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Literature Review on Turnover - To Better Understand the Situation in Macau

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LITERATURE REVIEW ON TURNOVER - TO BETTER UNDERSTAND THE
SITUATION IN MACAU

by

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Abstract**Literature review on turnover - to better understand the situation in Macau**

by

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Macau is enjoying the prosperity brought by the increase of gaming operations. However, this rapid development imposed a great challenge in Human Resources Management. The hospitality industry is experiencing a high turnover rate, which affects the service quality and long-term sustainability. Major causes of turnover were reviewed from Western based and Asian based literature. Local studies were also included to provide a better picture of the turnover causes in Macau. Some recommendations were made to help retaining talented employees.

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Part One

Introduction

Macau, being a small city with half-a-million population and 30 square kilometers of land next to Hong Kong, receives more than 20 million visitors annually (DSEC, 2011a). Being the only destination with legal gaming in the Greater China area, Macau attracts a lot of visitors from Mainland China, Taiwan and Hong Kong. Visitors from these locations make up more than 85% of the total visitors to Macau (DSEC, 2011a). The gaming history of Macau can be traced to as early as the 16th century, although gaming was not legalized until the mid 19th century (DICJ, n.d.). The gaming development was increased up in 2002 when the government decided to liberalize the monopoly gaming operation. Five more gaming operators were granted the licenses as a result.

The gaming revenue in Macau has been growing and exceeded Las Vegas in 2007 (Greenlees, 2008). It contributed USD \$8.5 billion in tax revenue in 2010 (DSEC, 2011b). The prosperity brought by the gaming industry in terms of public revenue has a cost in human resources management. Because of the boom of gaming operations in Macau, all operators opened their doors to welcome qualified employees.

It is a war getting employees. Keeping employees is difficult. The president of Macau Hotel Association (MHA) Mr. Chan noted that the yearly turnover rate of the hotel industry was about 30% to 48% between 2004 and 2008 (“Lodging and F&B industry”, 2010). Frontline employees are the direct service providers and play a critical role in Macau in welcoming the huge amount of visitors. The high turnover rate imposes a great challenge to any operation.

The impact of turnover on operations was widely discussed (Davidson & Wang, 2011). Turnover impacts operations in several ways and most of these impacts are negative. Compromised service quality and productivity, direct and indirect cost involved to replace departed employees, lower morale and diminished profitability are some of the possible outcomes of turnover (Brandmeir & Baloglu, 2004; Hinkin & Tracey, 2008). The constantly high turnover rate in Macau has great impact on the operation and ultimately influences the performance of the company. It is a painful wound for hospitality companies, especially those striving to build a brand image in the high-end sector. Therefore, there is a need to learn thoroughly about the major causes of turnover before designing effective retention strategy.

Purpose

The purpose of this paper is to develop a well-structured theoretical review about turnover of frontline hospitality employees in Macau.

Statement of problem

Hospitality is the leading industry in Macau. The current turnover issue of frontline employees is a critical concern to the performance and long-term sustainability of hospitality firms. There is a need to learn more about the causes of turnover in Macau. The objective of this professional paper is to conduct a thorough literature review on the topic of turnover, including both Western-based and Asian-based reports in order to provide better insight regarding the turnover situation in Macau.

Justifications

Despite the high turnover rate in Macau in recent years, there are limited studies related to this phenomenon. Employee turnover is a major topic in management and should be effectively handled. There is a need to study more about the topic, especially in Macau where the rapidly growing hospitality industry is suffering from the impact of high turnover rates. This research is useful in understanding turnover and its causes. Interested parties may use the results of this research to further study or modify their employee retention strategies.

Constraints

This study was based on a review of the literature of turnover and related issues. There were ample studies related to turnover available. However, most of them are

Western-based research. Since this study was conducted as a theoretical base for the situation in Macau, both Western and Asian (mainly Hong Kong and Macau) literature were included for a better reference. This research was highly dependent on the availability of the related research in Asian context.

Part Two

Introduction

Turnover rate can be briefly described as how fast the employers recruit and lose employees (Chikwe, 2009). It is used to measure the effectiveness of recruitment (Mondy, 2010) and is sometimes considered as one of the indicators of organizational performance (Cho, Woods, Jang, & Erdem, 2006). Mondy (2010) clearly defined turnover rate as how many new recruitments were hired to replace resigned employees. By these definitions, turnover ‘occurs’ only when a replacement is successfully hired. However, the same definition may not be applicable in Macau as employers have difficulty filling vacancies. The unemployment rate in Macau is only 2.6% (DSEC, 2011c) and there were still about 7,000 vacant frontline positions in the hospitality industry alone (DSEC, 2011d, 2011e). Therefore, ‘turnover’ in Macau perhaps should not include the element of replacement.

Turnover can be either voluntary or involuntary. Voluntary turnover happens when the employees initiate the termination of employment regardless the reasons, while involuntary turnover happens when a termination is initiated by the employers. Involuntary turnover may help improving productivity because underperforming employees were removed (Davidson & Wang, 2011). Most of the research on turnover is devoted to the causes and consequences of voluntary turnover (Schneer, 1993).

The impact of involuntary turnover to the company is minimal because it is under employer's control. In this paper, only voluntary leave of employees is considered and brought into the discussion of turnover, regardless of whether a replacement is successfully prepared or not. To align with Wheelhouse's (1989) argument, turnover happens only if the left employees must be replaced. Therefore those temporary workers who were hired to meet seasonal flow of business are not a part of in this paper.

Impact of Turnover

The core product of the hospitality industry is the overall customers' experience. The production of this experience relies heavily on employees who have close contact with the customers. With such human-intensive service nature, high employee turnover would lead to various negative outcomes. Hinkin and Tracey (2000) measured the cost of turnover in terms of separation cost, replacement cost and lost productivity, etc. In their samples the overall cost of turnover of one front office attendant ranged from about USD \$6000 to USD \$ 12,000, in which the lost productivity accounted the largest portion of the cost. This lost productivity mainly came from the difference between the high productivity of the departing employees and the missed sales opportunities, and low performance of new employees when they were at the beginning of the learning curve.

Brandmeir and Baloglu (2004) conducted a correlation analysis in their research. They found that the high turnover rate in front of house operations had a great impact on i) the service quality; and ii) the perceived value of the company. Although service quality and perceived value of the company can hardly be transformed into solid figures for comparison or analysis, their importance should not be underestimated. They are the vital factors for the long-run of the hospitality business.

From the perspective of remaining employees, high turnover rates increase their average workload. Hendrie (2004) found that such additional burdens increased the stress level of the rest of the team members. In research studying the turnover impact on health care organizations, Waldman, Kelly, Arora, and Smith (2004) found that a constantly high turnover rate de-motivated the remaining employees by imposing repetitive training obligation to them. This was found to be the case in the hospitality industry in the U.S. as early as 1989 (Woods & Macaulay, 1989).

For employers, the worst impact of turnover is lost profitability. Woods and Macaulay (1989) were two of the pioneers studying the correlation between turnover rate, performance and profitability. In their study they highlighted the linkage and alerted hospitality employers to the harm associated with high employee turnover rates on the business profitability.

All of these direct and indirect impacts are the possible results of high turnover.

However, management should not consider high turnover as an uncontrollable gene of this industry. Hinkin and Tracey (2000) found that turnover rates varied among similar hotels in the same location. This finding indicates that turnover is a function of management, to some extent, and therefore some companies can do better. The best way to start is to understand the causes of turnover.

Causes of Turnover

Literatures in the area of human resources, organizational behaviour and hospitality management were searched from books, databases, academic journals, trade magazines and newspaper. Keywords used include Macau, employee turnover, turnover culture, labour shortage, organizational commitment, job dissatisfaction, etc. In Hom and Griffeth's (1991) psychological research, they noted that turnover intention is an effective indicator of actual turnover. Many researchers also used the terms 'turnover intention' and 'intent to quit' interchangeably with turnover behaviour, and used them as the focus of their literature review (Chikwe, 2009; Lim, 2008; Taormina & Kuok, 2009; West, 2007). Therefore 'turnover intention' and 'intent to quit' were also included in the key words during the search process. Appendixes of the literatures were also traced to enlarge the scope of review. Based on the frequency and strength of different causes discussed in the literature, the causes of turnover were categorized into compensation and benefits, career development, stress, interpersonal

relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction.

Compensation and Benefits

Most people work for a living. It is rational that employees demand an appropriate level of compensation for their effort. Such compensation may be offered in monetary (direct) reward, such as salary and bonus, or bundled with other non-monetary (indirect) reward such as medical insurance (Mondy, 2010). Poor compensation was widely acknowledged as one of the downsides in the hospitality industry (Brien, 2004; Getz, 1994; Richardson, 2008). Some past studies indicated that employees would be attracted, retained and motivated to achieve organizational goals when the employers used money to be the incentive (Milkovich & Newman, 2002).

Compensation is the core component of the production-reward exchange process and the employment relationship. Once the employees perceive that their employers cannot offer their expected level of compensation, they may leave the organization (Mondy, 2010). As Milkovich and Newman (2002) observed, employees tended to leave the company when a competing company has a better compensation offer, because hospitality skills are generally transferrable from one employer to another.

The case in Macau is slightly different from what Western-based literature suggested. The emergence of casino hotels has pushed up the compensation standard.

According to DSEC (2011e), the current average earning of hotel and restaurants positions is MOP \$10,700, which is higher than the median monthly earning MOP \$9,600 of the general population(DSEC, 2011f). Before the opening of the first new licensed casino hotel in 2004, the monthly median earning of the general public was just about MOP \$4,800(DSEC, 2011f). The figure has continued to go up along the opening of several hotel complexes. In addition, these new operators also included additional benefits such as employee dining area, medical insurance, transportation etc to enrich the compensation coverage (Chan & Kuok, 2011). The compensation standard of frontline employees in Macau should not be considered as poor.

Although Moncraz, Zhao, and Kay (2009) stated that compensation was not the top reason for turnover among lodging properties in U.S., Chan and Kuok (2011) found a different scenario in Macau. In their research they interviewed the staffing manager of hospitality firms in Macau, and most respondents reported that inferior compensation packages was the major reason of turnover. Employees left the company for a better offer from competitors. Almost one-third of the respondents in Vong's (2003) study reported that they would change their job for a 10% increment in salary. Given that the monthly median earning was less than MOP \$5,000 in 2003, a 10% salary increment was just about MOP \$500. A revised research is needed in order to provide a more accurate reference as much has changed in the last 8 years.

A common thread has been observed between reasons for turnover in Western and Macau environments. That thread is compensation. A better compensation offer from competitors is one of the reasons why turnover occurs. This is how the employees behaved and how management of hospitality firms in Macau perceived. This cause is undeniably influential.

Career Development

Aside from compensation and benefits, career development is another job characteristic that makes hospitality work an inferior choice of careers (Richardson, 2008). Richardson (2008) highlighted that poor or unclear career structure plagues the image of hospitality work. This is a critical concern as Hartman and Yrle (1996) investigated whether the lack of self development contributes to the turnover rate. In their study, they proposed that employees are likely to become hobos and leave when they perceived limited promotional opportunities. Similarly, Woods, Sciarini, and Heck (1998) surveyed almost 5,000 hotel general managers and concluded that a lack of advancement opportunity is one of the most cited turnover causes.

Interestingly, Barron and Maxwell (1993) surveyed about 500 hospitality management students who had finished their placement in the industry, in which nearly 90% of them considered hospitality to be a growing industry with adequate career opportunities. Obviously, this is in contrast to previous studies which found

career potential to be an influential factor limiting interest in the hospitality industry.

Arthur (1994) observed that talents tended to climb up their career ladder by moving across companies instead of a sequential move within the same company.

Barron, Maxwell, Broadbridge, and Ogden (2007) even found that Generation Y young people expected a quick linear promotion in hospitality by changing jobs on a regular basis. This phenomenon is not something unexpected as the tourism and hospitality industry is on a growth track (UNWTO, 2010). Therefore there will be more job openings and promotion opportunities available in the future. In addition, as baby boomers start to retire in large numbers many more openings will be created.

Baby boomers are the largest generation the world has ever known. While many in the Western world would already be retired, the lingering recession has caused many of these people to lose large portions of what they once believed was a comfortable amount of savings for retirement. As a result of that, baby boomers are delaying their retirement for economic reasons—and still occupying jobs they have long held. Yet they will be leaving their positions in the near future.

Similar to the worldwide growth, the rapid growth of tourism development is happening in Macau too. In addition to the recently established properties, a few more are slated to open in the coming two years (“Sands sign Cotai deal,” 2011). The challenges of human resources management of hospitality business are stepped up

whenever there is new property opening. Existing properties have to deal with the turnover as employees are leaving not only for a better compensation but also for a senior position (“Job-hopping comes again”, 2006). Baruch (2004) argued that this group of workforce has traded company loyalty for more short-term and financially beneficial employment relationships. Considering the above findings and situations, both limited promotion opportunities within the company and having the prospect of career advancement by joining another company are the drives of turnover rate in Macau.

Stress

Stress is a vague term in the sense that it is hard to quantify. Spector (2003) commented that occupational stress is correlated to various outcomes including reduced productivity, absenteeism and ultimately employee turnover. According to Lo and Lamm (2005), there is literature suggesting that the hospitality industry is a less risky industry of occupational stress due to the reliance on emotional labour. However, other researchers advocated that occupational stress is a significant factor in the hospitality business (Hsieh and Eggers, 2011; Zohar, 1994).

Cartwright and Cooper (1997) identified several environmental sources of occupational stress, including the intrinsic factors of the job, role in the organization and work-home interface. As these authors suggested, the gene of the job itself can be

the source of stress. In Wallace's (2003) work about managing shift work, he indicated that long working hours, unpredictable shifts, limited breaks, and heavy mental, emotional and physical demands are the concerns that lead to occupational stress. These are the typical traits of hospitality jobs.

The role of employees in the company generates stress. In order to create satisfying guest experience, frontline employees are expected to be courteous, friendly, empathetic and positive throughout the shift (Anderson, Provis, & Chappel, 2002). In addition, they are those who serve both external and internal customers. This special role of frontline employees creates a stressful working environment. Zohar (1994) commented that role ambiguity is also a source of stress. The core responsibility of frontline employees is to satisfy customers. However, they may not have the empowerment, such as the right to upgrade a guest for service recovery, to properly perform their job. These situations cause stress.

The balance between work and life is another source of stress. Hsieh and Eggers (2011) summarized the characteristics of hospitality work, such as long working hours, shifts on weekend and stressful working condition. These characteristics left hospitality employees limited time for other non-work related issues, especially family activities. As a result, the imbalance between work and life created negative issues, for instance, dissatisfaction with personal life, marriage and family. The more

the conflict exists, the higher the turnover rate will be (Allen, Herst, Bruck, & Sutton, 2000). Such work-life conflict was proven to be one reason for turnover.

In Macau, the average working hours of frontline employees is one of the longest among the world. World Salary (n.d.) has collected data regarding the working hours of hotel receptionist in selected regions and made a comparison. From their findings only Thailand, Kuwait and Mexico could beat the general 48-hour 6-day schedule of frontline employees in Macau. Management should also note the day-to-day over time culture of hospitality industry (Lee, McCann, & Messenger, 2007) that extends the average working hour. Some early literature suggested that long-term stressful working environment leads to emotional exhaustion, also known as job burnout, which is positively correlated with turnover intention (Humborstad & Humborstad, 2006).

Although these studies explained the correlation between stress and turnover behaviour, Lo and Lamm (2005) suggested that occupational stress is not the only reason contributing to turnover. Management needs to understand other causes of turnover for a better picture.

Interpersonal relationships

Hospitality is a labour-intensive industry that requires intimate internal interaction to achieve the common organizational goal. Interaction between superior, subordinate

or co-workers is unavoidable and so is the existence of conflicts (West, 2007). The interpersonal relationship between employees among the same level and across different levels is critical to the operation. West (2007) was surprised that there was not much literature distinguishing the interpersonal relationship with superiors and with co-workers. She argued that subordinate may perceive superior as representatives of the organization, so the outcomes of conflict would be different. Therefore researchers should identify which specific conflict they are studying.

The satisfaction of relationship with superiors is found negatively correlated with turnover rate (Gerstner & Day, 1997, cited in Harris, Wheeler & Kacmar, 2009).

According to Eatough (2010), work-related behaviour and situations such as management style, limited resources availability, incorrect job instruction and fairness are the causes of interpersonal conflict with supervisors. Perceived fairness, or perceived equity, plays a critical role in how employees perceive their workplace treatment. This is part of perceived justice. There are two aspects of perceived justice, one is procedural justice and the other is distributive justice. Folger and Greenberg (1985) defined procedural justice as the fairness of the process in determining the outcomes, such as compensation and positions (Taormina & Kuok, 2009), and distributive justice as the fairness of the actual result of the determination. For instance, it is procedural injustice when a manager promotes an employee just

because they are friends; and it is distributive injustice when the employees deserve more than they are currently having. Khatri et al (2001) found out that the procedural justice is negatively correlated to turnover intention while distributive justice is not.

In research studying the factors related to turnover intention of casino dealers in Macau, Taormina and Kuok (2009) found a different result from the research of Khatri et al (2001). They found a moderate negative correlation between distributive justice and turnover intention. It may imply that frontline employees in Macau are aware of the market value of their skills. As a result they consider the distributive justice as a core component of the employment relationship.

Organizational Commitment

Organizational commitment was defined as the strength of relationship between employee and the organization (Upchurch, Dipietro, Curtis, & Hahm, 2010). In other words, the relationship is strong when the commitment is high and it is weak when the commitment is low. The strength represents how much the employees believe and accept the goals and the value of the organization (Mowday, Porter, & Steers, 1982), and how much they are willing to input their efforts for the organization (Meyer & Allen, 1991).

Various factors were found to be correlated with the magnitude of organizational commitment. Maxwell and Steele (2003) found that workload, interpersonal

relationship, recognition and pay expectation have impact to the level of commitment.

For instance, the more conflicts and worse interpersonal relationship exist, the lower organizational commitment the employees possess. In the study conducted by Lee (2000), the author found that perceived organizational justice also had a positive correlation with organizational commitment. In addition, Schuler and Jackson (1999) commented that by including the employees as part of the organizational process, the magnitude of employees' organizational commitment will increase. These relationships blurred the position of organizational commitment as it may act as a mediating role between other factors (e.g. pay) and turnover.

Nevertheless, researchers found close correlations between organizational commitment and turnover behaviour. Milkovich and Newman (2002) argued that only highly committed employees would remain in the organization, even though they were offered a better pay by competitors. With a 3-year longitudinal study, Wong, Chun, and Law (1995) found that organizational commitment was an effective predictor of turnover intention. Other studies (Farrell, 2001; Khatri et al, 2001) have similar results and comments.

Vong (2003) surveyed 480 hotel employees in the area of front office, housekeeping, kitchen and food and beverage service in Macau about their organizational commitment and turnover intention. Similar to other studies, she found

a statistically negative relationship between organizational commitment and turnover intention.

Perceived Alternative Employment Opportunity

Perceived alternative employment opportunity, also known as perceived ease of movement, is the perception of the availability of job alternatives (Lee & Mitchell, 1994). This perception is an uncontrollable factor because it is closely associated with the external environment, such as availability of job vacancies and unemployment rate. In an early study of Hulin, Roznowski, and Hachiya (1985), they revealed the significant relationship between availability of jobs and voluntary turnover. Numerous studies acknowledged that the perception triggers the turnover intention (Griffeth, Hom, & Gaertner, 2000; Khatri et al, 2001; Mor Barak, Nissly, & Levin, 2001).

In addition to the market condition, educational background may affect the perception too. Mor Barak et al (2001) investigated that workforce with higher educational background perceived more employment opportunities. Higher educated workforce may consider their qualification as a competitive advantage over less educated workforce by having more choices of alternative positions.

As previously discussed, there were huge amount of job vacancies and the unemployment rate was extremely low in Macau. It was a test to the vulnerable turnover situation every time a new property opened its door. Theoretically speaking,

such marketing conditions encourage a strong perception of alternative job availability. Indeed, Vong (2003) found two-thirds of the surveyed frontline employees in Macau had positive perceptions about alternative employment opportunity. She did not refer to the research of Mor Barak et al (2001), but she also found college degree holders had stronger perception in alternative jobs over those who only had primary or secondary education.

Lee, Mitchell, Holtom, McDaniel, and Hill (1999) pointed out that the term ‘perceived alternative employment opportunity’ was not properly defined, because employees did not need to have an offer on hand in order to perceive the availability of job alternative. In addition, a general non-work option can be the ‘alternative’ in the mindset. In other words, employees may perceive availability of alternatives as long as they think they can get a job elsewhere, regardless it is now or later.

Motivation

Motivation, literally means the drive or the process of driving an individual to do or achieve something, is probably one of the most studied topics in management. Some motivation theories are widely recognized. Maslow’s (1954) hierarchy of needs and Herzberg’s (1968) two-factor theory are two typical examples. In these theories, motivation was associated with different variables such as rewards, recognition, relationship, advancement and status. The hygiene factors of Herzberg’s theory, for

instance the job security and pay reward, were closely related to the lower ranks of Maslow's hierarchy model. Meanwhile the motivators in Herzberg's model, such as recognition and challenging work, were closely related to the higher ranks of Maslow's hierarchy model.

Later Holt (1993) classified motivations factors into extrinsic and intrinsic types. External stimulating factors including pay, promotion and job security were put into the extrinsic group, while factors including self-esteem and self actualization were put into the intrinsic group. The theory is similar and parallel to past literature. When other scholars studied motivation, they included different factors into the definition. Factors that have been discussed previously, such as compensation and advancing opportunity, would not be discussed again here.

Motivation has been studied as both dependent (Wall Jr & Callister, 1995; Wong, Siu, & Tsang, 1999) and independent variable (Kim & Jogaratnam, 2010) in different studies. It was associated with various management topics including job satisfaction, turnover intention, organizational commitment, etc. Intrinsic factors such as self-fulfillment were found to be significantly related to turnover intention. This is a key issue in studying turnover in frontline operation. Frontline positions were blamed to be repetitive (Hinkin & Tracey, 2000). The looping of job cycles might de-motivate frontline employees because they have fewer chances to actualize their value.

The situation of turnover can turn to be a vicious cycle. As discussed above, the motivation issue leads to turnover, and the turnover may reduce motivation of remaining employees (Kim & Jogaratnam, 2010). Waldman et al (2004) stated that constantly high turnover rate leads to repetitive training obligation of remaining employees. Experienced colleagues are responsible to train new comers. When the turnover rate remains high, there are always new comers. This situation certainly escalates the usual workload of remaining employees. In addition, they have less time to perform their own tasks. Given that their focus was partly shifted to conduct training, they may perceive limited opportunity to actualize their value in their job and hence de-motivated.

Ramlall (2004) summarized that understanding the motivation of employees is essential in learning why they are leaving. It is a broad and complex topic that requires attention. Yet there was not enough research about how frontline employees of hospitality firms in Macau are motivated to stay or de-motivated and leave.

Job Satisfaction

Job satisfaction is another topic that has been widely studied in the turnover research. Literally speaking, job satisfaction reflects how much the individual is satisfied with his/her job. In general, job satisfaction was found to be negatively related to turnover (Griffeth et al, 2000; Khatri et al, 2001; Tett & Meyer, 1993; Vong,

2003). However, the strength of correlation varied among different studies. Some scholars found a significant negative correlation between job dissatisfaction and turnover. Tett and Meyer (2003) suggested that job satisfaction is the most predictive factor of turnover. Some scholars only found a moderate relationship between two (Vong, 2003) and some found it weak. Blau and Boal (1989) stated that job dissatisfaction only accounted for less than 15% in the turnover model. Some scholars even found that job satisfaction was not predictive to turnover (Wong et al, 1995).

The findings about job dissatisfaction in relation to turnover varied across different literature. In addition, there was inconsistency when these researchers defined the terminology 'job satisfaction'. For instance, Khatri et al (2001) separated job satisfaction into satisfaction with pay, with the job nature and with supervision. Griffeth et al (2000) identified pay, relationship with supervisor, job content and working conditions as different factors within job satisfaction.

There is inconsistency in regards to the definitions. In order to avoid confusion with other causes above, job dissatisfaction in this paper was considered as the satisfaction with the job content only. Griffeth et al (2000) found that satisfaction with the job content has a significant impact on turnover. Frontline employees such as front office agents, call-center attendants and reservationists, work in a repetitive task routines. The job nature leads to job boredom and contributes to job dissatisfaction

easily. To a certain extent, this is closely related to the motivation theories reviewed.

In Macau, Vong (2003) only found a moderate negative correlation between job satisfaction and turnover intention among frontline employees, while Humborstad and Humborstad (2006) observed a significant negative correlation. Nevertheless, interested party should take note that they did not define job satisfaction into a specific facet. Unfortunately there was no other literature studying the job satisfaction (job content) and turnover in Macau to serve a better reference.

When job satisfaction and turnover are studied in the future, close attention is needed as different understanding about the terminology 'job satisfaction' and difference of research setting may induce different results. Like Blau and Boal (1989) suggested, job satisfaction alone only accounted for less than 15% variance in explaining turnover, it should be studied with other turnover factors with careful selection.

Conclusion

The issue of a high turnover rate in Macau is still on the top of the list of human resources managers. Surprisingly there were not many scholars or practitioners putting effort into studying this situation. In terms of revenue, Macau is the leading gaming destination in the world. Considering the potential impact brought by high turnover rates, the situation should gain more attention from the academic field.

There was ample research studying causes of turnover – compensation and benefits, career development, stress, interpersonal relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction. These variables were found to have different inter-relationship with each other. They are complicated in the sense that different scholars found different results under different contexts. The same case applies to the correlations between these causes and turnover. However, different studies may find various strengths of correlation. These causes were found to impact turnover to a certain extent. It is hard to judge if the same scenario will happen in Macau as related studies are still very limited.

Part Three

Discussion

Understanding the causes of turnover is the first step to solving the turnover issue. Based on the literature reviewed in Part 2, it is hard to judge which reason contributes most to the high turnover rate in the hospitality industry in Macau. With the continuous growth in the number of employees working in the hospitality industry (DSEC, 2011e), it is reasonable to presume that most of the turnover happens among competitors rather than across different industry. Under this context, general causes of turnover that apply to the industry, such as stress, may not be able to explain the turnover phenomenon this industry-wide phenomenon.

It is clear that frontline employees in Macau focus on what they can get from the employers, namely compensation packages and career growth. Changing to a new job to gain a better offer is common. This serves as a very appealing pull factor of turnover behaviour. The constantly high turnover rate in Macau seems to become part of the culture. Iverson and Deery (1997) advocated that the hospitality industry has created and encouraged the turnover culture. This turnover culture exists when employees perceive that turnover behaviour is a proper practice. It is “no big deal” to resign and turn to another employer. Iverson and Deery (1997) continued and concluded that lack of job security and lack of career potential were main causes of

the turnover culture. They proposed that employees enter this industry with the perception of a short tenure and limited promotional opportunities; therefore these people perceive that turnover is acceptable. This culture may reinforce the turnover decision when employees encounter inducement of turnover discussed in Part 2.

Although Macau shares the same normative agreement on turnover culture, the perception of short tenure and limited promotional opportunities discussed by Iverson and Deery may not be applicable in Macau. Under the tight situation of labour market, hospitality employers are willing to offer full time positions and long term contracts to employees. The employment tenure should not be perceived as short. In addition, hospitality firms were asked to develop local employees into managers. (Pina, 2008). Therefore, there are lots of growth opportunities available for local frontline employees. In short, if the turnover phenomenon in Macau has become a culture, the causes behind will be different from the literature.

Recommendations

Recruiting and retaining talents is a game among competitors, especially when the high turnover phenomenon happens within the same industry. Whoever implemented the best human resources strategy will most likely be the winner. Based on the turnover causes reviewed, some recommendations were suggested for the individual property level and industry level.

Individual Property

First, management of individual properties should come up with a clear career plan for each positions and for each employee in those positions. Detailed qualification requirement for promotion should be established. With reference to this information, frontline employees will then know that the company has a standardized plan in growing them to the next level. In addition to indicating clear career paths, the company should provide adequate training courses to train employees the required skills. When employees start to take the training courses as a means to improve their career opportunities, they will gain better skills and get closer to becoming the next 'best candidate'. Moreover, they will perceive the time they put into their self-development as an investment; therefore they are more likely to stay for the 'harvest'. This should help reducing their negative perception of limited advancing opportunity.

A less stressful working environment could become an advantage in keeping employees. Frontline operations in Macau usually require employees to work 6 days of 8-hour-shifts in a week. There is only one-day for rest. Employers could consider breaking the standard 48 hour work weeks into 5 workdays instead of six. Hours worked daily will increase but the employees can enjoy one more day off. When employees have more disposable free time, they are more flexible in rejuvenating

themselves and in maintaining personal relationships. Thus they feel better about themselves and their jobs.

Management should also optimize their internal culture. This is a long-term process and requires continuous effort. The main objective of optimizing the internal culture would be improving interpersonal relationships within the company. Greenleaf (1977) proposed the servant leadership as a top-down approach to harmonize the internal relationship. Brownell (2010) also argued that servant leadership is the next popular leadership style likely to spread throughout the hospitality industry. However, a tremendous effort is required to implement a company-wide leadership style. All details such as core values, company policy, appeal schemes and employees benefits have to be integrated into human resources strategy.

Industry-wide Agreement

Compensation of employees is controlled by management. However, compensation offered by competitors is out of control. Unfortunately it is one of the most critical issues of all turnover causes in Macau. New properties tend to offer a higher salary to attract employees of competitors. This hurts everyone. For the long run of the industry, large employers of the industry should negotiate the range of wage increment for hiring an opening team. Without such a normative agreement, individual properties have to keep adding salary in order to maintain the operation.

That is a negative cycle and strongly affects the bottom line. Small operators may be forced to leave the industry. An industry-wide agreement would be beneficial to the industry.

Conclusion

The economy of Macau relies heavily on tourism and gaming operation, which is currently suffering a serious turnover issue. The negative impacts induced by the high turnover rate will directly affect the service quality, company performance and long-term sustainability. Management should learn more about the causes of turnover. Apparently there are not enough studies investigating this issue in Macau. Among the available literature, no scholars attempted to develop a study of turnover in regards to all turnover causes discussed in Part Two. This paper serves as another theoretical base and may help interested party to develop further study.

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