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A Comparison of public agency and casino employee turnover rates in Las Vegas

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A Comparison of Public Agency and Casino Employee Turnover Rates in Las Vegas.

A Professional Paper Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Public Administration.

By

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Dedicated to Sherri, Haleigh, and the little one that will join our family in the spring of 2000.

I would like to thank Karen Layne, D.P.A. and William Thompson, Ph.D. for the instruction, direction, and patience. I would also like to thank the Department of Administration's management assistant, Mike Geary, for all the reminders, helpful hints, and general assistance in completing the MPA program somewhat within the required deadlines.

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Abstract

The primary focus of this professional paper is to determine and then compare turnover rates between public agencies and the gaming industry in the Las Vegas area. The paper's intention is to discover what differences and similarities in employee turnover rates exist between public agencies and casinos. A secondary focus is to determine if the public sector can provide any lessons to lower employee turnover to the Las Vegas gaming industry. This secondary focus is based on the assumption that public agencies have higher employee retention (and, therefore, a lower rate of turnover) than those found within the Las Vegas casino industry. The comparison will be limited in scope in that only full time non-exempt positions will be compared from each organization located within the Las Vegas area.

Introduction

It is the intent of this paper to review turnover rates between public agencies and gaming/casino operations in the Las Vegas Valley. An inherent assumption of this intent is that the public agencies will present a higher rate of employee retention and a lower rate of turnover. This assumption developed from the work of Oscar Miller (1996) and William Thompson and Michele Comeau (1992). Miller cites an assertion that 'quit rates' are lower among public agency employees than private sector employees (Miller, 1996, p. 6). Thompson and Comeau posit that turnover in the casino industry can be as typically high as 70 to 80 percent (Thompson and Comeau, 1992, p. 73). Casino human resource executives site their industries standard turnover rate from a low of 25 percent(C. Palmer, personal communication, October, 1999) to a high of 40 percent (A. Nathan, personal communication, October, 1999) with single occurrences averaging as low as 12 percent (A. Nathan, personal communication, October, 1999). An investigation of the turnover rates actually experienced among the aforementioned entities may reveal whether or not such assumptions are valid in Las Vegas. There may also be

some revelations that either the public agencies or the casinos may find useful in developing, or refining, their programs regarding employee retention.

An additional influence arrives from the author's experience working in the personnel and human resources offices of two separate casinos. Each casino operated in divergent environments yet both experienced what appeared to be a struggle to either recruit quality employees or to retain those that they had previously hired. The first casino was the Paris Hotel and Casino, which opened in September of 1999. The Paris opened their employment center in mid-March of 1999, six months before the opening of the casino itself.

The recruitment drive of the Paris executive staff closely followed a formulae created by Arte Nathan and Steve Wynn of The Mirage Resort and Casino. The guide, distinguished by the success of Mr. Nathan and Mr. Wynn, was developed for the opening of the Mirage in November of 1989. They believe that an applicant must exhibit several distinct qualities. For consideration of employment, the applicant must demonstrate an extroverted attitude, eye contact, communication skills, confidence, and a commitment to a high standard of customer service. Additionally, the applicant's manner of dress, work

history, stability, experiences, and ability was evaluated (Thompson and Comeau, pp. 67-70). However, the first impression, what the Paris recruiters dubbed 'the thirty-second impact,' often determined whether the applicant would be recommended for a second interview with a department manager.

The Paris Hotel and Casino is subsidiary property of the Park Place Entertainment Group (PPE), formerly the gaming interest of Hilton International Hotels. PPE also owns other major Las Vegas Casinos: the Flamingo Hilton, the Las Vegas Hilton, Caesar's Palace, and Bally's, which is the immediate northern neighbor and partner to Paris, Las Vegas. The recruitment center of Paris Las Vegas also functioned as the regular employment center of Bally's. In fact, the center processed the applications for *both properties*. It provided the author with a glimpse of the employment process within the gaming industry, especially what appeared to be a high level of employee mobility between gaming properties.

The second experience in gaming human resources mentioned earlier is the Lady Luck Casino and Hotel. Located a block North of the Fremont Street Experience, the Lady Luck confronts the challenges common to other casinos located near the Fremont Street Experience.

Specifically, those challenges are their downtown location, rather than the strip, and their age. The two towers of the Lady Luck were constructed in the mid-eighties, while the casino area dates from the mid-seventies. Despite the efforts to maintain the appearance of the property, time has taken a toll on the Lady Luck. The low ceilings, flashing neon and golden frosted mirror décor reminds visitors of a Las Vegas era superseded by the theme mega-resort casino. Again, the Lady Luck provides an example of a seemingly high rate of turnover among employees of lesser tenure.

The experience at the above two properties is what initiated an original curiosity to review, and possibly quantify through a survey, the actual rate of employee mobility among casinos in Las Vegas. Comparing the casino industry and public agencies makes the bridge to public administration; discovering what differences, or similarities, exist between them may provide a better understanding about employee retention and turnover in the public service agencies and Las Vegas' primary industry.

This paper will avoid the expansiveness of the topic of employee turnover by narrowing the focus to include very specific parameters. The parameters are to review the retention rates of non-exempt, or hourly wage, employees who are also considered full time, or full time equivalents[1]. Furthermore, the period for computing turnover rates is limited to a six-month period beginning on January 1, 1999 to June 30, 1999.

An additional parameter is that only public agencies and casinos operating in the Las Vegas area will be included. The public agencies selected for review were the cities of Henderson, Las Vegas, the Las Vegas Valley Water District, and North Las Vegas. These agencies were chosen because of their location within the greater Las Vegas area. They were also chosen because their service areas are limited within the same geographical area.

The casinos initially selected were the Lady Luck, Mirage/Treasure Island, Station Casinos Las Vegas, Circus-Circus/Mandalay Bay Casinos Las Vegas, and the M.G.M. Selection of casinos was based on location and size; location included casinos from the strip, downtown, and neighborhood casinos. However, several casinos later declined to participate, citing that the information

requested was confidential or a lack of resources. The human resource directors of other casinos were approached to secure their participation and provide information for the paper. Their participation was only secured by the promise of anonymity.

The field of human resource has its own descriptive terms of the environment that it functions within. Included within this professional paper is a section following the introduction that defines the terminology relative to the study of retention, turnover, and the human resource field that may be used throughout this paper. It also includes terms common to the casino industry.

A methodology section outlines how the survey was developed, submitted, and received. The agencies and casinos will provide all turnover rates stated, or cited, in the paper. The information from the survey is included in a separate section labeled as Findings.

An exhaustive study could be launched to investigate and compare retention and turnover patterns of public and private organizations to determine employee mobility. Indeed, a great deal of academic research and work has already been accomplished sociologist, psychologist, economists, and practitioners within the field of human

resources. Literature in the area of employee turnover and retention will be examined in a literature review that follows the methodology section.

Finally, a conclusion closes the paper. This section will provide an overview of the survey, observations, and suggestions for future research or study. Additionally, the conclusion will include comments regarding the lessons that were learned through the process of conducting the survey.

Definitions

Accessions

Accessions are new additions to an employer's payroll. Accessions are used to denote new positions, thus expanding the number of total employees. It does not include employees hired to replace, or fill, vacancies created by employees that have ended their employment (Bureau of National Affairs, 1999).

Avoidable Separation

Separation that the management of an agency or organization could have foreseen and prevented by providing inducements, such as raising wages or

transfer to a more desirable shift, in an effort to entice employees to remain.

Casino

An establishment in Las Vegas specifically constructed to entertain patrons via games of chance. All of the casinos in this paper additionally provide lodging, restaurants, and other forms of entertainment or attractions such as theatrical shows, exotic animal menageries, or amusement parks.

Flextime

A program that allows employees to determine their own work schedule within specific guidelines established by the employer.

Full-time Employee

A full-time employee is defined as a person who works an average of 32 or more hours in a workweek (Bureau of National Affairs, 1999).

Gaming Interest

A casino/hotel operating with an unrestricted gaming license in Las Vegas.

Greater Las Vegas Metropolitan Area

Includes the cities of Las Vegas, North Las Vegas, and Henderson.

Hourly Employee

An hourly employee is one who is compensated by an hourly wage for his or her labor.

HR

An abbreviation of human resources.

Involuntary Separation or Termination

A separation defined by the Bureau of Labor Statistics as a discharge for disciplinary reasons, layoffs of more than seven consecutive calendar days, permanent disability, retirement, or service in the Armed Forces for more than 30 consecutive days (BNA, 1999; Bureau of Labor Statistics, www.bls.gov).

Paid time off

Employees are awarded a specific amount time determined by the number of hours worked rather than an amount predetermined by tenure, or number of years of service. Paid time off can be used as the employee wishes or needs. Some organizations allow

individuals to accumulate their paid time off and to 'sell back' the time.

Public Agency

A public agency is an organization conducting the public service and administrative function of government. Their functions and activities are directed by a legislative body, such as a city council, county commission, or state legislature (Gordon and Milakovich, 1998, p. 493).

Retention Rate

Retention is the rate at which employees are successfully retained for employment by an organization over a specified period of time.

Separations

From The Bureau of National Affairs, separations are defined as *all* employment terminations. Voluntary, involuntary, avoidable, and unavoidable terminations are included within this definition. Other separations such as death, early retirement, and entrance into the U.S. Armed Forces for more than 30 consecutive days is also encompassed within this definition for the purpose of this paper. Internal

transfers and leaves of absences (such as those covered by the Family and Medical Leave Act) *are not* included (Bureau of National Affairs, 1999).

Strip Casino (or 'The Strip')

A casino located on Las Vegas Boulevard south of Sahara Avenue in Las Vegas, Nevada.

Termination

Termination is generally defined as a permanent separation of the employee from the organization or employer (BNA, 1999).

Turnover Rate

The Bureau of Labor Statistics expresses the general or 'crude' turnover rate as the resulting quotient of dividing the number of separations during a time period by the average number of employees working within that same time period (Bureau of National Affairs, 199; Bureau of Labor Statistics, www.bls.gov). A whole number percentage is obtained by multiplying the quotient by 100.

Unavoidable Turnover

Terminations in which the employer has little or no control, exemplified by the employee's voluntary

decision to terminate. This may include terminations due to retirement, military service, school, medical, or family concerns.

Voluntary Separation or Termination

Voluntary terminations are those in which the employee has determined to severe future employment with the employer. Motivation to terminate can be a desire to improve compensation, a return to work, enlistment into the Armed Forces for a period exceeding thirty days, or to seek employment with improved working conditions.

Methodology

The intent of this paper is to compare the turnover rates between public agencies and gaming interest. To compare those rates it is necessary to gain the information necessary to compute them from the agencies and organizations within the comparison. To accomplish this a survey of thirteen questions was created. The results from the survey would provide the turnover rates, or the raw data necessary to compute them and other information that may assist in the comparison.

The survey was given to the chair of the UNLV public administration department for comment, revision, and

review before submittal to the agencies and casinos. The chairperson suggested several changes to strengthen the clarity of the survey. It was determined that the survey should not present any dilemma regarding propriety. This was a paramount concern considering that the success of the survey depended upon the participation of privately controlled organizations that could easily determine their interest lay beyond participation.

The survey was then submitted by fax to the individuals responsible for the human resource function of the organizations selected to participate. However, a fair amount of time was previously invested in contacting each organization to determine who those individuals were.

Determining which individual had the authority to respond to the survey was completed primarily by queering the organization's central operator for the name of the manager, director, or vice president of human resources. Three of the public agencies, the cities of Henderson and Las Vegas, and the Las Vegas Valley Water District, have created web sites that display the names of the senior human resource representative. Personal contacts and networking resources within any agency or organization were used to develop introductions in the hope of

generating credibility and a greater rate of participation. These contacts included members of the thesis committee, other students in the public administration department, and fraternity alumni working in the casino industry. Presenting the survey directly to the director or vice president was also designed to generate greater participation from each organization to avoid any question of propriety or authority. An interview was scheduled after confirming that the survey had been received.

The purpose of the interview was twofold. First, it was a convenient and expeditious manner to recover the survey. Recovering the survey personally provided the opportunity to immediately clarify and review the answers provided. Second, it provided the occasion to discuss that organization's retention or turnover reduction strategies with the director or representative. This was important to discern a minimal understanding why each organization experienced its specific retention and turnover rates as perceived by the human resource director. It was also important in determining what essential differences between public and private organization in retention programs, objectives, and, specifically, the philosophies of the directors.

The survey was submitted to four public agencies and fifteen casinos. Only the public agencies or casinos within Las Vegas were included. This criterion was established to include a limited and manageable focus for the study. Specifically, the communities within the Las Vegas Valley are undergoing what the media has often referred to as 'explosive growth.' A prime example of this 'explosive growth' is the City of Henderson, which was recently recognized as one of the fastest growing communities in the United States. Including organizations outside that standard could provide a skewed perception of the situation that both public and private employers face in the Las Vegas valley. Other cities may not currently witness a similar rate of growth within their communities or a gaming environment as Las Vegas.

All four public entities responded. Of the fifteen casinos asked to participate, five provided responses. This includes gaming corporations that have multiple casino operations in Las Vegas. The director from a sixth property provided an answer to the first question during a telephone interview. Two of the responding casinos later requested anonymity as a condition for the release of the information. Responses ranged from eager

to hesitant with one casino actually granting limited access to their personnel records.

The most common responses among the casinos declining to participate were concerns of confidentiality, propriety, the practicality of the study, sensitive business practices, or a lack of authority or direction from superiors. Time restraints and limitations in resources were also common reasons.

The comparison was then based on the responses from the four public agencies and five casinos, with the addition of the single answer from the sixth casino for the first question. The responses included information from the surveys and the interviews with the human resource representatives.

Literature Review

There is ample supply of literature regarding employee mobility. Within this review, the literature is sub-divided into the causes, costs, calculations, and suggested methods of lowering turnover.

Causes and Determinants of Retention and Turnover

Various sociological, economical, and psychological theories explain employee movement across organizational boundaries (Miller 1996). Economic models of turnover focus on how economic conditions affect employee-quitting behavior. Psychological models seek to explain turnover by reviewing the work conditions and the affect they have on the individual (Price 1977). Psychological theories seek to understand the impact that an individual's personality, anticipation, and experience contributes toward turnover (Buoy, 1995; Miller, 1996).

With all of the research and study completed in the area regarding employee turnover, it is still considered that the subject has not been fully comprehended or, "analyzed effectively (Buoy, 1995, p. 3)." Buoy's assertion deserves some attention if only to illuminate that there is much disagreement among experts, both academic and practical, as to the causes of employee turnover.

This disagreement is exemplified by the often-visited predictive model of employee turnover created and developed at the close of the 1970's. Abelson (1996) cites this model to support his five step process in

which employees progress through while determining whether to remain or leave any organization (Ferris and Buckley 1996, p. 526). Conversely, Buoy's (1995) review of that work makes an argument that, at best, is critical of its strength to predict turnover. Buoy asserts that the, "empirical support for the Mobley model has been mixed. Whereas the antecedents to turnover have related to one another as generally theorized, the prediction of actual turnover has been weak (Buoy, 1995, p. 7)."

In his work, *Employee Turnover in the Public Sector,* Oscar Miller (1996) provides a detailed outline regarding the economical, psychological, and sociological theories in his literature review. Although Miller posits that these theories predictive value in explaining turnover "suggest that knowledge of work attitudes and values improves prediction of employee turnover (Miller, 1996, p. 15)" his conclusion is that the antecedents to turnover cannot be singularly described or predicted by any of those theories alone.

Miller's conclusion is that turnover is best understood by a combination of the social, economic, and psychological theories. Miller further asserts that "All of the assumptions that economists, psychologists, and sociologist make about the factors that determine

variation in turnover can be accommodated in a refined theory of exchange behavior (Miller, 1996, p. 16).

Miller (1996) describes the employment setting, or work environment, as sets, and subsets, of a series of exchanges. An exchange exits between the employee and the agency or organization. A series of exchanges lie nested within that relationship. These 'nested exchanges' involve the relationship that the employee creates with supervisors, subordinates, coworkers, and the very nature of the job itself. Miller's research was based upon the results of surveying nearly 3000 employees of a state agency (1996). From his analysis of the survey's results, Miller developed several conclusions that described turnover within an organization.

To reiterate, Miller refutes the traditional arguments sociological, economical, or psychological presented at the beginning of this section. He asserts that these models cannot completely describe turnover. Instead, Miller believes that the results of his survey identify the necessity to rely upon a combination of the traditional arguments, tempered to better describe the decision by the employee to terminate. Miller posits that a, "modified social exchange model (Miller 1996, p. 81)" best accomplishes that task. This model relies

heavily on the individual's personality, values, experiences, and perceptions.

> Personality determines how employees perceive and evaluate work conditions, and how these perceptions and valuations affect quitting. These findings improve our understanding of how employees perceive and evaluate the resources they receive in the workplace, and how these valuations interact with personality to determine quitting (Miller 1996, p. 81).

It is the perception, both by the employer and the employee, of the value and the nature of the exchanges between the organization and its individual members that determine the individual's decision to remain or leave (Miller, 1996, p.82). The decision to remain or leave directly effects the organizations turnover rate. Therefore, turnover is indirectly affected by individual employee personality.

Calculating Turnover

Calculating turnover is generally accepted to be the quotient of the number of terminations divided by the average number of employees working during the period in

question (Bureau of National Affairs, 1999; Miller, 1996; Pettman, 1975; Price, 1977; Ferris and Buckley, 1996). Price refers to this as the 'crude' calculation of the turnover rate (1977, p. 15).

It is expressed mathematically as:

$$TO = (L \div AE) x100$$

Whereas:

TO= the turnover rate, expressed as a percentage

L= the number of employees that terminated within a desired time period and;

AE= the average number of employees that worked during the desired period.

Buoy (1995), Miller (1996), Pettman (1975), provide other indicators that an employer may use to gauge an organization's turnover. These include the following (Buoy 1995 p. 41-42; and Bureau of National Affairs, 1999):

Instability rate: the number of employees that have left in the period, divided by the total number of employees at the start of the period.

Separation rate: the number of employees, who left in the period, divided by the average number of employees during the period.

Quit rate: the number of employees that have quit in a period divided by the average number of employees during the period.

Layoff rate: the number of employees that were laid off in a period divided by the average number of employees during a period.

Hiring rate: The number of employees hired in the period, divided by the average number of employees during the period.

Quit and hire rate: the number of employees who quit, plus the number of employees hired, in the period, divided by two times the average number of employees.

Average length of service (stayers): sum of length of service for each employee divided by the number of employees.

Average length of service (leavers): median length of service of members who leave during a period divided by the number of employees.

Stability rate: number of beginning employees who remain during the period divided by the number of employees at the beginning of the period.

Stability rate for employees with more or less than a certain period of service: number of employees with more or less than a certain period of service who still remain divided by the number of employees with less or more than a certain period of service.

Instability rate: number of beginning employees who leave during the period divided by the number of employees at the beginning of the period.

Voluntary turnover rate: number of employees who resigned during the period divided by the average number of employees during the period.

Involuntary turnover rate: the number of employees who left during the period, minus the 'unavoidable', divided by the average number of employees during the period.

Wastage rate: the number of employees who left in the period, divided by the number of employees hired during the period.

Replacement rate: the number of quits and discharges during the period, divided by the average number of employees during the period.

Survival rate: the number of new hires who remain during the period divided by the number of new hires during the period.

Cost of Turnover

One of the reasons employers have an interest in retaining their employees is the cost incurred in replacing them. Abelson refers that an organizations 'scarcest resources [is] human capital (Ferris and Buckley, 1996, p. 534.).'

Cost should include all loss revenue or expenses. Buoy (1995) and the Bureau of National Affairs (1999) categorized cost as either direct or indirect. Direct cost includes those expenses incurred in recruiting and selecting replacements. Advertisement, testing, travel, and relocation fees, overhead expenses are direct cost

(Buoy, 1995, pp. 44-45). Induction, orientation, and training are also direct cost. Direct costs are generally easily assessed and identified. Indirect cost are those losses related to the effect turnover has on production or productivity. Indirect cost also may also include the loss of experience, quality of work, and work hours lost while a replacement is selected and trained (BNA, 1999). Indirect costs are often difficult to assess.

Abelson (1995), Buoy (1995), and the Bureau of National Affairs (1999) provide direction in calculating two indirect turnover costs; loss due to experience and training time and production cost loss.

Learning Curve Loss (in dollars):

W÷3xPR(1.00-PE)

Whereas:

WW= estimate number of work weeks before the new-hire reaches 90 percent effectiveness.

3= employee's learning curve as broken into learning thirds.

PR= average weekly pay rate

(1.00-PE)= 100% effectiveness rate minus the estimated percentage of effectiveness during

each learning curve period (subdivided into thirds)

Production Loss (in dollars):

$$P \div M x T$$

Whereas:

P= dollar value of production during a specific period

M= total employee hours completed during period

T= employee-hours lost through turnover during the period

Methods to Increase Retention and Lower Turnover

With the low unemployment averages recently reported in the American economy, one of the last an employer wants to face is trying to find replacements (Murakami, 1999). Labor is actually enjoying an increase for compensation and workplace privileges offered as the number of entrants, particularly at the younger age groups, is shrinking. Competition is forcing employers to closely examine organizations to lower turnover (Buoy, 1995, p. 37). Buoy posits that HR managers and recruiters are faced with a, 'sellers market (1995, p. 38)'

Perhaps the most important method toward increasing employee retention is right from the start of the

relationship between employer and employee. A direct correlation has been established between length of employee service and the process utilized to asses applicants expectations regarding the organization at the time of hire (Anonymous, *HR Focus*, 1999). The human resource representative should be interested in developing a recruitment program designed to identify applicants that have a higher probability of success with the organization and who also exhibit the ability to adapt to the organizations work culture (Anonymous, *HR Focus*, 1999).

Another process to successfully match employees and employers is called 'expectation management,' a term used by Michael Zinn of Michael Zinn & Associates. Mr. Zinn's company is an executive recruitment firm located in Princeton, New Jersey. Mr. Zinn believes that, "Anticipating employee needs before they cause frustration is the key to long-term retention (Anonymous, *HR Focus*, 1999)." Zinn further asserts that there is a strong direct correlation between increasing retention and assessing applicant's future expectations during the recruitment/selection process (Anonymous, *HR Focus*, 1999)

Another step toward improving employee retention is to determine whether a turnover problem exists. Abelson

(Ferris and Buckley, 1996) suggest that this step be achieved by creating and conducting a 'turnover audit.' A turnover audit is a program that illuminates the organization's turnover history (Ferris and Buckley, 1996, p. 532). Buoy suggest that this audit begin 'first things first (1995, p. 40). First things first meaning calculate the actual turnover rates the organization is experiencing. Such action provides management with the insights necessary to analyze at which point their organization's turnover rate becomes a liability. Establishing that threshold is important as Abelson suggest that some turnover may be beneficial to the organization (Ferris and Buckley, 1996).

Abelson recommends a multiple step process for a successful turnover audit that begins with the employer maintaining records of employee performance and history (Ferris and Buckley, 1996). If employee files are retained in their entirety, the employer can create a more accurate description of their turnover history. This is only possible, however, if the employer has *consistently* maintained the practice of documenting employee performance and behavior and conducting exit interviews.

Buoy (1995) also relates a process to determine where an organization's actual turnover rate stands in relation to its management's philosophy (1995, p. 39):

Figure 1

A Typology of Strategies for Managing Turnover

		Planned Strategies	Unplanned Strategies
Level of turnover	Low	I Cost-effective management	II Stagnant management
	High	III Revolving-door management	IV Chaotic management

Related by Buoy in his 1995 dissertation, Wasmuth and Davis developed the categories in 1983 (Buoy. 1995, p. 39). Buoy also relates an additional effort by Wasmuth and Davis who surveyed hotels and concluded that little resources were directed to managing turnover I the hotel industry (Buoy, 1995, p. 40). Wasmuth and Davis also asserted that:

> At present, hotel managers have no way to determine the impact of turnover on the bottom line. It follows, therefore, that if a reasonable framework for costing turnover could be provided, given the

high level of turnover in the hospitality industry, more managers would develop viable retention strategies (Buoy, 1995, p. 40).

Roberta Bhasin (1997) summarizes key points that organizations should consider to lower turnover:

1. How is compensation?
2. How is the potential for growth?
3. How does [management] treat people?
4. How are feedback skills?
5. How is poor performance handled?
6. How does the organization deal with setbacks and delays?
7. Leadership by example.

Findings

Key to Graphs

Henderson	1	***Stratosphere***	6
Las Vegas	2	***MGM***	7
North Las Vegas	3	****Strip Casino A***	8
Las Vegas Valley Water District	4	***Mandalay Bay***	9
Lady Luck	5	****Strip Casino B*****	10

* Provided information only on the condition that their casino remain anonymous

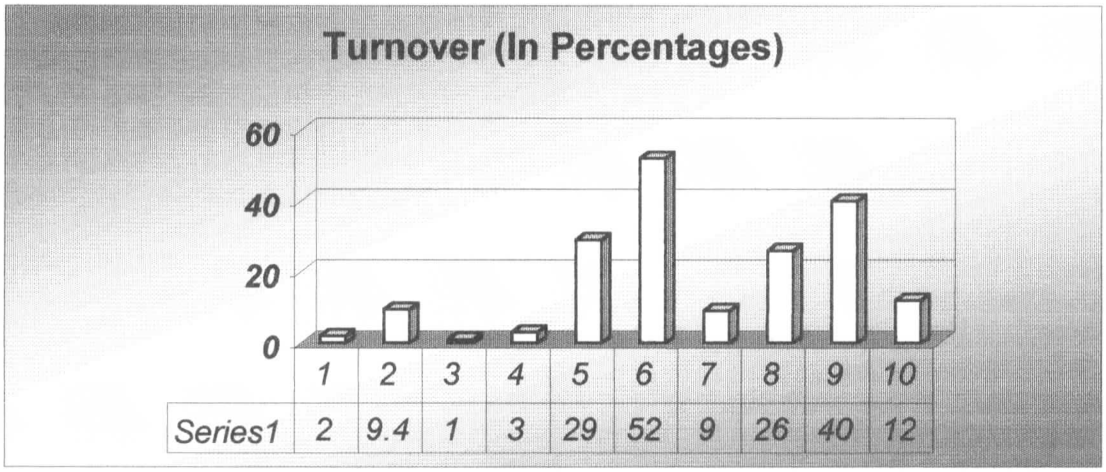
** Returned answer only for question one, first figure.

The returns from the survey provided a limited confirmation that the initial assumptions that turnover in the public agencies would be lower than the casinos.

The following section outlines by graph figures the responses from both the casinos and the public agencies

Question One: What are you agency or organization's retention and turnover rates for the period starting January 1, 1999 to June 30, 1999?

Figure 2



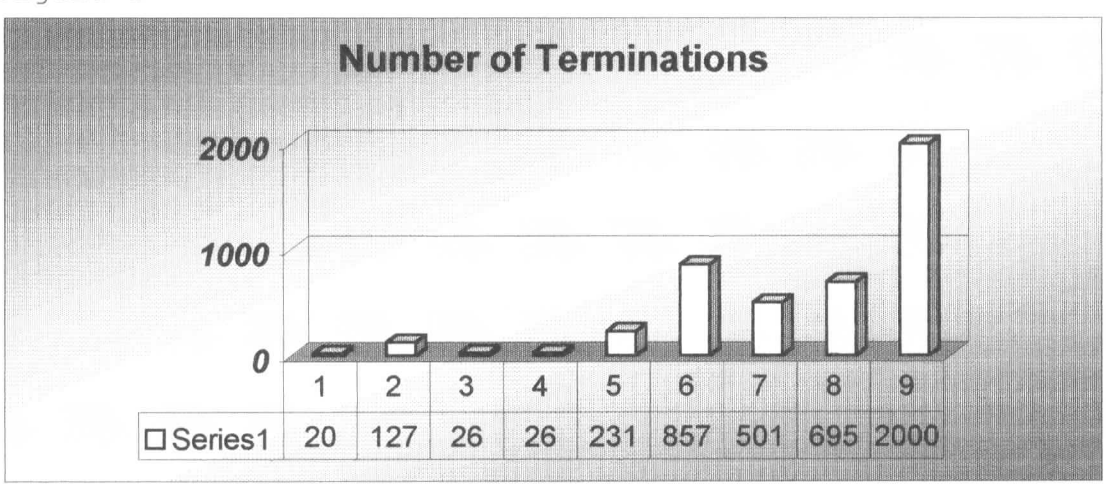
Turnover rates among the public agencies ranged from the low of one percent at the City of North Las Vegas, to a high of 9.4 percent at the City of Las Vegas. The mean turnover rate for the public agencies is 3.85 percent. The median turnover rate is 2.5 percent. The turnover rates among the casinos ranged from a low of nine percent to a high of 52 percent. The mean casino turnover rate is 28 percent. The casino median turnover rate is 27.5 percent. The average for all organizations is 18.34 and a median of 10.7.

The majority of the employee turnover rates that were provided as answers to this question were calculated by the organizations. One public agency and two casinos provided the raw data with which to calculate their turnover rate. The calculation was based upon the crude method provided in the literature review.

The results from this question support the assumption that public agencies experience a lower rate of employee mobility than do the casinos. The turnover rates reflect only the first six months of the year. For the full year, one of the casinos may realize Thompson and Comeau's (1992) prediction of 70 percent.

Question Two: How many full-time, hourly employees terminated (voluntary and involuntary, avoidable or unavoidable) between January 1, 1999 and June 30, 1999?

Figure 3

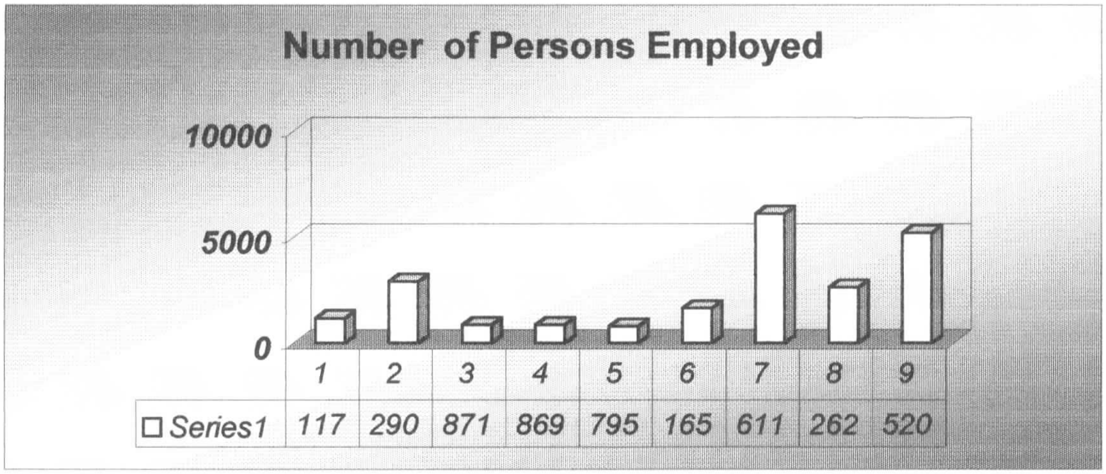


Among the public agencies, the range of terminations is a low of 20 at City of Henderson to a high of 127 at City of Las Vegas. The range among the casinos is from 231 at the Lady Luck Casino to 2000 at the Stratosphere. All but one of the organizations submitted answers that represent the number of terminations between January 1, 1990 through July 31, 1999. The exception was the City of Henderson, which provided an answer for the complete 1998 fiscal year.

The mean number of terminations for the public agencies is 49.75. The median is 26. The average number of terminations among the casinos is 856.8 while the median is 598. The mean for all organizations is 498.1 with the median located at 231.

Question Three: How many full-time, hourly employees does your agency or organization employ?

Figure 4



The largest public organization is Las Vegas, employing 2,900 full time hourly employees. The smallest agency is the Las Vegas Valley Water District which employees 869 full time hourly employees. The casino that employed the most full time hourly employees is the MGM at 6113. The Lady Luck Casino employees the fewest, at 795 full time hourly employees.

Question Four: What is the range (lowest and highest) of wages for full-time, hourly employees at your agency or organization?

Figure 5

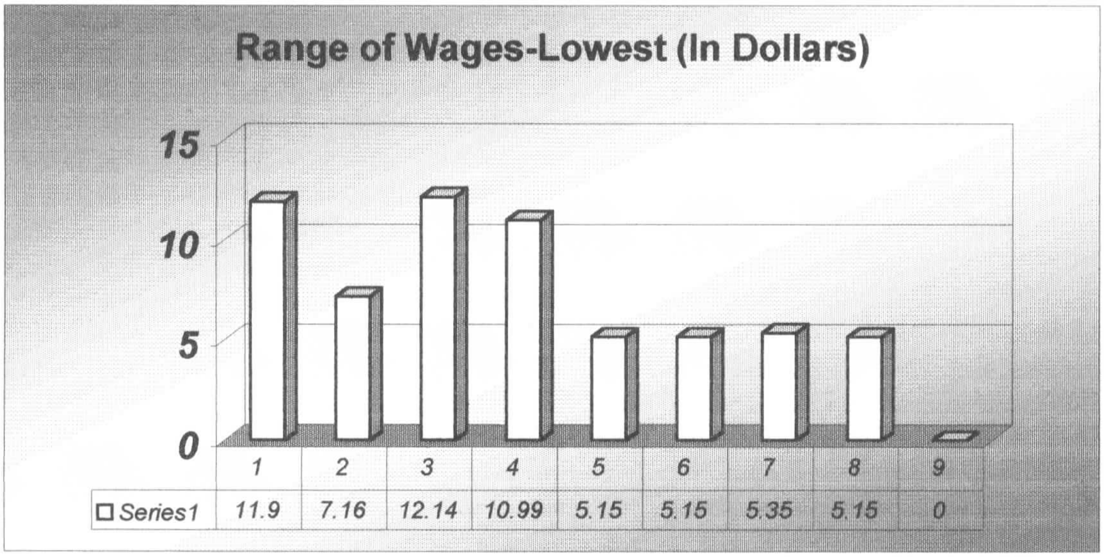
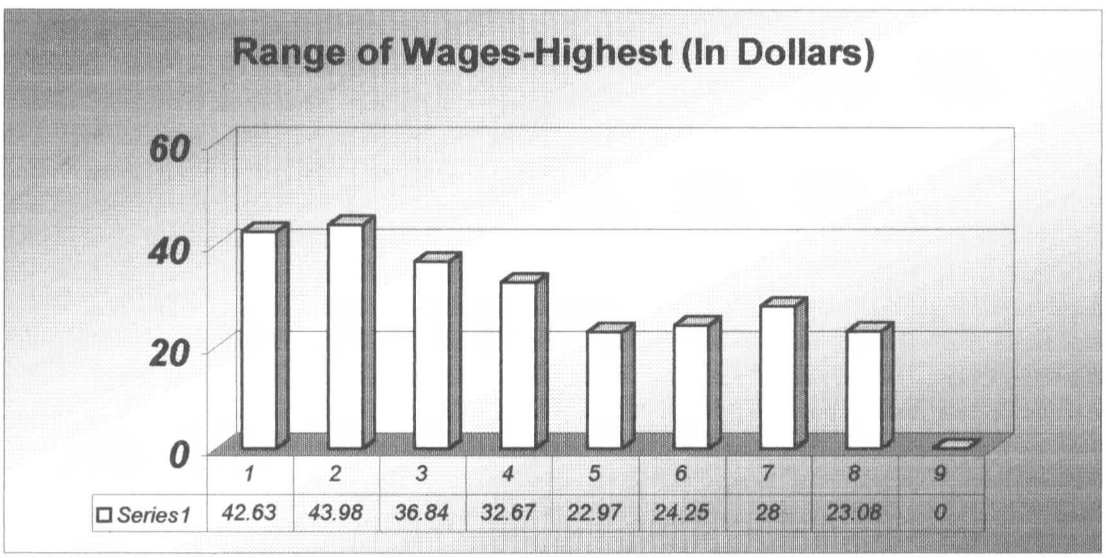


Figure 6



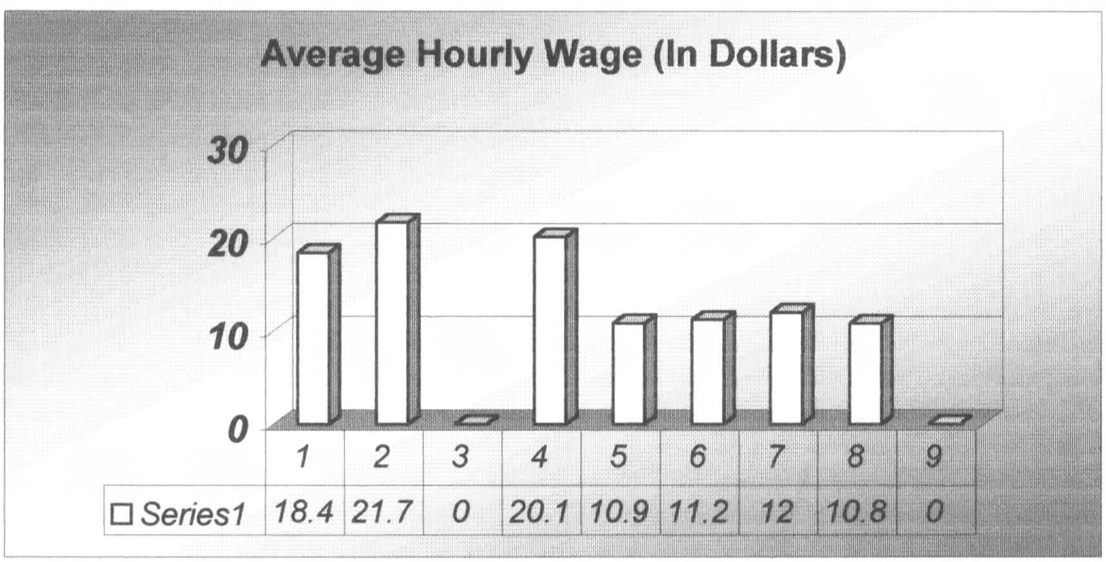
The public organization reporting the lowest average wage was the City of Las Vegas at $7.16 per hour. Three

casinos reported a lowest average wage of $5.15 and hour. These figures do not reflect compensation received by casino employees in the form of tips or gratuities.

The highest average hourly wage reported by a public agency is $43.98 per hour from Las Vegas. The highest casino average wage is $28 per hour from the M.G.M. These figures do not reflect compensation received by casino employees in the form of tips or gratuities.

Question Five: What is the average hourly wage of the full-time, hourly employees of your agency or organization?

Figure 7



The average hourly wage among the public agencies is $15.05 an hour and is significantly higher that the casino average hourly wage of $8.98. Compare those two averages to a national average of all workers at

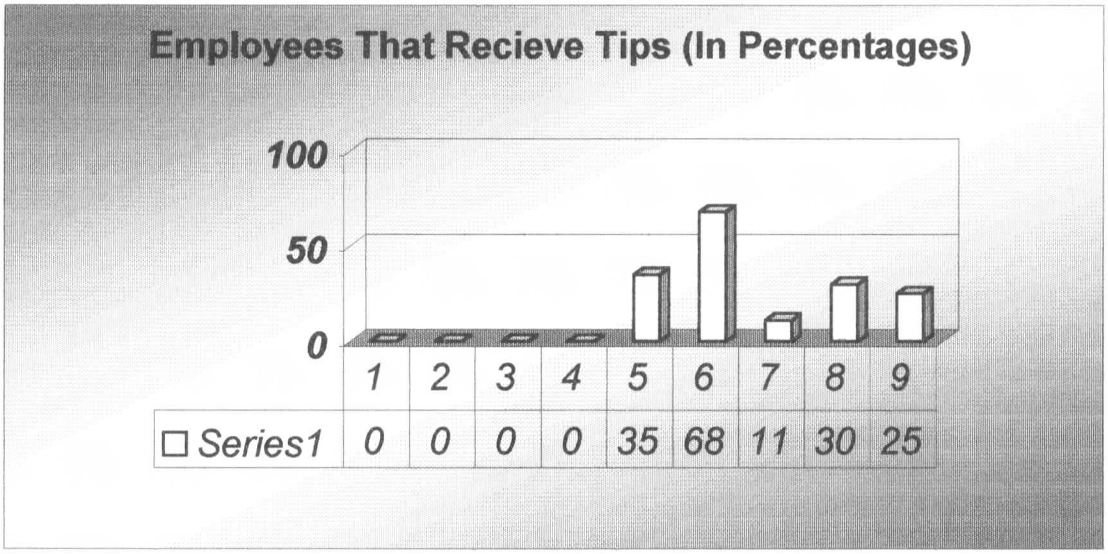
approximately $13.00 (Bureau of Labor Statistics, web site, October 1999).

An important consideration is expressed in the next question. Some casino employees receive tips as part of their expected compensation. For example, the dealers at the Lady Luck Casino are paid a starting hourly wage of $5.15. Their daily tip average ranges from $40 to $60 a day (Jim Dickstein, personal communication, October, 1999). Adjusting their hourly wage based on the low end of the reported tip average nearly doubles a dealer's hourly wage.

Tip average increase dramatically from property to property, but are much higher for employees working at a strip casino over those employed at older, or downtown, casinos. A dealer at a strip property can expect to average $100 a shift (Joe Wilcock; Joe Karafe; Charles Martin; Mike Riordan; personal communication, 1999). Other positions also earn more (Jay Roberts, personal communication, October, 1999). A bartender at a strip casino can average as high as $100 a day, depending on the shift, the location of the bar in the casino, and the theme of the bar.

Question Six: If applicable, what percentage of the full-time, hourly employees of your agency or organization receives tips as part of their compensation?

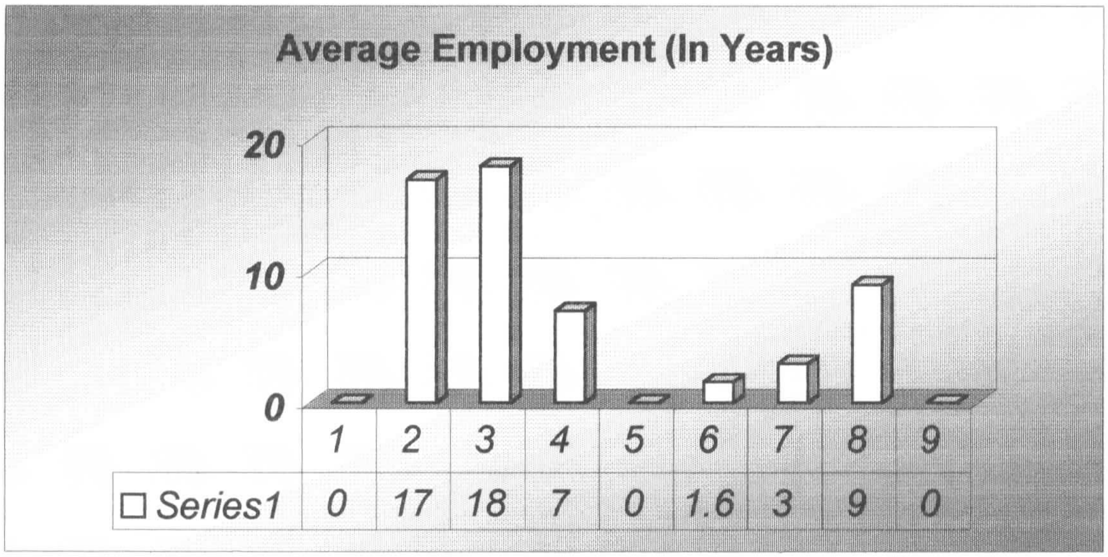
Figure 8



The purpose of this question was to determine the extent that gratuities are used as compensation for casino employees. The question leaves open the number of employees that are expected to regularly receive gratuities verses the number that receive tips capriciously. The public agencies do not include gratuities, as can be seen from the above graph (figure 8).

Question Seven: What is the average length of service among the full-time, hourly employees of your agency or organization?

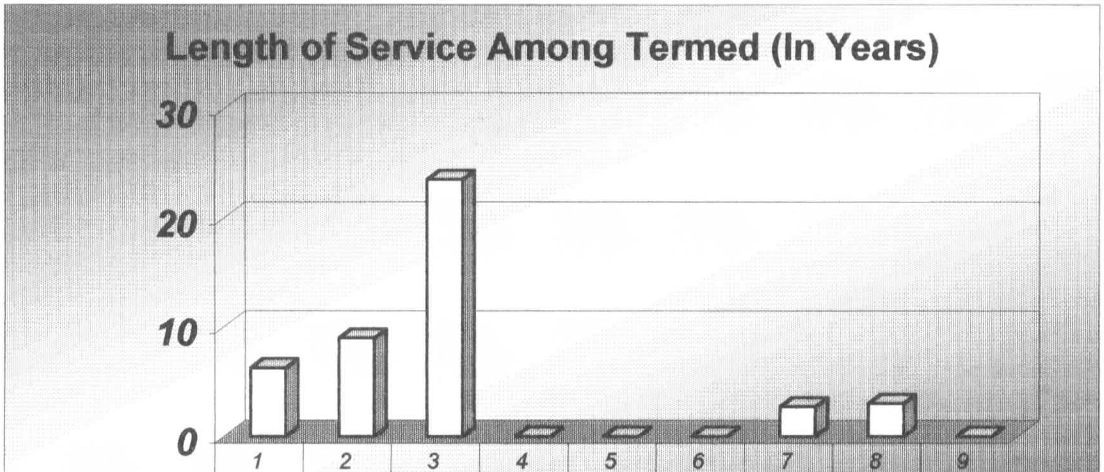
Figure 9



The average tenure among casino employees was considerably less than the public agency employees. Strip Casino A had the longest length of tenure among the casinos while the city of North Las Vegas has the record for the public agencies.

Question Eight: What was the average length of service among the full-time, hourly employees that terminated between January 1, 1999 and June 30, 1999?

Figure 10



	1	2	3	4	5	6	7	8	9
Series1	6.26	9	23.5	0	0	0	2.7	3	0

Only two of the casinos answered this question, the M.G.M. and Strip Casino A. Each determined that the average length of service among the employees that terminated at, or near, three years. The longest length of tenure among the public agencies was 23.5 years at North Las Vegas. Most of the terminations at North Las Vegas were employees retiring.

The next four questions on the survey required were open-ended questions that each of the HR directors generally answered directly during the interview. Several of the casinos would not provide answers to some

of the questions. One casino HR director provided brief written answers.

The first of the four questions, the ninth, asked what the organization was doing to increase retention and lower turnover. The last question, number thirteen was closely related. Question thirteen was intended to specifically explore what HR practitioners in both the public and private organizations were doing to lower turnover. Because these two questions were so closely related, they were often discussed simultaneously during the interviews with the HR directors.

The HR representative of each organization provided unique answers to these two questions during the interview. All reported offering competitive compensation and benefits through bench marking. The public agencies additionally stressed a holistic philosophy that realized employees valued commitments and opportunities outside the work place. Several of the casinos also held this philosophy (Bill Sears; Darren Oliver, personal communication, October 1999). However, the two casinos with the highest turnover did not discuss anything beyond offering competitive compensation.

The tenth questioned queried the cost due to turnover. Only two public agencies and one casino

returned an answer to this question. North Las Vegas reported a figure of $12,400. No further explanation was provided during the interview regarding this sum. Las Vegas reported a range of $2,000 to $6,000. The amount depended on the position and the recruitment incentives awarded, such as a relocation stipend.

The single casino reporting turnover cost was the Stratosphere. Cost for turnover was estimated at $78,000 for the period beginning January 1, 1999 through July 30, 1999. This includes cost for advertising, recruiting, testing, and training. Several casinos refused to provide an answer based on their belief that it provided sensitive insight into the operation of their organization.

All of the organizations responded affirmatively to the eleventh question; does the organization conduct exit interviews. However, none of the organizations maintained any statistical data from their exit interviews. Several of the organizations HR directors did generalize about the responses they received. A typical answer from the public agencies was retirement (North Las Vegas). Additional references are the nature of the work, particularly in law enforcement, corrections, and positions that require shift and holiday

work hours. The Las Vegas Valley Water District cited that the majority of their employees that terminated indicated that they were leaving for opportunities providing significantly higher compensation, especially among the lower skilled administration classifications. The LVVWD also experienced turnover among the professional classifications, particularly engineers, but that they had a high rate of return to the District (Pat Maxwell, personal communication, October 1999).

The responses from the casinos reflected geography. The downtown casinos found that most of their employees were leaving for higher economic gain at strip casinos. Strip casinos approximated that their biggest employee loss was to non-gaming; employees either found work outside the casino industry, left Las Vegas, or to attend school (Bill Sears, personal communication, October 1999).

Question twelve asked which groups among which groups inside the organization had the lowest and highest retention. The public organizations responded that the lower, or unskilled, job classifications had lower rates of retention. The director from Las Vegas felt that planners had the lowest retention rate because of the scarcity of qualified individuals working within the

field. Every public HR representative cited the position of fire fighter as the group having the highest retention. The casino answers varied on the group with the highest but agreed that guestroom attendants (house cleaners or maids), for a variety of reasons, were the most difficult to retain.

Conclusions

The results from the survey tentatively support the earlier presumption that the public agencies would return a lower rate of turnover. The difference in the average rate of turnover between the public agencies and the casinos was substantial (see figure 1). Still, such a presumption should be viewed as a tenuous position for three reasons. The first reason is the limited participation and cooperation given by the casinos. Secondly, each agency delivered their own calculation of their turnover rates. A safer assumption should be based upon turnover rates determined and consistently calculated from raw data reviewed by the researcher. Lastly, future research should qualify more concisely the causality of employee turnover, within both the Las Vegas casino industry and public agencies.

If such a comparison is to be made in the future, the means of submitting the survey instrument should be made through an institution, rather than an individual. For example, the UNLV Public Administration Department could develop the contacts with the public agencies, while the University of Nevada, Las Vegas Business Research Center and Gaming Institute cultivate communication and participation among the gaming industry. The Casino Wage and Salary Survey conducted each year by the UNLV Gaming Institute provides limited evidence that the casino industry willingly participates in survey efforts when they are presented through a reputable institution such as the University.

Searching for the lessons or examples that the public agencies lower turnover provide is also a dilemma. The dilemma lie in that evidence was provided in the interviews with the HR directors is not quantified or qualified by anything other than the experience of those professionals. Still, the professional insights and perceptions gained through the experience of working within the human resource function deserve some merit.

The public agency HR directors expressed a common viewpoint regarding the low turnover rates they reported. This opinion is the importance of the organization's

management team viewing employees in a holistic manner. Management realizes that each individual employee has concerns beyond the work place. Those concerns are of great importance and have the potential to greatly affected their decisions regarding their employment.

Competitive compensation, benefits, and dynamic leadership are also an important consideration. The director of each public agency stressed the importance of creating a workplace culture within their organization that is as accommodating to the individual employee as is practically possible.

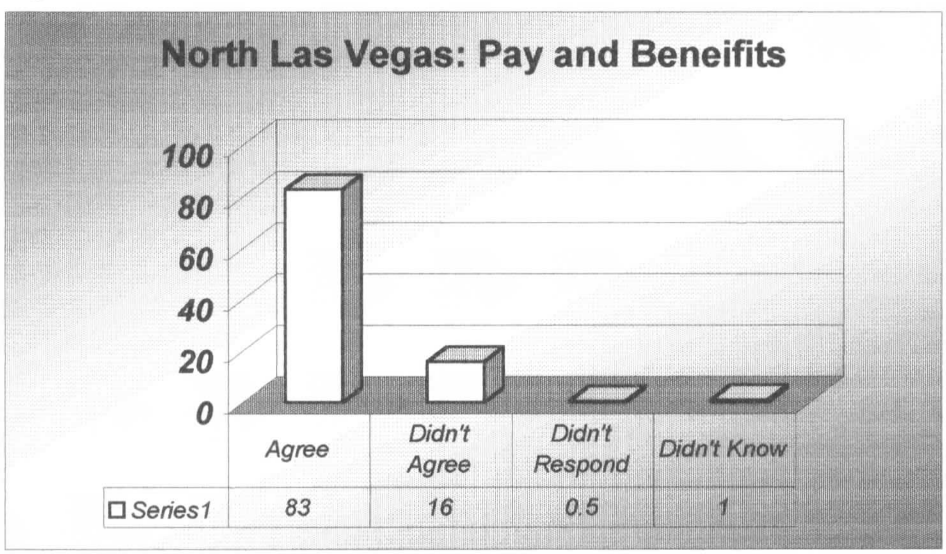
One director even expressed the "return phenomenon (Pat Maxwell, personal communication, October 1999)." This is her observation that many of the professionals from her organization were lured away by the bigger pay checks offered by private industry. Eventually, a great number of them returned because of the culture within a public agency that allows a better quality of life. It is Ms. Maxwell's impression that compensation often is a secondary concern to public agency employees.

An interesting survey was reported by the *Las Vegas Review Journal* (1999) during the completion of this paper. It is interesting because it exemplifies that public employees are unlikely to end their employment

even when they believe their working conditions are poor. The survey was initiated by the City of North Las Vegas and was conducted by Ralph Anderson & Associates, a private consulting firm.

The consultants suggested that morale was low among the workers. This was primarily due to work conditions such as workload and specific communications issues. The majority of the employees believe that the compensation they receive was satisfactory (see chart). However, when asked if their pay was competitive with private industry, only 50 percent agreed, with 35 percent disagreeing with the statement (Flanagan and Johnson, 1999).

Figure 11



North Las Vegas reported the lowest turnover rate (see chart above). When interviewed, the HR

representative reported that the majority of the terminations were employees that were retiring. Joan Paige, a North Las Vegas human resource representative, stressed that the City is dedicated to implementing many of the suggestions provided through the survey to improve employee relations.

Paige expressed a philosophy of realizing that a majority of an employee's concern is beyond the office. This philosophy intuitively reflects the findings of a study completed in 1997 by Elaine McShulkis[2]. Paige expressed the dedication of the HR staff, with the full support of the mayor, in creating a working environment that helps employees fully realize those concerns (Joan Paige, personal communication, October 1999).

The HR manager of the casino reporting the lowest turnover rate (MGM at 9 percent, see figure 1) also expressed the holistic philosophy. Specifically, that director felt that it was his responsibility to the organization, the employees, and the customers to provide an exceptional work environment. Achieving that responsibility meant cultivating the view among the employees that, "If I have to be spend time, away from the [concerns] I'd rather be doing, there is no other

place I would rather be doing it than here at MGM (Bill Sears, personal communication, October 1999)." The MGM recently celebrated an anniversary and announced that slightly over 50 percent of the employees that opened the property are still employed (Jorge Tise; Bill Sears, personal communication, October 1999).

Many of the public HR directors seemed to agree with Miller (1996) and McShulski (1997) that economic consideration alone does not determine the decision to remain or leave. This view was expressed by two of the HR directors who felt their organizations attracted individuals whose personality sought to serve the community they live in over economic gain. All four of the public HR representatives also admitted that many of the individuals enjoyed the regular weekday work hours and holiday schedule. This should also be a consideration for future study.

Finally, any future effort either to qualify or quantify employee turnover in the gaming industry should attempt to illuminate the values that lead employees to terminate, or, conversely, to remain. Specifically, what causality or correlation, if any, exists between those values and the turnover rates experienced among casinos.

Establishing the existence of causality or correlation may answer questions as to why casino employees voluntarily terminate. An industry wide survey of casino *employees* may assist in identifying those values. This may also identify at what length of service casino employees become less likely to terminate (refer to Question Eight, figure 10). If either cause or correlation is established it may provide casino operators some idea to improve their rate of retention, lower HR cost, improve working conditions, provide better service to their customers, and generate a greater return on their investment.

End Notes

[1] This is because some members of the casino industry (the Lady Luck in particular) classify some employee's as 'steady extra.' They retain most benefits as employees classified as full time, which often includes a regular shift and an average workweek that meets or exceeds 32 hours each workweek. Full benefits, such as holiday pay, are not provided.

[2] Elaine McShulskis'1997 study related the importance employees held in balancing their working live with their personal and family life. She quantified those values through a survey.

Appendix A: The Survey

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October 1, 1999

To Whom It May Concern:

I will use the answers from the following thirteen questions in a professional paper that I am required to complete for a master's degree in public administration at UNLV. I have chosen to conduct a comparison of the retention and turnover rates between several of the public agencies and gaming interest in the Las Vegas area. Dr. William Thompson is the chair of my thesis committee. Dr. Goodall, Dr. Goll, and Dr. Kim are also participating as members of my thesis committee. Should you have any questions regarding this questionnaire, please feel free to contact Dr. Thompson or myself. Dr. Thompson can be reached by telephone at 895-4828. I can be reached at the telephone number or email address listed above.

I thank you in advance for contributing to the success of my study!

1. What are your agency's or organization's retention and turnover rates among full-time, hourly employees for the period starting January 1, 1999 to June 30, 1999?

2. How many full-time, hourly employees terminated (voluntary and involuntary, avoidable or unavoidable) between January 1, 1999 and June 30, 1999?

3. How many full-time, hourly employees does your agency or organization employ?

4. What is the range (lowest and highest) of wages for full-time, hourly employees at your agency or organization?

5. What is the average hourly wage of the full-time, hourly employees of your agency or organization?

6. If applicable, what percentage of the full-time, hourly employees of your agency or organization receives tips as part of their compensation?

7. What is the average length of service among the full-time, hourly employees of your agency or organization?

8. What was the average length of service among the full-time, hourly employees that terminated between January 1, 1999 and June 30, 1999?

9. What is your agency/organization doing to increase retention and lower turnover?

10. What is your agency's or organization's cost due to turnover (advertising, recruiting, testing, training)?

11. Does your organization conduct exit interviews?

12. Which department, type, or group within your organization has the lowest retention? The highest?

13. What do you, as the head of your agency's or organization's human resource office, believe contributes to a higher rate of employee retention?

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