and training. Based on the results of this study, the hotel industry must reduce employee stress levels at work and improve job security to retain employees and reduce their desire to leave the hospitality sector. The study has limitations as it is limited to star hotel employees in Jakarta and a small number of samples. Hence, the study recommended conducting further research with a broader scope and a more extensive sample size. For future research, variables related to employee engagement, motivation, and work environment can also be added or tested. Another limitation of this study is that it has not discussed dealing with non-response bias, which can be considered for further research.

References


