A STUDY OF THE EXTENT AND NATURE

OF LABOUR TURNOVER

IN HOTELS
ABSTRACT

This thesis sets out to investigate the extent and nature of labour turnover in hotels. The general thrust of the work is to build up on existing knowledge. This knowledge, as appraised in a review of the past literature, is based primarily on measures and manifestations of labour turnover which are external to an organisation. Thus, while the work starts from a broad base illustrating the overall extent of staff turnover in the hotel industry, the main part of the study concentrates on the phenomenon of labour turnover on a smaller scale and from an intra-hotel perspective. To this end traditional concepts of labour market theory are used to complement the principal theoretical framework used in this thesis, a framework which is concerned with internal labour markets.

From this theoretical base is derived an index of managerial practices which is instrumental in building up a composite picture of the internal labour market structure of hotels. The different characteristics of labour turnover are then examined with regard to this structure.

Five principle findings emerge from this thesis:

- That hotels are an example of very weak internal labour markets;
- That hotel managers work in a relatively unconstrained environment, yet appear to do nothing in response to labour market pressure;
- That the phenomenon of labour turnover in hotels can be conceived in terms of a stable and an unstable element in all establishments;
- That the extent of variability within hotels and within occupations suggests some other common influence. The evidence here indicates this influence to be managerial practices;

- That, although labour turnover in hotels was confirmed to be very high, some of the other reputational cliches on the subject have been brought into question by the findings. The greater instability of 'back of house' staff is queried, and that particular occupations are inherently unstable is thought doubtful.
ACKNOWLEDGEMENTS

I wish to take this opportunity to acknowledge the help given by so many during the production of this thesis.

Firstly, to my supervisors, Michael Riley and Dr. Colin Hales, who contributed not only through their expertise and guidance, but also through the encouragement and support without which this project would never have been completed.

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And finally, my thanks to all those General Managers and Personnel Managers in hotels throughout the country who contributed the basic information on which this research was based.
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1.0 INTRODUCTION
1.1 INTRODUCTION TO THE STUDY

1.1.1 DEFINITION OF LABOUR TURNOVER

Labour turnover has been described as "a costly, complex, interactive phenomenon" (1), and because of this complexity, there arises a problem of definition. The term labour turnover can be used in a number of contexts - to refer to a change of job, occupation, employer, or place of work. It can also subsume a variety of interrelated types such as voluntary versus involuntary turnover, controllable versus uncontrollable, and the inclusion of redundancies or retirement, etc. The difficulties of definition and the widespread variations used are discussed more fully in the literature review (see Section 2.1). However, for the purposes of the present study, it is necessary to establish a standard specification. In this case, the definition suggested by PETTMAN is used:

Labour turnover can be described as "the movement of labour out of an organisation." (2)

Clearly this definition is broad, covering all the aspects of labour turnover just mentioned. It is considered appropriate here, however, as this study intends to look at the phenomenon of turnover in hotels in very much an exploratory way. In addition, present knowledge of the reasons why hotel staff leave is limited. Indeed, it is felt that there is not sufficient empirical information available at this stage, to justify categorising labour turnover into more detailed classifications. In other words, the study seeks to work towards, rather than being able to start from, an adequate conceptualisation of labour turnover in all its ramifications.
1.1.2 MEASUREMENT OF LABOUR TURNOVER

Although the concept of labour turnover is widely used, variations in the definitions used are reflected in different methods of measurement. This tends to limit, to a certain extent, the value of comparing one organisation or industry with another, unless there is a common basis to the data. Furthermore, there are limitations and weaknesses inherent in some of the methods used to measure labour turnover.

There are three main indicators of turnover in use. They are the crude turnover rate, survival curves, and stability indices, each with varying degrees of mathematical complexity. It is generally accepted as unlikely that any single indicator alone will provide an entirely satisfactory measure of turnover. However, as the following paragraphs point out, each has its value in a study of labour turnover.

Crude Labour Turnover Index

The 'crude labour turnover index' is the most common measure used to indicate a firm's ability to retain its staff. It is normally calculated as an annual or six-monthly figure showing the difference between the average number of people employed and the number of employees leaving the company, expressed as a percentage. The conventional formula is:

\[
\text{Annual turnover} = \frac{\text{Number of leavers}}{\text{Average number employed over year}} \times 100
\]

Although this measure is commonly used, it does have weaknesses. Firstly, the meaning of any percentages given will depend largely on the number of
employees in a particular department or organisation, and this is not usually referred to. For example, one employee could leave from an organisation of four employees, giving an annual turnover percentage of 25; while another company of 160 employees may lose 40 workers and still exhibit a turnover percentage of 25. The loss from the first organisation may in fact not be as serious as the loss of a number of workers from the second. It will depend on the ease with which a company can replace the leavers, among other things, and this is not indicated by the turnover percentage.

Similarly, the crude turnover index may be misleading in that the same turnover percentage may be obtained from different leaving patterns. For example, a given rate may indicate either many jobs within an organisation where the turnover rate is very low; or a small number of jobs which, because of many reasons, may have consistently high turnover. Both these trends will be hidden by the crude turnover rate which only gives a general average, and yet both present quite different problems for management. The crude turnover rate does not show the length of service each leaver has had with the organisation.

Finally, on an annual basis, the crude wastage index only shows the number of employees leaving an organisation, and does not necessarily show how many jobs need to be filled. This would be of particular relevance in situations where the organisation is either expanding or decreasing the size of its overall workforce.

**Stability Index**

An alternative, and possibly more useful way of measuring turnover, is a
stability index. This has the advantage that it incorporates a measure of the proportion of the labour force who stay in employment over the year.

Various formulae have been suggested for the stability index in past years and the one used here has in fact been developed from these earlier propositions (3). This stability index derives from a 'stability curve' which plots the percentage of present employees who were with the firm at time t, against time. The stability index then expresses the area under this curve as a percentage of the maximum possible stability over the number of years considered (see Figure 1.1.1): that is, the theoretical situation where all employees remain with the firm for the total time period considered.

Figure 1.1.1 The Stability Index Shown Graphically

Consider, therefore, a case where the stability curve has been drawn for the 'number of employees at time t', expressed in individual units and not as a percentage. $N$ is the total number of employees, and $n$ the
number of years over which the stability is being measured. \( L_n \) is the total length of service of all present employees measured over the past \( n \) years, and represents the area under the curve. The area of the rectangle ABND represents the maximum possible stability, and measures \( n \times N \). The stability expressed as a percentage of the maximum possible stability then becomes:

\[
\frac{L_n}{n \times N} \times 100\% = \text{Stability Index}
\]

This ratio is a useful indicator of an organisation's ability to develop a pool of long-serving staff. However, the formula given here makes one main assumption: that the labour stock size remains constant over the period being measured. This condition being satisfied, makes the stability index a useful measure in that it is easy to calculate and requires only simple and accessible data.

However, if labour stock size changes, during the period under study, the computation of stability becomes slightly more complicated. The total size of the labour force then has to be measured in blocks to denote the different levels of employment for each time period. Thus the formula for the stability index becomes:

\[
\frac{\sum_{i=1}^{x} n_i \times N_i}{L_n} \times 100\% = \text{Stability Index}
\]

where \( \sum_{i=1}^{x} n_i \times N_i \) is the sum of the steps in the expansion of the labour force. Each step is measured as the total size of the labour force at that time (\( N_i \)), multiplied by the number of months it remained at that
size \( (n_i) \). \( x \) is the number of such steps. This concept is illustrated in Figure 1.1.2, where an expanding labour force is taken as the example.

**Figure 1.1.2** The Stability of an Expanding Labour Force.

![Graph showing the stability of an expanding labour force.](image)


**Survival Curve**

A third measure of labour turnover is the Survival Curve, which shows the relationship of turnover to length of service or age of the employees. The leaving rate each month is plotted as a proportion of the original group of entrants. It is of particular use to show the turnover of the first few months to a year for a group of recruits, the period known as the 'induction crisis' in which a large proportion of staff often leave. Survival curves can be drawn for any fairly large unit of employees such as a department, or firm. It can measure how successful that unit is in retaining staff, or may be used to identify how long a particular cohort
of new recruits survive.
1.1.3 LABOUR TURNOVER IN THE HOTEL INDUSTRY

Labour turnover is widely recognised to exist in most industries. This is particularly so in the hotel and catering industry where studies have isolated abnormally high levels of turnover (see Figure 1.1.3).

Figure 1.1.3 Annual Labour Turnover Rates in Hotels and Catering.

<table>
<thead>
<tr>
<th>Labour Turnover %</th>
<th>Sector</th>
<th>No. of Units.</th>
<th>Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>00-506</td>
<td>Similar Hotels</td>
<td>7</td>
<td>JOHNSON, 1980.</td>
</tr>
<tr>
<td>80-120</td>
<td>HCI. (skilled)</td>
<td>20</td>
<td>N.E.PILOT, 1974.</td>
</tr>
<tr>
<td>60-160</td>
<td>HCI. (unskilled)</td>
<td>20</td>
<td>N.E.PILOT, 1974.</td>
</tr>
</tbody>
</table>


This table not only highlights the extent of labour turnover in the hotel and catering industry, but also that the highest turnover rates are consistently found in hotels. A further study shows the extent of turnover in different types of hotel. (see Figure 1.1.4).
Figure 1.1.4 Labour Turnover by Type of Establishment.

<table>
<thead>
<tr>
<th></th>
<th>Small popular hotels</th>
<th>Small quality hotels</th>
<th>Large popular hotels</th>
<th>Large quality hotels</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees.</td>
<td>1315</td>
<td>976</td>
<td>463</td>
<td>2015</td>
<td>4769</td>
</tr>
<tr>
<td>Total leavers in previous 12 months</td>
<td>864</td>
<td>944</td>
<td>611</td>
<td>1676</td>
<td>4095</td>
</tr>
<tr>
<td>Turnover, %</td>
<td>65</td>
<td>97</td>
<td>132</td>
<td>83</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: Hotel and Catering EDC. 1975 (6).

Clearly, there is, therefore, evidence that hotels exhibit very high rates of labour turnover. However, it is not until these rates are set in context by comparison with other industries, that the real value emerges. The Department of Employment statistics, in all manufacturing industries, for example, give an annual average labour turnover rate for 1978 of 26% (7); while in 1975 a survey declared that "the labour force in catering has been considerably less stable that 'all industries and services' (see Figure 1.1.5). Furthermore, there has been deterioration in hotels and catering each year since 1971" (8). For manufacturing industries, on the other hand, the rates of turnover have been "falling steadily since 1966" (9).
Figure 1.1.5 Comparisons of Labour Stability

<table>
<thead>
<tr>
<th></th>
<th>% with more than 12 months' service</th>
<th>April 1971</th>
<th>April 1973</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-time manual men</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering (defined as MLHs884-888)</td>
<td>65.4</td>
<td>55.9</td>
<td></td>
</tr>
<tr>
<td>All industries and services</td>
<td>86.5</td>
<td>83.4</td>
<td></td>
</tr>
<tr>
<td><strong>Full-time manual women</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>67.1</td>
<td>59.3</td>
<td></td>
</tr>
<tr>
<td>All industries and services</td>
<td>81.4</td>
<td>78.1</td>
<td></td>
</tr>
<tr>
<td><strong>Full-time non-manual men</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>84.1</td>
<td>78.7</td>
<td></td>
</tr>
<tr>
<td>All industries and services</td>
<td>90.4</td>
<td>88.5</td>
<td></td>
</tr>
<tr>
<td><strong>Full-time non-manual women</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td>69.5</td>
<td>54.4</td>
<td></td>
</tr>
<tr>
<td>All industries and services</td>
<td>80.0</td>
<td>77.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: Hotel and Catering EDC (1975) (10).

These figures and quotes, while not conclusive evidence, do strongly suggest that labour turnover is particularly high in the hotel and catering industry, and that there is a need for further research into the area. Unfortunately some sources suggest that there is a problem in convincing managers that they ought to consider high labour turnover and the subsequent manpower costs as a priority problem. One reason for this acceptance of labour turnover as a "regrettable fact of life" about which they can do nothing (11), would seem to be because the causes of the problem are ascribed to factors inherent in the nature and structure
of the work (see Section 1.2).

However, a closer look at the problem of labour turnover in hotels would suggest that this is not the whole picture. There is clear evidence that labour turnover rates range enormously from one hotel to another, and even from one department to another (see Figures 1.1.3 and 1.1.6). Therefore, although labour turnover is certainly a major problem, it is also one which some units appear to deal with far better than others.

The high average rates of turnover clearly hide some very marked departmental differences. At their worst, these departmental rates rise as high as 400-500%; yet at the other extreme they reveal pockets of high staff stability. This would seem to indicate that the turnover problem is not universal in its coverage or depth, and suggests that there are some elements of the problem which are controllable.

The present research sets out to study labour turnover in hotels to ascertain a greater understanding of the phenomenon and to try to identify the extent to which turnover is governed by inherent characteristics of the industry or by poor managerial and manpower practices.
<table>
<thead>
<tr>
<th>Unit Code</th>
<th>Number of Rooms</th>
<th>Number of Staff</th>
<th>Staff/ Room Ratio</th>
<th>Average annual staff turnover rate</th>
<th>Extreme (range) of turnover rates and departments concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>90</td>
<td>65</td>
<td>1:1.38</td>
<td>132%</td>
<td>17% (Reception) - 400% (Kitchen Porters)</td>
</tr>
<tr>
<td>B</td>
<td>350</td>
<td>200</td>
<td>1:1.75</td>
<td>92%</td>
<td>0% (Telephonists) - 196% (Restaurant Staff)</td>
</tr>
<tr>
<td>C</td>
<td>136</td>
<td>48</td>
<td>1:2.83</td>
<td>284%</td>
<td>0% (Control Staff) - 506% (Restaurant Staff)</td>
</tr>
<tr>
<td>D</td>
<td>72</td>
<td>125</td>
<td>1:0.58</td>
<td>82%</td>
<td>0% (Control Staff) - 242% (Restaurant Staff)</td>
</tr>
<tr>
<td>E</td>
<td>35</td>
<td>40</td>
<td>1:0.875</td>
<td>70%</td>
<td>33% (Housekeeping) - 100% (Bar Staff, Restaurant Staff &amp; Porterage)</td>
</tr>
<tr>
<td>F</td>
<td>555</td>
<td>340</td>
<td>1:1.63</td>
<td>122%</td>
<td>53% (Administrative Staff) - 154% (Housekeeping)</td>
</tr>
<tr>
<td>G</td>
<td>100</td>
<td>110</td>
<td>1:0.91</td>
<td>97%</td>
<td>8% (Office Staff) - 400% (Kitchen Porters)</td>
</tr>
</tbody>
</table>

Unit average 125%


1.2 INTRODUCTION TO THE HOTEL INDUSTRY.

This section sets out to briefly introduce the reader to the hotel industry; and, in particular, to those characteristics of the industry which make it of special interest for a study of labour turnover. This study highlights the dimensions of the industry, its functions and structures; the characteristics and nature of the workforce; and the general conditions which are encountered by employees working in the hotel industry.

However, there are limitations to the data which are available for this purpose. Firstly, the hotel industry has no compulsory or comprehensive registration system, so the exact number of establishments in operation is unknown. Similarly, it is difficult, in some cases, to be precise with figures concerning the staff in hotels, because they are often compiled together with employees from other parts of the hotel and catering industry. Finally, it should also be borne in mind that, in many cases, hotels are family-run operations. A proportion of the hotel workforce may therefore be 'unofficial, family workers' and, as such, may be absent from industry figures on employment.

Despite these limitations, the following section clearly shows that the hotel industry has some distinctive, if not unique, characteristics: characteristics which may bear some relation to the high rates of labour turnover already mentioned (see Section 1.1).
1.2.1 DIMENSIONS OF THE INDUSTRY.

The hotel sector is just a small part of the hotel and catering industry, supplying food and accommodation. The distribution of the different types of accommodation within the sector are shown in Figure 1.2.1. However, this study concentrates only on a part of the hotel industry, that of licensed hotels as classified by the Central Statistical Office. They define licensed hotels as:

"Hotels, motels and guest houses providing overnight, furnished accommodation with food and service which are licensed to serve alcoholic liquor." (1)

There are a few distinctive features of the structure of the hotel industry which should be noted at this point. Firstly, the industry is characterised by large numbers of small units, which are widely dispersed over the whole country. For example, the HCITB (3) suggest that over 50% of the hotels in England have 10 bedrooms or less; and Figure 1.2.2 below shows the statistics given by the British Tourist Authority on the distribution of hotels, giving an average of approximately 30 beds per hotel.

<table>
<thead>
<tr>
<th></th>
<th>Number of hotels</th>
<th>Beds</th>
<th>Beds per hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>15,896</td>
<td>535,208</td>
<td>33.6</td>
</tr>
<tr>
<td>Scotland</td>
<td>2,996</td>
<td>88,117</td>
<td>29.4</td>
</tr>
<tr>
<td>Wales</td>
<td>1,321</td>
<td>42,964</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Source: BUTTLE, F. 1986 (4)
Figure 1.2.1  Numbers Of Hotels, Guest Houses And Other Types Of Accommodation

Notes:
1 50% of the hotels in England have 10 bedrooms or less.
2 The number of unlicensed hotels and guesthouses is not known.
3 Of the 1,600 camping and holiday caravan sites, 35% are estimated to have catering facilities.
4 2,600 of this total are holiday farmhouses not offering bed and breakfast.

Source: HCITB : 1984 (2)
In addition, the industry is characterised by a predominance of individually-owned units, with the hotel groups generally owning the larger establishments. In 1985 the twenty top hotel chains in the UK, for example, accounted for only 0.3 per cent of all the hotel stock, which in fact represented approximately 23 per cent of all UK hotel rooms, giving those group-owned hotels an average of 118 rooms per establishment (5).

One point that arises from the fragmented nature of the hotel industry is that there develops a rather individualistic tendency in many managements, with comparatively little desire to take an interest in corporate action with regard to the Government attitudes to the industry, recruitment and training.

The geographic dispersion of hotels throughout Great Britain is by no means even, but very much determined by the location of the demand. Almost 80 per cent of the hotels are located in England (see Figure 1.2.2), the largest of which are to be found mainly in London.

Another factor which has often been mentioned as characteristic of hotels, and also as a contributor to high labour turnover, is the seasonality of demand. However, in 1975 the Hotel and Catering EDC showed that in 50 per cent of their sample of hotels seasonality did not lead to fluctuations in staff requirements (6). This percentage has probably since increased, due to a greater exploitation of 'off-season' trade through the conference and business markets.
1.2.2. STAFF IN THE HOTEL INDUSTRY.

"One of the industry's main resources is the people who work in it. It is important that they should be used effectively and that the industry should be able to attract and keep the staff needed to provide the services the public demands." (7)

This quote by the Hotel and Catering EDC highlights the importance of the workforce to the hotel industry, a value that is high because of the very labour-intensive nature of the work. It is an industry that depends very much on personal service and on a workforce that cannot be totally replaced by machines. In addition, the hotel industry employs an increasing proportion of the total workforce (see Figure 1.2.3), accounting for 1.4% of the total employed in the UK in 1983.

Figure 1.2.3 Employment in Hotels, UK (000's)

<table>
<thead>
<tr>
<th></th>
<th>Total UK employment</th>
<th>Total Hotel employees</th>
<th>Percentage of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>21,870</td>
<td>272</td>
<td>1.2</td>
</tr>
<tr>
<td>1982</td>
<td>21,473</td>
<td>279</td>
<td>1.3</td>
</tr>
<tr>
<td>1983</td>
<td>21,210</td>
<td>290</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: BUTTLE F: 1986 (8)

There are other characteristics of the hotel labour force that make it quite distinctive. Firstly there is an unusually high proportion of female workers. The census of population, 1981 suggests that 68% of the hotel workforce is made up of women (9) and this is in reverse of the
distribution in the overall national working population (see Figure 1.2.4).

**Figure 1.2.4 Male / Female Employment.**

<table>
<thead>
<tr>
<th></th>
<th>Hotel and Catering Workforce</th>
<th>Working Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>32%</td>
<td>63%</td>
</tr>
<tr>
<td>Women</td>
<td>68%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: KNIGHT, I B. 1971 (10)

The high percentage of female workers suggests that the total industry is particularly exposed to the peculiar pattern of women's careers and mobility, which reduces their availability with the advent of family responsibilities. It is also interesting to note the distributions of the male and female workers in different occupational grades. Clearly the excess of female workers is concentrated in the lowest grades of work; and men are mainly in supervisory or managerial positions (see Figure 1.2.5).

Similarly, the hotel industry is characterised by a higher proportion of part-time workers and it is women who mainly occupy these jobs (see Figure 1.2.6). This further suggests that part-time work is a way in which women in the hotel industry adapt their work patterns to their family responsibilities.
Figure 1.2.5 Occupational Distributions by Sex of Workers in the Hotel and Catering Industry.

<table>
<thead>
<tr>
<th>Self-employed</th>
<th>Managers</th>
<th>Foremen</th>
<th>Apprentices and others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>8622</td>
<td>6163</td>
<td>1410</td>
</tr>
<tr>
<td>Women</td>
<td>5798</td>
<td>4519</td>
<td>2418</td>
</tr>
</tbody>
</table>

Source: Census of Population: 1981 (11)

Figure 1.2.6 Full and Part Time Workers in Hotels.

<table>
<thead>
<tr>
<th></th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total staff</td>
<td>68.2%</td>
<td>31.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Women</td>
<td>54.0%</td>
<td>46.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Men</td>
<td>93.0%</td>
<td>7.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Census of Population; 1981 (12)

Students and foreign workers are two further groups which show an unusually high presence in the workforce of hotels. Students in particular may influence the high rates of turnover in hotels by the very nature of their employment as casual or seasonal workers. Foreign staff comprise 14% of the workforce, approximately double the proportion of foreigners among employees in the overall labour market. (13)

Finally the distribution of employees in relation to skill levels may
bear some light on the mobility of staff. The proportion of skilled to unskilled workers in hotels is almost 1:1 and this has been broken down even further into the proportion of employees in different skill levels (see Figure 1.2.7). However, despite this high proportion of skilled workers, the hotel industry has been found to have a surprisingly unskilled intake. The HCITB suggest that hotel workers generally have only minimal educational standards, and found that 80% of the workforce left school at the minimum age (15). Furthermore, although formal qualifications were claimed by 20% of the hotel workforce, many of such qualifications were not in fact related to hotel and catering work.

Figure 1.2.7 Distribution of Hotel Employees by Skill Levels. (1982)

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Supervisory</th>
<th>Craft</th>
<th>Operative</th>
<th>Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels and Guesthouses</td>
<td>17%</td>
<td>5%</td>
<td>12%</td>
<td>61%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: HCITB : 1984 (14)

This lack of formal training, coupled with the hotel industry's requirements for a range of quite distinct skills, would seem to suggest that hotels themselves must constitute a quite significant training ground. However, as mentioned earlier, the industry comprises a large proportion of very small units, with limited training capacities and, presumably, a restrictive ceiling to the skills which can be learnt in a particular unit. This suggests that there is a need for increased training, yet, the individual units are unable to fulfil this need, so the industry promotes mobility between units as the easiest and most obvious method of increasing skill acquisition.
**1.2.3 CONDITIONS OF WORK AND EMPLOYMENT**

Work in the hotel industry has two distinctive characteristics. Firstly, it is governed by an unpredictable demand and by external forces such as licensing laws; and secondly, the work is very much orientated towards personal service and a direct relationship between the staff and customers. Both of these can create pressures for staff working within the industry. The level of personal service, for instance, means that employees receive direct feedback of satisfaction, or more often of dissatisfaction, from customers.

The nature of the demand for hotel services may also place increased pressure on hotel employees. This demand is invariably both irregular and unpredictable; and hence staff experience ever varying extremes of work pace and pressure. Similarly, the demand for hotel services often results in staff having to work long hours of daily operation, and split shift schedules. The HCITB study on labour mobility (16) studied the hotel and catering industry as a whole, and found that hotels appeared to have the most demanding hours, with a high proportion of full-time staff working over 50 hours per week. In addition, they report over 90% of hotel staff having to work some Saturdays, and 77% working Sundays. Furthermore, 48% of hotel staff are employed on a split-shift basis. Tolerance for split-shifts could, to some extent, be related to the fact that one quarter of hotel employees "live-in", making split shifts less inconvenient.

"Living-in" is quite common among young staff whose working life and social life then frequently become closely related so that their workplace becomes a "total environment". The hours worked by such staff
are certainly much longer than for those who live at home; but living-in can also offer special advantages to some staff. These workers have no investment in their housing and often only a minimum of personally owned furnishings, so job moves over a considerable distance may create little cost. It seems therefore that it is likely that "living-in" assists, if not encourages, greater mobility. Indeed offering staff accommodation may help employers to attract workers who rely on this fringe benefit, but it does not necessarily help employers to retain them.

The hotel and catering industry is also renowned for low trade union membership. In hotels, membership is virtually limited to two unions, the Hotel and Catering Workers' Union and the Transport and General Workers' Union, and they represent only 6% of the total hotel workforce (17). This is very low in comparison to the national average of membership of 59% in 1981 (18). The nature of the industry structure with its large number of geographically dispersed establishments and fragmented labour force is thought to contribute to low union membership, making communication and representation difficult. Other reasons that have been cited include the highly mobile workforce, the proportion of part-time and casual staff, the seasonality of demand, the individual contract making in hotels, employer and employee resistance, and a traditional lack of trade unionism (19).

Finally, in the hotel and catering industry there is a reputation for low pay. This is borne out by the New Earnings survey of 1982 which shows the average gross weekly pay in hotels and catering is considerably lower than the average pay for all industries and services (see Figure 1.2.8). This is particularly true for the male manual workers.
and for women in the industry. As women represent over two thirds of
the workforce, this indicates that large numbers of employees in the
hotel and catering industry receive low rates of pay.

Figure 1.2.8  Average Gross Weekly Pay for the Hotel and Catering
Industry and All Industries and Services in April 1982.

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Time</td>
<td>Full-Time</td>
</tr>
<tr>
<td></td>
<td>Manual 21 years+</td>
<td>Non Manual 21 years+</td>
</tr>
<tr>
<td>Hotel and Catering Industry</td>
<td>£ 97.6</td>
<td>£ 123.7</td>
</tr>
<tr>
<td></td>
<td>Full-Time</td>
<td>Full-Time</td>
</tr>
<tr>
<td></td>
<td>Manual 18 years+</td>
<td>Non Manual 18 years+</td>
</tr>
<tr>
<td>Hotel and Catering Industry</td>
<td>£ 66.3</td>
<td>£ 80.1</td>
</tr>
<tr>
<td>All Industries and Services</td>
<td>£ 131.4</td>
<td>£ 177.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£ 78.3</td>
</tr>
</tbody>
</table>

Source: Department of Employment: 1982 (20)

On the other hand, "it has long been recognised that the monetary
wages paid to many hotel workers do not constitute their total
earnings". (21). Fringe benefits for hotel staff can include subsidised
food and accommodation, tips or service charge, uniforms, transport-
ation to work, seasonal bonuses and various discount schemes, and what
has been described by MARS and MITCHELL as "fiddles" and "knock-offs"
(22). However, JOHNSON (23) compared the provision of benefits in
hotels with a survey of general industry, to show that the earnings
gap between hotels and industry actually widens when fringe benefits are taken into consideration. Only in the case of accommodation is the difference in favour of the hotel and catering industry considerable.

So, to sum up, the conditions of work and employment in the hotel industry would seem to be far from ideal. Long and unsocial hours of work, low pay, little union protection, limited training, and the pressures associated with personal customer contact. It is against this background that this study looks at why staff in hotels exhibit such high rates of labour turnover.


1.3 INTRODUCTION TO LABOUR MARKET THEORY

The labour market is the mechanism through which the pricing and allocation of labour, as a factor of production, occurs. The market for labour, much like any other market, has two sides: on the one hand there is the demand, made up of the producers of goods and services as employers or purchasers of labour services; while on the other side there is the supply, composed of individuals or groups as the sellers or suppliers of labour services. However, it should be noted that labour markets do have distinctive features that differ from other forms of market. Those features arise from the nature of the commodity, labour, as an animate resource. Labour is highly differentiated by education and training ability, location, age, and other factors. Not only will labour compete against itself, but also carries with it intricate relationships and motivations.

In addition, the employment of labour involves a continuing personal relationship between employers and employees, whereas transactions in commodity markets are usually brief and impersonal. The complete terms of the contract are often implicit, and rarely defined in full detail. Furthermore, the labour contract would seem to be unique in that the worker agrees to provide labour services in return for an agreed wage, but still retains 'property' rights in himself. In this way, any skills which are acquired by an employee in carrying out the prescribed work, or from formal training, remain the 'property' of the employee, not the employer.

Labour is difficult to transport, is not transferable, and cannot be stored. If labour services are not used on a particular day, it is
clearly not possible to use them on a later occasion, as would be the case with other commodities. Similarly, the person selling the services of labour must deliver them in person, and be present when they are applied. An important implication of this is that it is necessary for the worker to live within a reasonable distance of his place of employment, a distance that defines the boundaries of the local labour market. The ability and willingness of individuals and households to move their place of residence is often severely restricted by a variety of factors, and this will affect the way in which labour markets are able to adjust to changing circumstances.

All these factors clearly contribute to the rather special nature of labour markets. However, the real crux of the issue would seem to be that what is being bought and sold, indeed, is not labour, but 'labour power'. In other words, the capacity to perform labour. The problem of 'trading' labour, therefore lies not only with the supply and demand, but also with 'converting' the potential 'labour power' of workers into actual labour. This would seem to be a key problem of management and work organisations.

Clearly, then, the market for labour is a unique one. This chapter sets out to introduce the concepts of the labour market which are relevant to a study of labour mobility, based on two different types of market: that of the external labour market and the internal labour market.
1.3.1 THE EXTERNAL LABOUR MARKET

1.3.1.1 Occupational Choice

When looking at the external labour market, economists take the idea of the perfectly competitive model as an analytical starting point. The basis of this model is the theory of occupational choice as propounded by Adam SMITH (1). He says that "... in a society where things were left to follow their natural course, where there was perfect liberty, and where every man was perfectly free both to choose what occupation he thought proper, and to change it as often as he thought proper, ... every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment." The essential feature of this argument is that individuals will move between jobs until the net advantages of differing jobs are equalised.

The actual process of occupational choice would seem to have three distinct stages (2). Firstly, there is the formation of general occupational preferences. Secondly, the making of more specific occupational choices which guide the individual in planning investments in education and training. And thirdly, the process involves short-run 'job search' in which no major change in the individual's human capital takes place. The second stage develops from the first by virtue of the need to take decisions about education and training which are not directly connected with a particular job. These decisions require the individual to stipulate the strategic position to be adopted from which to launch the search for a particular job. Job search activity is not then confined to initial entry or re-entry to the labour force, but punctuates the working life of an individual.
So, in looking at the steps involved in occupational choice we should first consider the grounds on which an individual will judge the net advantages of different occupations or jobs.

It would seem apparent, that wages alone do not constitute the sole, or even the main mechanism in the allocation of labour. A number of studies (3) have demonstrated a positive relationship between wage changes and employment changes in the short-run, but no such relationship over longer periods. It is also clear that there is wide variation in wage rates occupationally and geographically. If labour were perfectly mobile and responded rapidly to wage differentials, it would be expected that employers' demands for labour would affect the geographical and industrial distribution of manpower rather than the distribution of wages. This latter would be determined by the supply of different types of labour, according to their abilities and training. Similarly, mobility would tend to equalise geographic differences in rates of pay within occupations. However, there are conflicting theories to suggest why this is not so (4). On the one hand it seems debatable whether in practice the labour market embodies sufficient flexibility to promote such equalisation. The other argument is that institutional constraints on mobility generate stable pay inequalities. For example, if a firm wishes to minimise turnover costs and to offer price stability as a form of insurance for workers, then they may well discriminate in favour of the more skilled among manual and non-manual employees whom they see as more valuable. This suggests there is a trade-off between wage rate adjustments and turnover costs.

A third argument could suggest that wage differentials are not equalised by the mobility of labour because of other factors which intervene in
the motivations of occupational choice. SMITH (5) suggests there are five additional factors arising from the circumstances of the employment itself which will counterbalance for the inequalities of wages. Firstly he suggests the 'agreeableness' of the employment for the workers, considering the ease of work, cleanliness, and honourableness. Secondly, the 'easiness and cheapness' of learning the business. It has long been accepted that skill acquisition involves an investment in human capital, and that earnings are foregone during training in the expectation that there will be additional lifelong benefit of income derived in later years from using the human capital created. The third condition SMITH (1977) suggested was 'constancy of employment'. Account is taken by workers of the relative probability of finding and keeping a job. Similarly, individuals' decisions will also depend on their optimism (or pessimism) concerning their ability to be successful in an occupation. Finally, and probably of less relevance today, SMITH (1977) suggests occupational choice will depend on "the degree of trust which is placed in the workers" which in turn gives them "a worthwhile rank in society". In other words, the prestige or status of a job.

In addition to these non-price adjustment 'mechanisms' in the labour market, earnings differentials which seem to be incompatible with competitive theory may exist because of uncertainty or incomplete information. This leads us to consider the ideas involved in 'job search' and 'job shopping', both of which revolve around a basic assumption of the labour markets being characterised by imperfect information on job opportunities and the availability of labour.
1.3.1.2 Job Search and Job Shopping

It has been suggested that jobs, like most other goods, offer a worker two types of characteristic (6). Firstly, jobs have 'search' characteristics, the utility of which can be assessed by 'inspection'; and secondly, there are 'experience' characteristics. These latter qualities can only be assessed by an individual after he has actually worked in the job; for example, worker relations, supervision and management styles and work pressures and demands. The process whereby a worker samples different jobs in order to find one to which he is suited has been called 'job shopping'; whilst 'job search', on the other hand, does not involve physically sampling the employment offered, but an assessment of jobs on the more discernible elements, such as salary, location, hours of work and certain fringe benefits.

'Job shopping' would seem to be of particular relevance to people at the outset of their working life; people with low amounts of experience. They will have the greatest difficulty in predicting accurately either their own performances in a job or their liking for the job. 'Shopping' for jobs through 'trial and error' serves as the 'search' process for largely inexperienced workers until they can more perfectly predict their performance and satisfactions in particular employments. Thus this would seem to account for high rates of mobility among workers new to the labour market. Empirical evidence (7), however, suggests that not many searchers accept jobs on a temporary basis until they find a better offer. Most quitting seems to take place because workers have found better jobs with other firms, which also implies an element of job search.
The collection of information about vacancies and job offers and the agreement of contracts is left very much to individual participants, with no central organisation or agency. Because of the great variety offered in terms of wages, job content and other rewards, individuals work to optimise their gains against the costs of search. Each time a 'searcher' observes a job offer he therefore works out the expected returns from accepting it, and the returns to be gained by rejecting it and continuing the search. If the former exceeds the latter it would be expected that the searcher would accept the offer.

Factors influencing the optimal acceptance policies of an individual may fall into two categories - those that are specific to the individual, such as the scope of his horizon, the order in which he searches firms, the costs incurred in search, and the number of unsuccessful searches already made; and those that affect all individuals in the labour market, such as changes in wage offers or changes in the recruitment policies of firms.

Wages are seen as a strong stimulator of job-search activity if an individuals' wage rate falls relative to other rates of pay. The impact will not be so great, however, if wages increase in other jobs, unless all other wages rise in proportion to the individuals own wage. However, having said this, wage rates in an open market are continually open to fluctuation, and because of the uncertainty of wage changes in other jobs, a single wage cut may not immediately result in a search for alternative employment. The potential existence of job-search though will act as a threat to employers who consider persistent and drastic wage reductions, and acts as a force on which workers can resist wage cuts.
Thus, in a competitive market a wage earner is capable of influencing, to some extent, the wage he earns. Yet, turning down one offer to look for a better one, increases the search period, and hence the costs of search. Thus, ceteris paribus, a job observed at one point in time will involve lower search costs than one observed at a later date. The costs involved to a worker will include information collection costs, time spent searching and interview costs. These costs may well be less for workers who are searching whilst in full-time employment because of contact with the labour market and continued earnings during the period of search. However, other views also suggest that individuals who choose to be unemployed to search may be more efficient and can concentrate specifically on job-search. Uncertainty in general would seem to be increased if a worker quits to search, and it has been suggested that searching while unemployed weakens the wage-bargaining power of the individual (8).

The costs of search are also influenced by labour market conditions. If the value of jobs are depressed by external economic forces then the cost of search will be lower as the cost of a 'mistake' in selecting a job will not be as great. Similarly, if there is little variance in the quality of the available options, then the cost of search is lower and the advantages of finding out about further job offers are minimal. In times of high job-search costs, the incentive to embark upon search activity is clearly lessened and so turnover of labour would be reduced.

What does seem to emerge in a study of search behaviour is that one of the most relevant factors revolves around risk behaviour. Different individuals exhibit different attitudes and affinities to risk, and much of this is reflected in job search behaviour. For example, if
uncertainty about future employment is increased by a worker quitting his job to search for alternative employment, this route is unlikely to be followed by people adverse to taking risks. Similarly, an individual forgoes all uncertainties if he accepts the first job offer he observes, and the longer the search, the higher the risk involved in finding a suitable job. Risk averters are therefore likely to spend a shorter time searching than workers who enjoy taking risks.

Increased search time will decrease the chance of finding alternative employment for several reasons. The probability of being offered a particular job can be seen as equal to the product of the probability of observing the job and the probability of being chosen for that job (9). As the period of search increases so it would seem that the available opportunities would start to be diminished as the individual considers and dismisses them. This decreases the probability of observing a suitable job. Also as the search period, and hence search costs, increase, an individual will need to seek higher rewards from a job in order to cover these costs, and this too will decrease the visibility of available options for employment. Finally if the individual exhibits a record of an extended search period, particularly relevant to those who are unemployed during search, the employer is likely to become suspicious of his performance and efficiency at work and so less likely to choose him for the job.
1.3.1.3 Visibility

The idea about the requirement for job-related information in the job search, leads us to the theory of 'visibility'. MARCH and SIMON (10) suggest that the movement of workers in the external labour market is in fact a balance of two major considerations: "the perceived desirability of leaving the organisation, and the perceived ease of movement from the organisation". The term 'perceived' is used to indicate the existence of imperfect knowledge in the labour market, whereby individuals and employers make decisions based on their actual knowledge and assessment of a situation.

MARCH and SIMON's (10a) work suggests that the "perceived ease of movement from the organisation" will be governed very much by the conditions in the external labour market. Movement from the organisation will seem easier when there is a high availability of alternative jobs, a perception that is based partly on actual alternatives, and partly on 'evoking mechanisms'. As a result, the range of organisational alternatives visible to a particular person, varies from individual to individual, from organisation to organisation, and from situation to situation.

One of the basic ideas stemming from this concept of the labour market mechanisms, with regard to the individual, is that the greater the number of organisations scanned, the higher will be the probability that an alternative job will become visible. In addition, certain characteristics of organisations make some more visible than others. Similarly, some individuals may have characteristics which will make them more 'visible' to employing organisations. Figure 1.3.1 lists the characteristics which MARCH and SIMON (11) suggest may make organisations more visible in the
job search process.

Figure 1.3.1 Visibility Characteristics

<table>
<thead>
<tr>
<th>Characteristics which increase the visibility of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prestige as an organisation</td>
</tr>
<tr>
<td>2. Highly distinguishable products</td>
</tr>
<tr>
<td>3. High number of status occupations or individuals</td>
</tr>
<tr>
<td>4. High rate of growth</td>
</tr>
<tr>
<td>5. Greater organisational size</td>
</tr>
<tr>
<td>6. Large number of organisations within the local labour market</td>
</tr>
<tr>
<td>7. Increased rate of recruitment</td>
</tr>
</tbody>
</table>
1.3.1.4 Recruitment

Taking one step further leads us to consider the almost perverse relationship of recruitment and turnover in the labour market. Clearly, if the greater the perceived number of available alternative jobs means the greater the perceived ease of occupational movement, then labour turnover would appear to be positively correlated to unfilled vacancies in the labour market. This introduces several practical implications which have been expanded by LeicestEster (1) and by Riley (12).

Firstly, labour turnover rates will rise on those occasions when an organisation particularly requires a stable workforce. For example, when a company is expanding its labour force, increased vacancies will lead to increased turnover, and hence the level of recruitment required will become even greater. Similarly, in times of recession when organisations would prefer to cut back on the number of employees, the loss of staff through 'natural' wastage will drop right down. This fall in wastage rates will continue as the organisation will have a smaller proportion of short service employees; and employees with a shorter length of service are those with the higher probability of leaving.

Finally, we should look at the effect of other employing organisations in the local environment which offer competing demands for labour. If a rise in economic activity causes the number of employees in a firm to rise, other firms in the same locality may well undergo a similar expansion. This will tend to increase the overall demand for labour, particularly for the more highly skilled workers who fulfil a more specialised role in the labour force.
Clearly then, a knowledge and understanding of the external labour market plays an important part in a study of labour turnover. Conditions in the external market would seem to be far from the perfectly competitive model outlined by SMITH (13) where the movement of workers is in response to wage differentials. Other factors intervene in the process and can govern, to varying extents, the propensity and the ability of workers to move. The following points summarise the conditions in the external labour market where one might expect to find a high level of labour turnover:

i) High level of business activity

ii) High rate of organisational growth or increased recruitment

iii) Large number of competing or similar organisations within the local labour market.

iv) A high proportion of non-specific skills in the workforce

v) Flexibility in the labour market to enable workers to move in response to wage differentials.
This section sets out to introduce the concept of the internal labour market. It arises from the notion that the overall labour market is segmented, and, that each segment operates the pricing and allocation of labour independently of the external labour market mechanisms. The basis of this discussion is the internal labour market structure as outlined by DOERINGER and PIRE (14). Although earlier works (15) introduce the idea of an internal labour market, the work by DOERINGER and PIRE (1971) would seem to form the most comprehensive and widely used description of an internal labour market and of the various labour market adjustments.

The theoretical construct of an internal labour market has been defined as:

"an administrative unit, within which the pricing and allocation of labour is governed by a set of administrative rules and procedures" (16)

This labour market 'unit' develops from the classical concept of the internal labour market through the formation and utilisation of institutional rules within an organisation or firm. In other words, it is the working practices and regulations of the firm that define the development and structure of the internal labour market. These regulations will then dominate in the face of the external market where the pricing, training and allocative rules are directly controlled by economic variables. The strength of the internal labour market will govern the extent to which workers in the internal market are shielded from the capricious forces of the external market, and hence will influence the
stability of jobs in the internal market.

At this point it would seem appropriate to stress that the fundamental forces behind the formation of an internal labour market arise, in fact, through technology and skill specificity. This means that where it was earlier mentioned that the formation of the internal labour market is dependent on a set of rules, it is actually the specificity of skills and the nature of the work or technology involved, that governs these rules. It should be noted that 'technology' here refers to the set of tasks which make up the work processes. Therefore, if the technology of an establishment is unique, or specific, to that unit, then the skills involved will also be unique. As we shall see in the following paragraphs, skill specificity helps create a situation where both employers and employees have reasons to value the characteristics associated with a stable internal labour market, and will work towards promoting that structure.

Firstly, from the managements' point of view, high skill specificity will increase their costs in the areas of training, recruitment and screening. This arises because when a skill is not prevalent in the market, savings cannot be realised through economies of scale as with more widespread demands. Specific skills are not conducive to classroom type tuition, being taught on a more individual basis, and generally as a 'one-off' situation. Similarly, a greater burden of training is also thrown onto the organisation when skills are specific, because the external labour market is unlikely to be able to provide more than a generalised instruction. In response to this increase in overheads, management will value worker stability as it will reduce the occasions when training and recruitment costs are incurred.
PAGE MISSING IN ORIGINAL
In addition they will tend to opt for the cheapest and easiest method of training the necessary skills. The method most suited to this situation is on-the-job training, which occurs informally in conjunction with the work processes, and is ideal when the number of trainees at any one time is small. DOERINGER and PIORE (1971) describe the process as:

"one of a rolling readjustment of tasks between experienced and inexperienced workmen". (17).

This informality and narrowness, in turn tends to increase job specificity further, through facilitating the distortion of standard-skill jobs.

From an employees viewpoint, the specific training he receives will make it increasingly difficult to utilise his talents elsewhere, limiting alternative job opportunities. This leads us to believe that in establishments with highly specific skills, the employees will have to place greater value on job security and on promotion within an internal labour market structure. However, in order for a worker to accept the investment in specific training, he will need specified assurances of internal mobility, whereby he can improve his circumstances without changing firms. In an internal labour market, management will therefore see to create settled rules governing the criteria for promotion and career advancement.

Furthermore, it should be noted that in a strong internal labour market which promotes worker stability, not only will the demand for training be reduced, but the organisation will also benefit by an increased 'training capacity'. This occurs in a stable workforce through the continual, 'osmotic' absorption of job-related knowledge over a greater time period. Thus, when a vacancy arises, an incumbent worker who is
promoted, would already know more about the new job than would an external recruit. He would be able to fill the vacancy with minimal training, and hence at a reduced cost to the employers. Internal promotion in a strong internal labour market will therefore have advantages to both management and staff.

An increased reliance on promotion and internal mobility will have additional consequences in the development of an internal labour market. Clearly, by using incumbent workers to fill vacancies, jobs are being withdrawn from the external market and the 'ports of entry' to the internal market are reduced. These ports of entry form the boundary of the internal labour market and will define the extent of interaction with the external labour market. The number and location of the ports of entry, however, may be specified not only by the technology and skill mix of the firm, but also by administrative rules, union agreements, the job structure, the relatedness of content among jobs in that structure, and by the availability of skills in the internal labour market. The existence of rules governing the internal movement and allocation of labour will tend to afford preference to workers in the internal market. This will protect them to varying degrees from the direct competitive forces of the external market and increase their job security.

Furthermore, it can be seen that in order for management to rely heavily on the internal promotion of staff, they will need to ensure that workers have the ability and learning capacity to progress through the organisation. Hiring standards will therefore have to be increased and a greater emphasis put on the potential of workers rather than merely on their current abilities. Management will use specified hiring standards as a means of controlling the entry into the internal labour market.
As mentioned earlier, restrictions on the ports of entry will afford some protection to the internal market from the influence of the external market forces. One manifestation of this will be in the existence of wage differentials which remain constant over time. When the internal labour market structure is weak, the wages will be determined and varied, to a large extent, by the supply and demand for labour in the external market, and by the external economic conditions. However, if these forces are excluded by the internal 'rules', then as long as technological priorities remain the same, one would expect to find pay differentials remaining fixed over time.

A final factor which is important in understanding the functioning of an internal labour market is custom. It appears to be directly evolved from employment stability and has been described by DOERINGER and PIORE as:

"an unwritten set of rules based largely upon past practice or precedent" (18).

Not only does customary law derive from stability, but it also increases stability, perpetuating and entrenching 'rules' of the workplace. These rules become increasingly less responsive to market forces with time, and will give greater power to the workforce to maintain their work practices, despite any pressure either externally or from management.

At this point it would be appropriate to suggest that the formation of an internal labour market will only occur if it is seen to be in the interests of both employers and employees. As is pointed out, an internal labour market can offer certain advantages for management in the areas of staff recruitment, screening, training, and in reducing labour turnover. If these advantages outweigh the extra costs incurred then management
will encourage the formation of the internal labour market. Similarly, benefits to employees through an internal market structure will have to exceed the disadvantages, and this is most likely to occur when the skills involved are specific to the organisation.

Basically, if the external labour market can supply better and cheaper workers, an organisation will take on those people. Only when the external market simply cannot do this because the skills needed are so organisation specific, will the internal labour markets become dominant.

According to DOERINGER and PIORE (19) therefore, whether an organisation develops an internal labour market or relies upon external markets is determined:

i) by the unavoidable technical characteristics of the work process,

ii) by the unambiguous skill of available employees and, therefore,

iii) as a matter of exogenous compulsion over which organisations have little control.

EDWARDS (20) takes a very different line. Whilst acknowledging the existence and empirical features of internal and external labour markets, he advances two additional arguments. Firstly, he suggests that internal labour markets invariably have the characteristics of 'primary' labour markets - relatively high pay, career progression, security, stable employment and a relative absence of tight managerial control - whereas external labour markets may be either 'primary' or 'secondary' in character, the latter characterised by low paid, 'dead end', insecure and tightly-controlled jobs. Much of this is implicit if not explicit, in
DOERING and PIORE's analysis.

Secondly, however, and in sharp contrast to DOERING and PIORE, EDWARDS argues that primary and secondary labour markets are not exogenously given to an organisation by the inherent and unambiguous characteristics of available employees, but are rather the product of the control systems which organisations choose to adopt and the way in which workers respond to that control. Thus, there are either well paid, secure careers or poorly paid insecure dead-end jobs for different occupations because that is what organisations choose to offer. It is the system of control which management chooses to evolve which determines the conditions under which experience, skills, qualification, ascribed characteristics (such as sex or race) come to acquire significance as discriminating characteristics of potential employees.

For EDWARDS, therefore, an internal labour market with 'primary' characteristics is the result of management choosing to exercise 'Bureaucratic' control over the workforce by offering secure, relatively well paid employment with some career progression in return for the control of work by descriptions, procedural manuals, regulated hours, grievance procedures and the like. That is, an impersonal bureaucratised employment relationship is offered in return for the bureaucratisation of the labour process (21). According to EDWARDS, this form of control is increasingly adopted by large organisations within the 'core' or monopolistic sector of the economy.

In contrast, amongst small firms or those operating on the highly competitive 'periphery', there is, suggests EDWARDS, reliance upon external labour markets with 'secondary' characteristics. These characteristics
are the result of what he calls 'simple' control over the workforce: the authoritarian and capricious direction of staff by managers and foremen, an absence of formal job descriptions, contracts of employment or grievance procedures and the possibility of summary dismissal. Control is, essentially, informal, particularistic and subject to the personal whim of the manager.

For EDWARDS, these represent the two ends of a continuum of control and labour market characteristics. In between is what he calls 'Technical control' - the control of the labour process through a combination of work methods, mechanisation and piece-rates - which gives rise to a 'Subordinate Primary' labour market characterised by moderate rates of pay, limited job progression, relatively stable employment in the short term and some technical rationalisation.

In short, EDWARDS' argument is that the segmentation of labour markets arises

"not from market forces themselves but takes from the underlying uses of labour power ... to understand why segmentation occurs, we must look to how labour power is consumed in the labour process". (22)

On the basis of this, we would expect the existence (or otherwise) of internal labour markets in hotels to be closely related to chosen managerial control strategies and to be more evident where both the employment relationship and work process have become bureaucratised.

What is proposed here are two polar types of internal labour market, described as 'strong' and 'weak'. In other words, like most phenomena, there is a matter of degree. The strong internal market will have very restricted ports of entry from the external labour market, to
the extent that in extreme cases, there is likely to be just one port of entry, and hiring will occur exclusively in low-skilled job classifications. Job vacancies will be filled internally by transfers and promotion, with higher grade workers being developed through expanded internal training. A strong internal labour market will therefore have a large training capacity and most of the skills will be learnt on-the-job because of the cost savings incurred. One would also expect to find a high degree of rigidity of the rules governing the internal labour market. The stability of the workforce and the strength of the internal regulations will then tend to exclude influences from the external economic conditions.

At the opposite end of the classification spectrum is the weak internal market, characterised by all job vacancies being offered to the external labour market, and by low internal mobility. Career progression, and training within the unit will be rare, and one would expect to see a low level of employee commitment to the organisation.

Clearly, these two examples are extreme cases, and one would find a broad spectrum of variations in labour market characteristics falling between these poles. It is important to note at this point, that the appellations of 'strong' or 'weak' are purely descriptive, and used only as yardsticks on which to base an analysis of labour market characteristics.

The basic dimensions of a strong and a weak internal labour market used in this analysis are summarised in Figure 1.3.2.
### Figure 1.3.2 INTERNAL LABOUR MARKET DIMENSIONS

<table>
<thead>
<tr>
<th>STRONG STRUCTURAL FEATURES</th>
<th>WEAK STRUCTURAL FEATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Single port of entry</td>
<td>Multiple ports of entry</td>
</tr>
<tr>
<td>b) Specified hiring standards</td>
<td>Unspecified hiring standards</td>
</tr>
<tr>
<td>c) High skill specificity</td>
<td>Low skill specificity</td>
</tr>
<tr>
<td>d) Much on-job-training</td>
<td>No on-job-training</td>
</tr>
<tr>
<td>e) Fixed criteria for promotion and internal transfer</td>
<td>No fixed criteria for promotion and transfer</td>
</tr>
<tr>
<td>f) Strong workplace customs</td>
<td>Weak workplace customs</td>
</tr>
<tr>
<td>g) Fixed pay differentials over time</td>
<td>Varying pay differentials with time.</td>
</tr>
</tbody>
</table>

It is now necessary to consider how it is possible to measure the character of an internal labour market. Firstly, if internal labour markets are about restricting the power of the external, or about 'locking' employees into a bureaucratical employment relationship, one would expect to find low rates of labour turnover associated with strong internal labour markets and high with weak. This, however, can only be a rough indication. Basically, there are five areas of measurability: the
specificity of selection criteria, the degree of openness, the extent of on-the-job training, promotions and the fixity of pay differentials over time. This information could be collected directly using a variety of methods. It is also possible to collect data on management practices in relation to manpower, as these are linked to the 'rules' existing in the internal labour market. The rationale for this is that in theory management have a complete range of options open to them with respect to the external market, such as:

- alter pay conditions
- alter hiring standards
- alter recruitment procedures
- alter training policies
- use overtime and other forms of increased labour supply
- alter promotion criteria
- extend ports of entry
- redesign jobs

There are others, but the point here is that choosing to foster a strong labour market may subsequently constrain management's use of these alternative options. In this way, management behaviour at the interface of two labour markets is a good general indicator of the character of the organisation's internal labour market.
1.3.3 SUMMARY

In this section the labour market mechanisms which are relevant to a study of labour turnover have been outlined. The external labour market clearly does not operate under conditions of perfect competition, as given by SMITH (23), where workers have the free choice to move until the net advantages of different jobs are equalised. Instead, there are various factors which intervene in the perfectly competitive model to give a much more complex system in reality. Firstly, it would seem that wages are not the main mechanism which serves to balance the supply and demand for labour. The free movement of staff in response to wage differentials is hampered by a degree of inflexibility in the labour market structure, by institutional constraints on mobility, by other motivational factors, and by a level of imperfect knowledge within the labour market. These limitations upon the idea of perfectly competitive mobility in response to wages, lead workers into the practices of job shopping and job search in a quest for the 'ideal' employment.

The attraction of alternative jobs, and hence the attraction of an employment change, will be governed by two main criteria. Firstly, it will depend on circumstances in the external labour market; circumstances which will govern the 'perceived ease of movement' to another job. These circumstances which may facilitate, or even induce, a worker's move to new employment, can include a high level of business activity, increased organisational recruitment either through high turnover or an expanding workforce, and a large number of competing organisations within the local labour market. Such factors increase the 'visibility' of job alternatives to workers, and hence reduce the 'risk' involved in a job change.
The second criteria that governs the attraction of an employment change to a worker will be conditions in the internal labour market. These conditions, such as promotion prospects, induction and training, terms and conditions of work, and inter-personal conflict, depend very much on a 'chosen' level of control management have over staff. It can range from a very 'ad hoc' manner, to a tight, bureaucratic system; and will create different types of internal labour market. As EDWARDS (24) argues, these different types of labour market, such as primary and secondary, are the outcomes of different strategies of managerial control and deliberate changes in the labour process to effect that control. A worker's individual satisfactions and rewards gained from the work environment, which the internal labour market structure creates, will determine the 'perceived desirability of leaving'.

Looking at the overall picture of internal and external labour markets shows two distinct structures. In the external market the pricing and allocation of labour is dictated by market forces; whereas in the internal labour market administrative rules and practices govern the price and allocation of labour. The two are connected by the 'ports of entry or exit' through which the movement of labour occurs. However, the two market structures would also seem to exert different pressures on the labour to move. The external labour market tends to exert a 'pull' on workers, attracting them away from an organisation, by offering alternatives. The internal labour market, on the other hand, would seem to have the effect of 'pushing' workers out, if it creates an 'unsatisfactory' work situation. This idea of 'push' and 'pull' forces is not new (25). However, what does seem to have been omitted from past literature is consideration for the fact that the internal labour market structure does not only have the power to push employees out of the organisation,
but also to restrain them from leaving.

As mentioned earlier, for example, a highly bureaucratic labour market tends to offer security, promotion prospects, training, and other incentives in return for loyalty and long service by employees. In other words it offers a package that encourages workers to stay. Hence, there are in fact three forces to consider - a pull, a push, and a restraining force - the latter two of which are affected by the internal labour market.

The study seeks, at least in part, to investigate the balance of power between these three forces in the labour markets of hotels. By studying in some depth the managerial practices in hotels and the reasons why staff leave, it is hoped the project will highlight the extent to which each of these three forces influences the turnover of staff.


2.0 LABOUR TURNOVER:

A REVIEW OF THE LITERATURE
2.0 LABOUR TURNOVER: A REVIEW OF THE LITERATURE

An investigation into the literature on labour turnover promotes the emergence of two main themes. The first concerns labour turnover as a problem, where studies have considered the measurement, the rate, and the cost of turnover.

The second theme, which has gained most interest, looks at the various determinants of staff turnover in an attempt to evaluate the strength of the relationship.

This framework then forms the basis of the approach for the survey of labour turnover literature.
2.1 LABOUR TURNOVER: AS A PROBLEM

2.1.1 PROBLEMS OF DEFINITION

The study of labour turnover has been tackled for many years. The earliest works appear to have been carried out in the early 1900's by American industry. In general, though, these studies merely attempted to measure the prevalent rates of labour turnover, and the financial costs involved to different organisations of industries.

Later studies, since the 1940's, have worked on the subject to a much more diverse extent, and it has been pursued in a variety of disciplines. Psychologists, sociologists, economists, statisticians and Business Studies students have all shown some interest. This interest, however, has fluctuated intermittently over the years and the work carried out has tended to be of a rather fragmentary nature, within the narrow confines of a particular field of study. It was 1963 when BUCKLOW (1) commented that work to that date had contributed little to a basic understanding of labour turnover. Today, however, progress towards a comprehensive background to the subject would seem to be limited.

One reason contributing to this could be a lack of precise definition of the phenomenon, and of methods of measuring it. Both BOWEY (2) and VAN DER MERWE and MILLER (3), comment on the methodological shortcomings encountered in quantitative analysis of labour turnover. The latter, for example, suggests that, all too often, measures are structured around the available data while the two basic necessities, a clear definition and a clear purpose, are given insufficient attention. BOWEY (4), on the other hand, proposes that the 'crude annual labour turnover' is
often used in circumstances when a more exact measure of stability might give a more appropriate indication of organisational attachment.

For instance the AUSTRALIAN DEPARTMENT OF LABOUR AND NATIONAL SERVICE (5) defines labour turnover as consisting of "changes in the personnel of an organisation caused by people leaving its employment". This would imply a study and measurement of employees leaving an organisation. On the other hand, BRISSENDEN and FRANKEL's (6) definition of the "shift and replacement necessary for the maintenance of the labour force" emphasises the idea of maintaining some sort of static level of employment. Thus, the INTERNATIONAL LABOUR REVIEW (7) proposed a multiplicity of rates in order to cater for increases and decreases in the labour force. In fact, VAN DER MERWE and MILLER (8) quote an earlier study by VAN DER MERWE which identified and evaluated more than 20 different measures of labour turnover, none of which have been universally accepted.

The question of definition is further complicated if the purpose of the study of labour turnover is considered to be for management control. This introduces the element of controllable versus uncontrollable turnover such as is featured in statistical reports by the BRITISH INSTITUTE OF MANAGEMENT (9). 'Controllable' labour turnover becomes the loss of personnel where management action could have been taken to reduce, minimise or prevent such loss. In line with this definition, labour turnover would exclude separations due to retirement, illness, death, marriage or pregnancy and possibly, in some cases, redundancies. Some studies, (BADGER (10); and KNOWLES (11)) further exclude dismissals, or employer-initiated separations, suggesting that disciplinary problems and the unsuitability of employees are 'uncontrollable'. VAN DER MERWE and MILLER (12),
however, feel that such dismissals can be avoided if due attention is given by management in the selection of staff and in the development of stable work groups, making such separations 'controllable'. Again the classification is not universal.

However, for the purposes of this literature search, 'labour turnover' will be used in the broad sense covering all separations by personnel from their employment. The terms 'labour mobility', as favoured by economists, and 'wastage', as found in manpower planning, will be used here synonymously.
2.1.2 COSTS AND BENEFITS

It has long been recognised that labour turnover is a fundamental element in the theory and practice of resource allocation. Turnover of personnel occurs normally in the functioning of the labour market. Jobs disappear or change, and workers are laid off; employees become dissatisfied and quit; new workers enter or re-enter the labour market; others reach the end of their working life and leave. The whole process of workers joining and leaving a firm would seem to be essential if the economy is to adapt to changes in labour requirements necessitated by economic growth.

So, clearly labour turnover is a necessary phenomenon with associated benefits. However, it is also recognised that an organisation cannot operate efficiently without a reasonably stable labour force. Yet, there would seem to be no clear-cut answer to the question of how much labour turnover is desirable in any industry or organisation. Labour turnover, it would seem, will become a 'problem' if the effects of the phenomenon are felt to be undesirable, and if the advantages become out-weighed by the disadvantages.

A survey of the literature, however, suggests that labour turnover is most commonly viewed as a problem and it is the costs, not the benefits, which are usually emphasised.

One approach that crops up regularly is an attempt to evaluate the 'costs' of labour turnover in monetary terms, (CLARKE (13); COOK (14); KUBARZ (15); and WASMUTH (16)). Not surprisingly these estimates vary enormously. JOHNSON (17), who studied labour turnover in hotels,
quoted two different sources giving estimates per employee of £175 and £675; while WASMUTH (18) suggests the value is nearer to $2,500 or £1700. Most of these estimates are reached by adding together all the costs involved in the labour turnover process for each employee. However, the potential for variation from individual to individual in these costs would seem to be immense. They may vary according to economic conditions and employment levels, training facilities, recruitment processes, and skill levels, to name but a few of the more obvious variables.

The other commonly used method of evaluating the 'cost' of labour turnover is by counting only the direct costs of recruiting new employees to replace those who leave. Such costs are clearly easier to isolate and estimate, but would seem to give a rather inadequate picture of the financial effect of staff turnover. It would also seem that giving an average monetary value to the cost of an employee leaving is, in any case, a rather short-sighted approach. Because the potential range of values is so great, an average cost can give an unrealistic picture. What is needed, therefore, is a standard approach or relationship for analysing those costs, to give an indication of the make up and composition of the variables involved.

FURNESS (19) seems to have been the earliest writer to divide up the various costs of labour turnover. He suggests two areas of expense - 'preventative' costs and 'replacement' costs. The idea of 'replacement' costs has been supported by several other studies also (JOHNSON (20); RILEY (21)). They include the recruitment and training expenses needed to supersede a leaver. Such costs would be expected to increase in direct proportion to the level of labour turnover, assuming that the
size of the workforce is to remain constant. JOHNSON (22) suggests that these costs will be recovered gradually by a firm over the working life of the incumbent up to a "break-even" point. Recruits who leave before this 'point' is reached will therefore result in a net loss to the organisation. Short service leavers are thus seen to be the most costly and problematic to management.

The second area of costs suggested by FURNESS (23) would seem to be much more open to debate. His 'preventative' costs include personnel administration, medical services, welfare costs, pension schemes, etc. These are expenses which he believes can be used to 'prevent' excessive labour turnover. However, the existence of a direct relationship between labour turnover and the provision of such benefits and services for staff does not seem to have been substantiated (and is one that is discussed more fully at a later stage, under 'Job Satisfaction').

A more recent theory is put forward by RILEY (24) in his article on turnover and recruitment costs. Like FURNESS (25) he suggests that there are two sources of labour turnover costs, one of which likewise covers the direct expenses for replacing an employee who leaves. RILEY's second set of costs he terms 'continuity' costs and refer to the cost of meeting the workload that has been created by a job vacancy. These costs will therefore be derived from the length of the vacancy, and not from the actual rate of turnover. 'Continuity' costs will include overtime and premium payments, casual labour, and the like.

At this point RILEY's idea takes the assumption that the more a firm spends on recruitment, the quicker they will achieve successful engagements. In this way, an increase in 'recruitment' or 'replacement' costs
will be accompanied by a decrease in 'continuity' costs. Management are then faced with the task of balancing the costs of recruitment against the costs encountered by an unfulfilled vacancy.

One final area that bears relation to this discussion of costs involves the variables of overtime and premium payments. The literature shows several studies in agreement that higher overtime payments would lead to an increased rate of labour turnover (BOWEY (26); RILEY (27)). RILEY goes on to suggest that this relationship follows because incumbent workers will become increasingly dependent on a higher income from extra overtime payments, and will therefore tend to reject new recruits who threaten these enhanced earnings. In this way the turnover of short-service employees will increase disproportionately. Such a situation would then see labour turnover, recruitment costs, and continuity costs all rising together.

On the other hand, RILEY (28) also puts forward a final twist to the discussion. There are times, he suggests, when overtime can depress the level of labour turnover. If management become accustomed to paying high continuity costs, overtime may be seen as an alternative to recruitment and the rate of turnover will subsequently decrease. We would then see continuity costs rising despite falling levels of labour turnover. As a result management have to balance, not only recruitment and continuity cost, but also a third variable in the form of overtime payments.

So to summarise the theory of costs, there are three distinct areas to be considered:

a. Replacement costs- the direct expenses of replacing a leaver;
b. Continuity costs - the cost of covering for the extra workload during a vacancy.
c. Overtime payments - when they are seen as an alternative to recruitment.

This discussion of the aspects involved in costing labour turnover is not conclusive, but highlights a series of interesting viewpoints. Clearly the costs of turnover are not straightforward and simple to evaluate, and the diverse nature of the costs suggest that an increase in labour costs is not necessarily in direct proportion to the rates of turnover.

The following sections look more closely at the labour turnover phenomenon: At how there are costs and benefits for the different groups involved - for the individual, the organisation, and for the community or industry as a whole.
2.1.2.1 Costs / Benefits To The Individual:

There are two frequently cited ways an individual worker may benefit by frequently changing his employment. Firstly, the acquisition of skills is seen as being most easily and cheaply achieved through labour mobility. An individual will gain the value of experiencing different working environments, and can learn different techniques and skills from training in a variety of establishments. Secondly, a worker often seeks to improve his position by changing his job. This will be particularly prevalent in organisations where there are no clearly formulated channels for promotion and career development. Both of the above reasons are valid and justifiable to an employee, but there are also clearly costs involved which present a different picture.

The AUSTRALIAN DEPARTMENT OF LABOUR AND NATIONAL SERVICE (29) suggests that workers who change their jobs too often "may acquire some all round experience in many occupations, but lose the opportunity of developing a high level of skill in any one of them". Similarly, if the practice of changing jobs is carried too far, employers will be warned of occupational instability by a record of many job changes that have not led to advancement. In times of high unemployment particularly, this may well lead to difficulty in obtaining work of any form. A high level of turnover, affords an individual much reduced job security in the long run, along with a loss of long-term benefits such as pensions and bonuses.

On a more personal level, an individual who frequently changes his job will lose the opportunity to develop the group associations with fellow workers that appear to play a large part in developing a satisfying working life. This aspect has been highlighted by HYMAN (30). Frequent
job changes, he suggests, will always involve personal problems of re-adjustment.

Finally there are monetary costs. SHOREY (31) points out that changes of employment will incur the costs of job search, the 'relocation' costs of adjusting to a new environment, and often an intermediate temporary loss of earnings.

Clearly an individual would have to balance the costs against the benefits of frequent job change. On the evidence suggested here, it would seem that workers have more to gain from stability of employment. However, if an organisation does not offer opportunities for internal promotion and training, it increases the benefits of job changing. Labour turnover may become a necessity to workers wishing for advancement and the apparent costs to the individual would decrease. Similarly, prevailing economic conditions may swing the balance of costs versus benefits. In times of high unemployment when job vacancies become more difficult to find, workers will become more conscious of the benefits associated with job security and job stability.
2.1.2.2 Costs / Benefits To An Organisation:

Looking at labour turnover with respect to an organisation is a fairly common viewpoint, and as such it is seen very much as a 'management problem'.

One of the most obvious problems associated with turnover is expressed by MACKAY et al. (32). They suggest that when staff leave, the organisation "loses assets embodied in the acquired experience and training of the employee and may have to bear further expenditure in recruiting and training a new employee". Clearly, if the size of the labour force is to remain constant, when employees leave, replacements will have to be engaged. This incurs additional search and recruitment costs, and will place a greater burden of work on the staff responsible for these activities. In addition new recruits will have to be inducted and trained to the level at which they effectively replace the leavers.

The relationships between labour turnover and both recruitment and training are discussed in more depth at a further stage. Suffice to say at this point, that it would seem that the greater the skill and specialisation of the leaver, the more problematic will be the task of finding and training a replacement.

BENNISON and CASSON (33) point out that the costs of recruiting and training staff can be viewed as being recouped by the organisation through the productivity of those employees to a point at which they 'break even'. The staff who leave before that equilibrium is reached will represent a pure financial loss to the firm. Clearly then, the greater the investment an organisation makes in training and recruitment, the greater will be
that loss. The cost to the organisation will therefore also be affected by the type of training and search processes employed, as well as the length of service or productivity of the workers.

Another problem that an organisation faces because of high turnover would seem to be one of lost productivity. SCHLICHT (34) suggests that a relationship exists between the average labour productivity and the rate of turnover. He argues that the higher the rate of labour turnover, the larger will be the proportion of relatively inexperienced workers in the labour force. This would be particularly noticeable in situations where there is considerable on-the-job training needed, or where the new techniques and skills take some time to be fully mastered. Productivity, it would seem, would also be lost while the training of new recruits is carried out, through the deployment of 'trainers' from their normal work.

Other points have been raised about the idea of lost productivity associated with high turnover. However, these notions seem to have received little more than just a passing mention. For example, it has been suggested that high turnover will adversely affect remaining workers, and they will produce a subsequently diminished output. Evidence to support this idea has yet to be produced. Similarly, it has also been suggested that productivity will be lost to some extent because workers who are dissatisfied and thinking of leaving, will go through a period of 'low commitment' to the organisation before actually leaving. This, they suggest, will become apparent through lower levels of production, and possibly in higher than average rates of absence while employees search for alternative jobs.

On the other hand, however, there is a suggestion that the opposite may
be true in this case. STEERS and PORTER (35) argue that it is possibly the least satisfied and hence the least productive staff who will create the high turnover rates. Such a case, they suggest, would then open vacancies for potentially better staff and be a benefit to the organisation.

This leads us to consider the benefits an organisation can gain through labour turnover. Although it is commonly referred to as a management 'problem', the literature clearly indicates that the benefits of turnover to an organisation can be quite considerable. The problem, lies perhaps, in controlling the extent of the turnover.

One of the most cited benefits lies in the area of skill acquisition. As already mentioned, labour turnover can help an individual gain experience and skills by moving from one establishment to another. For management too, this can be seen as a cheap and easy alternative to providing formal training. RILEY (36) suggests a situation where if an area or industry is characterised by a large number of small units with limited training capacities, a greater dependence is placed on mobility as a method of acquiring skills. The level of benefit to be gained by management through turnover in the area of skills acquisition will therefore seem to depend on other external variables, such as the industrial structure and specificity of skills.

In addition, there may, in fact, be situations where managers would prefer to maintain an unskilled workforce, even at the cost of high turnover. Unskilled workers are cheaper to employ, and often more suited to rather mundane, monotonous tasks. Savings made by employing unskilled workers may more than compensate for the costs of high staff turnover. Taking this still further, there would also seem to be cases
where management actively seek to maintain a highly unstable workforce. High labour turnover is seen as a deterrent to unionisation among staff. The more mobile is the workforce, the harder it becomes to recruit and unite members.

STEERS and PORTER (37) point out that management may even find that the costs and effort of retaining an inefficient worker may well exceed the benefits, or costs of replacement. A level of turnover also enables management to adapt its workforce, to some degree, in coping with changes in demand for labour and in new technologies within the firm. Older, long-serving workers are often resistant to such changes, and introducing new labour will facilitate 'progression'. This idea is mentioned by SHOREY (38) who says, "voluntary separations give the labour market flexibility and dynamism".

The extent to which high labour turnover is a problem to management suggests that it needs to assume a free priority when considering manpower planning strategies. The measurement of labour turnover will become a necessary function of manpower planning; needed to effectively plan all recruitment, training and promotion, along with the relevant cost budgets.

The whole system of manpower planning is apparently interlinked with the turnover of staff. For example, the hiring standards of new recruits will be dependent in part on the company's future expectations for those workers. If a firm seeks recruits with greater apparent potential who will form a career with the company, there must be a level of turnover of staff at higher levels in order to allow for promotion when necessary. Planning promotion would prove ineffective without some measure of
turnover in the relevant areas. Similarly, management will have to plan sufficient training to enable such employees to progress and to realise their full potential. If the firm, however, has lower hiring standards and does not intend to offer prospects for promotion, the staff recruited are likely to have a higher rate of turnover. The implications of this have just been highlighted.

The payment of overtime is another example of how measuring labour turnover rates can be an essential part of manpower planning. Although one might expect overtime to be high when turnover is high, there are situations where high overtime can keep turnover low (RILEY (39)). This occurs because of the 'rejection' of new recruits if they are seen to threaten the higher overtime payments of incumbent workers. Management, therefore, need a monitor of labour turnover to be able to balance the advantages and disadvantages of lower turnover and overtime payments.

Clearly, labour turnover can be a very diverse process with many factors, and series of factors, leading to labour losses. Similarly the strategies adopted to control the losses and alleviate the problem can be equally complex. BOWEY (40) points out that "any changes introduced into an organisation are likely to have repercussions in many areas of the organisation". This emphasises the need to have a full understanding of the facets of labour turnover, which cannot be achieved without adequate measurement.

Similarly many studies (WASMUTH (41)) have pointed out the wide departmental differences in labour turnover rates. Not until firm information is gathered on the perceived causes and the dimensions of the individual departmental problems, can a start be made to successfully reduce labour
turnover. Work by JOHNSON (42) emphasises the need for effective measurement of the turnover problem, showing clearly that of the units studied, those which most accurately assessed labour turnover rates, had, in fact, the lowest staff turnover.
2.1.2.3 Costs / Benefits To The Community:

Clearly, a certain amount of labour turnover is desirable to a community and will contribute to industrial efficiency (SHOREY (43); EDWARDS (44); and MACKAY (45)). EDWARDS in fact suggests that there will be a large scale loss to the community if the workforce is unwilling to move with the demand for labour, by reason of an "uneconomic distribution of the factors of production". In other words, there must be enough movement of labour to enable new or expanding industries to obtain staff and to distribute the labour force where it can be employed most effectively.

EDWARDS goes on to suggest that to a certain extent, mobility of labour can be substituted by a movement of the capital resources; but in the long term, labour's refusal to move will lead to unemployment and 'political unrest'.

Looking at the other side of the argument is the suggestion that communities or industries with high rates of turnover will develop problems with recruitment. SLITCHER (46) argues that when a locality has gained a reputation for high turnover, the labour market forces will tend to perpetuate the situation. High turnover of labour in a community will render employment changes easier; rapid vacations of positions will create continuous opportunities for employment. These conditions, he suggests, will start to attract a class of worker who are "drifters by habit and by inclination". The problem will then manifest itself through recruitment, and the quality of staff applying will change towards more mobile and transient workers. 'Higher' quality staff will tend to turn elsewhere for a more stable and secure work environment.

The problem to the community, however, would not seem to end there, and
other factors may become involved. For instance, changing wage levels would be seen as a way of alleviating the problem in the face of escalating turnover rates. In order to 're-attract' a better calibre of staff, the industry may increase the wages offered. This, however, can start a wage escalation which would spread among other firms and industries competing for the same labour supply. The same would occur if wage increases were used in an effort to retain existing staff and reduce turnover.

Wages themselves can also create a different problem for industries and communities with high levels of turnover. If staff within an industry are very mobile employers will be able to recruit new staff easily from a constant pool of workers. Thus, if the employers are satisfied with the quality of the rather transient staff they get, then they will find it unnecessary to use wage incentives to attract recruits (RAGAN and SMITH (47)). Industry or community wage levels will therefore become depressed, possibly resulting in a one-way flow of labour out of the industry.

These, however, are just ideas about the nature of wage involvement for communities with high labour turnover. This whole area does not seem to have received any serious investigation, and the literature on it is sparse and inconclusive.
2.2 THE DETERMINANTS OF LABOUR TURNOVER

Now to consider the second theme that emerges from the literature - that of isolating and evaluating the 'determinants' of labour turnover. These are diverse, ranging from the more general economic conditions, to those factors which are specific to individuals. A survey of the literature also highlights disparity in the support given to the various relationships with staff turnover. The following section looks at the most commonly cited determinants with respect to the ways in which different studies view the correlation of each to labour turnover. The determinants studied are as follows:

2.2.1 State of the Economy and Local Labour Markets
2.2.2 Size of the Organisation
\x 2.2.3 Wages
\x 2.2.4 Nature of the Work
2.2.5 Length of Service
\x 2.2.6 Recruitment
\x 2.2.7 Training
\x 2.2.8 Skill Levels
\ 2.2.9 Promotion and Career Development
\ 2.2.10 Job Satisfaction
2.2.11 Supervision and Management
2.2.12 Payment Systems
2.2.13 Grievances
2.2.14 Absence
2.2.15 Personal Characteristics

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2.2.1 STATE OF THE ECONOMY AND LOCAL LABOUR MARKETS

Prevailing economic conditions are regularly quoted as being consistently related to labour turnover (RICE (48); MARCH and SIMON (49); HYMAN (50); LEICESTER (51); CURRAN (52) and WASMUTH (53)). MARCH and SIMON (54), for example, suggest that "under nearly all conditions, the most accurate single predictor of labour turnover is the state of the economy". HYMAN (55) points out, however, that while studies have shown that there is a "strong association between the economic climate and turnover rates (indicating) the inadequacy of interpreting turnover exclusively in terms of the in-plant situation", they have not demonstrated that "turnover is primarily determined by the level of employment".

The relationship between labour turnover and the state of the economy is generally accepted as being inverse. That is, that labour turnover will increase in boom conditions when unemployment is low; and will decrease in times of high unemployment. This is based, however, on the assumption that individuals will only change their jobs when there is another job ready to step into. Thus, in times of high unemployment there will be many workers competing for few jobs, and so those seeking to change employment are less likely to find a suitable alternative. Therefore, the turnover of staff will fall.

HYMAN (56) takes this idea one step further. He suggests that there is in fact only a "minority of workers" who under normal circumstances would be prepared to leave one job before securing another. Of this minority, "a proportion might be expected to act more cautiously in the knowledge that few alternative jobs are available; thus the size of the circumspect majority would be increased". Similarly WOYTINSKY (57) in his study of
labour turnover under different economic conditions from 1910-1940, quoted figures showing that the percentage of 'unstable' workers in the workforce dropped in years of depression. (His definition of 'unstable' workers is based on those who have less than 12 months of continuous employment behind them, with slight arithmetic adjustments.) For example in 1914, and even 1918 when there was an excessive demand for labour, the 'unstable' element formed 12% of the workforce, whereas in 1928 at the beginning of the depression, it dropped to only 4%. We can suppose therefore, that the 8% difference represents the more 'circumspect' employees of HYMAN's theory, who do not leave their employment until an alternative is found.

Furthermore, WOYTINSKY (58) found strong evidence showing that while changes in employment conditions were clearly linked overall to changes in 'quit' rates, changes in his 'stable' workers were minimal compared to those in the 'unstable' element. In other words, he suggests that it is only the unstable workers whose leaving decisions are affected by changes in the state of the economy.

At this point it should also be pointed out that despite numerous confirmations of an inverse relationship between turnover and the level of employment, there have been some empirical studies showing that high unemployment and high turnover may co-exist. CURRAN (59), for example, found an "unexpected" positive relationship between labour turnover and the unemployment variable in her model existing at industry level. PETTMAN (60), who looked into various determinants of labour turnover, said that his preliminary research showed no significant relationship between unemployment levels and turnover at the national level over the past three decades.
These studies would seem to indicate a need for further qualification to the original theories concerning turnover and the state of the economy. Czee (61) explains her results by suggesting that employees in depressed industries with high unemployment and few prospects will follow 'neo-classical' theory and move to industries with better prospects. However, she also points out that there is no available data to support this hypothesis.

A more favoured theory has been put forward by both WOYTINSKY (62) and MORETON (63). They suggest that turnover is more highly correlated to vacancy rates than with the levels of employment. In other words, the 'vacancy rate' would refer to the actual opportunities to change jobs that are available to a particular labour force. This theory, suggests MORETON, would explain the reported differences in the type of relationship between turnover and employment levels. Under normal circumstances, when unemployment is rising, whether in an industry, or in the economy as a whole, the level of job vacancies will fall correspondingly. Therefore turnover should fall and would exhibit a negative correlation to unemployment over time. However, if specific job opportunities are at variance with the overall trend in employment, the proportion of quits may increase even in a depressed market. Similarly, if skills are not specific to a particular job, workers may well be able to find employment in other fields or industries if employment conditions seem more favourable.

This leads us to suggest that labour turnover is more directly regulated by conditions in the local labour market rather than the overall state of economic activity. RICE et al (64) note this, saying that when investigating the turnover of manual employees, they found the relationship most tenable with respect to the local level of unemployment.
Similarly, WOODWARD (65), looked at labour turnover from the angle of the local labour market and saw it as being more relevant than looking at nationally prevailing conditions. Generally, it would seem, the market for labour, particularly low skilled workers, is limited to a specific geographic area. For the firm, this market will be limited to that labour which it could potentially recruit; and for the worker, the boundaries are defined by the distances which they are prepared to travel to work, and the openings which fall within those specifications. Clearly, therefore, each local labour market will be difficult to define precisely. In addition, because they encompass a wide variety of jobs and firms, it is to be expected that labour market behaviour will vary also from one local labour market to the next.

WOODWARD (66) suggests that economists classify local labour markets according to the supply and demand for labour, and grade them between 'tight' and 'loose'. The former implies that there is a shortage of labour to fill the vacant positions, while a loose labour market would have a relative abundance of labour. There are clearly theoretical and empirical reasons for suggesting that as each local labour market differs from the next, then the causes of turnover will vary also from one to another. For example, a study by MACKAY et. al. (67) suggests that turnover is affected by the size and compactness of the labour market. This implies that firms operating in a large conurbation can expect to suffer from higher rates of turnover than similar companies in areas with smaller concentrations of labour.

Similarly, SLITCHER (68) investigated labour turnover in different localities and suggested that the supply and demand for labour in the labour markets will be governed by the extent to which nearby
establishments employ staff of a similar grade and skill level. Competition from other firms will affect the supply of labour and of particular skills, and will determine the opportunities for workers to change jobs. The accessibility, within local labour markets, of colleges and training centres where skills can be learnt will also lead to differences in the job opportunities and therefore the turnover of staff, as will variations in the growth levels of different industries. Furthermore, MARCH and SIMON (69) suggest that "voluntary turnover will decrease as measures of business activity drop." In this way they propose that the impact of the business cycle may result in differences in turnover for specific industries. However, this effect would in all probability, gradually spread to alter the employment alternatives of other related industries.

The formation of discrete local labour markets would be expected to be accompanied by the development of a social community. The characteristics and sociological factors of this would also seem to have an impact on labour turnover rates. SLITCHER (70) proposes that labour turnover would be highest in new towns, and in localities which have undergone rapid growth. This follows the reasoning that rapid expansion and recruitment increases the percentage of workers with short service - the workers with the highest propensity to leave. It has also been suggested that when employees live away from the workplace, and travel some distance to work, they will exhibit higher turnover rates.

Finally, in connection with turnover and local labour markets, is the already mentioned problem of turnover spreading when an area gains a 'poor' reputation for instability. Labour market forces will perpetuate the turnover process and the reputation it gains will attract even more 'unstable' or transient workers to the area (SLITCHER (71)).
2.2.2 THE SIZE OF THE ORGANISATION

The idea of a relationship between the size of the organisation and labour instability is one that has been noted for many years. For example, as far back as 1933, DURKHEIM (72) wrote, "...small scale industry where work is less divided displays a relative harmony between worker and employer. It is only in large scale industry that these relations are in a sickly state."

However, the extent to which the relationship is directly correlated would seem to be open to debate. Results of empirical studies over the years have, in fact, shown marked inconsistencies. For example, there are negative correlations quoted by writers such as WOYTINSKY (73), CURRAN (74), COHEN (75) and MACKAY et.al. (76). This suggests that smaller establishments will exhibit higher turnover, and vice versa. On the other hand, INGHAM (77), in his review of the subject, quotes studies with negative relationships, and ones with positive correlations. These research findings, then indicate that the evidence regarding size and labour turnover is rather equivocal.

In view of the inconsistencies found, several writers have put forward a variety of explanations. INGHAM (78) firstly proposes the possibility that an inadequacy of measurement of labour turnover is to blame; that measures have been used which are not appropriate to the situation. For example, when measuring 'organisational' attachment to a firm, are 'in-voluntary' separations, such as death, or retirement, really a valid inclusion?

A second suggestion is mentioned by both WOYTINSKY (79) and by MARCH
and SIMON (80). WOYTINSKY points out that a comparison of turnover and size may be inaccurate and meaningless because in large companies a lot of 'intra-organisational' transfer of staff would constitute 'turnover' in smaller companies. MARCH and SIMON (81) take the same idea, but describe it as the "perceived" possibility of intra-organisational transfer, rather than the actual.

Thirdly, it is clear that there are outside variables involved in determining turnover, and the influence of these must be controlled in any study of labour turnover. For example, we have already discussed the idea that in a situation of high unemployment there will be fewer opportunities for job changing, and hence lower turnover. Similarly, INGHAM (82) quotes the possible effect of the location of industry with respect to the availability of alternative employment.

Another point worth noting here is that the overall structure of the industry may count in relation to labour turnover. If large companies dominate the industry, they are likely to also dominate the conditions of mobility. Wages and employment provisions would be set by the large firms who can usually afford to offer a higher standard of conditions than smaller firms. Large companies will then maintain conditions on a par with similar companies, and the smaller firms will have to be increasingly competitive among themselves to remain in the market. The larger companies would, in this way, all offer similar wages and benefits and so an employee's incentive to move from one firm to another is greatly reduced. Conversely, when smaller firms dominate the market, the competition is likely to be higher and hence one would also expect a higher level of labour turnover.
Economic factors are, however, not the only intervening variables in the problem of a relationship between turnover and size, and a number of studies have tried to identify those features. As MACKAY et al. (83) point out, any apparent association between size and labour turnover in an establishment may be 'spurious', arising through other characteristics of large or small firms. This, in fact, seems to open up a multitude of avenues for speculation. For instance, large firms may be found to have lower turnover because they are able to pay higher wages, employ a larger proportion of stable males, or merely because large plants are concentrated in industries or areas with lower turnover levels. Similarly, large companies may retain their staff better because of better promotion prospects, more personnel services, greater job security and often greater prestige. On the other hand smaller firms may gain the edge because they can offer more personal treatment by management, and possibly because there would be less de-skilling of jobs than in larger companies.

The literature in this area is wide, but not particularly conclusive with respect to a discussion of turnover and size. For example, TALAACHI (84) discussed the relationships between job satisfaction, absenteeism, organisational size, and labour turnover. He found that size was negatively correlated to the 'general' level of job satisfaction; and that there was also a significant negative correlation between the level of absenteeism and the level of satisfaction. However, his examination of turnover data and the level of satisfaction did not show any significant relationship.

Similarly, INGHAM (85) quotes work by Indik, who hypothesised that greater organisational size increases the need for bureaucratization,
and increases the level of 'role specialisation'. Both of these, he suggests will decrease job satisfaction and hence will tend to increase labour turnover. However, INGHAM goes on to point out evidence refuting a direct connection between size and work specialisation; and suggests that there is "confusion in the literature directly concerned with the relationship between organisational size and bureaucratisation".

Furthermore, PORTER et al. (86), in their review of the subject, found only two studies which had related total organisational size to job satisfaction. However, they suggest that the evidence is more conclusive if one considers a 'sub-unit' size as the relevant measure. They found this to have a positive correlation to labour turnover, but did point out that the area was in need of further research.

It would seem appropriate, therefore, to suggest that there is clearly no direct correlation between the size of an organisation and its rate of labour turnover. Furthermore, there could well be numerous intermediate variables, the associations of which are still not made clear by the available literature. However, evidence concerning direct relationships between some of these intervening factors and labour turnover has yet to be discussed.
2.2.3 WAGES

One of the basic theories behind conventional economic wisdom is the 'competitive' hypothesis. It suggests that employees will seek to gain a net advantage for themselves, and will therefore move in a one-way flow of labour from low-earnings establishments, to ones offering higher pay (SILCOCK (87)). This implies a direct relationship between pay and turnover, whereby the higher the level of wages, the lower the labour turnover.

Empirical evidence, however, does suggest a need to elaborate on this role of wages in allocating labour. It has, for example been observed by MACKAY et.al. (88) that, in the short run, at least, the association between the flows of manpower and the relative earnings is fairly weak. Many writers in fact reiterate this view as a result of their own studies (HILL (89); HUBER (90); SWANN (91); CLARKE (92)). HILL, for instance, studied wage levels and the movement of labour among coal mining establishments. He found that "average wastage tended to be systemmatically lower in pits with high average wages, to the extent that average wastage was two times as high in pits with very low wages as those with high wages." However, he goes on to point out that across the wide range of pits he studied, the strength of the relationship varied greatly; and he found no grounds for suggesting that the probability of a worker leaving would depend solely on the average wages paid. SWANN's (93) study on the other hand, surveyed 11,500 people to find out why they change jobs. "More money" ranked fifth as a reason for leaving, after a desire for change, more experience, greater promotion and because "a good job was offered".

So, what the data would seem to show is a general support for the view
that pay dissatisfaction is related to turnover; yet it also clearly indicates that the two are not always highly related. Various works in the literature have noted this 'fact' and have produced contributory ideas which seem to add to the overall picture of the pay and turnover relationship.

One idea, mentioned by both HYMAN (94) and MACKAY et.al (95) is that of 'imperfect knowledge'. In many cases, employees will have a certain level of ignorance, or imperfect knowledge, about pay levels in neighbouring firms and industries. This lack of knowledge will then impair the employees' ability to assess job alternatives during the 'turnover process', especially in terms of pecuniary gain. MACKAY et.al suggest that this process, whereby an individual moves from one job to another to find suitable employment, is often "haphazard and wasteful" because of imperfect knowledge; and time intervals may emerge before workers would become fully aware of wage differences and respond to them.

Followers of the 'Human Relations' school of thought propose a very different theory. They go so far as to suggest that wages are not even primary motivators in the work situation (HYMAN (96)). They say that only a minimum level of subsistence must be provided by the workers wage, and that once this threshold is reached, wages will no longer assume primary importance. This view, however, does not seem to be widely accepted by other writers who suggest instead that the relationship between pay and turnover does continue to exist, but that other variables may influence the strength of the correlation.

One such variable that could influence the pay/turnover relationship, is the state of the economy. LAWLER (97) suggests that if there is a low
probability of obtaining a better-paying job, a worker may remain in his current job even if he is dissatisfied with the pay. This would be a particularly important influence in times of high unemployment, when one might expect pay dissatisfaction to be quite unrelated to turnover. Similarly, a study by WOODWARD (98) into the economic causes of labour turnover, introduces yet another variable. He suggests that there is a weak association between turnover and pay because turnover is strongly related to length of service. This, he suggests, will tend to "undermine a simple association between earnings differentials and the quit rate".

Furthermore, it has been suggested that "it is not realistic... to predict that pay dissatisfaction should be perfectly correlated with turnover" because "pay is just one of the rewards that influence the attractiveness of a job" (LAWLER (99)). For example, a worker may be dissatisfied with his pay, but satisfied with other non-pecuniary job aspects and because of this he may see his present job as more desirable than any alternative one. This idea of pecuniary versus non-pecuniary rewards is mentioned by several writers; HILL (100), INGHAM (101), SHOREY (102) and LAWLER (103). HILL, for instance, suggests that the 'net advantage' sought by employees has to include both monetary and non-monetary factors. Thus in some establishments low wages may be offset by other non-wage benefits to give a net advantage equal to other establishments offering a higher basic wage level. INGHAM (104) introduced the concept of organisational size to illustrate this idea even further in his study of size and worker behaviour. He found that large plants were the source of relatively high wages and a low level of non-pecuniary rewards; and vice versa for small firms. The smaller organisations may then compensate for a lack of basic wages by offering greater variety in tasks, greater autonomy, and greater opportunity for social interaction. These factors, suggests INGHAM, will be conducive to job
satisfaction (Job satisfaction is discussed more fully at a later stage).

If we then accept the theory of pecuniary and non-pecuniary rewards being involved in the turnover decision, it would seem to be more appropriate to consider changes in wage levels rather than just the level of earnings, (HILL (105) and MACKAY et. al. (106)). In this theory, wages would never have to be equal to obtain labour market equilibrium. Instead, only when the monetary wages and the non-pecuniary rewards are seen to equal each other out, will workers have, in theory, no propensity to leave. HILL suggests, however, that because of imperfections in the labour market, this equilibrium will never actually be reached.

LEICESTER (107), on the other hand, sees labour turnover being partly dependent on future wages. He suggests that people will leave if the expected future increase in wages is not as high as in other industries. This introduces the idea that wage differentials are in fact the important measure in relation to turnover. If wage differentials are taken to refer to the differences in pay between one job and another with respect to skill levels and with respect to time, one can see how a measure of pay differentials can reflect future earnings. Thus, if a firm does not offer set wage differentials an employee may well see his future earnings as likely to be inadequate. This will be particularly so in times of pay restraint, when the only visible way to increase earnings would be to change jobs.

So, to sum up, what we seem to have is a definite relationship between labour turnover and changes in pay rates; which will vary in strength dependent on general employment conditions, on a workers' satisfactions with the non-pecuniary aspects of his job, and by the importance he attaches to pay.
2.2.4 NATURE OF THE WORK

Studies of labour turnover commonly seem to identify wide variation in rates between different industries and different firms. A survey by the Institute of Personnel Management (108), covering 56 companies in a range of industries, quotes annual turnover rates varying between 5% and 143%; and SILCOCK (109) also mentions studies which show rates ranging from 5% to 95% for males and 17% to 133% for females.

In addition, many studies have also shown that labour turnover rates vary widely between departments and occupations within the same organisation. WILLIAMS (110) studied three hospital departments and showed turnover rates with considerable divergence throughout the five-year study period. Other work by EDWARDS (111); RICE (112) and JOHNSON (113) also highlight the occurrence of wide departmental differences in turnover rates. The work by SHAMIR (114) into work attitudes and the environment in hotels took the analysis further. He suggests that workers in one occupation will exhibit similar characteristics and orientations to work to those employees in the same job at another establishment; more so than to other workers in their own firm or unit.

These findings would tend to suggest that factors pertinent to the whole organisation, such as company policy or the size of the unit, are less dominant in determining worker behaviour and attitudes than factors relating directly to the job characteristics. As WOODWARD (115) puts it, "Industrial behaviour at all levels is a function of the work situation itself". This idea is also supported in studies by SHAMIR (116), KERR and SIEGAL (117) and SAYLES (118). KERR and SIEGAL for example, argue the hypothesis that "the inherent nature of the job determines the kinds
of workers employed and their attitudes”; and SAYLES (119) suggests that the "social system erected by the technological process is also a basic and continuing determinant of work group attitudes and actions".

Several studies, however, disagree with this argument suggesting worker attitudes are related to wider factors. GOLDTHORPE (120), for example, believes there to be no correlation between worker behaviour and technology at work. He quotes a range of semi-skilled men in a range of occupations, who show striking similarity in attitudinal and behavioural patterns despite working in very different technological environments. He goes on to attribute the behavioural differences to locational and community factors. The ECONOMIST (121) also believes that the nature of the work is not responsible for worker attitudes. It suggests instead that such differentials reflect differences in the scope for movement within an industry - the way the labour market is organised, personnel policies of employers, and the opportunities for applying their skills elsewhere. PARNES (122) makes this observation too, but believes it to be merely a contributing set of factors behind labour mobility differentials on a wider scale.

Returning to the idea that the nature of the work affects worker attitudes and is responsible for differences in departmental and occupational turnover rates, it can be seen that there are many ways in which a job can vary. Each job for example, will offer different work and technological systems affecting levels of autonomy and responsibility, the degree of interaction among workers, work loads, physical and mental proximities of jobs in each location and even promotional ladders and 'status relationships'. However, saying this, HUBER (123), in his review of research into labour turnover, reaches the conclusion that too much emphasis is
placed on the provision of good working conditions as a way of main-
taining acceptable levels of labour turnover. Low turnover, he points
out, has been found even when the work appears to be very hard and un-
pleasant, and the environment rather inhospitable.

So, if, as suggested, the technological differences of jobs are
responsible for different levels of labour turnover among departments
and occupations within the same firm, it is necessary to further consider
the implications. Are the differences of attitude and behaviour attrib-
utable to the differences in the workers' prior orientations to work or
to variations in the actual work situation? It could be, for example,
that the nature of the job and the work systems tend to 'make' people
'unstable'; certain technologies may instil in workers the attitudes and
goals that discourage stability. Or, as WOODWARD (124) argues, it may
be that different jobs and work situations will satisfy a workers expect-
atations to different degrees and will thus reflect differences in atti-
tudes and behaviour of staff.

This latter idea forms the basis of the 'socio-technical' school of
thought - the theory that technical demands of a job are inter-related
with human needs. TRIST (125) looks at the socio-technical theory, and
suggest that the "problem was neither that of simply adjusting people to
technology nor technology to people, but organising the interface so
that the best match could be obtained between both." This involves
redesigning job and organisational arrangements from the direction of
social psychology, to permit the development of a social structure in
support of the functions and objectives of the work groups. The job-
design is based on three main requirements: to give workers greater
autonomy, greater variety of work tasks, and to encourage the individual
to adapt and develop from the work situation. Combining the social and
technological aspects of the jobs is then thought to work towards optimising the overall performance of workers.

The notion of 'job enrichment' has developed from reasoning such as this. The idea is to expand the 'vertical' boundaries of a workers' job, giving more autonomy and responsibility and a greater repertoire of skills, ostensibly leading to increased opportunity (STEERS and PORTER (126)). The idea is that job enrichment will increase job satisfaction and diminish alienation at work, hence decreasing labour turnover. This would tie in with empirical work by WILLIAMS (127) on hospital staff, showing a positive relationship between labour turnover and task repetitiveness, and a significant inverse relationship between turnover and job autonomy and responsibility. WILSON (128) suggests that enriching jobs in the lower levels of an organisation will create a temporary phase of 'job-impoverishment' in more senior levels and in supervisory jobs. Actual changes in the retention of labour, seem to have little, if any, documentation.

The other theory concerning the technological impact of work suggests that the nature of certain jobs may attract workers with temperaments and attitudes conducive to certain behavioural characteristics. 'Unstable' or 'stable' workers may be attracted to particular occupations where, for example, their orientations to work may be more common or more widely accepted. KERR and SIEGAL (129) make the point that jobs often become associated with different types of people and the community then creates 'norms' of behaviour expected of those workers. For example, they suggest the community is more sympathetic with striking miners than with school teachers "abandoning their desks". To the extent that if a worker has a choice of employment, it is presumed that he will choose
the job or occupation that most nearly satisfies his personal order of needs. This idea of self-selection has been reported by several writers, HYMAN (130), SHAMIR (131) and WOODWARD (132). They suggest that through a process of self-selection workers with similar 'instrumental, expressive and social orientations' to work will converge, and may be reflected by certain patterns of attitude and behaviour emerging in particular occupations. HYMAN (133) illustrates the notion with reference to an apparent lack of impact by pay differentials on certain workers. He suggests that these long-service employees "through a process of self-selection, represent a minority group among earlier recruits whose economic motivation is untypically weak". SHAMIR (134) goes on to argue that the more flexible, individualised and diversified an organisation is, then the greater opportunities there will be for a self-selection match between the workers' orientations and work environment.

What seems to have emerged quite clearly from reviewing the literature in this area is that the nature of jobs, in relation to work systems and technology, determine the kinds of workers and their attitudes to work through processes of selection and conditioning. This in turn seems to account for at least some of the differentials in labour turnover rates found between occupations, jobs and departments.
It is to be expected that labour turnover will decrease with the increasing length of service of employees. This suggests that the longer an encumbent worker remains with an organisation, so his propensity to leave will diminish. This phenomenon was first noted by GREENWOOD (135), who drew tables showing that the proportion of leavers decreased steadily with their length of service. Many subsequent studies have confirmed this relationship, and found it to be consistently strong and predictable (RICE et. al. (136); GREYSTOKE (137); SILCOCK (138); EDWARDS (139); COOK (140); WOODWARD (141); and HUBER (142)). For instance, COOK said "the incidence of labour turnover is much higher among short-term employees... the critical period appears to be in the first three months of employment"; RICE refers to this as the 'induction crisis'; SILCOCK notes it as a strongly marked characteristic of labour turnover; and GREYSTOKE suggests a number of reasons to account for the observations. The shape of the relationship has been described graphically (see Figure 2.2.1) by CANNON (143) who suggests that it is also strong enough to be fitted to a mathematical mixed exponential equation.

![Figure 2.2.1](image)

Figure 2.2.1 The 'Induction Crisis' shown graphically
At the point when a recruit joins an organisation the probability of him leaving is very high, but will rise still further immediately afterwards. This propensity to leave will reach a peak before falling away rapidly. It then shows a low plateau with a slight increase for the longer lengths of service. SILCOCK (144) suggests that of those writers who put actual time spans to the distribution of leavers, most would agree with COOK (145) that the critical period of labour turnover occurs within the first three months of service. However, there does seem to be quite a range of values attributed to the magnitude of the problem. At one extreme COOK quotes an Australian study where over 50% of all resignations occurred within the initial three months of employment; while a study by REYNOLDS (146) of manual workers in America, reports that only 40% of his sample served less than one year in their previous job.

There would seem to be various factors which explain the probability of a voluntary separation declining with length of service. Probably the best way of looking at the problem, however, is to divide the length of service into three distinct stages as suggested by various writers, such as RICE et.al. (147), HYMAN (148), and WOODWARD (149). RICE et.al. refers to these stages as the 'induction crisis', the period of 'differential transit', and the period of 'settled connection'.

Starting from the end, the period of 'settled connection' will only be reached by those workers who have become established in a firm, and have formed roots in the social and working cultures of the organisation. The greater the job tenure, the deeper will be the attachment a worker forms with the job. Therefore the costs of leaving, particularly the psychological ones, will be significantly and correspondingly increased.
Workers will develop familiarity with company policies and traditions, social interdependencies, and habitual routines which become harder to break. Replacing the intimately familiar with the unknown becomes increasingly difficult to do. PARNES (150) also suggests that there is a certain "prestige associated with being an old-timer".

On a more tangible level, increased length of service enhances job security, which will seem to be of particular importance as alternative opportunities are limited by external employment conditions. Direct economic advantages also accrue with long service. For instance, wage increases, pension rights, promotion opportunities, and various bonuses are usually dependant on tenure in a job. Similarly PARNES (151) points out that long-service employees are more likely to have reached the peak of their career aspirations, and so are less likely to change their employment for self-advancement. All these benefits, which build up with increasing length of service, work to enhance the attraction of a worker's current employment, and to decrease the opportunities for a corresponding, or improved job alternative in the external market.

Workers in the period of 'differential transit' will have survived the initial, critical stage of induction, and should be fairly attached to their jobs. They will also be in a position to give a more informed appraisal of the employment, and of their own expectations from it. At this stage, both WOODWARD (152) and HYMAN (153) suggests that the critical criteria for this assessment will centre around their promotion prospects within the organisation. This in turn will depend on the internal structure of the firm and its rules governing internal mobility; and on the grade of the job and the extent to which turnover creates openings for promotion in higher grade jobs. The aspects of promotion
in relation to labour turnover are, however, discussed more fully at a later stage.

Finally we come to the critical stage of 'induction crisis', when employees first join an organisation. It has been described as the "initial period of disorientation when the rate of leaving is highest" (HYMAN (154)). New workers seem to have the highest propensity to leave because of initial difficulties in adjusting to the requirements of a position in a strange environment. However, although it does seem to be quite universal that turnover is considerably higher during the first few months of employment, the length and severity of the induction crisis varies between industries and between firms. This would seem to suggest some degree of controllability of the process.

It should be noted also that the introduction of new workers to a particular department may have the same characteristics as workers starting in a new establishment. RICE (155) in studying the effects in inter-departmental movement of staff, pointed out that workers being transferred in this way appear to encounter the same problems of orientation. This phenomenon is also reported by HUBER (156), where long-service employees who transferred within an organisation, turned over one and a half times as fast as those who did not move. What seems clear, therefore, is that the induction period is a critical time because workers are moving to a new and different environment. The workers' progress through the initial few months will then depend on the success of the induction and integration to new surroundings and work practices. The effective induction of workers transferred internally to a department would seem to have at least as much relevance as induction for those new from the external labour market.
Several writers have highlighted another idea which may contribute to an understanding of the turnover and length of service relationship. It has been suggested by HUBER (157), BOWEY (158), WOODWARD (159) and DATCHER (160), that workers enter a new job with certain pre-conceived ideas about it. The period of induction would then form the time when the recruit determines whether the job matches his expectations.

SLITCHER (161) believes that the first few days are the most critical to the recruit's judgement. Inevitably, in some circumstances the expectations will be justifiably frustrated if they are basically unrealistic. HUTT (162) suggested from his study of graduate mobility, that the mismatch of expectations and reality will be greatest for recruits in their first job. They will be less able to make a realistic assessment of their aspirations and abilities compared to the rest of the labour force.

In other cases, however, it is a lack of information which will accentuate the variance of job expectations and job reality. The failure of recruitment procedures in this area has been suggested several times. HUTT (163) reported that 33% of his sample believed the recruitment process for their previous job had given them an inaccurate picture, and 16% said the same for their current employment. HUBER (164) also quotes a study where a Life Assurance company found that their leavers felt management had presented an inaccurate picture of the job at the selection interview. As a result a realistic description of the job was provided and turnover was "drastically reduced". The importance of communicating the good and bad aspects of a job to a prospective employee in the recruitment and selection process is further reiterated by BOWEY (165).

A further point is made by DATCHER (166) in her study of informal networks and quit behaviour. She emphasises the benefits of recruiting staff who already have informal contacts at the place of employment. Such people,
she suggests, will have an advantage in the amount of information they will have gathered about the job. This, in turn, will potentially improve the quality of a match between the worker and the job, and reduce the extent of the 'induction crisis'.

The compatibility of a workers' expectations and the actual job is not the only factor affecting the severity of the 'induction crisis'. HUBER (167) and BOWEY (168) are among those writers who highlight the importance of the induction and integration into a new environment. A recruit will be faced with new work colleagues and relationships, new techniques and work practices, and different demands - mentally, socially, physically and psychologically. The acceptance of newcomers by incumbent workers varies enormously. BOWEY (169) suggests that some industries and organisations have traditionally subjected recruits to certain trials before acceptance, and quotes both hairdressing and catering establishments. New workers may also feel rejected at the workplace if longer-serving employees see them as a threat to established customs and benefits. Overtime, for example, is often earned because of the work resulting from a job vacancy. Recruitment therefore threatens the opportunity to earn overtime, and the new recruit is held responsible. It would also seem that in establishments where there are tightly-knit work groups, with many long-service workers, set in their ways, it will be harder for newcomers to feel integrated and be fully accepted. Under such circumstances it would be expected that short-term turnover would be high.

A new recruit will also be unfamiliar, to a certain extent, with the work processes and techniques. This, suggests SLITCHER (170), will diminish his self-confidence and make him more susceptible to
discouragement. A sense of vulnerability from strange and unfamiliar things will make a worker's life more trying, and tend to render him more critical. Things to which workers are accustomed, tend to be accepted as a matter of course. Therefore, says SLITCHER (171), "a job may seem undesirable to the worker because he is new to the place". The introduction, or elaboration, by management of training techniques with this in mind should help newcomers in adjusting to their jobs. Work by LEFKOWITZ (172) quotes four studies where revised training programmes have resulted in big decreases in turnover, illustrating the importance of training of a study of staff turnover.
The relationship between labour turnover and recruitment seems to be quite clearly documented. One would expect labour turnover and recruitment to rise and fall together, with a small time lag between them. This relationship is in accord with the results of studies quoted by both EDWARDS (173) and HILL (174). HILL reported consistently high correlations between wastage and recruitment; EDWARDS quotes an early study where a firm found that their labour turnover rates had doubled after increasing the labour force from 2700 to 3400.

Other studies have considered the relationship further. RILEY (175) and LEICESTER (176) both suggest that when recruitment is increased there will be an increased proportion of short-service workers in the total labour force. These employees will therefore have a higher propensity to leave (see Section 2.2.5) and this gives rise to a higher turnover rate which is not, however, a reflection of any real decline in stability of the overall workforce. Similarly, as recruitment falls, so natural wastage through employees leaving will fall too.

The relationship between turnover and wastage would appear to be a continuous cycle. Increased recruitment leads to higher turnover of staff, which will have to be replaced with more recruitment. It also seems that the relationship could develop into a spiralling problem if not checked. However, JOHNSON (177) in his study of labour turnover in hotels, suggests also that an increased turnover of staff in this way may lead to 'crisis management', centering around short-term, panic reactions to a problem. This may well compound, rather than cure the problem. Recruitment in a hurry can lead to poor selection of the wrong candidates, which in turn
will lead to even more staff being dissatisfied at work and leaving.

On a positive angle the literature suggests that it may be possible that the relationship between turnover and recruitment could be used as a mechanism by which management can, to a certain extent, 'control' the supply and demand of labour (RILEY (178)). Labour turnover will increase when business is thriving and the organisation is expanding with new recruits. The firm's estimated recruitment needs must therefore take into account an extra amount to cover the increased turnover. Similarly, if a firm wishes to contract its labour force, it may decide to limit recruitment and rely on the process of natural wastage rather than redundancy. However, as recruitment falls, so will turnover, and the rate of natural wastage will be less than expected. Because of this, and the fact that natural wastage does not occur as and where required, RILEY suggests that it is not a realistic operating policy for reducing the labour force.

EDWARDS (179) suggests two further reasons why labour turnover should increase with higher recruitment. Firstly, he suggests that a large influx of new workers may also have an adverse effect on the stability of incumbent workers. This idea, although quite plausible, has not been expanded by other literature, and is not backed up by any empirical evidence. On the other hand, RILEY (180) suggests that although incumbent workers may see new recruits as a threat to an established pattern of work, of overtime, customs, etc., they are more likely to reject the newcomers than leave themselves.

Secondly, EDWARDS (181) suggested that increased recruitment may lead to a reduction in hiring standards, and hence the introduction of workers
with even lower stability than previously recruited. If increased recruitment leads to higher turnover, then there will be a need for an increasing supply of labour despite manning levels remaining more or less constant. Both WOODWARD (182), and the NEDO (183) report on labour turnover in the rubber industry, suggest that if this is accompanied by a tightening of the labour market, then one would well expect hiring standards to be lowered. This, it seems, will push up the proportion of workers who have low job attachment and are subject to multiple job changes. Thus, the hiring standards of a firm would seem to be included as another dependent variable in the relationship between turnover and recruitment.

Taking this reasoning further, would tend to suggest there are particular characteristics pertinent to the more mobile and transient workers. This subject is discussed more fully at a later stage, but it does seem that there are certain characteristics that would help an employer to choose the more stable workers. It may be that the most reliable characteristics for distinguishing short-stay recruits is their tenure in previous employments, and their reason for leaving the last job.
2.2.7 TRAINING

It would be expected that the level of training in a firm would be directly related to labour turnover. The rate of turnover should decrease as the amount and quality of the training increases. From the organisation's point of view, the more they invest in training staff, then the greater will be the benefits of retaining those employees and reducing turnover. If the costs of training staff are recouped by the firm through the productivity of those employees to a break-even point, then the staff who leave before that equilibrium is reached represent a pure financial loss to the firm. Clearly, the greater the investment in training, the greater will be that loss, and so the greater will be the impetus to deter staff from leaving.

Likewise, from the employees' viewpoint, a greater investment in training would be expected to increase the attachment to the organisation. However, there are some cases where firms may find that despite offering excellent training and induction programmes there is still a high level of turnover. This may occur when staff join an organisation because the training it offers forms a good basis from which to move on to further employment, and not for a career with the organisation. Such a situation is probably less applicable to manual and low-skilled workers than to professional trades and graduates who place a greater emphasis on planned career development.

This leads us to consider an idea mentioned by several writers, that not only does the frequency of training bear relation to the level of turnover, but also the type of training. This in turn will be determined by the 'specificity' of the skills and the 'technology' of the work.
For example, PETTMAN (184) differentiates between general and specific training in his study of the correlates of labour turnover. General training, he suggests, is useful in many firms in addition to the firm providing it; while specific training has no effect on the productivity of trainees that would be useful in other firms if they changed employment.

PETTMAN (185) also argues that the costs and returns from general training are borne by the trainees, and not the firm, as the trainees receive wages below their current productivity. The costs and returns of specific training, on the other hand, are borne by the firm. Under such systems, suggests PETTMAN, employers have more incentive to retain specifically trained workers, and the latter have more incentive to stay with the firm. Therefore, firms with specific training would exhibit lower rates of labour turnover.

It would also seem that on-the-job training can prove costly to a firm through lost productivity. Firstly, it can be seen that on-job trainers have to be deployed away from their normal work for the training period and so some productivity will be lost. In addition, SCHLICHT (186) suggests a relationship between turnover and productivity that is dependent also on the skills and training required by the firm. The diagram below (see Figure 2.2.2) shows this relationship as put forward by SCHLICHT (187).
He suggests that firms with jobs that are specific to that firm, and involve some degree of difficulty for employees to become acquainted with techniques and customs, will require considerable on-the-job training. The greater the on-job training required, the more negatively inclined will be the relationship between productivity and the rate of turnover. In other words, for a given level of labour turnover, the greater the on-job training, the lower will be the productivity. This arises, suggests SCHLICH'T (188), because the higher the level of labour turnover the higher will be the proportion of relatively inexperienced workers in the workforce. Presumably then, firms with much on-job training will have longer periods while the new workers remain 'relatively inexperienced' with lowered productivity.
which covers the subject of training, in relation to skill specificity and turnover. Specific skills are best taught by on-job training methods, and the two are often seen as going 'hand in hand'. DOERINGER and PIORE (189) for example, suggest that an increase in skill specificity and on-job-training will work to reduce turnover. As skills become more specific, it will become increasingly difficult for employees to use those skills elsewhere; and so workers trained in this way will perceive fewer job alternatives where those skills can be used and will have a lower propensity to leave. DOERINGER and PIORE (190) believe that this will give the employer a greater incentive to make the investment in on-job training. Other facets of the relationship involving on-job training, skill specificity and turnover are discussed in the next section on skills.

Suffice to say here though, that DOERINGER and PIORE (191) go on to suggest that employers may, on the other hand, be deterred from on-job training because of the costs involved. They believe that skill specificity is more costly in terms of training because of the limits to economies of scale savings when skills are relatively scarce and taught on a one-off basis. Similarly there is a 'cost' to employees in that on-job training promotes skills which are not readily usable on the open labour market.

However, if employees do 'accept' on-job training, there are arguments which suggest it will lead to reduced turnover. The employees are less likely to leave within a short time, before their investment can be recouped from the firm. A greater investment on training in general by the individual might also induce him to spend more on searching for a job that suits him and will return his input. This would suggest that higher levels of training will reduce labour turnover.
The opposite argument, however, seems to command greater support. MARCH and SIMON (192) state that "within a given occupational level, the higher the level of education, the greater the conflict between the job and the individual's self-image". This suggests that increased education actually increases the disparity between reality and the self-characterisation held by the individual. The greater this disparity, the more pronounced is the desire to leave the situation. MARCH and SIMON (193) quote two further studies where manual workers with high-school educations showed a greater propensity to leave their jobs. However, MARCH and SIMON were unable to provide evidence of the relationship holding true for workers in higher levels of an organisation.

Training may lead to higher turnover rates, however, for a slightly different reason. If an individual invests highly in training, his expected return from a job will be higher, and hence he may be more prone to job dissatisfaction and leave. His valuation of the skills learnt may differ from the value put on them by an employer.

Another idea is that if an individual has invested in training of some form, then he will have a certain range of skills which he will wish to utilise in a job. However, if the work is specific and fairly limited only a small proportion of his skills will be put to use. Therefore, for the more highly trained workers, a greater degree of specificity of skills in a job will lead them to a higher propensity to leave.

Reviewing the available literature in this area does not lead to any firm conclusions as to whether increased training will lead to a reduction in turnover, or whether it will contribute to increased
DOERING and PIORE (194) suggest that most employers favour training as a "long-run remedy" for labour shortages. In order to get the numbers of staff required, they reduce their hiring standards and implement more training programmes to compensate. Much of such training is thought to be carried out on the job, but a greater demand for teaching basic skills because of lower entry standards creates a greater opportunity for more formal training methods. A tight labour market will also be characterised by lower levels of staff turnover, so higher investment in training will prove to be of less financial risk.
2.2.8 SKILL LEVELS

The level of skill of workers does seem to be clearly related to labour turnover. All studies in this area seem to confirm the expected view that rates of labour turnover decrease as skill levels increase. SHOREY (195), for instance, created models of wage equations and quits, and showed that skilled workers quit less than other workers; while MARCH and SIMON (196) quote a number of studies substantiating "the negative relationship between skill level and voluntary turnover". Similarly, SILCOCK (197) notes that "time and again personnel managers have drawn attention to the observation that labour turnover, in so far as it constitutes a problem, is almost confined to unskilled and semi-skilled grades". However, he does add that "the lack of any precise definition of skill, and the difficulty of distinguishing between different degrees of skill, make this proposition less susceptible to adequate demonstration, let alone proof".

There are various reasons put forward by the literature to help explain this relationship between skill levels and turnover. Firstly, rewards for more skilled workers are higher: they are paid better wages, and are generally given less cause for dissatisfaction with their conditions of employment. SHOREY (198) also suggests that the more highly skilled workers tend to receive a greater proportion of intangible, non-pecuniary rewards from their work. Such rewards are clearly more difficult to identify and evaluate, and it would follow, therefore, that because of this, skilled workers will find the search for suitable alternative employment more difficult. Some such workers may then be discouraged from leaving their current employment.
The second area of discussion revolves around the skill structures within an organisation, and how this will affect the opportunities and incentives for mobility. Skill development within an establishment is determined, to a large extent, by the structure and rigidity of the internal labour market, by the training capacity of the firm, and by the nature of the skills themselves. It is likely therefore that industries and firms will vary widely in the way skills are developed.

RILEY (199) in his study of mobility and skill development in the hotel and catering industry, proposed the concept of an 'hierarchy' of skills within an establishment. This would represent different skills in ascending order, and would act as an inducement to internal mobility for those who wish to progress. In this way, the relationship between the rates of turnover and skill would seem to develop according to differentials in skill levels.

Both DOERINGER and PIORE (200) and MACKAY et al (201) also mention and expand on the idea of skill differentials. However, while MACKAY et al explains the effects of differentials between one establishment and another, DOERINGER and PIORE concentrate on how the internal structure of skills will affect both internal and external mobility. For instance, they suggest that if the skills of each job are basically independent of the other jobs in the organisation, then a firm will gain no real economies through internal promotion, and internal mobility will be limited. In such a situation the external market is said to become dominant, as employees will be forced to look externally in order to progress. Conversely, if there is a natural progression skills up through the organisation, an employee working on one job will not tend to develop the skills required for the more skilled jobs above. The internal
labour market will then become 'dominant', and the situation will be characterised by a low turnover of staff.

A similar line of reasoning follows if we consider the argument put forward by RILEY (202) and MACKAY et. al. (203), concerning the size of skill differentials from one organisation to another. They suggest that if such disparity of skills is small, then a worker will find it relatively easy to progress 'upwards' from one firm to another. One would therefore expect the succession of firms with increasing skill potential to be characterised by high levels of labour turnover, as workers move between firms to advance their skill knowledge. However, it would seem that this argument is also dependent, to a large extent, on the ideas of DOERINGER and PIORE (204) already mentioned. Presumably, even if there was a clear and easy skill progression between different establishments, a worker would prefer to move internally, unless his own firm was characterised by internal rigidity and independent skill. It should also be noted that any argument concerning the relationship between skill differentials from one establishment to another, would apply only to workers who are motivated by a desire to improve and add to their own skills.

Another theory put forward by RILEY (205) develops the idea that there are certain industrial characteristics which will increase the need for mobility in the development of skills. For example, in the hotel and catering industry there is "a disproportionate amount of opportunity at the higher levels" which acts as a strong motivator for workers to seek to gain higher skills. However, the large demand for managerial staff results from having a large number of small units with limited training capacities. Mobility to increase skills will therefore gain greater
impetus; further increased by the 'multiskill requirements' of the managerial jobs which demand greater technical experience at lower levels. In addition, increased mobility will be facilitated if the basic skills and technologies are easily transferable between organisations.

Furthermore, it is pointed out by RILEY (206) that each firm will clearly have an upper skill level. In order for any employee to advance beyond that level in his particular field, he will have to leave his firm and move to another organisation offering more highly skilled jobs. Therefore there will be firms, possibly the smaller ones, where the skill potential is limited which will presumably be characterised by the turnover of higher grade staff as well as the unskilled workers.

Finally, we come to a discussion on skill specialisation and turnover. Skilled workers are more likely than unskilled workers to be in highly differentiated jobs which are specific to a few organisations, and so will have fewer extra-organisational job alternatives 'visible' to them. MARCH and SIMON (207) express this idea, but base skill specialisation on length of service, rather than on increased skill, or on the type of skills involved. In either case, the idea is that the perceived availability of outside alternatives is a function of specialisation. The less universal a workers skills are, the fewer will be the job alternatives and the more costly will be the search for those alternatives. Therefore the workers' inclination to change jobs decreases.

Clearly there is a relationship between skill and labour turnover, with the latter decreasing as skill levels rise. However, the literature does show that the relationship is not always as straight forward as it may seem; and that there are industrial and organisational structures that may alter the association.
Promotion and Career Development

Promotion is clearly related to the acquisition of skills in many ways; and several of the points raised in the previous section on skills are also pertinent to a discussion on promotion. For example, Doeringer and Piore's (208) internal labour market structures are equally applicable to promotion channels as to mobility for skill acquisition. However, there are also ideas which will be presented here, which are in fact more directly relevant to the relationship between promotion and labour turnover.

It would be expected that promotion would induce employees to remain within an organisation, to the extent that if there are good prospects for an employee's promotion and career advancement, labour turnover within the organisation would be low. Similarly, if high-prospect jobs and low-prospect jobs occur in the same organisation, then one would expect a higher rate of labour turnover in the latter. Parnes (209) says 'the greater intra-firm occupational mobility resulting...will reduce the volume of inter-firm movement, since workers will be able to satisfy their desire for progress without changing employers.' Thus, to the extent that this is true, it suggests that internal promotion is a direct alternative to labour turnover, and that as such the two variables would have a direct inverse correlation. However, although there are works by such as Swann (210) showing that a lack of promotion is a common reason for workers to leave their employment, there seems to be no direct evidence in the literature that any studies have actually measured and correlated the relationship.

The ideas mentioned so far all suggest that the extent to which there
are opportunities for promotion will govern the level of wastage. However there are also theories in the literature which suggest that the relationship could work the other way round, and that, in fact, labour turnover rates may control promotion. Firstly, for example, the process of career progression through an organisation will be thwarted without a certain level of turnover in the higher echelons of a firm. HUTT (211) considered this idea in his study of graduate mobility, and suggested that levels of unemployment which depress labour mobility, will create promotion blocks. Similarly ROZIER (212) highlights the problems of inducing managers to move, both to advance their own career development, and to create openings for the promotion of other potential managers.

In addition, this idea of wastage rates controlling promotion channels forms the basis of the 'Renewal Model' of career progression as put forward by FORBES et. al. (213), (see Figure 2.2.3). They suggest that the 'pull' of staff through a firm is dependent on the rates of labour turnover. This supposes that a certain amount of staff wastage occurs at all levels of skill and occupation; and that such vacancies arising will pull in new staff either from the external labour market or by internal movement of workers. Thus the degree of internal mobility is governed, not only by the turnover rates, but also by the structure of the internal labour market and the rules governing it (DOERINGER and PIORE (214)). Internal mobility will clearly be greater when ports of entry from the external labour market are restricted, and will vary according to recruitment and selection procedures.

On the other hand, an example of how the rules of the internal labour market can affect the progression of workers through a company is illustrated by the 'Markov Model' as put forward by FORBES et. al. (215)(see Figure 2.2.3).
Diagram 2.2.3

**RENEWAL MODEL**

![Diagram of RENEWAL MODEL](image)

- certain amount of wastage forecasted

- (PULL)

**MARKOV MODEL**

![Diagram of MARKOV MODEL](image)

- varying predetermined boundaries

- (PUSH)
The theory is based on industries and establishments with very set boundaries for career progression, such as in the Civil Service or Armed Forces. Promotion to different levels is regulated, in many cases, by set allocations and quotas or by pre-determined time periods served in previous jobs or occupations. Promotion thus becomes a 'push' through the system at allocated times and intervals.

Such a system seems to rely heavily on seniority as a criteria for promotion. In this way, age, renumeration and length of service are brought into consideration. Promotion occurs only after set intervals in a job, and so similarly will increases in salary and in non-wage benefits. This would therefore tend to be a labour market situation best suited to workers with lower mobility and a tendency for careers in a particular area or company. The question of whether this sort of labour market will attract people orientated in this way or whether the job properties influence the workers orientations to work is discussed later.

The idea of seniority as a criterion for promotion influencing the turnover of staff is also discussed by REYNOLDS (216) in his book on labour relations and labour economics. He suggests, though, that it is also linked with unionisation. Union membership, says REYNOLDS, is associated with better grievance procedures and a high adherence to accumulated seniority-based benefits such as promotion and the accompanying increases in status and salary. The effect appears to operate mainly by reducing turnover through strengthening an "employee's inclination to better himself in his present job rather than quitting and trying elsewhere" (REYNOLDS (217)). He goes on to quote an econometric study by FREEMAN (218) which found a large and positive effect of unionism on workers job tenure.
Seniority in a job is clearly not the only criteria used to promote workers. DOERINGER and PIORE (219) studied promotion as a part of their work on internal labour markets. They suggest that priorities for internal mobility will also depend on factors such as age, ability and frequency of work. The emphasis on ability is seen to vary the most widely, and suggests a much more arbitrary and 'management-controlled' decision. As suggested by WHITE (220) in his study of pay and incentives, such discretionary decisions based on management's judgement, may be a potential source of grievances and worker dissatisfaction. In this way, the choice of ability-based factors as criteria for internal mobility may similarly lead to increased levels of staff turnover.

It can be seen that the internal mobility of employees is influenced by many factors. Technology, skill differentials and internal rigidity govern a workers' ability to move internally from one job to another; the internal market structure and governing rules represent managerial control, and the external market forces to some extent; and then the rates of wastage form another contributing factor to regulate the system.
2.2.10 JOB SATISFACTION

Job satisfaction is clearly a major issue in the literature on labour turnover, and it would be expected that labour turnover will decline as job satisfaction increases. Turnover would thus be seen as an expression of job-dissatisfaction. As MARCH and SIMON (221) suggest, the greater the individual's satisfaction with the job, the less the perceived desirability of movement. Several other studies agree with this hypothesis (MOBLEY (222); WILD (223) and PORTER and STEERS (224)).

On the other hand, TALAACHI (225) in a study of 93 industrial units, found no relationship between job satisfaction and labour turnover. A lack of such relationship was also found by LYONS (226). In addition, work by SHAMIR (227) gave a picture of hotel workers who have a low level of attachment to their jobs, yet profess to high intrinsic satisfaction and job involvement. Along similar lines, GOLDTHORPE (228) described workers with low job satisfaction who were quite highly attached to their jobs. The conclusion he made was that "job satisfaction in terms of workers' experience of their immediate work tasks and roles cannot be associated in any direct way with job satisfaction in terms of workers' attachment to their present employment" (GOLDTHORPE (229)).

So clearly the discrepancies reported in the relationship between labour turnover and job satisfaction imply a rather more complex association, which requires a greater understanding of the nature of job satisfaction.

Job satisfaction has been described by BLUM (230) as "the result of various attitudes possessed by an employee"; and likewise PORTER and STEERS (231) say it is the "sum of individual expectations on the job". The factors on which a person makes his evaluations are related to the
job and often fairly specific. They may include: wages, supervision, steadiness of employment, conditions of work, advancement opportunities, recognition of ability, autonomy and responsibility, fair evaluation of work, social relations on the job, prompt settlement of grievances, fair treatment by the employer and others.

In addition, several writers have stressed that satisfaction at work may also be based on factors apparently external to the work environment, BLUM (232); ROSS and ZANDER (233). These include family relationships, social status, recreational outlets and even politics. ROSS and ZANDER also suggest that a worker's propensity to stay in a job will depend on that job allowing him to gain satisfaction both from work itself and from outside work.

Thus, having said earlier that there was considered no conclusive correlation between labour turnover and job satisfaction, it can now be seen that satisfaction at work does contribute some impact on a decision to terminate employment. The ECONOMIST (234) published a survey of labour turnover and quoted 45% of men and 30% of women giving the reason for leaving their previous employment as job dissatisfaction and a feeling that there was scope to achieve personal betterment elsewhere. HUTT (235) in his study of graduate mobility also quoted the most important reason for leaving as disenchantment with the job, particularly with the actual nature of the work and the extent to which their skills were utilised.

Other studies serve to throw additional light on the nature of job satisfaction by breaking down the constituent aspects of satisfaction and showing them as ranked for different levels of importance to workers. SWANN (236) records the results of two surveys carried out by the
Guardian newspaper ranking 27 different attitudes to job satisfaction for different types of workers. High on the list were aspects such as personal freedom, respect of people you work with, learning something new and challenge. However, the actual rankings varied somewhat for workers in different industries and occupations. Similarly BLUM (237) ranked specific aspects of job satisfaction, and emphasised the point that the rankings were apt to be quite different for different classes or groups of workers. Top of his ranking lists were security and opportunity for advancement.

The basic argument seems to be that people do not feel the same intensity towards all aspects of a job. Job satisfaction should be viewed as a series of 'components', and workers will view each component separately. Some positively viewed, others negatively; some strongly felt, and others weakly. The decision to leave would therefore seem to spring from an adverse balance between the things a worker is satisfied with and the things he is dissatisfied with. These satisfactions will be based to a large extent on a worker's orientations to work, and the expectations for each work aspect. The higher a worker's aspirations are in relation to reality the greater will be his job dissatisfaction and the higher his propensity to leave. HUTT (238) suggests that because of this "mobility generally does result in greater job satisfaction". The process of experiencing different jobs, firms and units will enable workers to form more realistic assessments of both their aspirations and abilities, and make a satisfactory 'job match' more probable (see BURKE (239)).

Along similar lines, HYMAN (240) suggests that satisfactions among those workers who have 'instrumental' orientations to work might be expected to be higher. This follows the notion that 'instrumental' orientations revolve around factors which are easier to assess and find, such as
higher-paid employment or additional benefits like a company car.

The ability to effectively assess the facets of a job in relation to the workers aspirations will also depend on what level they interact with the individual (PORTER and STEERS (241)). For example pay and promotion policies are usually organisation-wide, whereas supervision and co-worker relations develop from the immediate work group and will probably be harder to assess. Yet other factors will stem from the nature of the work itself or even be created and centred around the worker himself.

Finally, several writers have suggested a link between job satisfaction and labour turnover which is influenced also by the state of the economy. (MARCH and SIMON (242); SLITCHER (243); LYONS (244) and LAWLER (245)). This could explain why the relationship between turnover and satisfaction is not stronger. It is suggested that although job satisfaction does relate to turnover, the actual process of quitting is more influenced by the availability of other jobs and hence the 'perceived ease of movement'. STEERS and PORTER (246) also point out that if the cost of quitting is high, such as in times of high unemployment, workers may re-evaluate their existing jobs before deciding to leave. This re-evaluation may in turn result in a change in the expectations of job satisfaction.

One aspect of a job that does seem quite important in considering levels of satisfaction is supervisory relations. This area is in fact considered separately and expanded upon in the next section. It should, however, be borne in mind that dissatisfaction with supervisory and managerial practices may not influence labour turnover directly, but through overall job dissatisfaction.
2.2.11 SUPERVISION AND MANAGEMENT

There are many studies which have pointed to poor supervisory style and employee-management relations as causes of labour turnover, (MAYO (247); VROOM and DECI (248); KNIGHT (249); BOWEY (250)). Management and supervision appear to be important not only because of the effects their policies and procedures can have on people at work, but also such problems as friction within and between them can seriously affect the smooth running of an organisation.

The report on staff turnover by the Hotel and Catering EDC (251) is one work that favoured the explanations of labour turnover as management failure to control stresses and strains on their employees. Yet despite this they found that most managers interviewed in the study explained labour turnover in terms of factors beyond the control of managers. Clearly, though, management styles and supervisory practices are quite complex subjects involving a variety of diverse factors, all of which will interact in some way with employees. Each individual will react differently to different styles of management and there would seem to be no single formula which will act as a panacea for supervisory-related problems.

Having said this, there are reported cases where companies have re-evaluated and changed their manpower practices and found an overall marked decrease in staff turnover. The work by MAYO (252) is quite well known and centred around an American textile mill with one department where turnover was abnormally high. The causes of a dramatic reduction in turnover during the 12 months of the study were not attributed to the mere introduction of rest periods for staff, but to a variety of factors
which showed employees some interest and involvement by management. For example, managers listened to workers' views and demonstrated interest by introducing experimental changes. This involvement, which also stimulated communication among individual workers and groups, helped "change a hoard of 'solitaries' into a social group" which ultimately functioned better.

Similarly, work by SPEIGHT (253) favours a "participative" style of management seeking involvement with staff at all levels as a method of increasing the performance and morale of workers. WILLIAMS (254) quoted a manufacturing firm experiencing problems of high turnover where, by creating an "employment department", they managed to reduce turnover by 48% in less than one year. The 'employment department' took over recruitment, selection, grievances and contracts, etc, and introduced internal transfers, exit interviews, staff consultations, and bonus schemes. The main effect, suggests WILLIAMS (255) was to remove the duties of recruitment and personnel matters away from the foremen so that they had more time to spend with the actual workers and could be on the shop floor at critical times.

The actual relationship between management and workers does in fact seem to be central to maintaining a satisfied and contented work force. TOPLIS (256) highlights the frustrations often felt by workers at the periphery of a highly centralised organisation who feel remote from decisions made at higher levels and often seem ineffective members of the establishment. In complete contrast is a study by SALISBURY and SHEPSLE (257) which relates to very specific relationships between an employee and employer among American congressional workers. They suggest that staff who are hired by specific members of an organisation and work under their direction will soon come to accept a norm structure that emphasises a specific and personal loyalty to that member. They propose
that staff turnover can be kept within tolerable limits by developing and adhering to a norm of personal loyalty created in this way. However, this situation would not be acceptable to all staff. For some an ideological commitment may dominate, loyalty ties will be ineffective and turnover may follow. Others, whose commitment goes beyond personal loyalty are termed 'professional' and usually serve long term of employment, often outserving their specific employers.

Problems of a different nature may well arise from such one-to-one relationships with employer and employee. One main area of dissatisfaction with management seems to stem from feelings of inequitable treatment (BOWEY (258)). CASSAR (259) suggests there is a lot of favouritism, especially with supervisors who link management and staff. This works well to retain those staff who become 'favourites', but others who don't "toe" the arbitrary "line" may find the work environment becomes quite unbearable. Staff will leave, not only if the supervisors actively make the working environment unpleasant, but also because poor management-employee relations develop fears linked to job insecurity. WHITE (260) suggests that the discreitional and apparently arbitrary power of management is one of the main sources of job dissatisfaction when related to leaving intention.

Unsatisfactory worker relations with management can therefore lead to poor and unfair treatment of the workers, leading to dissatisfaction and resignation; or may merely cause resentment of managers leading to poor performance and possibly deliberate work 'sabotage'. SLITCHER (261) also suggests that bad work relations with management will accentuate all the disagreeable features of their jobs in the eyes of staff. This also hinders them from developing an interest and enthusiasm in the work which
minimises the effects of the disagreeable features of their jobs.

So, not only is labour turnover influenced by management being impartial and fair, and developing good employee/employer relationships, it has also been suggested that the overall management style is also relevant. VROOM and DECI (262) propose three distinct styles of management which have separate forces on work motivation. Firstly the 'participative' style mentioned earlier where an individual becomes involved with the job and because of increased responsibility and participation he becomes emotionally committed to the job and the success of his work. The 'paternalistic' approach, in contrast, encourages job satisfaction and commitment through a series of 'extrinsic' rewards such as fringe benefits, pensions, high wage levels and predictable promotion channels. Finally, the approach of 'scientific' management assumes men can be induced to work well by the expectation of a direct gain or reward for the extra effort. However, there appears to be little or no empirical evidence to support the relationship of different management styles and labour turnover.
It is to be expected that management's choice of payment systems, and the provision of incentives and bonuses would affect the rates of turnover. However, there does not seem to be a clear relationship between the two. Added complexities arise through the individual motivations of workers and the wide variety of incentives and payment systems. A review of the findings of past studies in this area seems to bear out this idea. On the one hand, there are studies showing evidence of bonuses or incentives working to reduce turnover. WHITE (263) studied payment systems in relation to a number of variables, and found the clearest set of results in connection with labour turnover. The results showed some relationship between turnover and certain incentive and bonus schemes. Yet other schemes showed no change in rates of staff leaving. The schemes leading to a reduction in turnover were all group and plant-wide bonus systems which appear to foster a relatively stable view of rewards and may increase a workers' identification with other colleagues and with the firms' objectives. Other work by CYMROT (264) and MELLOW (265) report empirical evidence of a link between the provision of specific capital and non-wage compensations, such as pensions, and a marked reduction in labour turnover.

On the other hand, though, there are studies in various fields which suggest that the effect of such incentives is minimal. MAYO (266) for example, looked at factory workers in Philadelphia where turnover was exceptionally high in one department. He found no improvement in labour wastage after a number of different financial incentives had been implemented. INGHAM (267) also believes that such use of incentives and bonuses will have little effect on turnover rates - proving more
constructive as a method of improving productivity. However, only KERR (268), in his study of the correlates of turnover, found that the highest rates of labour turnover were actually in departments which offered wage incentives. This he attributed to a "dislike on the part of less efficient employees for the competitive situation", and implied that wage incentives were in fact successful in maintaining productive efficiency in departments which "possess certain definite psychological handicaps".

What does seem to emerge, therefore, is that certain systems are better suited to different situations and to different types of workers. The work by WHITE (269), just mentioned is one example of this. Another arises from work by JOHNSON (270) into pay and benefits for hotel and catering workers. He suggests that in an environment such as the hotel and catering industry, the inherent nature of the work and the large proportion of basically transient staff will not be geared towards long-term benefits. Therefore such incentives and bonuses as pensions, long-service awards, and long-term bonuses will have little, if any, effect on reducing turnover or in attracting staff.

Further research, however, suggests that this may still be a rather simplistic and generalised view. As mentioned earlier, it is generally accepted that workers receive different kinds of rewards from their employment, depending on individual orientations to work. Some workers will be concerned primarily with 'intrinsic' rewards, ensuing from the work itself; while others will be more concerned with 'extrinsic' rewards. Therefore, it can be seen that payment incentives and different pay systems may primarily be effective with workers whose main orientations to work are instrumental. However, as BOWEY (271) points
out, money and financial bonuses will encourage different responses in
different workers. So, paying out extra money to groups of employees
will end up cancelling out the impact of one differential by another
which may lead a worker in a different direction. Similarly in setting
the levels of bonuses the satisfaction levels and motivation gained from
money will vary from person to person. If the bonuses are too easily
gained then workers will lose their sense of achievement; yet if incent­
ives are set too high the effect may well be demoralising and possibly
result in even higher turnover rates. Hence, identical bonuses given
to two workers may have completely opposing results.

Management's control over payment systems is clearly very wide. They
can vary a system in three different dimensions. Firstly they can alter
the degree of simplicity, through basing it on a flat rate or by intro­
ducing a complex scheme with job evaluation, profit-sharing, and so on.
Alternatively, management can vary the degree of rigidity; or finally
they can control the extent to which the system is aimed at motivating
on an individual basis, or more generally throughout the organisation.
The extent of this managerial control may create another factor influ­
encing a worker's decision to remain in his job. WHITE (272) investi­
gated various worker attitudes and found two levels of attitude to pay;
in the background, overall pay satisfaction; and the foreground, a more
concentrated problem with payment systems and changes in those systems.
This latter is seen by workers to be within the immediate control of
local management, who can then manipulate their earnings in an appar­
ently arbitrary manner. In this way, the feelings about the payment
system become detached from general job satisfaction, and attach them­
selves to attitudes towards management and job security, bringing in
additional factors to the relationship with turnover.
Management clearly have a problem when setting bonuses and deciding on payment systems. Not only are there the individual aspects of the employers to consider, but also aspects of the work. Many incentive systems are based on rewards for performance, and often difficulties arise in measuring performance. Similarly, as LAWLER (273) points out, in order for the incentive to be an effective reward for the worker's effort, it has to be clear that the worker is in a position to control the criteria on which the pay systems are based. If not, then the employees will clearly not be at all motivated by the incentive schemes.

A final point is made by CYMROT (274) in considering payment systems and labour turnover from the employers point of view. He suggests that the level of turnover costs will play a "key role in determining the level of benefits". When turnover costs are minimal, the provision of incentives and benefits may not be worth the administration costs; and even if a firm wishes to reduce costly turnover, there may be simpler and less expensive methods.

Overall, it would seem therefore, that payment systems can be considered a determinant of labour turnover. However, the relationship is far from simple, with an enormous range of potential variables intervening in the association, and therefore, payment systems would seem to play very little part in increasing the understanding of the labour turnover phenomenon.
Another aspect concerning management must be worker grievances. One would expect that when formal grievance procedures are used in an establishment, labour turnover would be lower than when the system is rather ad hoc. This would tend to imply that not only are formal grievance procedures more effective in settling disputes, but also that they are 'perceived' by workers to be more fair and equable. The quicker and more efficiently a problem is resolved, the less disruptive it is to the workforce, and the more managable the problem will remain.

This area, investigating how grievances might be related to labour turnover, is one which has received little attention and is sparsely covered in the literature. However, one study that does consider the problem is SLITCHER (275) in his work on the turnover of factory labour. He illustrates how he believes bad management and poor grievance procedures will lead to increasingly dissatisfied workers. In most establishments, when a worker has a complaint that is not satisfactorily settled by his immediate supervisor, the formal procedure is a right of appeal up through the various levels of management. However, SLITCHER (276) suggests that, in general, management is "hostile to the reception of complaints" and will rather indiscriminately adopt a policy of 'backing up' the supervisor rather than the worker. In addition, if a supervisor takes offense at a complaint, he is in a position to mistreat and discriminate against the worker. Under such circumstances, SLITCHER believes the only remedy for the workman is to resign.

It would seem also that the lack of an effective grievance procedure extends beyond merely finding a remedy for a worker's undesirable
situation. If a grievance cannot be heard, that grievance takes on greater importance with the employees, often out of proportion to its seriousness. As SLITCHER (277) says, the fact that they cannot secure action on the complaint becomes a second grievance in itself. In addition, grievances not settled become 'contagious' and spread. This idea is mentioned by both SLITCHER (278) and KERR and SIEGAL (279). The latter suggest this will, in fact, be greatest when the work force forms a relatively tight-knit community and is socially apart from the rest of the population. Such workers are most likely to share their grievances and take on the grievances of other workers, also. Effective grievance systems therefore become even more important to prevent widespread worker dissatisfaction. The extent to which such dissatisfaction may lead to turnover is in fact discussed at an earlier stage.

One final point in this area of grievances is put forward by SHOREY (280) in his study of turnover in various industries. He introduces the notion that size is also involved, and that effective grievance procedures are more likely to be found in larger firms. They are more likely to employ specialised personnel departments because of economies of scale in personnel management, and hence are more likely to establish systematic and carefully monitored disputes procedures. In addition, SHOREY suggests that the larger the firm, the greater the probability that a grievance can be settled by internal mobility rather than external, hence resulting in a lower turnover rate.

Clearly this area of turnover in relation to grievances is rather inconclusive, the ideas being unsubstantiated by empirical studies. However, taken in the light of other variables such as job satisfaction, the resolution of grievances would seem to be a factor worth some consideration.
2.2.14 ABSENCE

The relationship between absence and labour turnover seems to be a source of conflicting views. One would expect, certainly, that there would be some form of relationship, as both are expressions of job dissatisfaction and both are seen as types of withdrawal from the work situation. However, reports on the form of the relationship vary widely. For example, HUBER (281) quotes studies reporting both positive and negative correlations. Other studies by CLARKE (282) and CANNON (283) suggest that a high incidence of absenteeism could be a forerunner to increased turnover. This theory is supported by CANNON's evidence where the level of absenteeism increased to twice the normal level in the year before an employee terminated his job. The most popular view, however, seems to be that turnover and absence exhibit a negative correlation, and that one is an alternative for the other. WILLIAMS (284), for example, found that departments with high labour turnover had low absence rates, and vice versa. Similarly TALAACHI (285) suggests that if a worker is dissatisfied at work he may find a minimum performance level which he can get away with that will involve taking increased absence from work.

In addition, a review of the literature shows numerous situations quoted where labour turnover and absence vary independently with relation to a third, or more, variables. INGHAM (286) showed that while absence had a strong positive correlation to the size of establishment, labour turnover had none; and while absence showed a strong negative relationship to job satisfaction, labour turnover did not. Similarly, STEERS and PORTER (287) quoted a survey of twenty two studies into such correlates, and found that only six could prove significant relationships between the independent variables and both turnover and absenteeism.

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In view of the apparently inconsistent results of previous studies, it could be fair to suggest that searching for a clear, direct correlation, is taking too narrow a frame. The relationship between labour turnover and absence can in fact be seen as more complex and involved. What is suggested, therefore, is that turnover and absenteeism do both stem from similar sources of dissatisfaction at work. However, the decision taken between whether to quit or to go absent will depend on a variety of situational factors.

MARCH and SIMON (289) seem to have been the first writers to suggest that under different circumstances at work, the relationship between turnover and absence would vary. They put forward sets of conditions to explain the apparent contradictions in the argument. These centre around motivational factors, management control, and economic industrial conditions. For example, they suggested that if a worker's ability to leave a job were constrained in any way, such as by a tight labour market or government intervention, then a negative relationship would exist where turnover and absence are seen as alternative expressions. The same would result if a firm imposes extreme penalties for absence.

This notion has been expanded by WILLIAMS (290) in his idea of 'absenteeism tolerance' by management. He suggests that when management are faced with problems such as high staff turnover or recruitment difficulties, they are more likely to afford greater tolerance to absenteeism in order to make the jobs more attractive to employees. He suggests, however, that other labour market forces will limit the extent to which absenteeism will fall in a tightening economic situation. In this way, the differences between turnover and absenteeism may seem pertinent to particular departments or occupations because of different levels of
management control.

In addition, there is some evidence to suggest that absenteeism and turnover may be affected by the type of job satisfaction which is gained from a job. INGHAM (291), for instance, found that workers with equal job-satisfaction overall had higher absenteeism in large firms than in smaller ones. He explained this in terms of the employee from the smaller firm feeling a greater degree of personal obligation to the company than his counterpart in a large company, and so went absent less often. Employees in larger companies, he suggests, are mainly motivated by money. Similarly, if a worker’s dissatisfaction is seen to stem from a source which could be temporary or relatively easy to rectify, the employee may be more motivated to alleviate the dissatisfaction through absenteeism rather than resignation. The firm’s procedures for settling grievances may also moderate between absenteeism and quitting. HYMAN (292) points out that if collective expressions of dissatisfaction are inhibited in some way, then unorganised, more individual responses will dominate. A similar notion could be applied here in that the more a grievance is restrained, the more extreme will be the form of withdrawal from work.

Finally, potential rewards within the company, and financial commitments of workers may regulate absences and wastage. Absence offers a more spontaneous and easy decision, which is associated with fewer long-lasting, negative consequences and costs than turnover could be related to the different motivations of individual workers.

Clearly, there is evidence of complex inter-relationships between
absence, labour turnover and a variety of important intrinsic and extrinsic factors. Whilst withdrawal from work may be expressed as voluntary separations, or as absenteeism, the actual mode of behaviour adopted would seem to be moderated by the influence of additional factors.
A large number of studies have been concerned with the effects of personal characteristics on turnover levels, and, as one would expect, mobility rates are not uniform among all groups of workers. Certain characteristics of workers, and aspects of their status, seem to be related to the frequency with which they change their jobs and, in some cases, to the kinds of job shifts they make. However, establishing a relationship between behaviour and what affects it is often complicated because one aspect of behaviour can be affected by a variety of things all of which are inter-related. Similarly, although a relationship may appear between behaviour and one particular characteristic, the relationship could in fact be dependent on a third variable. For example, PARNES (293) compared the mobility of white and Negro workers, to show a greater mobility among the latter. However, it is not known to what extent these racial differentials in mobility are due to greater voluntary movement by Negroes, or reflect differences in the occupational composition of the two labour forces. This problem appears recurrently in studies which try to relate labour turnover with certain personal characteristics.

Of all the personal characteristics studied over the years, the most commonly cited factor associated with mobility appears to be age. It seems to be generally accepted that turnover will decline with the increasing age of employees. This relationship is cited in studies by PARNES (294), SILCOCK (295), EDWARDS (296), WILD (297), WILLIAMS (298), SHOREY (299) and CURRAN (300). The explanation of this relationship would seem to be complex and may also involve a number of reinforcing factors which are evaluated later.
Young workers are clearly the most transient and show several characteristics which tend to encourage mobility. As SHOREY (301) points out, they possess fewer specific skills and are less sensitive to the costs of job search. Early years in the labour force are often characterised by 'job-shopping' through trial and error, to find more precise information on the market opportunities available. Gradually this 'exploration' process will decline as will mobility; and institutional and psychological factors will start to exert a greater influence.

Furthermore, PARNES (302) points out that employers' hiring preferences make it increasingly difficult for older workers to find alternative jobs, and, as alternatives become limited, so the current employment assumes greater value. In addition, as age increases so workers start to attach greater priority to job security and to the benefits of seniority which would be lost in a move between employers. They acquire greater family responsibilities, and expenditure commitments start to stipulate a stable, continuous income. Established routine and an advanced degree of investment in skills and pensions will all add to the difficulty of finding suitable and profitable job moves.

As can be seen, the priorities of older workers are those benefits which are usually obtained through long-service with a single employer. Because of this some studies have pointed out the difficulty of separating the effect of age on mobility, from the effect of length of service as the two are clearly related (PARNES (303), EDWARDS (304), SILCOCK (305)). If would seem reasonable to conclude that age differentials in turnover reflect differentials in the seniority of the job, and therefore it is, to some extent, increasing length of service rather than age that reduces the workers propensity to move. However, as PARNES (306) points out, although
extended tenure in a job can explain the reluctance of an employee to leave his current work, "greater length of service is not an explanation of past immobility, but a description or measure of it". A worker is immobile for as long as he stays in a single job, but the moment he leaves he becomes mobile. The shorter his length of service in subsequent jobs, the more jobs he will have had, and the more 'mobile' he becomes. This relationship does not actually involve age.

Similarly, it has been suggested that age differentials in mobility could be the combined results of differentials in income and skill levels, which also tend to increase with age and seniority in a job. Most studies have done little more than recognise the problem of inter-correlated variables, and those that have attempted to isolate a single variable and its effect on turnover, have encountered difficulty in controlling all the relevant factors at once. However, both PARNES (307), SILCOCK (308) and EDWARDS (309) quote studies which help to draw the conclusion that the inverse relationship between age and mobility is to some extent independent of the other characteristics of the workers.

Many studies have compared mobility rates of men and women, finding invariably that women appear more mobile than men. This relationship is supported in works by FURNESS (310), COOK (311), SILCOCK (312), EDWARDS (313), PRENTICE (314), and JOVANOVIC (315). However, one exception to this theory is put forward by MARCH and SIMON (316). They hypothesise that the "perceived availability of outside alternatives is a function of the sex of the participant"; male workers exhibiting higher turnover rates than female workers. PARNES (317), on the other hand, compared women who had been continuously in the labour force for a ten-year period with a similar group of men, and found no differences in the
There are several factors which would seem to make turnover higher for women than for men. Firstly, cognizance must be taken of the large proportion of females who leave employment entirely at a young age for various domestic responsibilities. EDWARDS (318) suggests other reasons which may also exaggerate the female turnover rates. He quotes the "disinclination (of women) to look upon a job as a permanent feature of (her) life; lack of interest in a career, and the greater proportion of women than men in unskilled occupations". On the other hand PETTMAN (319) suggests that in fact male turnover rates could be higher than female rates because of "the constraint of sexual discrimination in the labour market against women employees in some occupations". Consequent of these various studies, MARCH and SIMON's (320) hypothesis relating to turnover to the sex of the employee, is not either fully substantiated or refuted; and there are clearly other variables which have to be equated for the male and female sample in order for the relationship to become clear.

Marital status, health, personality traits and education are additional factors whose relationship to labour turnover rates has been looked at. The evidence linking them to turnover has, however, been equivocal and far from conclusive. Overall, there would seem to be a lot of truth in the remark by CURRAN (321) that "employee characteristics do not have a significant impact on inter-industry differentials in labour turnover". This is further supported by other studies quoted by BOWEY (322).
2.3 SUMMARY

What emerges from the literature is that labour turnover is clearly seen as a complex phenomenon involving a whole series of other variables. The relationship between turnover and such variables is further complicated by correlations and interactions between one such variable and another, to create a multitude of different conditions, to which individual workers react. This also means that because of the interaction of variables linked to turnover, some of the relationships are, in fact, only spurious correlations, and not directly associated with the turnover phenomenon.

However the determinants studied here do seem to fall roughly into two categories according to their relationship with labour turnover. Firstly, there are those factors that are seen to be correlational and non-causal; and secondly, those that actually cause or stimulate labour turnover.

In the first group are factors which are found to have a relationship with labour turnover, but for which there seems to be no evidence to support a causal association in any direction. This includes:

State of the economy

Absenteeism

Length of service

Skill levels

Wages
Personal characteristics

The second group are generally intra-organisational stimuli which may actually lead to voluntary separations. Included in this category are:

Job satisfaction

Nature of the work

Payment systems

Supervision and management

Promotion

Training

Grievances

Recruitment
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3.0 METHODOLOGY
3.0 METHODOLOGY

3.1 INTRODUCTION

It has been suggested that "research should offer new ways of approaching problems which have not been sufficiently understood before" (1). The research here intends to follow this recommendation, and, thus, aims to develop an understanding of the phenomenon rather than simply to measure it. The research carried out here is therefore both qualitative and quantitative in nature.

Reviews of past research indicate that there would seem to be a need to investigate the relationship between labour turnover in the hotel industry and the internal structure and composition of hotels. Research of any form into labour turnover in hotels is somewhat limited, and searches of trade journals and the trade research register (2) have not revealed any studies which consider the internal labour market structures of hotels.

In addition, although an overall picture of high rates of turnover in the industry has been quoted in the past, there is no available source of detailed, diagnostic information on which further analysis can be based. It has therefore been necessary to collect different kinds of data in order to develop an understanding of a phenomenon only the incidence of which is known.
3.1.1 THE AIMS OF THE RESEARCH

This study seeks to examine labour turnover in the context of the hotel industry. The objectives of the research are set out as follows:

01 - To review the extent and findings of literature on the subject;

02 - To form an overall picture of the level of labour turnover in hotels;

03 - To assess the extent to which labour turnover is considered a problem by management;

04 - To establish a picture of the internal labour market structure of hotels through a study of the managerial practices and attitudes in personnel-related areas.

05 - To investigate further any conspicuous characteristics which emerge from the study of labour turnover, in so far as they can be represented by the overall data collected.

In view of these objectives, initially two proposals have been developed, which make suppositions concerning the nature of the labour turnover phenomenon in hotels:

Proposal 1: The hotel industry exhibits high rates of labour turnover.

Proposal 2: Hotels have a weak internal labour market structure and are therefore obliged to accept the dominance of the external
labour market.

These proposals are investigated in Sections 4.1 and 4.2 of this study. From there the study goes further to another set of proposals derived from the initial findings. The final part of the results, Section 4.3, then examines this further series of hypotheses.
3.1.2 SCOPE OF THE STUDY

For the purposes of the project, it is necessary to define the scope and limitations imposed.

Firstly, it was decided to limit the study to hotels, and to exclude other sectors of the hotel and catering industry. This decision was taken because it was felt that there are clear differences in the function, nature and conditions of the different sectors of the industry, which would necessitate almost independent investigations into staff turnover. Therefore, in order to help keep the project within manageable limits, it was decided to concentrate on one sector only. Hotels were chosen because they exhibit higher rates of labour turnover than other catering establishments (3) and it was felt that the investigation would yield a deeper understanding of the labour turnover phenomenon if conducted in that sector where its incidence is greatest.

The definition of 'hotels' used in this work has been given in Section 1.2.1, and it can be seen from this that unlicensed hotels have been excluded from the investigation. This was decided because such hotels comprise very small units such as guest houses and bed-and-breakfast establishments, where a high percentage of the workforce is based upon family labour. Because many such workers are not strictly 'employees', they are not directly relevant to a study of staff turnover, and might therefore have a distorting effect on the overall results.

It was also considered necessary to impose geographical restrictions on the project. Stage I covered the hotel industry throughout England, Scotland and Wales, because a postal questionnaire facilitates access to a wide spread of establishments. For Stage II, however, limitations of
cost and time began to impinge. It was anticipated that travel to
interview hotel managers and personnel managers over a wide geographical
area would have made it difficult to achieve an adequate number of inter­
views. It was therefore decided to concentrate the interviews mainly in
London, with a few in the surrounding counties. This gave an adequate
sample of hotels with a constant locational variable, and the additional hotel interviews could act as a degree of control. This was
intended to highlight any major differences encountered between the London hotels and the remainder. However, it should be noted at this point that
in terms of the data collected, both verbal and numerical, the two samples exhibited no significant differences.
Stage I comprised the formulation and mailing of a postal questionnaire to a national sample of randomly selected hotels in order to obtain an overall picture of the extent of labour turnover in Great Britain, and the extent to which management consider it to be a problem. This relates to objectives 02 and 03 of the project.
3.2.1 THE MAIL QUESTIONNAIRE

Although postal questionnaires do have limitations, particularly in the form of a low response rate which may distort the sample, for the research here there were various advantages which were seen to outweigh this. The main advantage is that it became possible to survey a wider geographical area and a wider sample of the population within the given financial resources, than with any other method. This helped to achieve as representative a sample as possible.

In addition, the questions in a postal questionnaire are highly standardised to facilitate the analysis of large quantities of data, such as was sought in Stage I. This standardisation was also appropriate as the survey was to be repeated on an annual basis to monitor changes over a three year period of study.
3.2.2 QUESTIONNAIRE DESIGN

The design of the questionnaire is clearly a critical factor in obtaining the response and replies required for Stage I. As MOSER (4) said, "no survey can be better than its questionnaire". In other words, weaknesses in the design and wording of questions will lead to poor results. With a questionnaire it is of particular importance that questions are well written, clear and unambiguous as it is a document which must be understood by the recipient unaided by the person seeking the information. In addition it has to be of a length and format that will gain a favourable reception with the recipient: not too long and not too complicated. In this way the questions had to be carefully worded, and their inclusion strictly justified in terms of the aims of the survey.

In addition, the design of the questionnaire had to include some provision for the analysis of replies. Clearly, one of the main advantages of a postal survey is the wide range of potential respondents it can reach for a limited cost. However, the benefits of the postal survey are lost if there is no efficient method of data analysis, which can process the information to a useful format. It was necessary, therefore, to build in to the questions, as far as possible, some element of design which will aid the analysis.

3.2.2.1 Information required

The first step was clearly to define the information required, and the areas into which the questionnaires should probe. In this case, there were four main points to cover:
i) Initial information concerning the type of establishment, and the size and nature of the workforce. (Some details of the hotels - location, price, size - were already collected through the ongoing Rates of Pay Survey.).

ii) Details of labour turnover rates, the survival of employees within the organisations, and their reasons for leaving.

iii) Information to establish an idea of managerial attitudes to labour turnover and the extent of attention paid to it.

iv) Questions to isolate those hotels which were prepared to give further help for Stage II of the study.

3.2.2.2 Question design

From this outline of the information sought, the actual formulation of the questions could proceed. It was decided to use closely structured questions designed to elicit fairly precise answers within a limited range of possibilities. This not only proves less time consuming for respondents, but also facilitates the analysis of large quantities of data.

The questions then fell into two categories - precoded and open. In the former, the respondent was given a limited number of answers from which to choose. This indicated to the respondent the question's frame of reference, and the degree of precision required in the answer. However, care had to be taken in listing alternatives to ensure the answers given covered all possible replies and were mutually exclusive.
Approximately half the labour turnover questions were pre-coded.

Open questions were used in situations where numerical answers were required and there was no need for pre-coding. With these questions, however, cross-checking techniques were implemented to ensure the validity of answers. These were of a numerical form to be built into the analysis. For example, question number 1 asked for the total numbers of staff in an establishment. Question 8 then asked for the length of service of all employees - the sum of which should corroborate the answer to question 1 (See APPENDIX 1 for a copy of the questionnaire).

3.2.2.3 Piloting

A pilot survey is used in order to validate the questionnaire style and clarity and to check it will produce the kinds of data required.

In order to test the questionnaire, copies were sent to 20 local hotels, and to members of the Department of Hotel, Catering and Tourism Management at the University of Surrey. All were asked to complete it as normal but to add additional comments if they felt questions were unclear, ambiguous or generally difficult to answer. The replies from this sample provided some useful comments, both on the content and design of the questionnaire. Appropriate alterations were made and the questionnaire was produced in its final form (See APPENDIX 1).
3.2.3 THE SAMPLING PROCEDURE

This section sets out the procedures by which a manageable sample was selected for study from the total population of British hotels. The aim of sampling is to select a part of the total population that may be assumed to accurately represent the total, insofar as all units of the total population have a known and equal chance of selection. Hence, the problem in sampling is to avoid bias, which can occur either through errors in the selection processes, or through chance differences between the members included in the sample and those that are not. It is worth noting that it is often not possible to obtain a complete absence of bias; in some cases it may even not be necessary.

In this study, two quite different approaches were made to the sample design for Stage I and Stage II. Whereas the Stage II sample was governed largely by the information needed, Stage I sought, as far as possible, to maintain a process of random sampling.

3.2.3.1 Sample design

It was decided to use the existing Rates of Pay annual survey (5) as a basis for the labour turnover mailing. This survey was started in 1981 and had been in operation for two years, collecting rates of pay from four sectors of the hotel and catering industry. For the purposes of the present study only the hotel sector was relevant, and it was decided to combine the existing hotel rates of pay questionnaire with a new section of questions concerning labour turnover. This served two purposes. Firstly, it minimises the cost of the mailing survey; and secondly it
was hoped that this would increase the response rate by using hotels with which there was already an established level of co-operation and support.

Unfortunately, over the past two years the original rates of pay sample had 'decayed' due to a level of 'drop out', and it was felt necessary to introduce a new sample to supplement the mailing list. This was achieved using the same techniques and processes as used by TAYLOR (6) in creating the original sample. This sampling procedure is outlined in the following paragraphs.

3.2.3.2 Sampling Method

The design that was used to select the sample was stratified random sampling. Stratification is a means of using knowledge of the population to increase the representativeness and precision of the sample. This method entailed obtaining a sample frame which gave information on the size of the population of the sector and also divided the population according to certain relevant parameters which in this case were the geographical region, the location and the size of each unit. These parameters then became the basis on which the stratification of the sample was developed. The names and addresses of units were then randomly selected from an appropriate list which also had to contain information concerning the different parameters such as size and location.

It was decided to aim for a sample size of 150 units. However, to allow for a low response rate to the mail questionnaire, this meant a total of 450 units had to be selected. The sample size of 150 was governed very
much by cost and time restraints, whilst affording adequate numbers for anticipated sub-samples.

**3.2.3.3 Sampling frame**

The most accurate and detailed source of information on the distribution of hotels in Great Britain is a Hotel and Catering EDC report, 'Hotel Prospects to 1985' (7). It gives information on British hotels by region, location, and price level. This was used as a guideline to stratify the sample, but was not strictly adhered to in order to prevent the sub-samples falling too small. The final stratification of the sample is given in Figure 3.1.1.

**Figure 3.1.1 Stratification of the Hotel Sample.**

<table>
<thead>
<tr>
<th>Locations</th>
<th>England</th>
<th>Scotland</th>
<th>Wales</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seaside</td>
<td>30</td>
<td>15</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Rural</td>
<td>10</td>
<td>15</td>
<td>15</td>
<td>40</td>
</tr>
<tr>
<td>Large Towns</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>London</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>70</td>
<td>40</td>
<td>40</td>
<td>150</td>
</tr>
</tbody>
</table>

With the size factor it was decided to aim for fifty units of each size. As four hundred and fifty hotels were initially mailed, this meant that one hundred and fifty small, medium and large hotels would
be mailed; each one hundred and fifty having the stratification outlined above.

As the Department of Employment noted in the study of hotels (8); no official register of British hotels exists. Therefore, in the absence of any national listing of hotels, tourist guide books seemed the most appropriate sampling frame to use for selecting hotels. This obviously introduced an element of bias into the sampling procedure, as only those hotels wishing to register with the tourist organisations would be included. However, they were considered to be the only feasible and reasonably comprehensive listing, and in addition they contained information on the region, size and location of each hotel. English hotel addresses were selected from an English Tourist Board publication, 'Where to Stay, 1983' (9), and the Scottish and Welsh hotel addresses were selected from an Automobile Association publication, 'Hotels and Restaurants in Britain, 1983' (10).

3.2.3.4 Selection Procedure

The addresses of the hotels were selected randomly from the tourist guide books, by means of a sampling fraction. As there were seventy hotels in the sample for England, two hundred and ten addresses were required for mailing (70 x 3). There were seven thousand four hundred and thirty four hotels listed in the ETB book, therefore one in every thirty five addresses was required; (7,434/210 = 35). The procedure began with the selection of a random number from a set of random number tables, and provided this number was below thirty five, it indicated the first address in the book to be selected. From this point every thirty-
fifth address was selected and noted down. This procedure continued until two hundred and ten addresses for England had been selected. When the situation arose that a selected hotel fell into a category that was already complete, for example if sufficient addresses may have been selected for the large town location, and the next address arrived at was situated in a large town, then this address was ignored and the following thirty fifth address noted.

This procedure was repeated for one hundred and twenty (40 x 3) Scottish and Welsh hotels from the AA book. This publication contained four thousand, six hundred and thirty one addresses of hotels, and as two hundred and forty were required, every nineteenth address was selected; (4631/240 = 19).
3.2.4 THE MAILING PROCEDURE

In all, 425 questionnaires were to be sent out, with a covering letter and return envelope, annually for three years. Because of this volume of letters and questionnaires, it was decided to use a micro computer with data and work-processing software packages, to increase the efficiency of the mailing process. A 'datastar' package was used as a data entry system for the hotel addresses and managers' names. A 'wordstar' package was then used to merge print these names and addresses with a covering letter and mailing label format.

This system had several distinct advantages. Firstly the mailing list could be easily updated and edited where necessary at any time. It also enabled 'personalised' letters to be sent, containing the name and address of the appropriate establishment. And finally, it meant that the addresses only had to be typed once, yet could be used time and again for the letters labels or mailing lists. This meant that although the process took considerable time to set up the initial mailshot, in the long run time and effort saved would be considerable.

Every hotel selected for the sample was contacted by mail in this way.

Finally, it should also be pointed out that in order to maximise the return of the questionnaires, and alleviate the problem of non-response, the following steps were taken:

1. A stamped self-addressed envelope was enclosed;

2. A cover letter was sent, stressing the importance of the research
and asking for co-operation;

3. A follow-up, in the form of a reminder letter was sent to those not answering within three weeks of the first mailing.
3.3 STAGE II METHODOLOGICAL PROCEDURE

Stage II sought to fulfil objective 04, by collecting from the hotels detailed information of the managerial practices and policies in personnel related areas. This in turn would build up a portrait of the extent to which a structured internal labour market had been developed. In seeking to achieve this, direct contact was established with a small sample of hotels. This enabled more detailed, in-depth, diagnostic information to be obtained from a series of personal interviews, and from the staff records of those establishments.

This section discusses the techniques and procedures used to elicit the required information.
3.3.1. INTERVIEWING

Structured, face-to-face interviews were chosen for collecting information in the second stage of the investigation; that of gaining information about how the character and nature of the hotels might influence the rates of labour turnover. It was felt that this would complement the more quantitative nature of the postal survey used in Stage I. As MOSER (11) says, "It may be noted that some of the disadvantages of the mail questionnaire can be overcome by combining it with interviewing". This explicitly recognises that questionnaires are fairly limited in their capacity to produce more than a superficial survey of a phenomenon. On the other hand, by using interviews, it is possible to delve more deeply and elicit much additional information. The use of standardised questions and pre-prepared 'probes' lends a degree of control to what could potentially be a rather haphazard form of data collection. Detailed probing ensures that the required information is obtained from respondents, even if initial answers are vague or 'off course'.

There are further advantages of the face-to-face, depth interview. It has a very high response rate; it is suited to more complex questions than a postal survey; it enables each factor to be considered independently as the respondent cannot 'see' the other questions before answering; and it establishes a rapport between the interviewer and the respondent, which will maintain the latter's interest and participation in the research.

This final factor was then used to elicit further co-operation to obtain detailed employee-related data for use in the final stage of the research project.
3.3.2 INTERVIEW DESIGN

The use of interviewing in social investigation can take several forms, from the very informal, based around a series of key points, to the very formal, where set questions are asked and the answers recorded in a standardised form. It was decided that for Stage II of the project an approach would be made somewhere between the two extremes of formality, with an informal 'structured' interview. It was intended to pose the same, standard questions to each interviewee, and yet allow them some freedom as to how they answer. In this way it was hoped to maintain a degree of standardisation which would allow comparisons to be made from one hotel to another, and still obtain a free flow of information from the respondent. On the other hand, a structured interview situation also gave the interviewer greater control to assess the adequacy of the responses, and, where necessary, pose further for greater detail or for a different angle. Such informality in the interview situation enables the interviewer to 'dig deeper' and get a 'richer understanding' of the subject.

Clearly, in an interview situation, a great deal depends upon the skill of the interviewer. However, the design of the questions still needs careful consideration and planning.

3.3.2.1 Information required

The information sought from the Stage II interviews fell into three main topics. Firstly, and most importantly, the focus was upon the hotel staff selection, recruitment, training and promotion; employment of
casual workers and overtime; staff benefits and conditions; payment systems; and grievances. The second area concerned the extent to which the hotels collect information about labour turnover, and how such information is used.

Finally, changes which had taken place in the hotels over the past few years were investigated: changes which might affect the levels of employment, of labour turnover, and of staff to room ratios. This latter area of interest was investigated as a control in case earlier questions, or the data collected from the hotels, should show any abnormal results.

Once this outline of topics to be investigated had been defined, it became relatively straightforward to fill in the framework with actual questions. Notes were also made of all the aspects which it was hoped the answers would cover, and this served as prompts for the interviewer. For example, taking question 3 which asks, "How many casual staff do you employ? What is the average number you employ per week?" Additional prompts were added as a reminder to probe, if necessary, into which jobs casual staff were employed in; whether they were taken on at particular times of year; and whether they were just emergency staff, or employed from a regular pool of known workers.

3.3.2.2 Piloting

The final stage in the preparation of the interviews was to do a pilot test. Contacts with people in the industry were used to select four hotels - two in London, and two in South East England - which were prepared to do a run-through of the interviews. This was carried out when the interview structure and design was as far completed as possible.
and aimed to see whether, in practice, any problems arise with the
interviews, and whether the replies given adequately answer all aspects
required.

The questions for the structured interviews were then revised on the
basis of discussion arising from the pilot survey. A copy of the final
interview structure and prompts is given in Appendix 2.
3.3.3 SAMPLE DESIGN

The aim of Stage II was to get the co-operation of fifteen to twenty hotels to make a detailed study of the extent of labour turnover, along with the nature and structure of the organisation and how it operates. The requirement was therefore not for a sample which was statistically representative of the hotel industry, but one which would yield rich diagnostic data. Thus the sample became governed to a much greater extent by the availability of the information required, rather than by any criteria of random sampling.

The selection of the Stage II sample was therefore based on the following criteria:

i. Those hotels which were willing to spare the time and to co-operate;

ii. Those hotels which actually had the information required;

iii. Those hotels which were within a reasonably accessible distance.

The method used essentially involved a process of elimination, starting with the sample produced for Stage I (see Section 3.2.3). This was reduced by adding an additional question the the Stage I questionnaire to establish those hotels which would be prepared to offer more detailed information on labour turnover. (A sample questionnaire is shown in Appendix 1.) Taking those who replied in the affirmative produced a list of 43 hotels throughout the country who satisfied the first condition for the Stage II sample.

The second part of the sampling process served to then eliminate those
of the 43 hotels which did not collect sufficiently detailed records on labour turnover for the requirements of the study. It was decided that the availability of the following staff records would constitute the minimum information which would be required:

i. Up-to-date records on staff in current employment, with details such as length of service, age, sex, marital status.

ii. Records of staff who have left within the past 12 months (minimum), preferably with staff personal details, reasons for leaving and length of service.

Approaches were made to the hotels by telephone to establish the availability of this information.

Finally, of the remaining hotels which met the first two selection criteria, 12 were selected for geographical reasons. The boundaries set were restricted by distance and financial limitations, and excluded all areas with the exceptions of London and South East England. Clearly this introduces a marked bias to the sample. However, as has been explained already (see Section 3.1.2) there are justifications for using only hotels in London and South East England; and in any case, with such a small sample, it cannot hope to be at all representative. A brief description of the hotels forming the sample of Stage II can be found in Appendix 3.
3.3.4 THE INTERVIEWS

The interviews were carried out with whoever was responsible in each hotel for personnel related matters. This proved to be either a specialised personnel manager or the general manager of the hotel. The interviews lasted approximately 1-1½ hours, depending on the extent to which the interviewee was forthcoming.

3.3.4.1 Recording interview data

Clearly the results of descriptive, non-quantified interviews, such as in Stage II do not easily lend themselves to statistical analysis, and so have to be used quite differently from that obtained in formal surveys. The point of the informal approach is to obtain a more complete picture of practices and attitudes, and if this gain is not to be sacrificed, the analysis must retain a fair amount of detail.

With this in mind, it was decided to record the interview information on a tape recorder. Not only would this make a permanent detailed record of the interview which could be referred to at any time, but it also left the interviewer free to concentrate on maintaining the flow of discussion.

Transcripts of each interview were typed up at a later stage, and a copy of one such transcript is given in Appendix 4.
3.3.5 DATA FORMS

Having established a degree of rapport and co-operation with the Stage II sample of hotels in order to carry out the in-depth interviews, these same hotels were used to gain additional numerical data which might be useful in fulfillment of objective 05.

The aim was to obtain a detailed profile of both the current employees of each hotel, and of those staff who had left the organisations within a one year period. It would then be possible to compare the characteristics of hotel employees with the characteristics of leavers in order to highlight similarities and differences. In addition it was hoped to formulate a series of hypotheses arising from our knowledge of the subject - knowledge of the hotel industry, of labour turnover, of past empirical studies, and knowledge arising from the present study. The hotel data collected could then be analysed with respect to these hypotheses, to show to what extent this study can confirm or refute such suppositions.

Every hotel in the Stage II sample was asked to complete two forms - one for current employees and one for leavers. The forms asked for data which it was hoped would be available from staff records, and from records of those staff who had left the organisation within the past 12 months. They covered details of occupation, age, gender, marital status, full-time or part-time, length of service, live-in/live out, trade union membership, qualifications and reasons for leaving. (Examples of the two forms are given in Appendices 5 and 6.)
Unfortunately, in practice, the information was not totally forthcoming. Despite numerous promises, only nine out of the fifteen Stage II hotel sample returned the forms, and even then there were distinct gaps in the data. It would seem, from having talked to the hotel managers that questions were asked on information that often hotels do not keep or do not keep in a readily available form. There would seem to be no standard procedure for maintaining staff records in hotels - some keep some data, others keep different information.

The problem therefore became to make the most of what data had been made available and by eliminating certain breakdowns of staff, nine sets of virtually complete data were obtained.
1. LYONS, D. Labour Turnover and Job Satisfaction - a social and psychological study of luxury hotels in Birmingham, UK. MSc Birmingham: Dept. of Psychologh, 1983, p 64.


4.0 RESULTS
4.1 STAGE I - POSTAL SURVEY RESULTS

4.1.1 INTRODUCTION

Stage I set out to give an overall picture of the extent of labour turnover in British hotels, along with an attempt to evaluate the attitude of hoteliers to the 'problem'. This part of the study was carried out on an annual basis to monitor any changes over the period of study.

The information sought from Stage I falls into four main areas, as follows:

i) General information concerning the overall workforce in hotels;

ii) General information regarding the hotels themselves;

iii) Indicators of the extent to which hotels collect and use information on labour turnover within their establishments; and

iv) Direct data on labour turnover in the hotels.

The analysis of the data collected in Stage I of this project was carried out with the aid of a simple computer package, 'Minitab', suitable for statistical manipulation.
4.1.1.1 The Analysis Sample

The results are based on replies to a postal questionnaire sent to a total of 425 establishments annually over a 3 year period (see section 3.6). Figure 4.1.1 shows the response rate for the survey; and Figure 4.1.2 illustrates the characteristics of hotels within the sample analysed.

Figure 4.1.1 Response rate for the survey.

<table>
<thead>
<tr>
<th></th>
<th>Questionnaires sent</th>
<th>Replies received</th>
<th>Number of Staff represented</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1984</td>
<td>425</td>
<td>88</td>
<td>4,798</td>
</tr>
<tr>
<td>January 1985</td>
<td>425</td>
<td>78</td>
<td>3,863</td>
</tr>
<tr>
<td>January 1986</td>
<td>425</td>
<td>99</td>
<td>5,021</td>
</tr>
</tbody>
</table>

Figure 4.1.2 Characteristics of hotels within the sample.

<table>
<thead>
<tr>
<th></th>
<th>Mean 1984</th>
<th>Minimum 1984</th>
<th>Maximum 1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Rooms</td>
<td>51</td>
<td>5</td>
<td>980</td>
</tr>
<tr>
<td>Av. Single Room Rate</td>
<td>£24</td>
<td>£4.5</td>
<td>£98</td>
</tr>
<tr>
<td>Staff:Room Ratio</td>
<td>0.9</td>
<td>0.09</td>
<td>3.5</td>
</tr>
</tbody>
</table>

- 201 -
This latter table shows great variation in the hotels analysed - in
price range, size, and the level of service afforded by the staff. It
also indicates a fair amount of consistency in the sample over the years
of study.
4.1.2 FINDINGS

4.1.2.1 The Hotel Workforce.

The data collected about the hotel workforce was limited (for reasons explained earlier in section 3.6). However, it does highlight several interesting facts which are pertinent to this study of labour turnover. Firstly, that the majority of staff in this sample of hotels are full-time employees, working more than 35 hours per week (see Figure 4.1.3). In 1983 only about 6 per cent of males, and 20 per cent of females were part-timers, representing 13 per cent of the total workforce. In subsequent years, the proportion of part-time workers rose to represent about 18 per cent of the total workforce, due to a slight increase in both male and female workers having part-time employment. This is in contrast to the national figures produced by the HCITB (1) which show 20 per cent of males and 51 per cent of females in the hotel industry being in part-time employment.

Figure 4.1.3 also illustrates the second point of note: that the overall numbers of people employed in the sample of hotels remained fairly constant throughout the year. The seasonal increase during the summer months represented only 2 per cent of the workforce in 1984, 4 per cent in 1985 and 3 per cent in 1986. The supposedly seasonal demand for hotel services would therefore appear to contribute little, here, to the phenomenon of labour turnover.

Finally Figure 4.1.3 shows that the overall proportion of males to females in the hotel sample is approximately equal. Again, this does
not conform to other studies (2) which report a majority of women working in the hotel industry.

Figure 4.1.3  Breakdown of the hotel sample workforce.

<table>
<thead>
<tr>
<th></th>
<th>Full-Time Male %</th>
<th>Part-Time Male %</th>
<th>Full-Time Female %</th>
<th>Part-Time Female %</th>
<th>TOTAL Number Of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN 83</td>
<td>46.6</td>
<td>2.9</td>
<td>41.0</td>
<td>9.5</td>
<td>6707</td>
</tr>
<tr>
<td>JULY 83</td>
<td>45.2</td>
<td>3.0</td>
<td>41.2</td>
<td>10.6</td>
<td>7140</td>
</tr>
<tr>
<td>JAN 84</td>
<td>45.7</td>
<td>3.1</td>
<td>40.3</td>
<td>10.9</td>
<td>7170</td>
</tr>
<tr>
<td>JAN 84</td>
<td>45.8</td>
<td>3.1</td>
<td>36.4</td>
<td>14.7</td>
<td>4525</td>
</tr>
<tr>
<td>JULY 84</td>
<td>44.3</td>
<td>3.4</td>
<td>37.9</td>
<td>14.4</td>
<td>4948</td>
</tr>
<tr>
<td>JAN 85</td>
<td>45.6</td>
<td>3.6</td>
<td>36.5</td>
<td>14.3</td>
<td>4751</td>
</tr>
<tr>
<td>JAN 85</td>
<td>42.1</td>
<td>4.6</td>
<td>39.9</td>
<td>13.4</td>
<td>7374</td>
</tr>
<tr>
<td>JULY 85</td>
<td>42.8</td>
<td>3.9</td>
<td>41.0</td>
<td>12.3</td>
<td>8109</td>
</tr>
<tr>
<td>JAN 86</td>
<td>43.2</td>
<td>4.4</td>
<td>40.5</td>
<td>11.9</td>
<td>8055</td>
</tr>
</tbody>
</table>

What is being presented here, clearly shows a discrepancy between the findings of this survey, and the 'accepted' national figures. It is necessary, therefore, to confront the possibility that the eventual or effective sample (i.e. responses) here is biased, with a tendency for responders to be hotels which operate more formal, structured employment policies, whilst those who did not respond tended to be operated in an 'ad hoc' manner with 'flexible' employment (i.e. part-timers,
females and seasonal workers). It would seem quite plausible to suggest that this latter group of non-respondent hotels was both less able to respond to the survey, because they did not have the information readily available, and less inclined to do so out of a lack of bureaucratic concern for employment statistics, or even, indeed, because of guilt.

In presenting these figures, which do suggest an inherent bias of the sample, it becomes necessary to outline the attendant implications for the results. It would seem that the discovered levels of turnover are likely to be underestimates of the overall picture. Similarly, if, as is suggested, the respondent hotels offer the more formal, structured employment policies, the causes of turnover in this survey will over-emphasise the 'pull' factors of leaving, rather than the 'push' factors. In other words staff turnover in these hotels is likely to be instigated more predominantly by a 'pull' on staff arising from favourable conditions in the external labour market, than from a 'push' created by unfavourable internal labour market conditions. The overall picture here, will, in fact, show a shift in this balance. It is therefore with this bias in mind that the remaining data, and its interpretations, should be viewed.
4.1.2.2 Labour Turnover As A Problem?

One of the questions posed to hoteliers by the questionnaire concerned the extent to which they consider labour turnover to be a problem to the industry as a whole. The results of this question are shown in Figure 4.1.4.

Figure 4.1.4 Extent to which the hotel industry considers labour turnover to be a problem.

<table>
<thead>
<tr>
<th>Is labour turnover a problem which needs attention?</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority</td>
<td>38%</td>
<td>29%</td>
<td>20%</td>
</tr>
<tr>
<td>Medium Priority</td>
<td>42%</td>
<td>52%</td>
<td>55%</td>
</tr>
<tr>
<td>Low Priority</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Not a Problem</td>
<td>12%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Approximately 80 per cent of all hotels in the sample suggested that labour turnover is a problem of medium to high priority to the industry as a whole: while just over 10 per cent regarded it as no problem at all. However, it appears that labour turnover has in fact diminished in importance over the three years studied. This does not in fact reflect a fall in labour turnover rates, because these rose significantly from 1984 to 1985, and fell slightly from 1985 to 1986 (see
Figure 4.1.5 Labour turnover rates for the hotel industry.

<table>
<thead>
<tr>
<th>Labour Turnover Rate</th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>59%</td>
<td>84%</td>
<td>78%</td>
</tr>
</tbody>
</table>

What is probably more significant to note, however, is that there seems to be no correlation between the priority which hotels attach to labour turnover as a problem and the actual rates of turnover experienced by those establishments (see Figure 4.1.6).

Figure 4.1.6 Labour turnover rates in relation to the priority of the phenomenon.

<table>
<thead>
<tr>
<th>Is labour turnover a problem requiring attention?</th>
<th>Average rates of labour turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1984</td>
</tr>
<tr>
<td>High priority problem</td>
<td>0.76%</td>
</tr>
<tr>
<td>Medium priority problem</td>
<td>0.49%</td>
</tr>
<tr>
<td>Low priority problem</td>
<td>0.25%</td>
</tr>
<tr>
<td>Not a problem</td>
<td>0.53%</td>
</tr>
</tbody>
</table>

The questionnaire also investigated the extent to which hotels in Britain collect information on labour turnover within their establishments (see Figure 4.1.7).
Figure 4.1.7  Extent of labour turnover information collected.

<table>
<thead>
<tr>
<th>Labour turnover information collected</th>
<th>% of hotels collecting info.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1984</td>
</tr>
<tr>
<td>Reasons for staff leaving</td>
<td>73.3%</td>
</tr>
<tr>
<td>Percentage rate of labour turnover</td>
<td>31.8%</td>
</tr>
<tr>
<td>Percentage rate of labour turnover by occupation</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

These are indications of a lesser interest being taken in the problem of staff turnover related information than at the start of the study. This does tend to link in with the earlier findings where hoteliers have apparently reduced the priority with which they see the 'problem' of turnover.

Finally, it should be noted that although a large proportion of the hotels claim to make some effort to find out why their staff leave, it is difficult to say to what extent the information is used. It is felt, however, that the hotels which actually put such information to practical use are probably few, because of the consistently high turnover rates recorded.
4.1.2.3 Labour Turnover In Hotels

The main body of the data collected relates directly to the turnover of staff in hotels.

Distribution of labour turnover rates

Looking firstly at the rates of turnover found in our survey serves to confirm earlier work carried out by the Hotel and Catering EDC (3), where a wide range of turnover rates were reported. Figure 4.1.8 shows the range of rates experienced by hotels in our sample for both the year 1984-85, and for the 1985-86 period. In 1985, 4.5% of the hotels recorded a staggering rate of labour turnover of over 300% (the equivalent of the entire workforce changing three times per year). However, it can be seen from Figure 4.1.8 that this percentage of hotels doubled in 1986 to show 9% of establishments experiencing labour turnover rates greater than 300%.

On the other hand, it should be noted that approximately half of all the hotels showed turnover rates of less than 60%; a proportion which has in fact increased over the period of study. If the range of turnover rates for hotels is compared (Figure 4.1.8) with an average turnover rate of 23% for manufacturing industries (4), then approximately 70% of hotels exceed this average.

Overall labour turnover rates

A second feature that emerges from the data is the overall labour turnover rate for hotels. It stood at 59% in 1984, 84% in 1985, and 78% in 1986. It is clearly difficult to define a trend in the overall turnover
Figure 4.1.8  Distribution of Labour Turnover Rates

1984-1985

Labour turnover rates (%)

1985-1986

Labour turnover rates (%)
rate from just these three figures. However, given that approximately ten years ago an Hotel and Catering EDC report quoted an average industry-wide figure for labour turnover of 83 per cent (5), it seems that, with the exception of the 1984 rate of 59 per cent, the level of labour turnover has not altered over the past ten years. This arises despite a supposedly increased awareness of manpower management and the labour turnover phenomenon, and despite today's high unemployment and general economic conditions.

Labour turnover by hotel categories

Part of the Stage I analysis package calculated labour turnover rates for different categories of hotels. The overall hotel sample was in fact subdivided as follows:

i) Price range - above or below £25 per single room;

ii) Ownership - chain or independent;

iii) Location - in or out of London;

iv) Level of service - as denoted by the staff to room ratio.

Figure 4.1.9 shows this breakdown of labour turnover rates for different categories of hotels, along with the overall national figures.

The results are interesting in that they show some quite wide differentials between one category and another. However the average rates for each group do show fluctuations for the different years. In one case this variation is very marked. That is, when the hotels are divided by ownership, in two out of the three years studied chain-owned hotels have, on average, higher
labour turnover rates. Yet, in 1985 the independently-owned hotels were significantly higher.

Figure 4.1.9 Breakdown of Labour Turnover Rates

<table>
<thead>
<tr>
<th></th>
<th>1984</th>
<th>1985</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>National average</td>
<td>59%</td>
<td>84%</td>
<td>78%</td>
</tr>
<tr>
<td>In London</td>
<td>66%</td>
<td>105%</td>
<td>91%</td>
</tr>
<tr>
<td>Out of London</td>
<td>56%</td>
<td>80%</td>
<td>76%</td>
</tr>
<tr>
<td>Independently owned</td>
<td>54%</td>
<td>90%</td>
<td>60%</td>
</tr>
<tr>
<td>Chain owned</td>
<td>65%</td>
<td>75%</td>
<td>113%</td>
</tr>
<tr>
<td>Staff : Room ratio &lt;1</td>
<td>75%</td>
<td>94%</td>
<td>-</td>
</tr>
<tr>
<td>Staff : Room ratio &gt;1</td>
<td>32%</td>
<td>40%</td>
<td>-</td>
</tr>
<tr>
<td>Single room &lt; £25</td>
<td>74%</td>
<td>108%</td>
<td>-</td>
</tr>
<tr>
<td>Single room &gt; £25</td>
<td>47%</td>
<td>67%</td>
<td>-</td>
</tr>
</tbody>
</table>

With the other hotel sub-divisions, the results were more regular over the three years. Labour turnover rates were, on average, consistently higher in hotels located in London; in hotels with a single room rate of less than £25; and in hotels where there is less than one member of staff per bedroom. This suggests that staff generate a greater attachment to their place of work if they are involved in a higher level of personal customer contact, and if the hotel is more up-market.

It is possible at this point to suggest that the reason for this could be that higher customer contact develops a greater level of job
Satisfaction in staff and hence a diminished propensity to leave. Similarly, the higher priced hotels could offer staff a greater level of non-wage rewards, such as tips, which would induce them to stay.

The third variable studied, that of location, also appears to have an impact on labour turnover rates. Hoteliers in London would appear to have a greater 'problem' with staff turnover, than hoteliers outside the capital. This relationship is possibly less surprising than a correlation between the level of service or price, because the high concentration of hotels in London, means that staff have more alternative places of employment and presumably actual jobs, within their local labour market. This would increase their ability, if not their propensity, to seek a change in employment. However, once more the data available in Stage I is insufficient to prove or disprove this hypothesis.

Reasons for leaving

The Stage I postal survey also tried to investigate why staff leave their employment in hotels. Clearly there are numerous reasons which could be offered, so the questionnaire limited answers to five categories. This classified all voluntary resignations together, partly for convenience, and partly because it was felt that management's knowledge of the true reasons why staff resign is often lacking or inaccurate. Figure 4.1.10 shows the results displayed as pie-charts.

The most obvious point that these results highlight, is that the vast majority of all leavers terminate their employment voluntarily. This fact gives great scope for further investigation.
Figure 4.1.10 Breakdown of Reasons For Leaving

1984

- 72% Resignation
- 2.6% Redundancy
- 8.5% Dismissal
- 5.2% Other reasons
- 11.6% End of fixed term contract

1985

- 69.3% Resignation
- 2.8% Redundancy
- 13.9% Dismissal
- 4.3% Other reasons
- 9.7% End of fixed term contract

1986

- 70.2% Resignation
- 1.5% Redundancy
- 9.7% Dismissal
- 3.9% Other reasons
- 14.7% End of fixed term contract
Figure 4.1.11 Distribution of the Length of Service of Hotel Staff (at January 1986)

- 1985 figures
- 1984 figures
The charts also show that approximately 10 per cent of the staff were dismissed by their employers. This could well suggest that there is a weakness in the recruiting and screening of potential employees which leads to unsatisfactory workers. Unfortunately, it is not known to what extent workers in other industries are dismissed as opposed to leaving voluntarily, and so it is not possible to place these figures in a wider context.

Length of service of hotel staff

Finally, Figure 4.1.11 shows the length of service distribution for hotel staff over the three years studied. The overall findings do tend to confirm the results put forward by previous research (6): almost one quarter of all staff employed had less than six months service, and over one third had less than one year. The similarity of these results to the 1975 study by the Hotel and Catering EDC is shown in Figure 4.1.12.

![Figure 4.1.12](image)

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>1975 %</th>
<th>1985 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 6 months</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>0 - 12 months</td>
<td>18</td>
<td>20.5</td>
</tr>
<tr>
<td>over 12 months</td>
<td>52</td>
<td>51.5</td>
</tr>
</tbody>
</table>

* Source: Hotel and Catering EDC, 1975 (7)

The length of service distribution over the three years of this study, shows slight fluctuations. However, these would seem to be very much
related in size and direction to the fluctuation found in the annual overall labour turnover figures, particularly with regards the distribution patterns of staff with less than six months service.

It is also interesting to note that while labour turnover rates are still very high, there is a relatively large proportion of employees with over one years service, which accounts for over half the total workforce. This would tend to suggest that there is an element of stable employees in the workforce of hotels, and an element of highly mobile staff who account for large proportion of the turnover phenomenon.
Stage I of this project set out to create an overall, up-to-date picture of the extent of labour turnover in British hotels, with some idea of the way hoteliers view this phenomenon. This section of the study, however, is very much an exploratory phase, and does not claim to offer any definitive conclusions. However, the results here do highlight some interesting points, which suggest the beginnings of ideas for further development.

The overall picture is of an industry with a very high average level of labour turnover, which masks an enormous range of turnover values in individual establishments. This overall level of staff turnover is very much on a par with earlier reports from ten years previous, despite a deteriorating change in employment levels and economic conditions over that period.

However, it is interesting to note, that over the past three years, although the overall turnover level has remained very much constant, there has been a marked change in the distribution of individual hotel labour turnover rates. An increase was noted in the number of hotels which report a low rate of labour turnover (below, say, 60%), which was more than compensated for by an increased number of establishments reporting over 300% turnover annually.

The analysis of the postal survey has, furthermore, given firm indications of a relationship between the rate of labour turnover and three independent variables; hotel price, location, and the staff to room ratio. This suggests the idea that the aforementioned change in the distribution of labour turnover values could be related to a change in the distribution
of different types of hotel. However, an analysis of the hotel sample shows remarkable consistency in the breakdown of hotels by price, location, ownership and size, over the three years studied, which refutes this suggestion. A further variable which was considered in relation to staff turnover rates was the type of ownership of each establishment. However, there was no evidence of a correlation.

In relation to the actual nature of the labour turnover phenomenon in hotels, Stage I has tended to support two important findings of earlier studies. Firstly, most of the turnover of staff in hotels is due to voluntary resignations, although this part of the study did not differentiate any further between the reasons for such resignations. The second point is that there is a high proportion of short service employees in hotels, along with an element of apparently stable staff. This tends to confirm the existence of a two tier structure of workers: a core of less mobile, more highly valued staff, and a 'periphery' of secondary workers who constantly seem to change employment.

Finally, the information collected with regard to the attitude hoteliers have towards labour turnover in the industry, seems to point to a conflict between hoteliers' awareness of labour turnover as a problem, their action towards turnover in their own hotels, and the actual rates of labour turnover recorded in the industry.

For instance, although most hoteliers in the sample regarded labour turnover as a serious problem to the hotel industry and recommended that attention should be paid to it as a 'medium' or 'high' priority, the intensity of feeling about it has clearly dropped over the three years of the study (see Figure 4.1.4). Hoteliers no longer consider labour
turnover to be such an important issue. This change in attitude cannot be attributed in any way to a corresponding fall in the level of staff turnover in hotels which suggests that hoteliers have come to accept turnover as a fact of hotel life.

So, to conclude we can summarise the main findings as follows:

i) Hotels exhibit a wide dispersion of labour turnover rates ranging from just a few per cent to over 300%.

ii) Over the 3 years of the study, the proportion of hotels with more than 300% labour turnover has markedly increased.

iii) Approximately half of the hotels recorded their staff turnover to be less than 60%.

iv) Labour turnover nationally in hotels was found to be the same during this study as it was reported to be ten years earlier (Hotel and Catering EDC).

v) 70% of all staff leaving hotels resign voluntarily.

vi) There is a high proportion of short-service employees in hotels: 25% have less than 6 months service and over 33% have less than one year's service.

vii) 80% of hoteliers regard labour turnover in the industry as a medium to high priority problem; 10% regard it as no problem at all.
viii) There was no apparent correlation between the priority with which hoteliers regard staff turnover, and the actual level of turnover recorded in their establishments.


4.2 STAGE II - THE HOTEL INTERVIEWS

4.2.1 INTRODUCTION

The basis of this section comprises a series of structured interviews conducted with the General Manager or Personnel Manager of fifteen hotels. These hotels have been labelled A to O, for reasons of anonymity, to preserve the confidentiality of the information given. An outline of the interview questions, covering the main personnel practices of each establishment, can be seen in Appendix II; and a specimen transcript of an actual hotel interview is given in Appendix IV. Further details of the method of data collection and of the sample used are to be found in Section 3.4 and 3.5.

The analysis itself is carried out by taking the different points raised in the interviews, and comparing the answers of one hotel with another, and with the construct of an internal labour market as outlined by DOERINGER and PIORE (1). In the discussion various quotes have been extracted to illustrate the hotels' responses.

The areas of management practices under investigation are listed below with a brief definition:

4.2.2.1 Ports of Entry - Job classifications which connect the internal and external labour markets.

4.2.2.2 Hiring Standards - Selection criteria governing entry to the internal labour market.
4.2.2.3 Skill Specificity - The degree to which skills are unique to one job category in a particular organisation.

4.2.2.4 On-Job-Training - Method of teaching work skills which is carried out by experienced incumbent workers within the operation of the job.

4.2.2.5 Promotion Criteria - Set of rules which determine the priority by which workers move within an organisation.

4.2.2.6 Workplace Customs - Unwritten rules concerning the work environment which are based largely on past practice or precedent.

4.2.2.7 Pay Differentials - Difference by which the wages of one job exceed those of another. Here we are concerned with such differentials remaining fixed over time.

These measures were studied in the hope that they would portray the degree of openness to the external labour market, and the strength of the internal allocative rules.

Finally, we have tried to produce an aggregate assessment of these management practices on the basis of 'degree of formality'. This is done by taking the various factors studied in the interviews and making a
judgement as to whether the practices are formally recognised and implemented by the management of each hotel in turn. The assumption made here is that greater formality in the hotels would imply a greater use of internal allocative measures. The 'degree of formality' is then compared to mobility figures collected from each hotel. These figures indicate:

- the rates of labour turnover in each hotel;

- the extent of promotion and internal transfer in each hotel.
4.2.2 ANALYSIS OF THE INTERNAL LABOUR MARKET OF HOTELS

4.2.2.1 PORTS OF ENTRY

Ports of entry to an internal labour market, as mentioned earlier, constitute the points at which hiring occurs, and governs the extent to which the internal market is exposed to the external market. The hotels studied showed virtually no formalised rules to govern such access. All the hotels in the sample professed to at least some internal movement of staff, and yet only one hotel actually quoted any formal, set restrictions whereby jobs or occupations were closed to the external market. That establishment, Hotel F, stated:

"... for supervisory staff we don't recruit; it comes through internal promotion."

These rules, however, do not appear to be written in any form, but based on actual practice over time.

On the other hand, two further hotels, B and D, although stating no restrictions, did seem to have certain ports of entry closed to the external market. This would seem apparent when specific jobs have, in the past, always been filled internally. For example, with Hotel B:

"Every head of department, except for the head receptionist, has been promoted from a junior position in the hotel. The head receptionist has been promoted in this hotel from a lesser position, and from a junior position in another hotel in the group."

This suggests that in practice there are restrictions on entry, even though in theory there are none. However the durability of such 'rules' when not actually written down can be brought into question. Presumably
these rules are instigated by one person in the recruitment role, and so they will remain in existence as long as that person is in the job. There is clearly, therefore, a difference between formally written rules, and more informal rules which stand because they are used in practice.

Generally, in the hotels interviewed it would seem that stipulating certain jobs to be filled through the internal development of workers is an area not actually considered in the manpower plans. The extent of entry from the external market appears to be decided each time a vacancy arises. Furthermore, these ad hoc decisions do not appear to be influenced by even unstated informal rules.

Looking further at recruitment in these hotels highlights several further points in relation to the ports of entry. Firstly, the hotels give an overall impression of rather flexible recruitment processes. They use a variety of media ranging from employment agencies and press adverts to word-of-mouth and chance 'walk-ins'. In addition, most of the hotels offered no rules or reasons for the choice of recruitment media. However, the overall discrimination does, in fact, appear to be governed by skill level. Unskilled and semi-skilled vacancies seem, generally, to be advertised locally in the local paper and job centres; whilst more senior staff are advertised through national media.

A quote by Hotel 0, with one of the most organised approaches to recruitment, seems to illustrate this sort of skill discrimination quite well:

"Depends on the nature of the vacancy; it depends on the level of the vacancy; and on the nature of the circumstances which surround that vacancy. For operative staff like
chambermaids and cleaners, stewards, we would advertise in the local press, in job centres, in shop windows, job centres around the country, through friends. ... With supervisors we would consider using an agency if that person was excellent. But they would have to be considerably better than any of the other people we got to look at because of the sheer cost of agencies."

Similarly, there were no rules or practices mentioned which would govern the choice of advertising media in the hotels. The actual process of attracting recruits would therefore seem to be developed largely through experience and 'trial and error', and possibly to a certain extent by external economic forces such as employment levels and the supply of labour. The external economic influence, however, is impossible to assess definitively with the information available.

Only five of the hotels (A, B, F, G and 0) seem to operate set or semi-set recruitment practices for attracting staff applications, as suggested here by Hotel G:

"We obviously use the job centres, and there is the Hotel and Catering centre just around the corner. We use the national press for adverts, the Evening Standards. We use magazines - the Caterer, the Lady, Girl, and specialist ones for particular areas, e.g. sales and marketing. We use the Police Review for security. Then to a lesser extent we use recruitment agencies. We will choose very carefully which agencies we use."

Overall, however, the picture of recruitment in these hotels suggests a rather undefined and haphazard approach, which further fits with the general lack of criteria governing entry to the internal labour market. The area of recruitment from the external market appears to lack
specification.

The second, and probably more important point arises from a problem that was almost universally expressed by the hotels interviewed - that of obtaining suitably qualified or experienced staff. All but four of the hotels stressed this as the biggest problem they encountered with staff recruitment. Hotel C for instance explains their recruitment problem as:

"The standard really. The quality is generally so poor.... Its a problem just finding anyone with any experience, or who have good references."

However, despite this problem being clearly recognised and stressed, there is no indication of the hotels closing or limiting certain ports of entry where staff are difficult to get, and instead placing greater momentum on internal training and promotion. This apparently logical solution, which would also serve to stabilise the workforce, does not seem to be given any consideration or trial within the hotels. This further emphasises the lack of recruitment 'rules', and the apparent openness of the internal labour market structure.
4.2.2.2 HIRING STANDARDS

A second major factor governing the degree of openness of an internal labour market is the hiring standards. These govern the selection criteria for entry to the internal market, and are set by management to define the different levels of workers in the external market. Hiring criteria are then checked and operated by means of screening and recruitment practices.

Of the hotels studied, only six claimed to use written selection criteria to assist their recruitment process. Hotel A, for example, uses 'personnel specifications' which are defined "in terms of age, qualifications, whether we are looking for experience, and so on." Their system seemed the most comprehensive, based on a 7-point plan, but the personnel manager admitted the system, like that of job descriptions, does at times lapse. Other hotels (E, K, G, L and O) use similar written specifications or 'requisitions' for recruitment; and again there were flaws in the system. Hotel E, for instance, said that although they do operate a system with written criteria for job selection, it doesn't operate for all positions, and is to all intents and purposes merely a guideline.

The remaining nine hotels had no written selection criteria at all, suggesting a much more open access between the internal and external labour markets. One personnel manager, (Hotel F) suggested that standards for selection were not really warranted as they "aren't wonderfully in a buyers' market"; and hence they are in a situation where they have to take what staff they can get. Yet another establishment, Hotel M, believed the jobs they offered did not require staff with any particular qualities.
In general, though, the opinion expressed was that management would know which staff were suitable without having any written criteria. This would seem to be an example of unstated, informal rules, and is illustrated in the following quote by Hotel I:

"We don't really have it written down what we are looking for, we just know the sort of person we want. Because we're not that big we have, at the most 120 staff on our books, we know everybody and what sort of people they are, and what sort of people will fit in. It's more on a personal level - personality. If there were two people coming for the job and one had worked in a really high class hotel and good experience, but had a terrible personality - couldn't speak to the guests and another person from a lower class hotel and not so good at his job but was good with the guests then he would get it.

It's really because lots of our guests are repeat guests and they do like to have people who will talk to them and make them feel at home. We do have red stars and that's the difference between having black and red, the quality of the staff - whether they are cold and stand-offish, or whether they take care of the guests and treat them as if they are coming into your own home. That's what we try to do here. We try to keep the element of it being a hotel in the old-fashioned way not the modern way of trying to get them to their rooms, to spend their money, etc. We have to think like that, but the guests here come first. When you see someone you can tell if they are going to fit in."

This actually reveals very clearly the existence of hiring standards. They are just not written down.
Screening of potential workers is another important process within an internal labour market to help enforce the standards set for entry. If management do decide to recruit externally, then screening costs will clearly be greater than when dealing with the known quantity of incumbent workers. However in certain cases it would be necessary to balance the reduced costs of screening and recruitment gained in this way, against the possibly lower qualifications of incumbent workers and the costs of necessary training staff. In practice, however, the majority of vacancies in all the hotels were filled by external applicants.

The process of recruitment and screening was found to vary to some extent from one hotel to another. In general, though, the practice was for heads of department to select the staff under them, with authorisation needed in some cases from the general manager. The rules about such authorisation seemed to be rather discretionary as illustrated in this quote from Hotel M:

"(The manager) has just issued a new rule that the general manager should see everybody who is employed, but he still believes it's not really necessary. He cannot see everybody anyway, and heads of department should be responsible enough to choose their own staff. So at the moment we are leaving it as it was, unless it's something like receptionists and the more qualified staff."

In hotels with distinct personnel departments, Hotels A, I, K, G, J and F, the personnel manager initially places the adverts and does the screening of applicants, leaving the final choice up to the heads of department.

Hotel A:

"Well, personnel see everybody. It's a policy that everybody should be screened by personnel, though there are the odd exceptions if it's at a low level and we are particularly tied
up. If they're OK then they're passed on to the manager of that
department or his assistant. So managers are responsible for
seeing their own staff. Obviously it's up to them to have the
ultimate say in who they take, who they think will fit in best.
That is for unskilled, semi-skilled and supervisory levels."

In over half of the hotels hiring procedures varied from one occupation
or skill level to another. Policies were most slack and 'ad hoc' for
operative level workers. Hotel J shows their attitude to some low level
recruitment of all personnel above supervisory.

"If however, it's something as straightforward as a room maid -
well because we have so many room maids coming and going - I tend
to leave the housekeeper to it completely."

On the other hand, all the hotels stipulated some level of general
manager involvement in the recruitment of personnel above supervisory
level. One of the most well defined screening and selection processes
was explained by Hotel F, though, as the personnel manager points out,
even their system has its faults:

"I am the employer in the building, and I have the final say, yea
or nay on anybody. Obviously according to politics anyone that
the general manager says you will take on, I will take on... The
interviews are structured. The first interview takes place at the
initial point of contact and we will try to find out what exper-
ience they have and so on even if it is on the telephone. We can
do a coarse screening there. Then the interview takes three
stages. The first takes place downstairs, and Personnel will
look at personality, suitability for the position, and the basics -
where they live, etc. Then we send them to the department head.
I will never hire anybody without consulting the heads of department
unless I was desperate. The department head will bring them back down to us for the third stage when we say are there anymore questions they would like to ask. If we are going to hire them we tell them about bank account, when to report, etc. If we are not then we tell them so and why they were not chosen. The department heads 99% of the time say yes, which is a little bit management by crisis. I try to tell them not to just take anyone, but to wait if necessary till they are sure they have got just the person they want, and if necessary rewarding good staff already employed with overtime till the right ones turn up. However they are not very good at that and that's probably my fault for not training them right."

Another screening device not previously mentioned involves the taking up of references. In this area the rules seem fairly set, but not written down. Only a couple of the hotels interviewed do not take up references on each occasion. The general practice, expressed by twelve of the hotels, is to collect verbal references before choosing a new recruit, and then to send a form or letter requesting a written reference after the final interview and selection.

One establishment, Hotel H, however generally waits until new recruits actually start work before taking up references, because:

"We get problems in that there are lots of people we give jobs to who just don't turn up - so it would be a waste of time following references sooner."

On other occasions it seems unavoidable that references are not checked until the recruit starts work. Hotel M and Hotel K, quote cases where the time span between recruitment and the commencement of employment is too short to get references checked; but point out that appointments are subject to reference checks in any case.
The two hotels which don't have a set practice of checking references for all staff, Hotels B and N, use an arbitrary process determined by the grade of worker in question. At higher levels references are taken up on a regular basis; but with lower grade staff they may not bother with any references at all.

Overall, the practice of taking up references does clearly seem to be an area where 'rules' are unstated and informal. However, as a screening technique, references do not seem to form one of the most stringently followed practices.
4.2.2.3 SKILL SPECIFICITY

As mentioned earlier, job specificity and internal training are key factors in an internal labour market. Specific skills in this context, are those which are related to a particular organisation or establishment and as such will tend to limit workers' opportunities for employment elsewhere.

Clearly, the level of job specificity is indicated by the actual content of the job in terms of the tasks and skills. As such the hotel interviews conducted are not able to provide direct evidence of the specificity of jobs within each establishment as related to other establishments in the industry. Because of this, it becomes necessary to look at any indirect evidence the interviews may offer.

One area that may possibly be considered in this context is the discriminative nature of recruitment procedures. Greater skill specificity not only demands more individually-aimed recruitment campaigns because of the limited access to such workers, but there will also clearly be greater costs involved if the recruitment tactics are to be of a "one-off" nature. It has been suggested (DOERINGER and PIORE, 1971) that management will be prepared to accept these increased costs, because skill specificity helps to develop a stronger internal labour market, which is in turn associated with lower labour turnover.

Examining the interviews shows that the hotel sample almost invariably use standard, broad-based techniques aimed at attracting the more commonly found skills. For example all the hotels rely heavily on placing advertisements in newspapers, magazines, job centres and staff notice boards. The costs to employers of such techniques are low because of the fairly
simple nature of the processes, and because cost reductions can be realised through economies of scale and standardisation.

Only two hotels showed the inclination to make any noticeable investment in recruitment. However, this applied only to managerial employees where skill levels are higher and the investment can be justified as more worthwhile. Hotel A uses a specialist hotel and catering management agency; and Hotel 0, being rather more creative and adventurous, use 'head-hunting' techniques. The personnel manager for Hotel 0 expands:

"There has been a recent upsurge in head-hunting recently which has opened up new possibilities. One thing we do is to talk to clients, get to know what they like, building up clients, even ringing up to get the name of a person in a particular job in a hotel. We then do our own inventory for it, and maybe ring up management and staff at competing hotels to get the name of the person in the equivalent job, find out what he is like and maybe make a direct approach ourselves. It takes more time but is far more cost effective. So the personnel function with management is very much a sales job to sell the hotel - very much more of an active role. Head hunters are also discreet if you don't want someone to know you are looking for a replacement for them."

One point to note here, is that this technique of 'head-hunting' relies on the assumption that a workers performance in one establishment is indicative of his performance in another. This is contrary to the theory of internal labour markets as put forward by DOERINGER and PIORE (1971). They suggest that because enterprise-specificity of jobs is developed by the structure of the internal labour market, performance from other firms is no longer a reliable indicator. In the case of these hotels however, it would seem that extra expenditure on more discriminate techniques for
recruitment is due to the increased skill of workers, and not to increased skill specificity.

The secondary, indirect evidence on skill specificity in hotels is clearly limited and rather open. However it would seem that management in hotels do not even aim their recruitment practices to attract workers with specific skills, and the time and money invested in recruitment would appear to be minimal. Similarly, the high levels of staff turnover found in hotels, would alone seem to suggest that workers can easily transfer their proficiencies to another establishment and that such skills are not therefore specific.
"On-Job" training is an informal method of instruction taking place mainly through demonstration. It is derived solely from the content of the work itself, and is confined to those skills which are required for the job. In addition it is taught with a minimum of disruption to the work processes.

As such it is associated with a strong internal labour market, where the skills are fairly specific to each job and where the number of trainees for each skill are few.

What was in fact found through the hotel interviews was a heavy reliance on on-job training, with most hotels also running some off-job training courses. At one end of the scale are the attitudes of hotels I and N where the entire training process revolves around placing new employees to work alongside encumbent workers. Hotel I explains this approach to training:

"If it's a chambermaid they are often put with someone for the first few days just to get them into the way we do it as everyone has different standards. In that respect the chef keeps an eye on his - he'll always be sure that whoever he takes on swoops round and knows what they're doing. He takes a lot of time to train his staff. And same with the restaurant too."

These hotels have only a couple of qualified trainers and keep no records of any training carried out. The attitude seems to be quite clearly that the necessary learning process will occur automatically within the work situation.
The remaining hotels imply a rather more structured procedure for training new staff, and all keep training records of some form. However, the fundamental process is still to allocate a new worker to an experienced worker for a certain 'training' period and then to gradually increase the work loads up to the standard. This was found particularly applicable to chambermaids. Still, however, the process lacked real definition.

Hotel J illustrates:

"The level of initial responsibility will vary. If a chambermaid has had no experience then she works with another chambermaid for two or three days under the supervision of an assistant housekeeper.

Then she is gradually given more and more rooms each day until she gets up to the full team.

A receptionist may take a month or six weeks to learn the cashiering. They may have done cashiering before, but it's new machines, new forms to fill out, and so on. It's usually learnt by working with someone else. And that person has got their 'Training Skills' qualification recognised by the HCITB."

This quote emphasises a further point - that the initial training process will vary to some extent from department to department. Five of the hotels (L,B,H,J and O) stated that different departments or jobs will have their own ways of training newcomers. Hotel O, for example, illustrates this well:

"It really depends on the department, for example in reception we have a full training programme that is more like a front office training plan, where they start off with two days on the switchboard, then three days in reservations, then a week up in housekeeping. It really depends on the time available, but after going all round they come back and start in reception. We feel
its necessary for the receptionists to know about all that. In
the bars however, the bars manager would start training them
from the word go. ... What he tends to do is rather than employ
a fully trained barman, he tends to recruit someone who is 'just
a boy' and then train them up as a bar waiter. They usually stay
with him for three or four years, and they are usually nothing
short of excellent by the time he's finished. That tends to be a
one off situation, though. It will depend very much on the
structure of the department, and on how much has to be taught.
For example teaching cocktails is a whole different ball game to
teaching reception and cashiering, because there is so much more
to reception and cashiering. Commis in the restaurant are basically
just the chef du rang's legs, and they get a very basic induction.
There isn't the incentive for them to progress to greater things
like there is in the bar, because there aren't the leavers there
like there are in other areas. So it tends to stay very much an
unskilled job. So when people have learnt the commising, they go
somewhere else to be a chef du rang."

Taking this one step further is Hotel B. They suggest that the extent
of training will vary, not according to job or department, but dependent
on the skill and estimated potential of the workers. The General Manager
points this out:

"It is recognised that there is a need to provide good training,
but against that there is the problem of people who leave, and
to a lesser extent, people who aren't interested in being improved."

In this hotel the Heads of department are responsible for training within
the hotel, but again the manager believes that:

"the lower people probably get left out altogether, unless they
show an unusual interest."
Similarly, this approach is found rather more clearly in connection with off-job training. This may take place through courses run either within the hotel firm or by external bodies. Most of the hotels interviewed claimed to run some 'off-job' courses themselves, but this was found merely to cover the statutory hygiene, health, safety and fire training. Beyond these legal requirements, off-job training was rather spasmodic, and in most cases was limited to staff of supervisory level and above. One hotel proved to be an exception. Hotel F, claiming to be a 'training hotel' did follow a more comprehensive training plan for all staff:

"...there are certain things which we have to do by law - first aid, fire training, health and safety. We have to do skills training for the HCITB. We do a lot of in-house training - trainer skills I run by me to (company) specifications. For senior management they would either go to the European training centre in Basel or the career development institute ... So all staff get some form of off-the-job training."

What does seem to emerge overall from these quotes, is that there is a rather flexible approach generally towards training, and in particular towards on-job training. Even the more systemised procedures are little more than a planned collection of informal methods. The training given in the hotels here is largely unplanned, 'ad-hoc', and minimal. There is little apparent consideration given to the existence or development of discrete skills in the interests of promotion and internal mobility.

I would like to suggest that the reliance on on-job training occurs rather by default than in response to market conditions. In many cases the process of on-job training may appear to be 'costless', because it derives directly from the nature of the work and occurs jointly with
the work. The actual financial outlay is negligible, and the informality of the training makes it difficult to identify the exact nature and elements involved. Combining this with the apparently natural 'osmotic' learning process, makes on-job training an automatic procedure in cases where no specific approach is made for training staff.

Therefore it would seem apparent that although the hotels in the sample do rely almost exclusively on on-job training, it cannot be seen as an indication of a strong and stable internal labour market structure. Analysis from the interviews concerning training does, in fact, convey the opposite picture and suggest a rather weak structural feature. On-job training in hotels would appear to be merely initial and introductory training, rather than training for individual development.
4.2.2.5 PROMOTION AND TRANSFER

A further indicator of the strength of an internal labour market is the existence of co-ordinated promotion and internal mobility for workers. As previously mentioned, the formation of an internal labour market relies heavily on the progression of employees up through the establishment, tied in closely with hiring restrictions and staff training.

Analysis of the hotel interviews does highlight an interesting picture of practices and policies relating to promotion and internal mobility. Thirteen of the hotels in the sample stated a clear preference to promote from within the hotel when a vacancy arose. Hotel G, for example, is quoted as saying:

"As much as possible we try to promote from within. We do it so people can see that if they start at one level they stand a chance of progressing... With good staff we like to develop them as much as we possibly can."

Several personnel managers stressed the advantage of knowing the incumbent staff as against outside candidates for a job vacancy. Hotel 0, for example:

"If they have got the capability and can do the job, it doesn't make much sense to me that we should go out and advertise and spend money when we have got talent we can promote within the hotel. That gives them more motivation, and if they're more motivated then that's going to come on to the clients. Everybody likes to feel they are being developed more."

A final point was stressed by Hotel A, that by promoting from within, they are "always looking to recruit from a lower level, which is easier.
to do).

Of the hotels who did not stress internal promotion as a priority policy, two hotels said they were, however, quite happy for it to occur in their hotels; and the last hotel (K), forming part of a large hotel chain, expressed a preference to promote staff to other hotels in the group.

Taking this overall picture from the hotels interviewed would suggest a high level of internal promotions generally. However, there does in fact appear to be a marked discrepancy between what has been said and the actual proportion of promotions in each hotel. For example Hotel H says that they "always prefer to promote" when there is a job vacancy, yet over the year 1984/5 they actually promoted only 3 staff, despite a total of 51 job vacancies. Similarly Hotel O promoted five staff yet had 172 vacancies, but again said that they would look internally first. This same pattern was found for all but two of the hotels in the sample.

The two exceptions, Hotel B and Hotel F both filled well over 25% of all their job vacancies through internal promotions. Hotel B said that "the object is to employ people to join one end and out of the other". Overall, though the level of internal promotions was found to be particularly low despite the apparent "policies" of the hotels.

One point arises from the interviews which may throw light on the conflict between promotional intentions and the actual proportions of staff being promoted. Several of the interviewees suggested that in certain situations they felt it was not feasible to promote. For example, Hotels K, O and A all expressed a reluctance to promote chambermaids within the housekeeping department, because of the nature of that department. Hotel O explains:

"...we would not consider promoting someone from a chambermaid
into a housekeeper..... because the culture of the chambermaid work force is that they won't accept someone that they have been laughing and joking with suddenly telling them what to do. We have tried to get around it by making one woman from a chambermaid to a cleaning supervisor. Then when she establishes her authority in that area and a housekeeper leaves, we can probably move her over then."

However the real reason behind the problems associated with promoting chambermaids would seem to be more to do with the job structures within the whole department. The promotional step from chambermaid to housekeeper is very large, and the skills of a housekeeper do not necessarily stem from those learnt by a room-maid. The content of both jobs are not closely related, and so are not conducive to promotion. In such a case, the "policy" of internal recruitment will count for very little.

In addition, there are departments where the promotional activity of an hotel would seem to be concentrated. Clearly the majority of internal movement in the hotels questioned took place in the kitchen; but a fair amount was also found with the front office staff and hall porters. The reason again would seem to be based on the relatedness of jobs within the department. Chefs in particular seem to show a steady progression through the department. Each chef is graded from an apprentice upwards and the skills are accumulated with the career progression. Similarly their advancement seems to be governed by family set criteria. For example, Hotel I quotes the case of an apprentice chef who is promoted to a commis on completion of his 'City and Guilds' qualification; and Hotel A uses a set scale of chefs where "they come in at a grade three, and progress through grade two, to grade one".

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As mentioned earlier there is considerable importance attached to the existence of set criteria for promotion in a stable internal labour market. DOERINGER and PIORE (1971) suggest that most enterprises rely on either ability or seniority or some combination of both, as the criteria for internal mobility. This was found to be so for the hotels interviewed.

Six of the hotels (Hotels C, O, N, L, H and J) said that seniority was, in fact, definitely not a criteria for promotion; while the remainder do consider seniority, along with other factors, to varying degrees. For example, Hotel B says:

"I suppose a form of seniority takes a part. For example it would be difficult to take the youngest or newest girl in reception and make her the head receptionist, but it doesn't follow that she wouldn't be the right person for the job."

Similarly, it was also pointed out that if seniority is not considered at all, the people being skipped over will be demotivated. However, Hotel I in fact quotes an example of a case where a person was 'skipped' because of seniority, and could therefore suffer similar demotivational problems:

"...we've had a lot of shuffling around in reception. The head receptionist left at the beginning of the year and the deputy, because she had been here for 5 years, she automatically went to become head. And then the person who was under her had been here for two years but she was only 20, so she wasn't really old enough to take the position of deputy. Though she knew the work very well because of her length of service. So we felt we had to advertise externally because there was such an age gap between the Head and the next one down."

Those hotels that mentioned ability as the criteria for promotion based
the assessment of this on several factors, such as performance and past record, supervisory skills, and technical knowledge. What does seem clear, however, is that in no situations are the criteria specific or qualified. Furthermore, the judgement of staff for promotion seems to be rather arbitrary, and often based on reasoning such as that given by Hotel K:

"It's usually someone who has shown a little bit more at the operative level."

Similarly Hotel O comments on their grounds for refusing promotion to a deputy head of department in the hotel:

"That person has been here for 6 or 7 years, has got vast amounts of experience on his side, is very smart and presentable, and would be a good candidate. But we regretted him, mainly because we felt that he would not be able to make things happen. It was just our own gut feeling based on how we have seen him perform before. It's difficult to put into words how we've measured that. We may also prove to be wrong!"

This rather discretionary approach is further emphasised by a rather widespread lack of appraisal systems for staff in the hotels. Only three hotels interviewed (B,F,L) offered an appraisal system for all staff, but this was related purely to wage reviews rather than geared towards promotional potential. A further seven hotels operated a form of appraisal for management and heads of department only, on an annual basis.

Generally, though, the attitude towards staff appraisals was that they were not necessary as management can keep a personal check on staff and will know where the problems and opportunities lie. As Hotel D says when being questioned about appraisals:

"We just keep a check on staff, as we are not too big for that."
Without the existence of an appropriate and effective appraisal scheme, the system of assessing staff for promotion on the grounds of merit will remain rather 'ad hoc' and arbitrary. The lack of fixed criteria found here for appraisal and promotion does seem strongly representative of a weak internal labour market.

Changing occupations or departments is yet another facet of internal mobility. Fairly free and unstructured movement horizontally could suggest the random, 'ad hoc-ness' of a weak internal labour market structure. The hotels in the sample generally expressed no objection to staff moving from one job or department to another, and most professed to it occurring in their own hotels. The personnel manager of Hotel E suggested:

"It's an area where we need to look more closely, to perhaps stop people leaving for a different job elsewhere when perhaps we should try to keep them here. It's an area we have recognised this year as a result of doing some very simple analysis of why people go."

Only two units, Hotels K and M said that they had a lot of internal occupational changes, though this again was not supported by the data collected. Hotel M, in fact had no internal transfers during the twelve months studied. Hotel L on the other hand showed quite a few internal changes and had just started a system called 'Rotational training', as a method of training interested and proven staff in preparation for opportunities to move internally if a vacancy arises.

Generally, however, the consensus was that if a member of staff wished to transfer then management would consider it and proceed if it was thought that they were capable of managing the new work. Again,
however, the criteria for internal movement are not specific and are based on rather subjective qualities. The following two quotes illustrate this point quite clearly:

"...They've got to have spent a sufficient time in each department and not to just say, "Well, I'm fed up with this department; so I want a change.""

and:

"...It would be received very enthusiastically by me, provided, of course that the hotel was going to benefit by it in some way. We don't move people from one department to another if they aren't good workers in their own department. Unless of course there is someone who strikes you as a born receptionist and she's stuck in housekeeping."

Finally we can compare the practices and policies relating to promotion and internal movement, with actual mobility figures. The chart below (Figure 4.2.1) shows the number of leavers, along with the rates of promotion and internal transfers in each hotel over the time span of one year. This compares the movements away from each hotel, with the extent of movement within, and shows a somewhat stark contrast, particularly in relation to the number of internal movements. The situation with promotions looks slightly healthier. However, the higher rates of promotion are found in the hotels with the highest rates of leavers, suggesting that promotion is more through necessity than design. Only Hotel B shows a significant proportion of its vacancies being filled by the internal transfer or promotion of staff. Overall the internal movement accounts for 20% of all movements, which means that at least 80% of all vacancies are filled from the external labour market. This seems to confirm our original theory that for hotels, the external labour market is strong, whilst within hotels the labour markets appear
to be weak.

FIGURE 4.2.1 Mobility figures for the hotels.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>No. of leavers</th>
<th>Internal Movements</th>
<th>Internal Promotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>237</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>B</td>
<td>27</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>C</td>
<td>83</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>D</td>
<td>71</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>E</td>
<td>167</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>F</td>
<td>285</td>
<td>25</td>
<td>78</td>
</tr>
<tr>
<td>G</td>
<td>387</td>
<td>11</td>
<td>35</td>
</tr>
<tr>
<td>H</td>
<td>51</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>I</td>
<td>87</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>J</td>
<td>26</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>K</td>
<td>104</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>L</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>M</td>
<td>72</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>N</td>
<td>10</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>O</td>
<td>174</td>
<td>0</td>
<td>7</td>
</tr>
</tbody>
</table>
4.2.2.6 WORKPLACE CUSTOMS

Custom has been described by DOERINGER and PIORE (1971) as "an unwritten set of rules based largely upon past practice or precedent." It is a major factor in an understanding of an internal labour market as it both develops from employment stability and works to increase such stability. When employment is stable, workers who are regularly in contact develop smaller work groups or 'communities' and generate a range of unwritten rules governing each one's actions. These rules develop over time because of being practised repeatedly. However, because of this and the essentially unwritten nature of customary law, they are prone to be superseded if a new practice is repeated more.

What can be seen from customary practices is that, although custom tends to evolve around existing work structures, it is not responsive to economic change. Custom inhibits change and will, to a large extent, reflect employee interests and the balance of negotiating power at the time of inception.

The existence of custom within an internal labour market structure will be indicated by personnel practices and policies which are individual and unique to an establishment or to particular work groups. A firm will exhibit special ways of doing, or not doing things.

As far as the actual work process is concerned customary practices are most likely to develop if jobs are not easily definable or output is not open to exact measurement. When judgement and discretion over work tasks by employees are an integral part of a job, standards are likely to become based on custom and practice and stabilised with time.
In hotels the output is clearly not easily measured for most jobs, and the tasks are subject to great variation due to the unpredictable and varying nature of the hotel's trade. The extent of productivity measures and the use of job descriptions in the hotels interviewed would indicate the degree to which work processes are susceptible to distortion.

Five of the hotels in the sample have no productivity measures at all (Hotels C, D, H, I and N). An example of the attitude taken by these hotels is shown by this quote by Hotel H in reply to a question about their productivity measures:

"we are a small hotel so have daily contact with the staff. We can notice if someone's not pulling their weight."

Most of the hotels who claimed to use measures to determine the output of the staff, however, still had a rather inadequate system: Ten of the hotels had a set number of rooms for a chambermaid to clean each day which was generally written in the job description; and a couple of hotels stipulated the number of guests to be served by each banqueting waiter/ess. Beyond this, productivity measures are effectively non-existent in those hotels. Only two establishments, Hotels A and B, seem to operate a more thorough and usable system. Hotel A hired the services of a specialist company to study the workings of their staff and set manning levels. Hotel B, on the other hand, assesses their staff productivity and performance themselves once or twice a year to give manning levels throughout the hotel.

"Manning levels are quite clear, laid down, and disputed. If one takes housekeeping for instance, it is stipulated that there are always two supervisors on duty at any one time. Room maids are required to service 12 bedrooms, and they work between 9am and 2.30pm. We believe that a room maid is capable of servicing 3 bedrooms per hour on average, which is two departures per hour
or as many as 5 stays per hour. Room maids on the other hand, consistently tell us that 10 is the maximum that can be done, and how impossible it is to do 12. Yet they always manage to be hiding 45 minutes before the end of the day which is the answer to the two room problem.

Wash up is another area where we have some idea of what staff should work. We say there should be one person in the wash up for 50 people, but the level never drops below two, so its only when there are in excess of 100 people dining that we go on to employ extra staff.

Banqueting is one waiter to 12 guests... thats quite simple. Also to every 7 waitresses there should be one supervisor. The restaurant is more difficult, because to arrive at a manning level we have to rely more on the behaviour of the customer - the rate at which they arrive in the restaurant, what they order, and so on. We think that a waiter should be able to cater for 15 people, but they may be able to look after as many as 25 if the circumstances are ideal. Only if dining levels are very low do we include the restaurant manager in the figures because they would be doing nothing else."

The policies connected with job descriptions do similarly show great variation. Only five of the hotels (D,E,H,K and L) state that job descriptions are issued to all staff at the point of engagement or induction. The remainder fall into two categories. Firstly those that have job descriptions which are not given out to staff, but are made available and read at the interview or induction stage. These are often 'blanket' descriptions as Hotel I points out:

"... they're not all different. Commis for example are all basically the same - just one job description for all commis."
As such they still allow considerable leeway for job distortion to occur through customary practices. The final group of hotels all claim to be in the process of re-assessing their job descriptions and intend that one should be issued to all staff. These hotels (B,C,G,J and M) all suggest that the up-dating of job descriptions is long overdue. This would lead us to believe that current and specific job descriptions are not generally a high priority with most hotels, and that the exact content of jobs is often not known.

One area where customary law often prevails in a strong internal labour market is with overtime payments. However the relationship between the level of overtime and customary law is neither straightforward or clear.

The hotels in the sample show that overtime varies enormously, from one or two percent of the payroll, to over 30%. Generally the sample can be divided into two groups: those with few overtime payments, accounting for less than 5% of their total payroll; and those which pay about 10% and more of their payroll as overtime. Those in the latter group include Hotels A,C,D,I,J,K O and M. In some cases it would appear that high overtime levels would develop in the stable environment of an internal labour market, where customary law allows incumbent workers to cover staff shortages through working overtime. This stable group will furthermore tend to reject new recruits in order to protect their enhanced earnings.

This situation where overtime is used to cover staff shortages does seem to occur frequently among the hotel sample. Six of the hotels in fact quote it as their reason for overtime being allowed. Hotel 0, sums it up, saying:

"In departments where we have problems we have a lot of staff doing overtime."
of custom, but in opposition to overtime. Casual staff may be used as an alternative to overtime payments in some cases. However, having interviewed the hotel sample, it would appear that there are two distinct categories of casuals. Firstly, there are those which come from a regular pool and reflect the variable nature of the hotel business. This is particularly so in a department such as banqueting. The second category of casual worker operates on a basis similar to overtime payments, where they are called in to cover staff shortages through sickness, holidays or just poor man-management.

When questioned about the use of casual staff, only one establishment, Hotel I, showed any indication of customary law being involved. In situations where casual staff may be required for extra manpower, they give preference to full-time encumbent workers. Restaurant staff, porters and so on will double up on their own jobs to work in banqueting.

Other areas where cliques may develop customary practices include staff rotas, payment systems, work bonuses and incentives, holidays and troncs or tipping. When the hotels were questioned about these areas, staff rotas and holidays showed no individual practices: work rostas were always organised by heads of department, with checks in some cases by managers, and holidays adhered to regulations set down by the Wages Councils, although ten of the sample allowed extra days holiday with additional years of service. Payment systems also followed standard practices, though Hotel I was unique in offering a 'sub-system':

"We pay everybody by cheque on the first of the month, but on a Friday and a Monday (staff) can come to this office and we can give them cash up to the value of what they have earned up to that date. So they can come here and get a cash wage."
Grievances, similarly, followed a very standardised formal process, but were generally settled informally. The following quote, again from Hotel I, shows the most extreme example of 'informality', but does not seem to indicate the involvement of any customary law:

"Usually grievances aren't as strict as that. We don't have to have departmental representatives all the time; if someone does have a grievance they can go straight up to (Manager) and say "I'm not happy" and he'll sort it out for them."

Finally, in the area of customary influences within the internal labour market of hotels, we shall look at tipping and the tronc. Generally, it seemed to be one area where management and personnel preferred not to be involved and to know as little as possible about. Only two hotels (G and N) did not have a 'tronc' and all staff kept their own tips. The remaining establishments seem to do the same for all departments with the exception of the restaurants where troncs were standard practice. For the actual workings of the system, replies from the hotels varied. Four managers (Hotels B, C, J and K) did not know how the tips were divided. A further three hotels (D, H and L) stated that all earnings from the tronc were divided equally among the restaurant staff who had been working. Finally, the remaining hotels operated a points system to share the dividends, which was operated by the restaurant manager. For example Hotel M explains their system:

"In the restaurant it's then done on a points system. They all start on two points, the supervisors are on 5 points and the restaurant manager is on 4 points from each restaurant."

Clearly the evidence from the hotels concerning the existence and extent of custom is inconclusive. It is an area which is difficult to define and because of its almost natural process of development, it often goes
unnoticed even by those involved. What would seem apparent from the hotel interviews, is that the structure and nature of the work in the hotel industry is such as to be conducive to the development of customary practices. However; there would appear to be little, if any, evidence of progress in this area from the information gained through the interviews.
Consideration of pay differentials as an indicator of the character of an internal labour market refers to changes in the wages of staff in different occupations over time. The relationship between such changes and the internal labour market composition is reasonably clear: one would expect a strong internal labour market to contain rigid differentials fixed over time. This results for two reasons. The strength of the internal structure and the rules governing it will firstly exclude the influence of competitive market forces on wages; and if staff are to value stability of employment, they require fixed promotion channels and fixed pay differentials as incentives.

With a weak internal labour market, on the other hand, one would expect pay differentials to vary over time, being influenced by external economic conditions. Pay differentials would be subject to immediate variations in the supply and demand for labour and skills. Furthermore, an absence of some unifying control over wage decisions internally within an establishment may lead to wage inequities. This in turn would tend to impair workforce morale and productivity and further destroy any internal market structure.

However an analysis of wage differentials as an indicator of internal labour market structure is not necessarily that simple, and other complications arise. The problem is essentially one of interpretation. Even if the measurement of wage differentials shows wild fluctuations, it may not indicate a weak internal labour market exposed to the variable pressures of the external market. Instead such a situation could result from deliberate decisions by management to alter hiring standards. Equally, in reverse, this same reasoning could apply when the differentials remain
constant. It follows, therefore, that the measurement of wage differentials alone can be misleading unless interpreted with the knowledge of ports of entry and hiring standards for the same time period.

Given this stricture, the following is a short illustration extrapolated from a hotel wage survey (1) to show the volatility or stability of wage differentials over a four year period. Four occupations have been used, which were chosen because they are likely to be at the edge of the external labour market. As such they will form ports of entry and will probably reflect the extent to which the internal labour market structure shields such jobs from the external economic forces.

In the figures following, the wage of a room-maid each year equals an index of 100. The other three occupations, commis chef, waiter/ess, and kitchen porter, are shown in relation to this. The figures in brackets are the most important ones, showing the variability of the differential between the four occupations. (See Figure 4.2.2)
### Figure 4.2.2 Indexed Pay Differentials 1983-1986

<table>
<thead>
<tr>
<th>HOTEL 1</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100</td>
<td>(10) 110</td>
<td>(10) 110</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>(14) 114</td>
<td>(29) 129</td>
<td>(14) 114</td>
</tr>
<tr>
<td>Year 3</td>
<td>100</td>
<td>(19) 119</td>
<td>( 6) 106</td>
<td>( 3)  97</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>(17) 117</td>
<td>(23) 123</td>
<td>( 7) 107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOTEL 2</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100</td>
<td>(62) 162</td>
<td>(75) 175</td>
<td>(62) 162</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>( 6) 106</td>
<td>(13) 113</td>
<td>( 6) 106</td>
</tr>
<tr>
<td>Year 3</td>
<td>100</td>
<td>(40) 140</td>
<td>(98) 198</td>
<td>(110)  210</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>(17)  83</td>
<td>(33) 133</td>
<td>(15) 115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOTEL 3</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
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<td>(14)  86</td>
<td>(12)  88</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>( 8) 108</td>
<td>( 8) 108</td>
<td>( 8) 108</td>
</tr>
<tr>
<td>Year 3</td>
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<td>( 4) 104</td>
<td>(11) 111</td>
<td>( 5) 105</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>( 3) 103</td>
<td>(23) 123</td>
<td>(16) 116</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOTEL 4</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100</td>
<td>(18)  82</td>
<td>(32)  68</td>
<td>(21)  79</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>(18) 118</td>
<td>( 9)  91</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 3</td>
<td>100</td>
<td>(11) 111</td>
<td>( 8) 92</td>
<td>( 5) 105</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>( 9) 109</td>
<td>( 3)  97</td>
<td>( 6) 106</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOTEL 5</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100</td>
<td>( 5) 105</td>
<td>(54) 154</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>( 1) 101</td>
<td>(22) 122</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 3</td>
<td>100</td>
<td>(16) 116</td>
<td>(45) 145</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>( 9) 109</td>
<td>(31) 131</td>
<td>( - ) 100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HOTEL 6</th>
<th>Room maid</th>
<th>Commis chef</th>
<th>Waiter/ess</th>
<th>Kitchen porter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>100</td>
<td>( - ) 100</td>
<td>( - ) 100</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 2</td>
<td>100</td>
<td>( 9) 109</td>
<td>( - ) 100</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 3</td>
<td>100</td>
<td>-</td>
<td>( - ) 100</td>
<td>( - ) 100</td>
</tr>
<tr>
<td>Year 4</td>
<td>100</td>
<td>( 7) 107</td>
<td>( - ) 100</td>
<td>( - ) 100</td>
</tr>
</tbody>
</table>

(Extracted from Caterer and Hotelkeeper. Rates of Pay Survey 1983-1986)
This small sample illustrates the problem of interpretation. On the face of it, Hotels 1, 2, 3 and 4 appear to have volatile wage differentials and one might assume a weak internal labour market. However, to confirm this, hiring standards would have to have remained unchanged over the four year period. This we do not, though, have information to corroborate.

Hotel 6 shows a clearly different situation which could suggest a strong internal labour market shielding the wage differentials from the varying economic forces of the external market. On the other hand it could be just that the management of that hotel accepts a variable hiring standard for one set of wage rates.

Interestingly, Hotel 5 contains elements of both the previous situations, and simply illustrates the danger of assuming one type of market within an organisation.

Clearly, therefore, although the existence of pay differentials which remain fixed over time are a major structural feature of a strong internal labour market, they cannot be viewed as evidence in isolation of other factors. Wage structures and allocative structures if varied will effect changes in each other. Because of the limitations of the data and corroborative information collected from the hotel survey, we are therefore unable to form any firm theories from this section as to the relationship between pay differentials and the internal labour market in these hotels.
Perhaps the most obvious findings of the study are, firstly, that the mobility figures strongly suggest a heavy reliance upon the external labour market; and secondly, that the overall approach to manpower administration and management can best be described as 'ad hoc'.

In terms of openness to the external labour market, the study found that with only a few exceptions, all positions in all hotels were open to outside applicants. The exceptions tended to be either supervisors or jobs which, by tradition, are passed between employees within the hotel. At the same time, the methods used to recruit were highly flexible, depending entirely on the circumstances. This is not particularly surprising. More relevant to the notion of openness, however, is the restrictiveness of hiring criteria. The more rigid the hiring standards, the more likely the organisation is to fall back on internal resources. Here again, the study found little evidence of formally communicated hiring standards. Only six out of the fifteen hotels had any laid-down selection criteria. In the majority of cases, hiring standards were a matter of informal norms, existing but not written down. It was noticeable, however that formality increased significantly for supervisory positions upwards. The overall impression gained is that hotels are almost completely open to their external labour markets.

It has been argued elsewhere (3) that the hotel industry must by deduction, be undertaking a great deal of on-the-job training. In a sense, the study confirms this - on job training and induction training are clearly established activities in all but two of the hotels studied. Here again, though
the character of such training followed the pattern of flexibility, and was largely unplanned. Moreover, it was also minimal or competence training and appeared to have no elements of intended development. This is reflected in the findings on internal transfers and promotions. A strong internal labour market would be expected to allocate skills from within itself. This is clearly not the case in hotels, as the apparently low numbers of transfers and promotions indicate.

There is suggestion of a dilemma here, as all but two of the hotels stated a clear preference to promote from within. Yet the number of promotions and transfers is small. Our interpretation of this would be that the number is only small in relation to the overall rate of labour turnover. There are two possibilities here: in the first place, management may be fulfilling its intention to promote, but is overwhelmed by the velocity of turnover; or, secondly, that the desire to promote internally is not fulfilled because of the absence of formal incentives for employees to stay. It may be that the level of movement between jobs within the organisation is perfectly explainable by the job structures themselves, which may not be amenable to the easy transfer and upgrading of skills (4). If this is so, then it makes the expressed intentions of managers in this area look somewhat curious. On the other hand, this may reflect the maintenance of artificial 'skill' distinctions which, whilst militating against internal promotion, may serve other managerial control purposes.

In terms of the actual criteria used for promotion, the study found a pronounced favouring of merit, although only six of the hotels excluded seniority absolutely. However, the study also found that only in two hotels were the criteria for promotion actually enshrined in a written
policy. Furthermore, there is little evidence of formal performance measurement. Only three of the sample operated appraisal schemes and only five used rough measures of productivity. This is not to say that performance is not appraised, merely that the study suggested that such appraisal is done informally in an ongoing and arbitrary way.

In fact, each of the areas studied drew the same portrait; one of informal, flexible and arbitrary management practices. In figure 4.2.3 the overall level of formality has been summarised and developed as a simple formality 'index' based on the proportion of possible formal personnel practices actually in operation.
### Thirteen Measures of the Degree of Formality in Personnel Practices

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Set Recruitment Practices</th>
<th>Selection Criteria</th>
<th>Training</th>
<th>Promotion Criteria</th>
<th>Appraisal System</th>
<th>Product Measures</th>
<th>Job Description</th>
<th>Control of Casual Staff</th>
<th>Control of Overtime</th>
<th>Grievance Procedures Used</th>
<th>Formal Induction Training</th>
<th>Collect Info on LT</th>
<th>TOTAL</th>
<th>Proportion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<td>Yes</td>
<td>7</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>No</td>
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</tr>
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<td>No</td>
<td>No</td>
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<td>No</td>
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<td>No</td>
<td>No</td>
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<td>Yes</td>
<td>No</td>
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<td>Yes</td>
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<td>No</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Yes</td>
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<tr>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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<td>Yes</td>
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<td>76.9</td>
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<td>G</td>
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<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>8</td>
<td>61.5</td>
</tr>
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<td>No</td>
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<td>Yes</td>
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<td>No</td>
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<td>No</td>
<td>No</td>
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<td>No</td>
<td>No</td>
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<td>Yes</td>
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</tr>
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<td>J</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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<td>Yes</td>
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<td>No</td>
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<td>No</td>
<td>No</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>4</td>
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<tr>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>2</td>
<td>15.3</td>
</tr>
<tr>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>7</td>
<td>53.9</td>
</tr>
</tbody>
</table>
In none of the 14 hotels has there been a comprehensive bureaucratisation of the employment relationship. In particular, formal promotion criteria, appraisal systems, productivity measures, job descriptions, the control of casual staff and formal grievance procedures - the standard paraphernalia of a formalised and, by intention, long-term employer-employee relationship - are absent in the majority of hotel organisations. From these figures, one can conclude that the hotels on the sample did not generally adopt what Edwards describes as 'Bureaucratic Control' (5). (See section 1.3)

If indeed management's use of their options is an indicator of the character of an internal labour market, and if indeed we can assume that the level of labour turnover is also a rough indicator, then it would be reasonable to expect that these indicators might coincide. Here, however, they do not. The columns in Figure 4.2.4 are for rate of labour turnover, number of employees and degree of formality.

### Figure 4.2.4

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Labour Turnover %</th>
<th>No. of Employees</th>
<th>Degree of Formality %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A*</td>
<td>55.2</td>
<td>429</td>
<td>53.9</td>
</tr>
<tr>
<td>B</td>
<td>62.8</td>
<td>43</td>
<td>61.5</td>
</tr>
<tr>
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<td>93</td>
<td>15.3</td>
</tr>
<tr>
<td>D</td>
<td>55.0</td>
<td>129</td>
<td>53.9</td>
</tr>
<tr>
<td>E*</td>
<td>64.7</td>
<td>258</td>
<td>61.5</td>
</tr>
<tr>
<td>F*</td>
<td>92.5</td>
<td>308</td>
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<tr>
<td>G*</td>
<td>119.1</td>
<td>325</td>
<td>61.5</td>
</tr>
<tr>
<td>H*</td>
<td>70.8</td>
<td>72</td>
<td>38.4</td>
</tr>
<tr>
<td>I</td>
<td>69.6</td>
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</tr>
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<td>K*</td>
<td>51.5</td>
<td>202</td>
<td>61.5</td>
</tr>
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<td>M*</td>
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<td>N</td>
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<td>15.3</td>
</tr>
<tr>
<td>O*</td>
<td>67.2</td>
<td>259</td>
<td>53.9</td>
</tr>
</tbody>
</table>

(Hotel L not included)

* Chain hotel
No significant correlations were found between any of these variables. All that can be said is that the degree of formality is likely to be greater in a chain hotel. One can argue, however, that in absolute terms the degree of formality found here is so minimal, and therefore that the internal labour markets are so weak that differences in labour turnover between hotels cannot be explained by differences in formal management practices.

In the area of pay differentials, not too much can be read into this small investigation, particularly as the four occupations studied are at a level where one would expect them to be exposed to the external labour market. However, it does show random changes in the relative value of jobs, with differentials changing up and down. The picture here is again one of an absence of formalised internal rules, or at least an absence of effective ones. Only one of the hotels seems to have stability (see Figure 4.2.1). Given this type of constant change in those occupations, it is difficult to envisage more stable layers above.


4.3 STAGE II - THE DATA FORMS

4.3.1 INTRODUCTION

It should be remembered at this point, that in section 3.1.1, one of the objectives set out was "to investigate further any conspicuous characteristics which emerge from the study of labour turnover, in so far as they can be represented by the overall data collected". This part of the project seeks to fulfil this objective by testing a series of hypotheses covering a variety of different aspects of the labour turnover phenomenon, which derive from earlier parts of this study, or from ideas thrown up by previous research.

The results of this section are obtained from data collected from the staff records of the hotels participating in Stage II (see Section 3.3.3 for further details of the hotel sample). Each hotel was asked to complete two forms - one covering details of their current employees; the other, details of all staff who had left their employ in the preceding one year period. These forms required information on age, gender, marital status, length of service, type of contract, occupation, trades union membership, pay and pay interval, overtime, absence and for leavers only, their reasons for leaving. Some of these classifications were later dropped because insufficient data was forthcoming. Examples of the forms sent out are given in Appendices V and VI.

Unfortunately, not all of the 15 Stage II hotels were able to complete the information sheets for their current employees and/or for those staff who had left over the preceding year. However, it was possible to obtain nine complete, or virtually complete, sets of data for this analysis, from
hotels A, B, C, D, F, G, H, I, and J. These sets of data represented a total of 1600 'current' employees, and 1218 'leavers'.

It is probably worth noting at this point that, despite the pilot studies used in the development of the project, in practice the data information forms proved to have various shortcomings. One of the main reasons for this is that the data collected was governed to a large degree by the extent to which the hotels collected records of their staff, and by the form which these records took. In addition, there were limitations in the time which the hotels had available to convert the data on their records (which were largely considered confidential) to a form which could be assimilated for all the hotels in the sample. The collection of information for this part of the study clearly indicated a lack of standardisation of staff records among hotels, and even among hotels within the same overall organisation.

As a result of these restrictions the final version of the data charted the occupation of staff in each hotel against all the other categories. This provided the opportunity to analyse the workforce and the leavers, but limited the cross-analysis of other variables. At later stages in this chapter the restrictions to the analysis so caused will become more apparent.

However, despite these shortcomings, the data collected are quite extensive, and clearly sufficient to introduce and examine various ideas in relation to the sample of hotels used.
4.3.2 THE HYPOTHESES

The hypotheses which are investigated in this section are as follows:

4.3.2.1 HYPOTHESIS 1: The hotel workforce has two distinct elements, one, comprising stable workers, the other of more mobile, unstable workers.

4.3.2.2 HYPOTHESIS 2: The stability of hotel workers is determined by the nature of the work and the technology of different jobs, and will therefore vary with occupation.

4.3.2.3 HYPOTHESIS 3: Workers in 'back-of-house' jobs will be less stable than those in 'front-of-house' occupations.

4.3.2.4 HYPOTHESIS 4: Workers in 'back-of-house' jobs will give reasons for leaving significantly different from 'front-of-house' staff.

4.3.2.5 HYPOTHESIS 5: The pattern of reasons for leaving will be the same for each hotel.

In the following section each hypothesis is considered separately, with a brief introduction to the development of the hypothesis and the relevant theory to sustain the argument, followed by an account of the analysis and the ensuing results.
HYPOTHESIS 1: The hotel workforce has two distinct elements, one comprising stable workers, the other of more mobile, unstable workers.

Several studies have suggested that staff in organisations can be divided into groups according to their propensity to leave (1). There may be some staff who seem stable and settled at work and who show considerable length of service. Even in units experiencing exceptionally high rates of turnover, it would seem possible to find pockets of these 'hard-core', stable workers. At the other extreme there are more transient staff with very high rates of turnover. JOHNSON (2), for example, quotes one waiter who, at 30 years of age, claimed to have worked in 50 different establishments, giving an average of 3.3 jobs each year. Clearly then, there are vast differences in the stability of individual workers, which leads to various questions: To what extent do these variations in turnover rates reflect individual decisions? Is there a distinction between the 'stable' workers and 'unstable' workers? And, if this latter is so, what causes this distinction?

Hypothesis 1 suggests that the workforce of hotels consists of a stable and an unstable element, though not necessarily discrete groups, which shall be defined, for sake of argument, as having more than one years service, or less than one years service, respectively.

One reason for supporting the idea of a 'stable' and an 'unstable' element in the hotel workforce, lies with the theory behind labour market segmentation (see also Section 1.3). As mentioned earlier, EDWARDS (3) argues the existence of different forms of internal labour market which may be created by management within a single organisation to discriminate among staff. Primary labour markets, he suggests, are the consequence of
bureaucratic control where employers have 'bought' the predictability, service, and loyalty of key workers by offering job security, status, an enlarged or potentially enlarged job content, relatively high pay, and a close specification of employee rights and duties through rules and procedures. In hotels, the primary labour market could be defined in terms of training and experience, engulfing managers, supervisors, and craft workers such as chefs.

For unskilled workers, on the other hand there are secondary labour markets, which EDWARDS describes as being the product of 'simple' control. Employers seek to retain flexibility through a 'hire and fire' practice, through an arbitrary management system, and the deliberate recruitment of types of workers who are prepared to accept, or unable to refuse, such terms of employment. Secondary labour markets are therefore characterised by low pay, part-time work, insecurity, a reliance on 'marginal' workers, and a high level of labour turnover.

This suggestion that both a primary and a secondary labour market may operate within hotels, also seems to have been supported so far by earlier results in this study. In Section 4.1.3, for example, there was evidence of a large proportion of relatively stable staff with over one years service; and the remaining workers with less than one years service who would have to be very mobile to account for the levels of turnover reported. In addition, in the Stage II interviews several hotel managers or personnel managers stated that their attitudes towards training or promotion will vary for different staff (see Section 4.2.2), dependent on the potential they see in those workers. This would seem to support the notion that management in hotels choose to develop a primary labour market
structure for key personnel within their organisations, and hence create a two tier division of the labour market.

TESTING THE HYPOTHESIS

Two measures were used to investigate this hypothesis - the annual labour turnover rate; and the stability index. In this way it became possible to establish a picture of the extent to which staff left the hotels, and the extent to which they stayed.

Calculating labour turnover and the stability of staff

The labour turnover rate was calculated as an annual figure for each of the nine hotels and overall for the whole sample. The formula used was:

\[
\text{Annual turnover} = \frac{\text{No. of leavers}}{\text{Av. No. employed}} \times 100
\]

However, this calculation has to be qualified in that the 'average number employed' was derived from the number of current employees. This makes a rather large assumption that the total workforce had remained at a constant level over the previous year. This same assumption accompanies any calculation of labour turnover rates found in this section of the project. However, the validity of this assumption for the overall hotel rates of turnover was checked by referring to the Stage I questionnaires for the relevant Stage II hotels. These Stage I questionnaires recorded the level of employment in each hotel at the beginning, middle, and end of each year. In each case the annual fluctuation of the overall workforce was minimal (ie. below 3%) and the calculation of the labour
turnover rate by the two sets of figures showed little disparity (see Figure 4.3.1). It is therefore felt that in this situation the assumption that the current employees will adequately represent the average number of people employed over the year, is justified, although the labour turnover rates quoted in this section should probably still be considered as approximations.

Figure 4.3.1. Calculation of labour turnover rates using different data for the same period of time.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Labour turnover rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stage I data</td>
</tr>
<tr>
<td>A</td>
<td>58</td>
</tr>
<tr>
<td>B</td>
<td>67</td>
</tr>
<tr>
<td>C</td>
<td>84</td>
</tr>
<tr>
<td>D</td>
<td>55</td>
</tr>
<tr>
<td>F</td>
<td>94</td>
</tr>
<tr>
<td>G</td>
<td>115</td>
</tr>
<tr>
<td>H</td>
<td>69</td>
</tr>
<tr>
<td>I</td>
<td>68</td>
</tr>
<tr>
<td>J</td>
<td>35</td>
</tr>
</tbody>
</table>

The second calculation, that of the stability of staff in the hotels, was calculated using the formula:

$$\text{Stability index} = \frac{\ln(N \times n)}{N \times n} \times 100$$
where:

\[ L_n = \text{the sum of the lengths of service (in months) of all employees with less than 1 years service, plus 12 times the number of employees with 1 year or more of service.} \]

\[ N = \text{total number of current employees.} \]

This calculation also needs qualifying on the grounds that the length of service of all employees at a fixed date \( (L_n) \) has been derived from a length of service frequency distribution, and therefore is only an estimate. The stability index used here makes two assumptions:

i. That stock size remains constant (this appears to be reasonable because, as just mentioned, little fluctuation was found).

ii. That the length of service is taken as the mid-point in each category, and everyone with more than one years service is said to have just one years service. Thus, with the categories used in the frequency distribution;

\[ 0 - 3 \text{ months} = 1.5 \text{ months} \]
\[ 3 - 6 \text{ months} = 4.5 \text{ months} \]
\[ 6 - 12 \text{ months} = 9 \text{ month} \]
\[ 1 + \text{years} = 12 \text{ months} \]

**Turnover and stability results**

The turnover rates and stability indices for the hotels in this sample are given in Figure 4.3.2, along with total values for the sample.
Figure 4.3.2. Labour turnover and stability in the hotel sample.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Labour turnover rate</th>
<th>Stability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>55.2</td>
<td>77.0</td>
</tr>
<tr>
<td>B</td>
<td>62.8</td>
<td>96.5</td>
</tr>
<tr>
<td>C</td>
<td>89.2</td>
<td>75.4</td>
</tr>
<tr>
<td>D</td>
<td>55.0</td>
<td>75.5</td>
</tr>
<tr>
<td>F</td>
<td>92.0</td>
<td>71.2</td>
</tr>
<tr>
<td>G</td>
<td>119.1</td>
<td>71.6</td>
</tr>
<tr>
<td>H</td>
<td>70.8</td>
<td>76.9</td>
</tr>
<tr>
<td>I</td>
<td>69.6</td>
<td>76.6</td>
</tr>
<tr>
<td>J</td>
<td>32.9</td>
<td>71.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>76.1</td>
<td>74.8</td>
</tr>
</tbody>
</table>

Figure 4.3.2 shows some interesting results. Firstly, there is considerable variation among the rates of staff turnover for hotels in the sample. The standard deviation, calculated on the rates of turnover shows an average dispersion from the mean value of 25.3. This is quite considerable, especially when compared to the dispersion of values for the stability index of the same nine hotels. The standard deviation of stability indices is 7.7 for the hotel sample. Therefore, although the hotels all exhibit similar levels of stability, the turnover levels clearly vary widely from one hotel to another.

In order to understand these results it should be remembered that the annual labour turnover rate measures only those staff who have left an organisation within a given time period, and may include new staff who
replace the original leavers and also subsequently leave. The measure of labour turnover is therefore not in any way related to the proportion of the labour force who stay.

On the other hand, the stability index is a percentage of the maximum amount of service which could have been achieved if all the employees of an organisation had remained with the firm. It follows therefore, that a general consistency in the stability rates suggests that each hotel gains a similar level of service from those employees who stay (i.e. the stable element). Those who leave contribute little to this figure. The dissimilarity of rates of turnover among the hotels, suggests that there is an 'unstable' element who change jobs several times within each year, and that this level of instability is subject to fluctuations. In other words, variations in the turnover levels are largely a reflection of the velocity with which the 'unstable' workers change employment.

The idea of a stable and an unstable element in the workforce is further confirmed if the length of service frequency distribution for the hotels is considered. This is given in Figure 4.3.3.

This distribution shows the 'stable' element to represent 56% of the workforce, if 'stable' is taken to mean those who have remained in the same job for at least 1 year. (Even if 2 years service is considered to be the level of stability, the stable element of the workforce still represents a large proportion at 42% of the employees.).
Figure 4.3.3. Length of service frequency distribution of current employees as a % of the total workforce.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>1 month</th>
<th>1-3 months</th>
<th>3-6 months</th>
<th>6-12 months</th>
<th>1-2 years</th>
<th>over 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5.5</td>
<td>7.5</td>
<td>13</td>
<td>15</td>
<td>11.5</td>
<td>47.5</td>
</tr>
<tr>
<td>B</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>53</td>
<td>33</td>
</tr>
<tr>
<td>C</td>
<td>4</td>
<td>14</td>
<td>9</td>
<td>13</td>
<td>11</td>
<td>49</td>
</tr>
<tr>
<td>D</td>
<td>4</td>
<td>14</td>
<td>9</td>
<td>12.5</td>
<td>13</td>
<td>47.5</td>
</tr>
<tr>
<td>F</td>
<td>8</td>
<td>11</td>
<td>13</td>
<td>17</td>
<td>14</td>
<td>37</td>
</tr>
<tr>
<td>G</td>
<td>12</td>
<td>7</td>
<td>9</td>
<td>24</td>
<td>13</td>
<td>35</td>
</tr>
<tr>
<td>H</td>
<td>6</td>
<td>8</td>
<td>12.5</td>
<td>12.5</td>
<td>10</td>
<td>51</td>
</tr>
<tr>
<td>I</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td>17</td>
<td>16</td>
<td>43</td>
</tr>
<tr>
<td>J</td>
<td>15</td>
<td>6</td>
<td>10</td>
<td>13</td>
<td>17</td>
<td>39</td>
</tr>
<tr>
<td>TOTAL ALL HOTELS</td>
<td>7.5%</td>
<td>9%</td>
<td>10.5%</td>
<td>17%</td>
<td>14%</td>
<td>42%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>4.2</td>
<td>2.9</td>
<td>2.0</td>
<td>3.5</td>
<td>12.7</td>
<td>6.3</td>
</tr>
</tbody>
</table>

To emphasise the instability of the 'unstable' workers, however, one should also consider Figure 4.3.4, which shows the length of service frequency distribution for leavers from the hotel sample. Figure 4.3.4 shows that overall, 70% of leavers from the hotels had less than one years service, and therefore had changed their employment at least twice in that year. It would also seem apparent that there is greater fluctuation, from one hotel to another, among the leavers than the current employees, as suggested by the standard deviations for each column. This gives further support to the theory that the dispersion of
labour turnover rates is caused, to a large extent, by fluctuations in the velocity of turnover of the 'unstable' element of the workforce.

Figure 4.3.4. Length of service frequency distribution of leavers as a % of the total leavers.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>1 month</th>
<th>1-3 months</th>
<th>3-6 months</th>
<th>6-12 months</th>
<th>1-2 years</th>
<th>over 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>8.5</td>
<td>12.5</td>
<td>16</td>
<td>13.5</td>
<td>20</td>
<td>29.5</td>
</tr>
<tr>
<td>B</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>51</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>C</td>
<td>17</td>
<td>13</td>
<td>14.5</td>
<td>14.5</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>D</td>
<td>15</td>
<td>27</td>
<td>27</td>
<td>21</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>F</td>
<td>12</td>
<td>19</td>
<td>21</td>
<td>21</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>G</td>
<td>26</td>
<td>23</td>
<td>19</td>
<td>12</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>H</td>
<td>20</td>
<td>29</td>
<td>11.5</td>
<td>14</td>
<td>14</td>
<td>11.5</td>
</tr>
<tr>
<td>I</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>38</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>TOTAL ALL HOTELS</td>
<td>16.5</td>
<td>19</td>
<td>18</td>
<td>17</td>
<td>13</td>
<td>16.5</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>6.6</td>
<td>9.8</td>
<td>5.8</td>
<td>13.1</td>
<td>5.9</td>
<td>7.6</td>
</tr>
</tbody>
</table>

It would seem apparent from the results so far that the hotel workforce does comprise two distinct elements - of stable and of unstable workers - and this tends to confirm the hypothesis proposed.
4.3.2.2 HYPOTHESIS 2: The stability of hotel workers is determined by the nature of the work and the technology of different jobs, and will therefore vary with occupation.

It is worth noting at this point, that the most commonly used measure of turnover, the crude annual labour turnover rate, is one that focuses attention on those staff who have left an organisation. This is clearly a weakness because once staff have left, there is little that organisation can do about it. Therefore, from the point of view of investigating labour turnover in order to seek a possible means of reduction, it is the 'stable' element of the workforce to which attention should be drawn. Not only are those workers the ones of value to the organisation, giving a core of continuity to their operation; but they also constitute the element of the situation which is controlled, or potentially controllable, by the organisation. Not only is it important to find out why staff leave, but it is equally important to establish what makes others remain in their jobs.

The extent to which this study is able to investigate the character of those staff who might make up the stable and unstable elements of the workforce is limited (as mentioned earlier in Section 4.3.1). However, Hypotheses 2 and 3 are formulated in terms of one aspect of this problem - the extent to which stability or instability is related to occupational differences.

Occupational differences in stability.

The idea that the stability of staff will vary with occupation is not a new one, and there is some evidence from past studies which shows such variation. For example, SHAMIR's (5) work in hotels found that a
'workers instrumental, expressive and social orientations to work' have similarities within an occupational grouping, and within that occupation even when compared from one hotel to another.

The centre of this theory would seem to revolve around two propositions: It could be that the intolerable nature of certain jobs breeds instability among workers; or, alternatively, there may be, in the secondary labour market, a proportion of unstable people whose instability renders jobs incapable of proper organisation and control.

Taking the first proposition, KERR and SIEGAL (6) questioned the extent to which behavioural differences can be attributed to differences in the technology of the work, although their study left the problem very much unanswered. Later works by SAYLES (7) and by WOODWARD (8) considered the same angle, and pointed towards the technological process of the firm as being a key determinant of individual behaviour. SAYLES went on to classify four groups of worker type - apathetic, erratic, strategic and conservative - a classification based on common behavioural patterns which were derived from common workshop technology.

There would seem to be little, if any evidence to support the idea of unstable people rendering certain jobs 'unstable'. SHAMIR (9), if anything, favours a combination of factors, whereby 'unstable' people tend to choose jobs that fit their 'unstable' orientations to work.

Hypothesis 2 follows on from these ideas of occupational differentials in stability of staff as manifestations of leaving behaviour. Within the limitations of the data, it is possible to compare the leaving behaviour of staff in different occupations, with a view to establishing whether
there is a direct relationship between turnover and occupation; and also to compare the leaving behaviour of staff in one occupation with that of staff in the same occupation in other hotels in the sample, along similar lines to the research carried out by SHAMIR (10).

TESTING THE HYPOTHESIS

The analysis of this hypothesis formed three parts. Firstly, tests were carried out to see if the stability and instability of workers varied with occupation. Then the same occupational groupings were used to see whether the proportion of stable to unstable workers varied. And finally, based on SHAMIR's (11) work, a comparison was made to see if workers in one hotel showed similar patterns of stability or instability as their occupational counterparts in the other hotels.

Comparing labour turnover rates and stability indices by occupation.

The hotel data collected comprised information on twenty occupational groupings of workers. Using this data collected from nine of the Stage II hotels (ie. those from which the data was complete) the labour turnover rate and stability index were calculated for each of the hotel occupations. (see Section 4.3.3.1 for a discussion of the calculations involved). This provided twenty sets of figures which could be compared to highlight any differences in stability and instability by occupation. This data is given in Figure 4.3.5.

The results of Figure 4.3.5 are quite clear; There is great variation in the rates of labour turnover from one occupation to another, yet the stability index shows little variation. The standard deviation values
Figure 4.3.5  Rates of Turnover and Stability for staff in different Hotel Occupations.

<table>
<thead>
<tr>
<th>OCCUPATION</th>
<th>LABOUR TURNOVER RATE %</th>
<th>STABILITY INDEX %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receptionist</td>
<td>74.6</td>
<td>78.0</td>
</tr>
<tr>
<td>Reservations</td>
<td>12.5</td>
<td>85.9</td>
</tr>
<tr>
<td>Telefonist</td>
<td>29.5</td>
<td>83.1</td>
</tr>
<tr>
<td>Administration</td>
<td>57.7</td>
<td>81.6</td>
</tr>
<tr>
<td>Maintenance</td>
<td>46.8</td>
<td>84.0</td>
</tr>
<tr>
<td>Hall Porter</td>
<td>62.8</td>
<td>83.1</td>
</tr>
<tr>
<td>Housekeeper</td>
<td>73.1</td>
<td>73.1</td>
</tr>
<tr>
<td>Linen Room</td>
<td>63.0</td>
<td>79.3</td>
</tr>
<tr>
<td>Cleaner</td>
<td>64.1</td>
<td>78.7</td>
</tr>
<tr>
<td>Chambermaid</td>
<td>94.5</td>
<td>69.7</td>
</tr>
<tr>
<td>Barstaff</td>
<td>81.8</td>
<td>76.1</td>
</tr>
<tr>
<td>Kitchen Porter</td>
<td>120.6</td>
<td>70.5</td>
</tr>
<tr>
<td>Storeman</td>
<td>114.3</td>
<td>71.4</td>
</tr>
<tr>
<td>Chef</td>
<td>73.3</td>
<td>71.6</td>
</tr>
<tr>
<td>Waiter</td>
<td>94.7</td>
<td>69.6</td>
</tr>
<tr>
<td>Restaurant Manager</td>
<td>62.1</td>
<td>75.8</td>
</tr>
<tr>
<td>Floor Service</td>
<td>28.0</td>
<td>66.0</td>
</tr>
<tr>
<td>Staff Canteen</td>
<td>8.3</td>
<td>84.4</td>
</tr>
<tr>
<td>Banq. and Conference</td>
<td>45.2</td>
<td>92.7</td>
</tr>
<tr>
<td>Security</td>
<td>30.0</td>
<td>61.2</td>
</tr>
</tbody>
</table>

STANDARD DEVIATION OF VALUES  

<table>
<thead>
<tr>
<th></th>
<th>LABOUR TURNOVER RATE %</th>
<th>STABILITY INDEX %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Deviation</td>
<td>30.97</td>
<td>7.72</td>
</tr>
</tbody>
</table>
show the extent of occupational differences in stability and in instability. The labour turnover rates show a standard deviation of 30.97, while for the stability indices the standard deviation is only 7.72.

These results are very similar to those quoted in section 4.3.3.1, which compared both labour turnover rates and stability indices for all the hotels in the sample. In that situation they tended to confirm the hypothesis that the workforce in each hotel comprised a stable and an unstable element. Here, the results can be interpreted similarly, to suggest that there are stable and unstable elements in each occupation.

Clearly, these results do not support hypothesis 2 and tend to suggest a modification to the original theory. It is suggested here that the stable and unstable elements represent a primary and secondary labour market structure within all jobs; and not that certain occupations offer primary labour market conditions whilst others offer secondary conditions, as is propounded by conventional wisdom on the subject. In this way, the technology of different occupations will only affect the leaving behaviour of the unstable element of the workforce who belong to the secondary labour market. Those in the primary market have instead 'committed' their service for the additional security and benefits offered, and so have become immune to the 'push' forces created by different technologies.

Proportion of 'stable' to 'unstable' workers.

This next test investigates the proportion of stable workers to unstable workers in each occupation to highlight the extent to which there is variation in the overall stability of each job classification. A chi-square test was carried out on the Null hypothesis that the proportions
of workers with more than one years' service and those with less than one years' service will be the same for all occupations within the hotels. The observed and expected values along with the respective chi-square values are given in the contingency table, Figure 4.3.6. The expected values are calculated from the overall proportion of staff with less than or more than one years service.

This test produces an overall $\chi^2$ value of 60.75 at 19 degrees of freedom, which is clearly outside the 0.05 confidence level, and therefore rejects the Null hypothesis.

However, a closer look at Figure 4.3.6 and the $\chi^2$ values produced, highlights the fact that there are a handful of occupational groupings which contribute over half of the $\chi^2$ value. The key occupations here would seem to be maintenance, hall porters, chambermaids, and banqueting and conference staff. Thus, if these four occupations are removed from the calculation a revised $\chi^2$ value of 19.31 at 15 degrees of freedom is obtained. This lies well within the 0.05 confidence limit of 24.99, and therefore suggests that the data supports the Null hypothesis for all but four of the occupational categories. Those four occupations, maintenance, hall porters, chambermaids and banqueting and conference staff, show a significantly different proportion of 'stable' to 'unstable' workers from the overall proportions.

A closer look at the proportion of workers with more or less than one years service in these four occupations shows whether they are more or less stable than the overall population (see Figure 4.3.7).
Figure 4.3.6 Contingency table for the $\chi^2$ test on the stability of staff in different occupations.

<table>
<thead>
<tr>
<th>OCCUPATION</th>
<th>$\leq$ 1 Years service</th>
<th>$&gt;1$ Years service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O</td>
<td>E</td>
</tr>
<tr>
<td>Receptionist</td>
<td>56</td>
<td>53.6</td>
</tr>
<tr>
<td>Reservations</td>
<td>3</td>
<td>3.5</td>
</tr>
<tr>
<td>Telephonist</td>
<td>18</td>
<td>21.1</td>
</tr>
<tr>
<td>Administration</td>
<td>33</td>
<td>45.7</td>
</tr>
<tr>
<td>Maintenance</td>
<td>21</td>
<td>34.7</td>
</tr>
<tr>
<td>Hall Porter</td>
<td>29</td>
<td>46.1</td>
</tr>
<tr>
<td>Housekeeper</td>
<td>33</td>
<td>29.4</td>
</tr>
<tr>
<td>Linen Room</td>
<td>20</td>
<td>20.2</td>
</tr>
<tr>
<td>Cleaner</td>
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<tr>
<td>Security</td>
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</table>
It becomes apparent from this, that whereas staff employed in maintenance, in banqueting and conferences, or as hall porters are significantly more stable than hotel staff in general, chambermaids would seem to be significantly less stable, with only 47% having one year or more of continuous employment.

Comparing occupational stability across the hotel sample.

The results so far offer an overview, encompassing all the hotels in the sample. This section looks more closely at the relationship between occupation and stability or instability, across the individual hotels. Figures 4.3.8 and 4.3.9 show the rates of turnover and stability, respectively, for each occupation, in each hotel.
Figure 4.3.8  Labour Turnover by Occupation for each Hotel.

<table>
<thead>
<tr>
<th>OCCUPATION</th>
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<th>B</th>
<th>C</th>
<th>D</th>
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<td>100</td>
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Figure 4.3.9  Stability by Occupation for each Hotel.

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<th>D</th>
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<td>0.44</td>
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<td>Chef</td>
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<td>1.0</td>
<td>0.81</td>
<td>0.75</td>
<td>0.52</td>
<td>0.74</td>
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<td>0.86</td>
<td>0.41</td>
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<td>0.56</td>
<td>-</td>
<td>-</td>
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</table>
Considering Figure 4.3.8 first, shows some striking results. It is clear, looking at each hotel independently, that there is an enormous range of labour turnover rates across the occupational divisions. Hotel A, for instance, experiences a range of rates from 23% to 157%; while Hotel C ranges from 20% to 420%.

In addition to this, however, there is a wide range of turnover rates within a single occupation when compared across hotels. Taking Receptionists, for example, with a labour turnover rate of 33.3% in Hotel D, yet 114.3% in Hotel H; and even more extreme are kitchen porters - 36.8% in Hotel D and 420% in Hotel C.

Figure 4.3.9 showing the corresponding stability indices, gives a similar, though slightly less dramatic, picture. Most of the individual hotels show stability ranging from approximately 0.5 to 1.0 for different occupations. Hotel B would seem to be the only unit which is noticeably more stable than the others with the indices ranging only from 0.87 to 1.0.

Individual occupations across the range of hotels also show a great deal of variation in stability. Administration jobs for example have a stability index of 0.12 in Hotel J and 1.0 in Hotel C; whilst cleaners range from 0.33 in Hotel C to 1.0 in Hotels B and H.

All this seems to portray a clear and consistent picture. A picture where both turnover and stability varies from hotel to hotel and from occupation to occupation within each hotel. Although this latter finding could well suggest that labour turnover is related to occupational differences, this would seem to be overruled by the dissimilarity of
of turnover and stability when one occupation is compared across hotels.

Instead, a different story is suggested - one where there is some variation in turnover which could possibly be attributed to different groupings of workers, not necessarily occupational, but where the overriding variation is due to differing managerial practices. In support of this is the example of Hotel B which seems to be consistently more stable for all occupations, and thereby justifies the proposition that an individual hotel can in some way affect the levels of turnover. In addition, if the variation in turnover is to be attributed to managerial control, the enormous fluctuation in rates for both turnover and stability appears less surprising in the light of the 'ad hocness' found in the managerial policies and practices of these hotels (see Section 4.2).

Therefore, to conclude, it would seem that the data here does not support Hypothesis 2, and that the nature and technology of the work does not determine the stability of staff to the extent that turnover or stability will vary with occupation.
HYPOTHESIS 3: Workers in 'back-of-house' jobs will be less stable than those in 'front-of-house' occupations.

The previous hypothesis put forward an argument to suggest that the nature of the work determines the stability of staff, and that this would be reflected by occupational differences in turnover. Yet the results suggested that there is in fact no direct correlation between turnover and occupation.

This hypothesis is based on the same reasoning as Hypothesis 2, but rather than sub-dividing work technologies by individual occupations, it looks at only two job classifications, 'front-of-house' and 'back-of-house'. Staff in hotels can be quite clearly differentiated into these two groups: those where staff have direct contact with the customers; and those who work 'behind the scenes', and out of the public eye. These latter jobs often involve more mundane, menial tasks such as cleaning, washing-up, maintenance and bedmaking, and the work environment is generally much less congenial. Front-of-house jobs are the more 'glamorous' and attractive, although close customer contact can create its own problems for staff. There is greater need to keep up 'appearances', and although such staff do get a close feedback of customer satisfactions, they are also in the direct firing line for complaints. The pressures and demands on front-of-house staff are more variable and subject to greater extremes.

Bearing in mind these differences, which suggest two quite different technological and environmental work categories, it would seem reasonable to suggest that the two groups might exhibit different patterns of leaving behaviour.
Hypothesis 3 suggests not only that there will be these differences, but also that the back-of-house staff will be less stable than those working front-of-house. There are several reasons for taking this stance. Firstly, it has been proposed, in theory at least, that a pre-requisite for feeling the 'psychological discomfort' which may lead to a voluntary change of employment, is for the worker to be aware of some adverse conditions (12). That awareness may result from a comparison, say, of one worker's 'effort-bargain' against another's. In this way, workers who are employed in the less attractive 'back-of-house' jobs already mentioned may compare their 'lot' with that of 'front-of-house' staff, and suffer a resulting feeling of dissatisfaction. This could lead to higher instability among 'back-of-house' staff.

Alternatively, it could be that because of the unattractive nature of 'back-of-house' jobs, staff in those occupations hold a lower attachment to their employment. It would therefore take fewer 'grievances' or dissatisfactions to spur them into leaving.

A final argument for suggesting that back-of-house staff might be more unstable than front-of-house staff arises from the Stage I findings (see Section 4.1.2.3). There were indications from the analysis of the questionnaires that staff in hotels with more than one employee per bedroom tend to be more stable. Similar results have also been noted by JOHNSON (13), who puts forward a number of possible explanations. The argument suggested here, however, is different again, and proposes that as the staff to room ratio increases, so presumably will be the level of staff to customer contact. Therefore it would follow that the greater the customer contact, the lower will be the staff turnover. From this, Hypothesis 3 suggests that as front-of-house employees have the greatest customer
interaction, they will be the more stable staff.

TESTING THE HYPOTHESIS

In order to test this hypothesis, the first task is clearly to define which staff fall into which of the two classifications - front-of-house or back-of-house. The data collected defined 20 occupational groups of which 7 were classified as front-of-house because their prime function was direct customer service. The classification of occupations into front-of-house and back-of-house is given in Figure 4.3.10.

*Figure 4.3.10* Classification of occupations back- and front- of-house.
Comparing the proportion of back-of-house staff and front-of-house staff for individual hotels.

Firstly, the number of staff in each hotel working in back-of-house jobs and in front-of-house jobs was calculated, and these were also converted into proportions of the hotel workforce of each hotel. Figure 4.3.11 shows these figures for the 'current' employees of each hotel; while Figure 4.3.12 shows the leavers.

Figure 4.3.11 Distribution of hotel employees in front-of-house and back-of-house jobs.

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<th>% of staff</th>
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<td>73</td>
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<td>J</td>
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Figure 4.3.12 Distribution of hotel leavers in front-of-house and back-of-house occupations.

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<td>H</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>I</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>J</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td>470</td>
<td>748</td>
</tr>
</tbody>
</table>

Clearly the most striking feature of these tables is that the overall proportion of front-of-house staff to back-of-house staff among hotel employees is exactly the same as the overall proportion among those staff who left. For this sample, 39 per cent of hotel employees and of leavers worked in front-of-house occupations, while 61 per cent worked 'behind the scenes'.

The data in Figures 4.3.11 and 4.3.12 were then subjected to a chi-square ($\chi^2$) test to see whether the observed frequencies for front-of-house staff and back-of-house staff in the hotels differed significantly from the frequencies which might be expected if there was no difference from
one hotel to another in the overall proportion of front- to back-of-house staff. The 'Null hypothesis' \((H_0)\) therefore suggests that the observed discrepancy between front- and back-of-house staff and the overall proportion of staff is insignificant, and could have arisen by chance.

In testing this hypothesis the observed and expected values are given in the contingency table, Figure 4.3.13, along with the corresponding \(X^2\) values.

**Figure 4.3.13** Contingency table for the \(X^2\) test comparing frequencies of back- and front-of-house leavers.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>FRONT OF HOUSE</th>
<th>BACK OF HOUSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>1.2</td>
</tr>
<tr>
<td>A</td>
<td>91</td>
<td>91.5</td>
</tr>
<tr>
<td>B</td>
<td>9</td>
<td>10.4</td>
</tr>
<tr>
<td>C</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>D</td>
<td>32</td>
<td>27.4</td>
</tr>
<tr>
<td>E</td>
<td>138</td>
<td>110</td>
</tr>
<tr>
<td>F</td>
<td>125</td>
<td>149.3</td>
</tr>
<tr>
<td>G</td>
<td>27</td>
<td>19.7</td>
</tr>
<tr>
<td>H</td>
<td>17</td>
<td>19.7</td>
</tr>
<tr>
<td>I</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

The chi-square test of significance on the leavers for front- and back-of-house produces a value for \(X^2\) of 29.51 at 8 degrees of freedom. Since this value of \(X^2\) is greater than the 15.5 required for significance at
the 0.05 level, the Null hypothesis can be rejected.

Thus, when the individual hotels are considered there is found to be a significant discrepancy between the division of leavers into back- and front-of-house staff and the proportions expected.

Comparing the labour turnover rates and stability indices for back- and front-of-house staff.

The staff in each hotel and the leavers from each hotel were divided into two groups - those working in back-of-house jobs and those in front-of-house jobs - and the labour turnover rate and stability index were then calculated for each unit. These were compared with the overall turnover rate and stability index for each unit (see Section 4.3.3.1). The data is displayed in Figures 4.3.14 and 4.3.15.

Figure 4.3.14 Labour turnover rates for the hotels showing the differences between back- and front-of-house.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Labour turnover rate %</th>
<th>LT higher at back-of-house</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OVERALL</td>
<td>FRONT</td>
</tr>
<tr>
<td>A</td>
<td>55</td>
<td>47</td>
</tr>
<tr>
<td>B</td>
<td>63</td>
<td>56</td>
</tr>
<tr>
<td>C</td>
<td>89</td>
<td>64</td>
</tr>
<tr>
<td>D</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td>F</td>
<td>93</td>
<td>137</td>
</tr>
<tr>
<td>G</td>
<td>119</td>
<td>120</td>
</tr>
<tr>
<td>H</td>
<td>71</td>
<td>87</td>
</tr>
<tr>
<td>I</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>J</td>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>76%</td>
<td>77%</td>
</tr>
</tbody>
</table>
Figure 4.3.15  Stability indices for the hotels showing differences between back- and front-of-house.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Stability index %</th>
<th>Stability less at back-of-house</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OVERALL</td>
<td>FRONT</td>
</tr>
<tr>
<td>A</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>B</td>
<td>97</td>
<td>94</td>
</tr>
<tr>
<td>C</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td>D</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>F</td>
<td>71</td>
<td>67</td>
</tr>
<tr>
<td>G</td>
<td>72</td>
<td>62</td>
</tr>
<tr>
<td>H</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>I</td>
<td>77</td>
<td>84</td>
</tr>
<tr>
<td>J</td>
<td>72</td>
<td>87</td>
</tr>
<tr>
<td>TOTAL</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Once again, the total for all staff in this sample offer the striking results, with virtually identical figures for the labour turnover rates and stability index in every classification - overall, back-of-house, and front-of-house. This is summarised more clearly in Figure 4.3.16.

Figure 4.3.16  Labour turnover rates and stability index back- and front-of-house for the hotel sample.

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Front</th>
<th>Back</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT rate</td>
<td>76%</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>Stability index</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>
This would seem to indicate that there is no difference between the stability of back-of-house staff and front-of-house staff. However, when analysed by individual hotels, some variation does seem to emerge, especially with the rates of staff turnover. The standard deviation of labour turnover rates (front and back) from the overall rate for each hotel are as follows:

Front-of-house: 23.3%
Back-of-house: 14.4%

On the other hand the standard deviation of the stability index (front and back) for each hotel from the overall rate is much lower:

Front-of-house: 7.3%
Back-of-house: 6.2%

In both cases it can be noted that the deviation of rates in the back-of-house is lower than the deviation of front-of-house rates.

Finally, Figures 4.3.14 and 4.3.15 show that only five out of the nine hotels in the sample exhibit higher turnover, or lower stability among 'back-of-house' jobs than 'front-of-house' jobs.

Therefore, to sum up, although the data presented here set out to investigate the hypothesis that staff working in 'back-of-house' jobs will be less stable than 'front-of-house' staff, there is evidence to suggest otherwise. The results, although far from being definitive, show no significant difference in the stability of back- and front-of-house staff. This is indicated by:
i. Similarity in the overall labour turnover rates and stability indices for front- and back-of-house staff;

ii. That only half of the hotels sampled had less stable back-of-house staff; and

iii. A certain similarity in the proportions of front- to back-of-house for both current employees and leavers.
4.3.2.4 HYPOTHESIS 4: Workers in back-of-house jobs will give reasons for leaving significantly different from front-of-house staff.

It should be remembered at this point, that the arguments just discussed arise from the idea that behavioural differences can be attributed to differences in the technologies of different jobs; and that stability and instability have been considered as manifestations of leaving behaviour. However, in view of the results of Hypotheses 2 and 3, a slightly different argument is proposed here, considering a situation where possibly the differences in occupational technologies do not directly influence levels of turnover in different jobs. Instead, Hypothesis 4 suggests that they do so indirectly, through variations in the employment conditions which serve to 'push' staff out of their employment for different reasons. In this way, it is suggested here that the inherent differences between front-of-house and back-of-house jobs will be reflected, not by different levels of stability, but in that the staff in one classification will leave for different reasons to staff in another.

TESTING THE HYPOTHESIS

This hypothesis was investigated using the same division of staff into back- and front-of-house jobs as the previous hypothesis. In addition, twenty reasons for leaving were studied, seven of which related to staff dismissals, and thirteen to voluntary worker resignations.

Comparing the reasons for leaving of staff in back-of-house and front-
of-house jobs.

The total reasons for leaving figures for the nine hotels were divided
into two groups - those put forward by staff in front-of-house jobs and those given by back-of-house staff. This data is shown in Figure 4.3.17.

**Figure 4.3.17** Frequency of Reasons for leaving for front- and back-of-house staff in 9 hotels.

<table>
<thead>
<tr>
<th></th>
<th>FRONT</th>
<th>BACK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISMISSALS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsatisfactory work</td>
<td>23</td>
<td>34</td>
</tr>
<tr>
<td>Insubordination</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Intemperance</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Violation</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Absence</td>
<td>9</td>
<td>33</td>
</tr>
<tr>
<td>Redundancy</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td><strong>RESIGNATIONS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>Wages</td>
<td>31</td>
<td>39</td>
</tr>
<tr>
<td>Working conditions</td>
<td>31</td>
<td>43</td>
</tr>
<tr>
<td>Promotion prospects</td>
<td>47</td>
<td>62</td>
</tr>
<tr>
<td>Company transfer</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Domestic problems</td>
<td>41</td>
<td>56</td>
</tr>
<tr>
<td>Travel problems</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Illness etc.</td>
<td>13</td>
<td>44</td>
</tr>
<tr>
<td>Personality conflict</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Studies</td>
<td>35</td>
<td>52</td>
</tr>
<tr>
<td>End of contract</td>
<td>14</td>
<td>26</td>
</tr>
<tr>
<td>Unknown</td>
<td>67</td>
<td>110</td>
</tr>
<tr>
<td>To travel</td>
<td>49</td>
<td>64</td>
</tr>
</tbody>
</table>

A chi-square ($\chi^2$) test was carried out to test the Null hypothesis that the dispersion of reasons for leaving given by back- and front-of-house...
staff do not differ \((H_0)\). In other words, that none of the reasons for leaving were significantly more prevalent in either front-of-house or back-of-house staff. The chi-square contingency table for this test is given Figure 4.3.18.

The test produced a \(\chi^2\) value of 35.7 at 19 degrees of freedom - a value that is greater than 30.14 required for significance at the 0.05 level. It is therefore possible to reject \(H_0\), and to conclude that there are significant differences between the reasons for leaving put forward by front-of-house staff and those in the back-of-house.

However, if company transfers are excluded from the calculation, a category which shows great disparity from the expected values, the \(\chi^2\) test produces a different result. A revised value of 23.31 at 18 degrees of freedom is obtained, and this, being less than the 28.87 required, is not significant at the 0.05 level. The hypothesis \((H_0)\) that there is no significant difference between the reasons for leaving given by front-of-house staff in our sample is therefore sustained for all categories of leaving behaviour except company transfers. That category is given a clear majority by staff leaving from front-of-house jobs. It should also be noted at this point that company transfers account for less than 2% of all the reasons for leaving given, and therefore this would not seem to be a finding of any major significance.

Comparing reasons for leaving, back- and front- for individual hotels.

Cross tabulating the reasons for leaving for back- and front-of-house staff for each hotel suggests that there are certain differences between the two classifications. Firstly, as suggested earlier, company transfer is more
Contingency Table for the \( X^2 \) test on reasons for leaving in back- and front-of-house occupations.

| REASONS FOR LEAVING | FRONT OF HOUSE | | BACK OF HOUSE | | |
|---------------------|----------------|--------------------------|--------------------------|--------------------------|
|                     | 0   | E   | 2   | 0   | E   | 2   |
| Unsatisfactory work | 23  | 22.1| 0.03| 34  | 34.9| 0.02|
| Insubordination     | 7   | 7   | 0   | 11  | 11  | 0   |
| Intemperence        | 0   | 1.9 | 1.94| 5   | 3.1 | 1.23|
| Violation of rules  | 6   | 8.2 | 0.57| 15  | 12.8| 0.36|
| Absence             | 9   | 16.3| 3.27| 33  | 25.7| 2.08|
| Redundancy          | 3   | 4.7 | 0.59| 9   | 7.3 | 0.38|
| Other               | 8   | 7.4 | 0.05| 11  | 11.6| 0.03|
| Hours               | 11  | 15.1| 1.13| 28  | 23.9| 0.72|
| Wages               | 31  | 27.2| 0.54| 39  | 42.8| 0.34|
| Working conditions  | 31  | 28.7| 0.18| 43  | 45.3| 0.11|
| Promotion prospects | 47  | 42.3| 0.52| 62  | 66.7| 0.33|
| Company transfer    | 16  | 8.2 | 7.55| 5   | 12.8| 4.79|
| Domestic problems   | 41  | 37.7| 0.3 | 56  | 59.3| 0.19|
| Travel problems     | 4   | 5.4 | 0.38| 10  | 8.6 | 0.24|
| Illness/ retire./ death | 13 | 22.1| 3.77| 44  | 34.9| 2.39|
| Personality conflict| 9   | 7.8 | 0.2 | 11  | 12.2| 0.12|
| Studies             | 35  | 33.8| 0.04| 52  | 53.2| 0.03|
| End of Contract     | 14  | 15.5| 0.15| 26  | 24.5| 0.1 |
| Unknown             | 67  | 68.7| 0.04| 110 | 108.3| 0.03|
| To travel           | 49  | 43.9| 0.6 | 64  | 69.1| 0.38|
predominant as a reason for leaving among front-of-house staff in all the hotels where such a cause was acknowledged.

Similarly, 'illness, retirement and death' appeared to be more predominant among back-of-house staff. This is further highlighted if the proportion of reasons for leaving back- and front- is compared with the overall proportion of 39% front-of-house staff and 61% back-of-house staff. This is shown in Figure 4.3.19.

Figure 4.3.19 shows the extent to which the different categories of leaving show differences for both both back- and front-of-house from the expected total proportions.

Intemperence is one category which appears to be confined to back-of-house staff. However, reference back to Figure 4.3.17 shows that dismissals due to intemperence are few and could create distorted values for this reason. In addition, absence, redundancy, and 'illness, retirement and death' are three classifications which seem to show a predominance among back-of-house jobs, though the earlier, chi-square test suggests that these differences are not significant.

It would seem therefore, from the results of this hypothesis and the previous hypothesis, that differences in the technology and nature of front-of-house jobs and back-of-house jobs are not reflected in the leaving behaviour of the respective employees. Not only are there no apparently significant differences in the stability of staff which can be attributed to whether they work in front- or back-of-house jobs, but it would also seem that front- and back-of-house staff leave for very similar reasons.
Figure 4.3.19  Comparison of back- with front-of-house for reasons for leaving (% leavers from each part of the hotels).

<table>
<thead>
<tr>
<th></th>
<th>FRONT</th>
<th>BACK</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL:</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>DISMISSALS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsatisfactory work</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Insubordination</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>Intemperance</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Violation of rules</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>Absence</td>
<td>21</td>
<td>79</td>
</tr>
<tr>
<td>Redundancy</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>RESIGNATIONS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>Wages</td>
<td>44</td>
<td>56</td>
</tr>
<tr>
<td>Working conditions</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>Promotion prospects</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Company transfer</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td>Domestic problems</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>Travel problems</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>Illness, retirement, death</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td>Personality conflict</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Studies</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>End of contract</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>Unknown</td>
<td>38</td>
<td>62</td>
</tr>
<tr>
<td>To travel</td>
<td>43</td>
<td>57</td>
</tr>
</tbody>
</table>
4.3.2.5 HYPOTHESIS 5: The pattern of reasons for leaving will be the same for each hotel.

A worker's grievances may be expressed in many ways, and leaving the job is just one of them. Conversely, there are a variety of possible reasons for leaving a job other than holding a grievance. This study has, in fact, covered thirteen reasons for voluntary resignations alone. Some of these reasons imply that workers are dissatisfied with factors which are within managerial control - such as promotion prospects, wages, hours, and conditions of work; while others are apparently related to outside factors - domestic problems, illness or death, personality conflict and so on.

However, in looking at the reasons which staff give for leaving, several points should be taken into consideration. Firstly, one has to question the extent to which the reasons people give for leaving are in fact their true reasons; and secondly, to what extent are the reasons given and the leaving itself a direct consequence of a particular dissatisfaction?

It would seem from earlier studies (see also Section 2.2.10) that the relationship between dissatisfaction at work and leaving behaviour is not a direct one, and may well involve other considerations. Possible reasons for a distortion between feelings and behaviour include the process of 'rationalisation' (14), whereby grievances are explained away; dilution of grievances (15); substitution of one grievance for another (16); and even the projection of blame to another source.

Clearly this line of argument opens up many possibilities which are beyond the investigative scope of this study. Suffice to say that any conclusions drawn from a study of reasons for leaving should be treated
with some caution in so far as there are these areas of uncertainty. In view of this, what is proposed here, is simply an attempt to evaluate to a limited extent the way leaving behaviour may be a reflection of dissatisfaction with managerial performance.

The proposed stance for Hypothesis 5 arises from earlier sections of this project which show the hotels in this sample all exhibiting a similarly weak internal labour market structure (see Section 4.2), with ad hoc managerial styles. In addition, in absolute terms, the degree of formality calculated in Section 4.2.3 was minimal, to the extent that differences in labour turnover could be explained by differences in managerial practices.

In view of this, it would seem reasonable to suppose that if the fundamental sources of dissatisfaction at work were managerial control, then the frequency of reasons for leaving, or groups of reasons for leaving would be the same for each hotel in the samples.

This idea forms the basis to Hypothesis 5 which establishes an inter-hotel comparison to test the importance of different reasons for leaving in each hotel.

**TESTING THE HYPOTHESIS**

In this part of the study, the reasons for leaving were broken down into nineteen categories. Six of these covered dismissals, and thirteen covered voluntary resignations. Complete sets of leaving information were collected from 8 hotels, representing a total of 1092 leavers.
Dismissals versus resignations.

The reasons for leaving were divided, firstly, into two groups - dismissals and resignations. The numbers of each along, with the proportion, for each hotel are listed in Figure 4.3.20.

Figure 4.3.20 Distribution of dismissals and resignations in the hotel sample.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>DISMISSALS</th>
<th>RESIGNATIONS</th>
<th>% of DISMISSALS</th>
<th>RESIGNATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>8</td>
<td>27</td>
<td>23</td>
<td>77</td>
</tr>
<tr>
<td>C</td>
<td>22</td>
<td>80</td>
<td>22</td>
<td>78</td>
</tr>
<tr>
<td>D</td>
<td>11</td>
<td>78</td>
<td>12</td>
<td>88</td>
</tr>
<tr>
<td>F</td>
<td>22</td>
<td>288</td>
<td>7</td>
<td>93</td>
</tr>
<tr>
<td>G</td>
<td>84</td>
<td>331</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>H</td>
<td>10</td>
<td>54</td>
<td>16</td>
<td>84</td>
</tr>
<tr>
<td>I</td>
<td>13</td>
<td>38</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>J</td>
<td>4</td>
<td>22</td>
<td>15</td>
<td>85</td>
</tr>
<tr>
<td>TOTAL</td>
<td>174</td>
<td>918</td>
<td>16%</td>
<td>84%</td>
</tr>
</tbody>
</table>

This shows that overall 84% of all leavers resigned voluntarily and only 16% were dismissed. This proportion of dismissals to resignations seemed fairly consistent among the 8 hotels in the sample, with the values showing a standard deviation of only 6.3%.

A chi-square test, on the other hand, highlighted one hotel with an apparently significant variation from the overall proportion. The null hypothesis ($H_0$) proposed that the ratio of dismissals to resignations...
would follow the overall proportion of 16% to 84% for each hotel in the sample. The contingency table showing this calculation is given in Figure 4.3.21.

*Figure 4.3.21.* Contingency table for the $\chi^2$ test on the number of dismissals and resignations for each hotel.

<table>
<thead>
<tr>
<th>HOTELS</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISMISSALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>8</td>
<td>22</td>
<td>11</td>
<td>22</td>
<td>84</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>5.6</td>
<td>16.3</td>
<td>14.2</td>
<td>49.2</td>
<td>66.1</td>
<td>10.2</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>$\chi^2$</td>
<td>1.05</td>
<td>2.03</td>
<td>0.71</td>
<td>15.19</td>
<td>4.83</td>
<td>0</td>
<td>2.92</td>
</tr>
<tr>
<td><strong>RESIGNATIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>27</td>
<td>80</td>
<td>78</td>
<td>288</td>
<td>331</td>
<td>54</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>29.4</td>
<td>85.7</td>
<td>74.8</td>
<td>260.6</td>
<td>348.9</td>
<td>53.8</td>
<td>42.9</td>
</tr>
<tr>
<td></td>
<td>$\chi^2$</td>
<td>0.20</td>
<td>0.39</td>
<td>0.14</td>
<td>2.88</td>
<td>0.92</td>
<td>0</td>
<td>5.00</td>
</tr>
</tbody>
</table>

This gives a total chi-square value of 31.83 at 7 degrees of freedom, which is significant at the 0.05 level of confidence. However, it can be seen that Hotel F clearly contributes most to the chi-square value, and if omitted from the calculation, a revised $\chi^2$ value of 5.64 at 5 degrees of freedom is obtained (see Figure 4.3.22).
**Figure 4.3.22.** Contingency table for the revised $X^2$ test on dismissals and resignations.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISMISSALS</td>
<td>0</td>
<td>8</td>
<td>22</td>
<td>11</td>
<td>84</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>6.8</td>
<td>19.8</td>
<td>17.3</td>
<td>80.7</td>
<td>12.4</td>
<td>9.9</td>
</tr>
<tr>
<td>$X^2$</td>
<td>0.21</td>
<td>0.24</td>
<td>0.29</td>
<td>0.14</td>
<td>0.48</td>
<td>0.96</td>
<td>0.22</td>
</tr>
<tr>
<td>RESIGNATIONS</td>
<td>0</td>
<td>27</td>
<td>80</td>
<td>78</td>
<td>331</td>
<td>54</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>28.2</td>
<td>82.2</td>
<td>71.7</td>
<td>334.3</td>
<td>51.6</td>
<td>41.1</td>
</tr>
<tr>
<td>$X^2$</td>
<td>0.05</td>
<td>0.06</td>
<td>0.55</td>
<td>0.03</td>
<td>0.12</td>
<td>0.23</td>
<td>0.05</td>
</tr>
</tbody>
</table>

This new value lies well below the 12.6 required for significance at the 0.05 level, and so tends to support the null hypothesis for all hotels with the exception of unit F. In other words, Hotel F is the only sample unit which showed a significantly different proportion of dismissals to resignations. Referring back to Figure 1 shows this difference to be in favour of resignations with only 7% of leavers being dismissed from Hotel F.

**Individual reasons for leaving**

The frequency with which each reason for leaving was given by leavers varied widely. Figures 4.3.23 and 4.3.24 show the proportion of total resignations and dismissals which were accounted for by individual reasons.
Figure 4.3.23. Distribution of dismissals in the hotel sample.

<table>
<thead>
<tr>
<th>% of total dismissal</th>
<th>Reason for dismissal</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Unsatisfactory work</td>
</tr>
<tr>
<td>24</td>
<td>Absence</td>
</tr>
<tr>
<td>12</td>
<td>Violation of rules</td>
</tr>
<tr>
<td>11</td>
<td>Other</td>
</tr>
<tr>
<td>10</td>
<td>Insubordination</td>
</tr>
<tr>
<td>7</td>
<td>Redundancy</td>
</tr>
<tr>
<td>3</td>
<td>Intemperance</td>
</tr>
<tr>
<td>100%</td>
<td>Total Dismissals</td>
</tr>
</tbody>
</table>

Figure 4.3.24. Reasons for resignations in the hotel sample.

<table>
<thead>
<tr>
<th>% of total resignations</th>
<th>Reasons for resignation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Unknown</td>
</tr>
<tr>
<td>12.5</td>
<td>To travel</td>
</tr>
<tr>
<td>12</td>
<td>Promotion prospects</td>
</tr>
<tr>
<td>10.5</td>
<td>Domestic problems</td>
</tr>
<tr>
<td>9.5</td>
<td>Studies</td>
</tr>
<tr>
<td>8</td>
<td>Working conditions</td>
</tr>
<tr>
<td>7.5</td>
<td>Wages</td>
</tr>
<tr>
<td>6</td>
<td>Illness/retirement/death</td>
</tr>
<tr>
<td>4.5</td>
<td>End of contract</td>
</tr>
<tr>
<td>4.5</td>
<td>Hours</td>
</tr>
<tr>
<td>2.5</td>
<td>Company transfer</td>
</tr>
<tr>
<td>2</td>
<td>Personality conflict</td>
</tr>
<tr>
<td>1.5</td>
<td>Travel problems</td>
</tr>
<tr>
<td>100%</td>
<td>Total RESIGNATIONS</td>
</tr>
</tbody>
</table>

- 314 -
These two tables are inconclusive in their own right, but do suggest several possible factors for further investigation. Firstly, it can be seen that over 50% of all dismissals in the hotels were due to either unsatisfactory work or worker absence. Both of these could be manifestations of low job satisfaction and a weak worker commitment to the organisation. If this is so, there is the possibility that it reflects directly on poor management rather than individual worker orientations. However, the alternative possibility is that dismissals due to unsatisfactory work or worker absence are manifestations of simply 'unreliable' workers, although there would be some basis to suggest a weakness in the hotel selection and recruitment processes.

The most revealing point from Figure 4.3.24 is that one fifth of all staff who leave, do so for reasons unknown. This is not surprising in view of the informality of management practices already discovered in the hotels (see Section 4.2). This suggests a lack of effective rapport and communication with staff, and possibly also a disinterest in the continual loss of employees. In addition, it does emphasise that when management have limited knowledge about why their staff leave, they are less likely to be able to remedy the situation. It should also be noted at this point that, as mentioned earlier in Section 4.1.4, the hotel sample here is probably biased towards those establishments with the greatest degree of formality and the most extensive staff records. In this way, the actual proportion of staff leaving for reasons unknown in the industry is probably much higher.

The second most prevalent reason for leaving is that staff wish 'to travel'. This implies a certain rather mobile element of workers, who at least see the work, from the outset as temporary. From the management's
point of view this would seem to be very much a reflection on either the 
recruitment policies to take on such workers, or else a deficiency in 
selection and screening practices which enables such workers to slip 
through the net. A similar argument could apply with the further 9% 
who leave hotel employment for the reasons of 'studies'.

The third most prevalent reason why staff in the sample leave hotels is 
because of a lack of promotion prospects. This area has been discussed 
at greater length in Section 4.2.2.5 and indicates that a fair proportion 
of leavers could be encouraged to stay by conditions which are within 
managerial control.

Comparing reasons for leaving across the individual hotels.

This section sets out to compare the frequencies of reasons for leaving 
across the eight hotels. Figure 4.3.25 shows these results expressed 
as percentages of the total leavers for each hotel, along with the 
cumulative results for the overall sample.

From these data it is possible to establish the rank order of reasons for 
leaving from each hotel. However, it would seem that most value could be 
obtained from this data by looking at the frequency which one reason for 
leaving is cited, in relation to the frequency of the other reasons for 
leaving. In other words, do particular reasons consistently rank above 
or below other reasons for leaving? In order to investigate such a 
relationship between the reasons for leaving in the sample hotels most 
clearly, it was decided to rank each individual reason for leaving and 
then conduct a test of concordance of the ranks. This would show the 
extent to which members of a set of distinct rank orderings (ie the
Figure 4.3.25  Proportion of Reasons for Leaving Given by each Hotel.

<table>
<thead>
<tr>
<th>REASONS FOR LEAVING</th>
<th>HOTELS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>DISMISSALS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsatisfactory work</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Insubordination</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Violation of rules</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Absence</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Redundancy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>RESIGNATIONS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Wages</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Working conditions</td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>Promotion prospects</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Company transfer</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Domestic problems</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Travel problems</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Illness/ death/retirement</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Personality conflict</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Studies</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>End of contract</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Unknown</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>To travel</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>TOTALS</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
'popularity' of reasons for leaving) in the hotels tend to be similar and show 'concordance'.

From the percentages in Figure 4.3.25, each reason for leaving was ranked in order of the frequency of incidence - the most popular reason for leaving in each hotel was ranked 1, the second most popular, 2, and so on. In situations where two or more reasons for leaving were found to occur equally, each was assigned the mean of the ranks they would otherwise occupy. The rank orders are given in Figure 4.2.26.

Kendall's 'coefficient of concordance' was then applied to test the agreement, of 'concordance', of the rank orders. This test is based on a measurement of the extent of variability among the respective sums of ranks in relation to the maximum possible variation which would be shown if absolutely perfect agreement were to exist among all the hotels.

Basically Kendall's coefficient of concordance,

\[
W = \frac{\text{Variance of rank sums}}{\text{maximum possible variance of rank sums}}
\]

which can be expressed in the form:

\[
W = \left( \frac{12 \left( \sum R^2 \right)}{m^2n(n^2-1)} \right) - \left( \frac{3(n+1)}{n-1} \right)
\]

where:

\[
R = \text{Rank total}
\]
\[
M = \text{Number of hotels}
\]
\[
n = \text{Number of reasons for leaving}
\]

(17)
### Figure 4.3.26 Ranked Reasons for Leaving

<table>
<thead>
<tr>
<th>REASON FOR LEAVING</th>
<th>HOTELS</th>
<th>RANK TOTAL (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>Unsatisfactory work</td>
<td>8.5</td>
<td>10</td>
</tr>
<tr>
<td>Insubordination</td>
<td>8.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Violation of rules</td>
<td>8.5</td>
<td>15</td>
</tr>
<tr>
<td>Absence</td>
<td>14.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Redundancy</td>
<td>14.5</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>8.5</td>
<td>15</td>
</tr>
<tr>
<td>Hours</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Wages</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Working conditions</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Promotion prospects</td>
<td>5</td>
<td>2.5</td>
</tr>
<tr>
<td>Company transfer</td>
<td>14.5</td>
<td>17.5</td>
</tr>
<tr>
<td>Domestic problems</td>
<td>1</td>
<td>7.5</td>
</tr>
<tr>
<td>Travel problems</td>
<td>5</td>
<td>17.5</td>
</tr>
<tr>
<td>Illness/ret./death</td>
<td>14.5</td>
<td>4</td>
</tr>
<tr>
<td>Personality conflict</td>
<td>14.5</td>
<td>10</td>
</tr>
<tr>
<td>Studies</td>
<td>14.5</td>
<td>6</td>
</tr>
<tr>
<td>End of contract</td>
<td>14.5</td>
<td>15</td>
</tr>
<tr>
<td>To travel</td>
<td>14.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Unknown</td>
<td>14.5</td>
<td>1</td>
</tr>
</tbody>
</table>
In this way, a coefficient of +1 denotes perfect concordance, and -1 perfect discordance. All values of W must therefore lie between +1 and -1.

With the data from Figure 4.3.26 the coefficient of concordance can be calculated as follows:

\[
W = \frac{12((68.5)^2 + \ldots + (48.5)^2)}{8^2(19)(19^2 - 1)} - \frac{3(20)}{18}
\]

\[
= 3.63 - 3.33
\]

\[
= 0.3
\]

There is apparently a low degree of concordance among the hotels in the sample with regard to the incidence of each reason for leaving. The variance of the rank sums is only 30% of the maximum possible if all the hotels had shown the reasons for leaving in an identical rank order.

Comparing grouped reasons for leaving across individual hotels.

In addition to looking at individual reasons for leaving, it was also decided to investigate the concordance of each hotel with regard to the importance of various groups of reasons for leaving. Grouping the reasons as far as possible into related categories not only served to reduce the number of elements in the rank ordering, but was also thought to produce more meaningful results if several reasons for leaving arose as manifestations of the same fundamental problem. By grouping the reasons given it may therefore be possible to draw conclusions about the underlying causes in each hotel.
The groups created for resignations are listed as follows, along with a brief explanation of why those reasons for leaving were classified together:

GROUP 1: (Wages
    (Promotion prospects

GROUP 2: (Hours
    (Working conditions
    (Travel problems
    (Domestic problems

GROUP 3: (Studies
    (End of contract
    (To travel

GROUP 4: (Personality conflict
    (Unknown
    (Company transfer

GROUP 5: (Illness
    (Retirement
    (Death

Wages and promotion prospects were classified together because, although some establishments do have periodical wage reviews, the main way a worker can hope to significantly increase his income is through promotion. Hence, without any prospects of rising up the job hierarchy, a worker's future earnings potential is severely limited. In this way the justification for leaving may revolve around either wages or promotion, but may ultimately stem from the same problem.
Similarly, hours, working conditions, travel problems and domestic problems all seem to stem from a workers underlying dissatisfaction with his general conditions of employment. 'Domestic problems', for instance, suggest an incompatibility between work and home commitments and like-wise 'travel problems' imply that because of the hours of attendance required by the job, the employee has difficulties with travel arrangements.

Studies, end of contract, and 'to travel' are three reasons for leaving which seem to suggest that the employment was considered, either by the employee, employer, or both, to be temporary from the outset. From the workers' point of view it could be a temporary earning spell between other plans; whilst for the employer it could be seen as a 'stop-gap' to cover increased demand or staff shortages.

The fifth group of illness, retirement and death, would seem to be fairly self-explanatory, as being largely unavoidable; whilst the last group, company transfer, personality conflict, and unknown have been grouped together as rather miscellaneous reasons, which do not belong elsewhere.

The frequency of reasons for resignation in each group for the hotels in the sample are given in Figure 4.3.27. This is interesting in so far as the most common group of reasons for the total hotel sample is group 3, which, it has been suggested may be reasons reflecting a weakness in recruitment selection and screening processes.

From the data given in Figure 4.3.27 the group of reasons for leaving were ranked for each hotel. Figure 4.3.28 then gives the rank order along with the total rank values.
### Figure 4.3.27. Frequency of grouped reasons for resignation.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Reasons for resigning groups</th>
<th>Money/Career</th>
<th>Career Conditions</th>
<th>Temporary Work</th>
<th>Interpersonal</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>1</td>
<td>7</td>
<td>19</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>20</td>
<td>15</td>
<td>17</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>D</td>
<td>3</td>
<td>7</td>
<td>19</td>
<td>29</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>F</td>
<td>4</td>
<td>56</td>
<td>66</td>
<td>97</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td>G</td>
<td>5</td>
<td>38</td>
<td>77</td>
<td>81</td>
<td>119</td>
<td>16</td>
</tr>
<tr>
<td>H</td>
<td>6</td>
<td>21</td>
<td>19</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>I</td>
<td>7</td>
<td>15</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>J</td>
<td>8</td>
<td>15</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>179</td>
<td>222</td>
<td>239</td>
<td>218</td>
<td>57</td>
</tr>
</tbody>
</table>

### Figure 4.3.28. Rank orders of grouped reasons for resignation.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Reasons for resigning groups</th>
<th>Money/Career</th>
<th>Career Conditions</th>
<th>Temporary Work</th>
<th>Interpersonal</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4.5</td>
<td>3</td>
<td>4.5</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>D</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>F</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>G</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>H</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I</td>
<td>7</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>J</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>4.5</td>
<td>4.5</td>
<td>3</td>
</tr>
<tr>
<td>RANK.</td>
<td></td>
<td>17</td>
<td>21</td>
<td>22</td>
<td>22.5</td>
<td>37.5</td>
</tr>
<tr>
<td>TOTAL(R)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
These rank totals were used to test for 'concordance' among the hotels, using Kendall's coefficient of Concordance:

\[ W = \frac{12 \left( (17)^2 + \ldots + (37.5)^2 \right)}{8^2 (5)(24)} - 3 \left( \frac{6}{4} \right) \]

\[ = 4.89 - 4.5 \]

\[ = 0.39 \]

Once again the concordance level is low at 39% of the maximum possible. It would therefore seem that there is no similarity between the rank orderings of the 5 groups of resignations, among the hotels.

A similar test of concordance on the rank orderings of the dismissals produced an even lower level of agreement: (see Figure 4.3.29)

**Figure 4.3.29.** Rank orders for dismissals.

<table>
<thead>
<tr>
<th>HOTEL</th>
<th>Absence</th>
<th>Unsatisfactory work</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>D</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>F</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>G</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>H</td>
<td>1</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>I</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>J</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>RANK TOTAL(R)</strong></td>
<td>16</td>
<td>17.5</td>
<td>14.5</td>
</tr>
</tbody>
</table>
\[ W = 12 \left( \frac{(16)^2 + (17.5)^2 + (14.5)^2}{8^2 (3)(8)} \right) - \frac{3 (4)}{(2)} \]

\[ = 6.035 - 6 \]

\[ = 0.035 \]

This indicates a level of concordance of 3.5% of the maximum possible agreement between the hotels.

The results of this section seem to refute the hypothesis that the frequency of different reasons for leaving will follow the same pattern for each hotel in the sample. The only real similarity among the hotels would appear to be in the proportion of dismissals to resignations, which remained fairly constant. The other tests showed very little concordance from one hotel to another.

Following the ideas from which this hypothesis was developed, these results suggest several possible modified explanations. Firstly, it could be that the employee grievances do not stem from managerial practices, or malpractices, but arise instead from individual orientations to work and personal circumstances.

Alternatively, although it has been suggested that all the sample hotels show a similar lack of formality and set managerial policies, it could in fact be that the very 'ad hocness' of the organisational rules and the level of discretion it affords to management creates very individual situations for staff. This would then account for the disparity found between the frequency of each reason for leaving in the hotels sampled.

Unfortunately the limitations of the data collected do not enable firm
conclusions to be drawn regarding these results. Suffice to say at this point, however, that taken in the context of the other findings of this study, the latter explanation is favoured, whereby the discordance of reasons for leaving among the hotels is a reflection of the arbitrary, individualistic nature of managerial practices.
4.3.3 SUMMARY

In this chapter 5 hypotheses have been tested - hypotheses which cover various aspects of the turnover process. Because of the sample size and the limitations of the data collected, the results can by no means be considered conclusive. However, taken in context, they do provide an interesting and illuminating picture of the nature of labour turnover in the hotels sampled.

The first point of note, which was made quite clearly in hypothesis 1, is that there would seem to be a stable element and an unstable element forming distinct parts of the hotel workforce. This seems to be in line with earlier studies, by such as EDWARDS (18) where the existence of a primary and secondary labour market is proposed with various associated characteristics. However, this study seems to go one step further - by showing the existence of a stable and an unstable element within each occupational group. This is to a large extent contrary to conventional wisdom and earlier studies (19), which suggest that behavioural patterns can be differentiated by the occupational grouping of workers.

However, the interpretation of the findings here require some qualification. They do not disprove the theories that relate the technology and nature of different jobs to occupational differentials in an employee's orientations to work. Rather they suggest that it is only the unstable element of the workforce who are susceptible to the 'push' or 'pull' forces of the different technologies, whilst the 'stable' element, being more committed to continued service in return for security of employment, are less susceptible to these factors. In this way, the occupational differences in turnover can be attributed to the different velocities with which the more mobile workers in each job
The second main point that emerges from the results of this chapter is that there apparently is no significant difference in the leaving behaviour of staff working in back-of-house occupations and those in front-of-house jobs. One possibility here might be that the technical differences of work do not in fact determine a workers' leaving behaviour. However, in view of the previous studies that suggest otherwise, a second proposition can be made. It could well be that the divisions of 'back' and 'front' of house do not satisfactorily reflect differences in technologies, and that the classifications are too broad. In other words, that whereas back-of-house jobs offer some intolerable conditions, they also offer aspects which workers find desirable and which in some cases may compensate for the intolerable aspects. Similarly, with front of house jobs. In this respect, however, the results here are far from conclusive.

Finally, the results indicated that staff in different hotels leave for different reasons, or at least claim different reasons for leaving. In view of the rather idiosyncratic managerial practices found in the hotels this result is not surprising, and tends to support the idea that labour turnover is primarily a result of managerial practices. In other words, it would seem that turnover as a phenomenon may be less a result of unstable people or unstable jobs, and more a result of poor or even arbitrary management practices.

This is further reinforced by looking at the actual reasons for leaving given by hotel staff. This suggests that in many of the individual cases of staff resignation and even of dismissals, the problems would seem to be very much within managerial control - control they possibly choose not to impose.
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    SHAMIR, B. (1975). Op cit..
5.0 CONCLUSIONS
5.0 CONCLUSIONS

This study of labour turnover in hotels started from five basic objectives (see also Section 3.1.1):

- to review the extent and findings of literature on the subject;

- to form an overall picture of the level of labour turnover in hotels;

- to assess the extent to which labour turnover is considered a problem by management;

- to establish a picture of the internal labour market structure of hotels through a study of the managerial practices and attitudes in personnel-related areas;

- to investigate further any conspicuous characteristics which emerge from the study of labour turnover, in so far as they can be represented by the overall data collected.

It is around these objectives that this project has been developed - from the basic methodology to the analysis of the results. It is therefore appropriate that they should also form the basis of this concluding chapter. In this way it is possible to highlight the degree to which this study has achieved what it set out to achieve, along with the limitations and the scope for further investigation.

Bearing in mind the objectives of the project, the main conclusions of
i) Hotels clearly experience high rates of labour turnover - rates which are very much on a par with those reported in earlier studies.

ii) Labour turnover is considered a problem by management (and in the literature), although it is curiously an institutional one. It is accepted as an established and intractable 'problem' of the industry, and few, if any, serious steps are taken to tackle it.

iii) To a large extent, managerial practices are a contributing factor to high labour turnover - not necessarily through malpractice, but because of a general ad hocism of their approach to personnel management. This creates conditions whereby the 'ties' that hold employees in an organisation are weak.

iv) Hotels are a salient example of a weak internal labour market, and are therefore subject to the power and capricious forces of the external labour market.

v) The overall rate of labour turnover in hotels masks some of the detailed characteristics of the phenomenon. It was found that a stable element exists in the hotel workforce along with a rather more mobile element. It is the unstable portion of the labour force that accounts for the high overall rates of turnover.
vi) Labour turnover is not confined to specific, occupations, nor to specific hotels, but is an industry-wide problem. Similar stability and instability characteristics were found across all occupations and in all the hotels.

Having thus highlighted the main conclusions drawn from the results of this study, the implications and ideas which revolve around them will now be more fully discussed.

In Section 3.1.1, where the objectives were set out, it was proposed that 'the hotel industry exhibits high rates of labour turnover'; a statement which was largely based on previous reports of high turnover in hotels. Stage I of this study portrayed a picture with similarly high levels of staff turnover, giving an industry average of 76% over the three years monitored. However, this also masks a wide range of turnover rates from one hotel to another; rates which vary from below 20% to well in excess of 300%.

Analysis of the rates of turnover experienced by different categories of hotels produced no conclusive results. There seemed to be no significant differentiation in turnover rates for hotels split by location, size, price, and ownership.

The overall picture of the hotel industry is therefore one characterised indeed, by high levels of staff turnover. However, this statement does need qualifying in so much as this covers an enormous range of turnover rates among individual establishments.
Another statement that also requires qualification is the assumption that labour turnover is a problem. Clearly there are many problems raised by high turnover, as the literature points out. Problems and costs such as those involved in repeated selection and recruitment and the loss of training invested in staff who leave, along with other social and economic costs to both individuals and to the community as a whole. However, not only is a reasonably stable workforce necessary to operate an organisation efficiently, but it is also acknowledged in the literature that a certain level of labour turnover is needed to maintain flexibility in the labour market. Other benefits are gained from skill acquisition, training, career progression and, because for management at least, there are certain advantages seen in employing an unskilled and unorganised workforce. However, it should be noted that in the literature, labour turnover is generally considered to be a problem, and it is the problems and costs involved which are invariably emphasised.

On the other hand, with regard to the managerial view of labour turnover, the results of this study showed a mixture of attitudes, and in many cases apparently conflicting actions.

Firstly, when questioned in Stage I of the project, 80% of the hoteliers said that they consider labour turnover to be a problem requiring medium to high priority; although the intensity of this feeling did seem to drop slightly over the three years of the study (see Section 4.1.22). Only 10% of the hoteliers suggested that it is not a problem at all.

These attitudes expressed did not seem to correlate in any way with the actual level of turnover. The overall drop in apparent importance of
staff turnover just mentioned was, in fact, accompanied by a rise in the overall turnover rates; and the priority accorded to labour turnover by individual hoteliers did not correspond to the rates of turnover in their hotels.

These findings do tend to point towards various conclusions. Firstly, it seems that there is a general awareness in hotels of labour turnover as a phenomenon, although it is possible that, to a certain extent, labour turnover has been expressed as a problem because it is always expounded as such. However, the results also suggest that faced with this 'problem' the management in hotels either, do not know quite what to do about it, choose to do nothing about it, or both.

The former suggestion, that management are not sure how to tackle the 'problem' of labour turnover, is given further support in the hotel interviews of Stage II (see Section 4.2). These hotels generally collected some information, such as records of exit interviews and reasons for leaving, which they justified in the name of staff turnover. However, there was no evidence of any further action beyond the possible calculation of wastage rates. There seemed to be no attempt to actually pinpoint the root of the 'problem' or to take any constructive steps towards a 'remedy'. It should also be remembered, at this point, that the sample for Stage II is undoubtedly very strongly biased in favour of the more formalised and bureaucratic hotels within the industry. It is likely, therefore, that only productive action with regards the labour turnover 'problem' will in fact be less in the hotel industry in general, than in the sample used here. In this way, it could well be that in the hotels here the management do not know quite how to tackle the 'problem', whereas in the overall industry, there is a greater preponderance of establishments that simply choose to do nothing about it.
The attitude of hoteliers to the phenomenon of labour turnover is clearly reinforced by the way they manage their establishments. The original assumption proposed in Section 3.1.1 was that 'hotels have a weak internal labour market structure, and are therefore obliged to accept the dominance of the external labour market'. The results of this study provide clear evidence to support this proposal.

The suggestions of a weak internal labour market structure - an extreme case even - are clear. Each of the areas studied, through interviews with the management of hotels, drew the same portrait of informal, flexible and arbitrary managerial practices. Virtually all jobs were open to the external market; recruitment was highly flexible with little in the way of formal hiring standards; training was largely unplanned, minimal and carried out almost by default; there was a low level of internal promotion; and appraisals, if any, were highly informal. Moreover, EDWARDS' (1) contention that an internal labour market is a product of bureaucratic control seems to be borne out. The standard trappings of a formalised and durable employment relationship, such as appraisal systems, productivity measures, job descriptions and formal grievance procedures, were absent in most hotels.

Two observations do seem to be justified here. Firstly, management appear to retain all their options when faced with pressures from the external market; yet they do not appear to use them. In other words, the management replies suggest that they do not institute formal rules or strategies for manpower practices in order to be able to adapt more freely to varying external market pressures. In practice, however, judging by the extent of internal mobility and the high rates of labour turnover, the organisations do not, in fact, use this flexibility for effective personnel management. If CHILD's (2) maxim that 'organisations can best be understood by
reference to the strategic choices managers make about their environment is valid, then managers in the hotel industry appear to choose to rely upon, and hence be buffeted by, an external labour market, rather than develop an internal labour market through the bureaucratisation of the employment relationship.

It must be recognised that this 'choice' is implicit rather than explicit, because in no way could what was found be construed as tactics, let alone strategy. The constant adaptation to whatever the external market threw up can best be described as a defensive reaction to a chosen dependency.

Secondly, the findings themselves have to be qualified, because the picture of 'ad hocism' may be deceptive. It could, in fact, reflect some valid rigidity, say in the job structure itself, which is disabling to the formation of a strong internal labour market.

Many of the jobs in hotels contain few elements common to each other, there are few obvious training clusters, and a wide range of necessary training periods. Fitting them together cannot be easy. There is evidence in this study that managers look for flexible people, whereas their problem is, in fact, to restructure work and redefine jobs to allow them to make use of flexible people. Reliance upon the external labour market and high rates of labour turnover are the consequence, as much as the cause, of managerial control strategies.

Leading on from this argument, this study suggests that ad hoc management in hotels is also reflected in the behavioural patterns of employees. There is considerable variation, encountered throughout this study, in labour turnover rates. They varied from hotel to hotel, from occupation
to occupation, and even from within the same occupations in different hotels.

However, this variation is not total, in that there was also some element of consistency among certain aspects of turnover behaviour within the hotels studied. The first important point to note is that there was evidence of two distinct types of labour market, each of which exhibited differing behavioural characteristics. There is a stable element which fits the characteristics of staff in EDWARDS'(3) concept of a 'primary' labour market; and an unstable element, with 'secondary' labour market characteristics. In his study the stable element represented 56% of the staff, who had at least one year's service. This proportion of stable to unstable workers remained very much constant in all the hotels in the sample.

Such evidence of two types of labour market operating within hotels, leads to a key question: What is it that makes some staff so unstable? KERR and SIEGAL (4) take this point to ask whether evidence of unstable behaviour is caused by the intolerable nature of particular jobs, or because there is a proportion of unstable people whose instability renders some jobs incapable of proper organisation and control.

This study indicates that it is in fact the people who are unstable, and not particular jobs or occupations; and that within each job there is a stable and an unstable element. This would then seem to lead back to the basic managerial practices and the internal labour market structure. Either these people are 'unstable' because, as a part of the secondary labour market within a very ad hoc system they are continually 'pushed' out of organisations by a lack of reasons to stay. Or, alternatively,
there are people whose attitude to work is mobile - people who actively seek employment on a temporary basis and prefer not to become settled or committed. In this latter case, it therefore becomes either a fault, or a choice, in managerial policies that enables such transient staff to slip through the recruitment, selection and screening processes.

The final point that is raised by this study centres around the constituency of work loyalty. Do staff develop a loyalty to an occupation, to a firm, or to an industry? Taking the findings here, with little movement between occupations, and high rates of labour turnover among hotels, would tend to suggest that hotel workers are loyal to an industry and to a set of skills, rather than to a particular hotel.

This suggests that, where skills are easily transferable, within an industry such as with the hotel business, people will have less need to move outside the industry. In hotels, this is reinforced, by the existence of unsocial hours for staff which bring workers together socially, developing no loyalty to a firm, merely an industry or to an occupational community.

Clearly this study raises many issues in its exploration of the labour turnover process and adds new substance and ideas to its understanding. However, in doing so it also opens up areas and questions for further research. One such point would be for a deeper investigation into the nature and character of the workers who make up both the stable and the unstable element. This in turn could highlight for managers the extent to which they can control labour turnover by more stringent selection of people who have 'stable' characteristics - if indeed there are any.
Such an investigation would also look at the past job histories of staff to see whether unstable workers in one organisation have been unstable in other jobs too, or whether they are just susceptible to particular managerial control policies.

Continuing along this same theme, suggests further research into the reasons staff give for leaving their employment. This raises the question of to what extent the reasons given are the true reasons, and if they are not, why no, and what are the intervening processes? Such an investigation could also look at the extent to which employees are aware of the push and pull forces exerted by the internal labour market and the external labour market.

Another area for further research could be concentrated at unit level. Although it is clearly suggested here that all hotels offer a rather ad hoc management style, there is still quite wide variation in the actual labour turnover rates. In this study some suggestions have been made as to the sources of this variation, but there is still much scope for further definitive conclusions as to why the range of rates persists. For example, is it a function of the 'degree' of formalisation of management personnel practices.

Finally, there is a quite major area which this study has not addressed, namely the question of whether it really matters if hotels exhibit high rates of labour turnover. The conclusions here have suggested that there is currently a situation where the 'problem' of labour turnover is very much institutionalised and accepted. In addition there would seem to be a supply of people who are prepared, for one reason or another, to join this industry reknowned for poor conditions of work and high
instability. What is needed therefore, is a realistic, practical evaluation of the costs of labour turnover to all parties involved, along with a comparable estimate of how to change existing practices and the detailed consequences of such change. Only then would it be possible to suggest, with any justification, whether or not managers should seek to reduce the high levels of labour turnover which are currently well established in the hotel industry.


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APPENDICES
APPENDIX 1

LABOUR TURNOVER QUESTIONNAIRE

JUNE '84

1. How many staff were employed by your hotel, Male Female
(a) At 1st January 1983 - (i) Full-time ....... .......
(b) At 1st July 1983 - (i) Full-time ....... .......
(c) At 1st January 1984 - (i) Full-time ....... .......

N.B. Full-time refers to staff working more than 35 hours per week). Part-time refers to staff working less than 35 hours per week).

2. As a hotel manager, which of the following do you personally think are important issues in relation to your staff? (please circle)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Very important</th>
<th>Important</th>
<th>Slightly important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Staff training</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(b) Labour costs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(c) Labour turnover</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(d) Loyalty and dedication</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>(e) Quality of applicants</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

3. Does your hotel collect information on labour turnover? YES/NO

4. Do you collect the following information for managerial purposes?
   (a) Reasons for staff leaving YES/NO
   (b) Percentage rate of labour turnover YES/NO
   (c) Percentage rate of labour turnover by staff occupation YES/NO

5. Considering the industry as a whole, do you believe that labour turnover is a problem which needs attention? (Please circle)

   High priority/Medium priority/Low priority/Not a problem

6. How many new employees (full and part-time) were engaged by your establishment between 1st January 1983 and 31st December 1983? .......

7. How many employees (full and part-time) left your hotel between 1st January 1983 and 31st December 1983 for the following reasons?
   (a) Resignation ....... (d) End of fixed term of contract .......
   (b) Dismissal ....... (e) Other, (e.g., retirement, death) .......

8. What was the length of service of all persons employed in your hotel at 1st January 1984?

<table>
<thead>
<tr>
<th>Length of service</th>
<th>Less than 1 month</th>
<th>2 - 3 months</th>
<th>4 - 6 months</th>
<th>7 months - 1 year</th>
<th>1 - 5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Would you be prepared to answer more detailed questions on labour turnover? YES/NO

With whom do we make any further contact?

Name ........................................ Position ...........................

Telephone Number ..........................

THANK YOU FOR YOUR CO-OPERATION
APPENDIX II

STAGE II - STRUCTURED INTERVIEW QUESTIONS

IN DECIDING ON WHAT INFORMATION I NEED FOR THE STUDY OF LABOUR TURNOVER, I HAVE DIVIDED THE QUESTIONS INTO THREE MAIN AREAS.

THE FIRST AREA OF QUESTIONS CONCERNS THE STAFF AND THEIR EMPLOYMENT.

1. How many casual staff do you employ? What is the average number you employ per week?
   In what jobs?
   Particular seasons - numbers
   Regular pool / emergency staff

2. Do you use any measures to determine the productivity of the staff?
   Which staff?
   What measures?
   PROBE - How many rooms does a maid clean?
     Is that laid down?
   How many barmen for how many customers?
     Is that laid down?
   Etc.
   (If written, obtain copies)

3. Do all the staff / any of the staff get issued with a job description?
   Which staff
   When

NEXT I WOULD LIKE TO KNOW ABOUT POLICIES CONCERNED WITH THE SELECTION OF NEW STAFF.

4. Who is responsible for selecting staff? Is the personnel department involved?
   How do you recruit?
     vetting / final decisions
   identify the labour market - local or otherwise
   selection criteria - different jobs
   references before / after selection
   contracts

   What is the biggest problem you encounter with recruiting new A2
5. What about the induction and training of new staff. How does the hotel deal with it?
   - introductions
   - initial training - extent
     - by whom
     - how long after joining
   - level of initial responsibility
   - is it followed up?

6. What about further training within the hotel?
   - by whom? which staff? how often? what criteria?
   - on/off job training
   - trial period?
   - how many qualified HCITB instructors? what departments?
   - training records

7. Do you have an appraisal system?
   - by whom? which staff? how often? what criteria?

8. What are the hotel's policies for promotion within the hotel?
   - examples - numbers for those promoted within the past 12 months
   - what criteria are used
   - change of occupations - rigidity of internal labour market

9. I'd like to know a bit about the time management of staff here. Who is responsible for organising the staff rotas?
   - changes in rotas
   - criteria for changes e.g. days off - seniority

10. How much holiday do staff here get?

11. What about payment systems within the hotel?
    - incentives / bonuses
    - tronc system
    - other benefits
    - overtime - % of payroll as overtime
      - PROBE - Average amount of overtime per week
      - Nos of staff during average week
12. To what extent does the hotel provide for the staff?
   - uniforms
   - accommodation
   - meals - quality
   - facilities - showers, TV room
   - other

13. What are the official grievance procedures for the hotel?
   - extent of use - numbers per year
   - numbers, if any, industrial tribunals

This next stage moves on to information about turnover within the hotel

14. Why do you collect information about labour turnover?
   - Who is responsible for collecting it?

15. What sort of information do you collect about labour turnover?
   - why they leave
   - where they go to
   - which departments they come from

16. Do you conduct 'exit interviews' with leavers?
   - by whom
   - which staff

17. Do you follow up on those staff who simply fail to turn up one day?

And finally, I would like to find out about changes which have taken place within the hotel in the past few years. Changes which might affect the levels of employment, of labour turnover, and of staff ratios.

18. For example, have there been any changes in policy of staff related
   - hiring standards
   - technology
   - products - e.g. carvers, buffets
   - changes in work processes
   - major investments

19. Are there any such changes planned for the near future?
APPENDIX III

THE HOTEL SAMPLE
APPENDIX IV

HOTEL I - SAMPLE INTERVIEW

Interview with Assistant Manager responsible for Personnel (represented by 'Y').

JS How many casual staff do you employ?

Y Five and that's for banqueting. In the summer obviously it goes down because there are no functions but from now till past Christmas, probably until March, we definitely need them. If we do need any extra people we like to use our own staff, because obviously the functions are repeat ones and they like to see the same faces. So anyone who's not working on the restaurant perhaps they will come in and work lunch. We have porters who work in banqueting. They have been trained.

JS Do you use any measures to determine the productivity of the staff?

Y Not really, no.

JS Do you have a particular number of rooms for a maid to clean?

Y Usually ten.

JS Is that written down?

Y No.

JS Do all the staff or any of the staff get issued with a job description?

Y Some are; not everybody. They've all got job descriptions, but they're not all different. Commis for example are all basically the same - just one job description for all commis.

JS Do staff get to see one before they start work or is it explained to them?

Y It is explained to them and then the Head of Department will go
through everything with them. Shadow them so they learn it that way. But we don't have the sort of attitude where they say "Well it's not on my job description so I'm not doing it". Nobody's ever said it's not their job.

JS The next area concerns policies connected with the selection of staff. Who is responsible for selecting staff?

Y Well, the manager does get very involved for senior staff, heads of department, office staff, senior supervisors. Otherwise Heads of Department get their own staff. I'll put in any advertisements if they want, get in touch with job centres, things like that. But they will interview.

JS So how do you go about recruiting?

Y Well, we try to promote staff from within, but if that's not possible we will advertise externally. We do use the 'Caterer' a lot for senior positions, for receptionists, secretaries, chefs, restaurant people. Chambermaids, night porters will go into the Standard, also the Job Centre. So we do spend money advertising, as the Caterer isn't cheap in that respect but we do get a good quality staff, such a wide selection. Then you've also got for those sort of people, to provide accommodation because they are coming in from outside London.

JS What about selection criteria for different jobs?

Y We don't really have it written down what we are looking for, we just know the sort of person we want. Because we're not that big we have, at the most 120 staff on our books, we know everybody and what sort of people they are, and what sort of people will fit in. It's more on a personal level - personality. If there were two people coming for the job and one had worked in a really high class hotel and good experience, but had a terrible personality - couldn't speak to the guests and another person from a lower class hotel and not so good at his job but was good with the guests then he would get it.

It's really because lots of our guests are repeat guests and they do like to have people who will talk to them and make them feel at home.
We do have red stars and that's the difference between having black and red, the quality of the staff - whether they are cold and stand offish, or whether they take care of the guests and treat them as if they are coming into your own home. That's what we try to do here. We try to keep the element of it being a hotel in the old-fashioned way not the modern way of trying to get them to their rooms, to spend their money, etc. We have to think like that, but the guests here come first. When you see someone you can tell if they are going to fit in.

JS What about references?

Y We chase those up. Before we choose.

JS And contracts?

Y Yes, they are given to them hopefully in the first week or two weeks that they are here.

JS What is the biggest problem you encounter with recruiting staff?

Y It tends to fluctuate. You can't expect the demand that's going to come for any advert we put in. There was one time we put in an advert for a receptionist and we usually get a really good response, and we only got a handful. We put it in again a few weeks later and we got a lot of people again. It tends to vary like that. One time we changed our advert slightly and that worked. People just write in and we do seriously consider them. We do read through it and if they are the sort of person we would consider, might employ, then we do write back to them and say would they like to come and see us.

JS What about the induction and training of new staff?

Y I do their contract and induction from here. So when new staff start, within their first week or so, then they come in here. They've usually had a few days in the department so they know where things are etc. Let them see round the hotel.

JS So who does the initial introductions?
Y It's usually the head of department or myself.

JS What level of responsibility does a new staff member get?

Y If it's a chambermaid they are often put with someone for the first few days just to get them into the way we do it as everyone has different standards.

In that respect the chef keeps an eye on his - he'll always be sure that whoever he takes on swops round and knows what they're doing. He takes a lot of time to train his staff. And same with the restaurant too.

JS Is the initial training followed up?

Y We don't have very formal training here. It is done at department level - so often they don't get anything. We do do fire and health and safety and things.

JS Do any staff get sent on off-the-job training courses?

Y Well, we've had some off on the TSI - that's really senior members of staff. Others have gone on the courses run by the wine and spirit Education Trust for instance wine waiters, and that's paid for by the hotel. But we will send people on courses and pay for their tuition. We do have some people who are at courses for practical skills and we pay for them.

JS Are there any qualified HCITB Instructors in the hotel?

Y Well we have a few TSI but nothing higher than that. They're in all departments.

JS What about training records - do you keep any?

Y No not really. It's all basically on the job training. We keep a record of fire and health and safety - people who attend those.

JS Do you have an appraisal system?
Y We do in some way. We always review our staff when they get to 10 months of employment, because when they get to 1 year they are totally immune to anything that we can do to them. If they do anything wrong we have to go through the proper procedures to get rid of them. Up to the first year we can sack people on trivialities. So we always review our staff, as sometimes you don't realise how long someone has been there. You think that they aren't really doing what they should be doing, but getting into a rut. We have a chat with them and see what they intend to do; and if they don't think they will pull their socks up then that's when action has to be taken.

JS What are the hotel's policies for promotion within the hotel?

Y They're very good. We do have people who are promoted. We always try to promote from within, and we do have people who tend to go from one department to another. If one person wants to go to a vacancy in another department we will seriously consider them and let them have a chance to try it and see what they are like.

JS Can you tell me how many people have been promoted within the last twelve months?

Y Well, one of our night porters went onto days to the third porter, so he was given a lot of responsibility in that respect. Our deputy receptionist was promoted to head because the head left. A couple of waiters were promoted and a wine waiter was promoted. A commis chef was promoted to head chef and one chap qualified and got his 'City and Guilds' so he changed from an apprentice to a commis. So that's about it (7 in total).

JS Are there any particular criteria used for promoting staff?

Y Well, for instance we've had a lot of shuffling around in reception. The head receptionist left at the beginning of the year and the deputy, because she had been here for 5 years, she automatically went to become head. And then the person who was under her had been here for two years but she was only 20, so she wasn't really old enough to take the position of deputy. Though she knew the work very well because of her length of service. So we felt we had to advertise
externally because there was such an age gap between the Head and the next one down so seniority is not always the criteria.

Y heads of department do that.

JS What are the criteria for changes in the rotas?

Y If anyone wants a specific day off they go to the Head of Department who will try and give it. If the business won't allow it then their request will be denied. If it's like staff party night, then that's just the luck of the draw really - just put your name down first and the unlucky ones are left behind. In reception when they have their rota, the boss has a little pocket diary there, so if they want a specific shift or day off the Head Receptionist tries to give them that. They sometimes work it out amongst themselves. So long as the work is done and the shifts are covered then that's OK.

JS How much holiday do staff here get?

Y Four weeks per year unless if they have been here for 10 years they get 5. But they have to accrue it in the previous tax year so if they start now they won't get any holiday between now and April, then from April onwards they'll only get a proportion based on what they worked from September to April as part of a year. Usually though Heads of Department try to arrange bank holidays, or days off together to get a decent break for staff. Especially in a new job it can seem a long time.

JS What about payment systems in the hotel?

Y We pay everybody by cheque on the first of the month, but we also operate a sub-system whereby on a Friday and a Monday they can come to this office and we can give them cash upto the value of what they have earned up to that date. So they can come here and get a cash wage. But we have to close that about seven days before pay
day so the wages can be worked out.

JS What about incentives and bonuses?

Y We have a bonus from the wages budget. It was started about six years ago and (the Owner/Manager) put money into it to prove it would pay out. It hasn't paid out since until last April and then everybody got about - well the people who qualified - had been here for the whole year - they all got about £600. That's based on the amount of wages compared to the turnover. We budget the wages to be 36.5% of turnover, and the difference between the budget and actual is divided equally between all staff. The manager got the same as the kitchen porter.

JS What about other benefits?

Y We don't have anything like medical cover or private patients. We give everyone their 10% gratuities. Sometimes (the Owner/Manager) will give spontaneous gestures. Like when the last AA Guide came out and we were re-awarded our red stars, (the Owner/Manager) gave a certain sum into the wages to be split among the staff. Also Christmas bonuses - things like that.

JS What about tipping?

Y Well, we do insist to guests that service is included for meals except breakfast. But it is entirely up to them.

JS How is it sorted out? Do you have a tronc system?

Y Yes, the restaurant do. The porters keep it to themselves - keep whatever they get. In the restaurant it works on a points system.

JS What about overtime?

Y We tend to pay it at time and a half or double time for their day off. But it is within reason.

JS Do you have any idea what percentage of your payroll is overtime?
5% for August but that's a quiet month so probably not a good indication. It can go up to about 10% - a bit above around Christmas time.

Is that mainly in certain departments?

Well, banqueting do a lot of overtime. The restaurant do and the chambermaids do if they come in to do the evening turndowns. Kitchen do a lot of overtime - and kitchen porters.

So in the average week how many staff would be doing overtime?

About 60%.

To what extent does the hotel provide for the staff?

40 live in. They do have nice accommodation - mews accommodation across the road. They get their meals on duty if they don't live in and if they do then they get all their meals. They get uniforms and uniforms laundered. If they don't like their meals or whatever they can say. There is a television in the changing room for people who do split shifts. They all have showers with soap and towels provided.

What about official grievance procedures?

We do explain our system to the staff. We haven't had that many. Only one about two years ago went to an industrial tribunal. The general manager gets very involved. Obviously people, when we review our staff and we say well, you are not really the sort of person we want, everybody goes off and goes to their law centre or whatever, because they can do it so cheaply. We get the little letter and once we tell them well look, they haven't been employed with us long enough to have a leg to stand on.

People who leave often go to try and claim social security and we have to explain why they left. If we have got someone who keeps taking time off when they are supposed to be at work it's not fair at all, because everyone else has to cover. So we really have to
say goodbye to people like that.

JS  Do people tend to adhere to the official procedures?

Y  Usually grievances aren't as strict as that. We don't have to have departmental representatives all the time if someone does have a grievance they can go straight up to (the Owner/Manager) and say "I'm not happy" and he'll sort it out for them. We do also have staff representative meetings every month. They're not Heads of Departments but elected by the staff. Either (the Owner/Manager) or the General Manager will be there and they'll make a decision on what is to be done. That's like a safety valve and it tends to stop things getting out of hand.

JS  The next stage of questions moves on to information about turnover in the hotel. Do you collect such information?

Y  Well we collect it here in this book. This goes back to 1974 so that's all the people who have left in the last 10 years. Then any other information is on staff records.

JS  Who fills in the book?

Y  Well, I do when they come for their final wages.

JS  Do you conduct exit interviews?

Y  No, only if it's someone we really don't want to go, then we'll ask them why they want to go and so on. The general manager does anyway.

JS  Do you follow up on staff who simply fail to turn up one day?

Y  Oh yes. We try to find out why. We have telephone numbers and so on. If they live in we can catch them out - find out what they are up to. Their attitude is obviously not right if they can just not turn up.

JS  Finally, I would like to know about changes which have taken place in the last few years. Changes which might affect the levels of
employment, of labour turnover and of staff rates.

Y I can't think of anything - only trivial things. Like we used to have people employed as valets, but now we have hall porters/valet. They are based in the hall as a porter, but if someone wants a suit pressing or something then they do that. They get paid extra for doing it. It's really just a redistribution of staff rather than cutting down on the numbers. Another one which may seem a bit trivial. We no longer employ people as full-time floor service workers. The restaurant rotas people to cover floor service and they have a bleep. Floor service is based on third floor, but the phone also rings in reception so at busy times say lunchtime, reception can take the order and bleep the person sitting upstairs when someone might just order well say a bucket of ice. So the service is still covered but we employ our staff differently.

JS Are there any major plans for the future?

Y No, not really, as far as upgrading rooms - we are always redecorating, but there aren't any major changes.
APPENDIX V

DATA FORMS FOR HOTEL EMPLOYEES
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