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# The Impact of Managerial Styles and Job Satisfaction on Employee Turnover in the Hospitality Industry

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**Table of Contents**

## Part 1

The hospitality industry in Las Vegas is a business that relies heavily on the competences of their employees. Unique to this industry, is the delivery of experiences rather than actual products or tangible goods. Due to the nature of this business, management styles, employee retention and standards of the employees are of the utmost importance to employers (Faldetta, Fasone and Provenzano, 2013). In summary, the stability among employees becomes an essential characteristic of the positive functionality of a hospitality organization. The irony in this is that high, employee turnover rates are common to these corporations. Employee turnover is a component of the business that has a negative impact on the industry and corporate culture (Choi, 2006).

In addition, not only is current state of employee turnover in the industry not desirable, but future employees, also known as millennials have different motivates for loyalty with a company. Millennials are those born in 1982 or later and represent the most racially diverse generation, as well as the fastest growing sector of the workforce (Curtin et al, 2012). Employers must understand what motivates them and as well as strategies to retain them (Broadbridge, Maxwell, Ogden 2010).

### Employee Turnover and Costs

As stated, employee turnover rates are exceedingly high and problematic for the corporations. Measured by dividing the total number of annual employee termination by the average annual number of employees, within a company or department, this statistic can have consequences on an organization (Choi and Dickson, 2010).

With an estimated, industrial, turnover rate of nearly 300%, there are costs that are inherently incurred in replacing these employees (Choi and Dickson, 2010). A study by Choi and Dickson (2010) concluded that for each hourly employee that needed to be replaced, there was an additional cost of nearly 30% of that employee's salary. For each management level employee that needs to be replaced, nearly 50% of their current salary was spent on replacing and training them (Choi and Dickson, 2010).

Furthermore, there are also non-quantifiable costs such as employee disengagement and negative attitudes and behaviors while executing their duties while representing the employer (Lim, Evelyn). The inconsistency of the staffing levels and the behaviors has a direct correlation with employee loyalty (Agrusa & Lema, 2010).

**Employee Satisfaction**

Literature has shown that trust in management and peers has a strong influence on employee satisfactions which directly correlates to an employee's loyalty to an organization (Matzler and Renzl, 2006). Taking an in-depth review of the literature, focusing on the relationships between management and co-workers will reveal data that may impact the future of turnover rates in the industry. If employee satisfaction and loyalty are so closely related, then understanding these relationships could display best demonstrated practices or even the exact opposite.

Moreover, this research is not only intended to analyze the nature of relationships between management and employees but what those relationships look like from a third party perspective. Is the management style the leader believes they are conveying actually conveyed? Or is the perception from the employee different than the projection from the manager? Understand this correlation along with the characteristics of the styles, could pose beneficial to the study. It also has the potential to lead in to future investigation and/or implementation in the hospitality industry.

**Future Opportunities**

Management styles and perceived work atmosphere can have large impacts on employee satisfaction and intention for turnover in a company (Lim, 2010) and is discussed in greater detail in chapter 2. Based on the research found in combination with the industry's currently high turnover rate, the creation of supportive and motivated, management characteristics could prove to be truly beneficial on employee turnover. Given the chance for growth, the adaptation of these management styles could potential increase employee satisfaction and retention with their organization (Costen and Salazar 2011).

Millennials, as explored further in the next chapter, have distinct qualities that employers need to understand and adapt to if they want to reduce the turnover rates (Broadbridge, Maxwell, Ogden 2010). Understanding the similarities and difference in the qualities of this next, workforce generation has potential for a greater benefit for future state of the industry.

The application of the previously mentioned management styles will not only be a positive growth for current state, but could become a solid foundation for future state, also known as the management of Millennials (Levenson, 2010). Levenson (2010) reports that, "Change from one generation to the next can appear to be sudden and dramatic. Yet, true change that impacts how each generation interacts with the world of work likely is much more incremental and gradual from one generation to the next."

**Purpose Statement**

The purpose of this paper is to understand the correlation between relationships in the workplace, specifically managerial to subordinate, and their effects on the high employee turn-over rates in the hospitality industry. The literature review will look in depth at employee turnover and review research focusing on causes, impacts and alternatives. It is anticipated that conclusions will be drawn on commonalities and documented successes and failures. The final section of this paper will address the lessons learned from the research literature and discuss implications for the hospitality industry. In addition, assumptions can be made based on the current research and results that have been achieved and cases can be formulated for implementations in current, daily operations of the industry.

**Justification**

Finding data that directly impacts employee turnover rates could be utilized to address the pressing issue of high employee turnover rates and the challenges of retaining employees in this Areas that may be potentially impacted by these findings are:

- Employee retention
- Guest satisfaction and loyalty
- Reduced costs (both direct and indirect)
- Execution of organizational standards and expectations
- Organizational culture and morale
- Execution of effective management styles
- Identification of perceived positive and negative management styles
- Understanding of generational difference and the tailoring of management styles to varying generations

**Key Words**

**Baby Boomers** are those born between the early 1940s and mid-1960s and were the result of extremely high birth rates during this time (Becton et al., 2014).

**Corporate Culture** is a company's values, beliefs, business principles, traditions, ways of operating, and internal work environment (Choi 2006).

**Employee Turnover** is measured by dividing the total number of annual employee termination by the average annual number of employees, within a company or department (Choi and Dickson, 2010).

**Generation X** desrcribes those born between 1965 and 1979 and have shared lifetime experiences and events such as the age of economic uncertainty, recessions, high unemployment, inflation, downsizing and high divorce rates among their parents (Kupperschmidt, 2000)

**Management Style** can be defined as an overall method of management techniques (Agrusa & Lema, 2010).

**Milennials** are those born in 1982 or later and represent the most racially diverse generation, as well as the fast growing sector of the work force (Curtin et al, 2012).

**Organizational Commitment** refers to favorable attitude, degree of involvement, take on the organization's tasks actively and identifying oneself with the organization (Choi 2006)

**Relationship Quality** is the accumulated trust and satisfaction in interpersonal and organizational relations.  It encompasses trust and satisfaction. (Choi 2006)

**Satisfaction** a subjective and emotional assessment reaction upon a specific object or experience of a certain phenomena (Choi 2006)

**Trust** is a belief that other person's words are truthful and that they will be responsible in their relationship (Choi 2006)

**Turnover Intention** is the degree of an employee's intention to leave (Choi 2006).

**Work Involvement**, refers to employee perceptions of the concern and dedication coworkers show for their job, as defined by Billings and Moos (1982).

## Part 2

Customer and employee turnover both have a direct link to the bottom line and profit of a hospitality organization (Agrusa & Lema, 2010). Service employees come in the closest contact with the customers on a daily basis. Each interaction they have with guests, become a "moment of truth" for the organization, with the guest gaining either a positive or negative experience in that moment. The hospitality industry is unique in a way because a physical and tangible product is not being sold to a guest, but rather an experience is what is being offered. Furthermore, a customer's loyalty to a hospitality organization can be renewed or destroyed based on an interaction with just one employee. Thus the employees of the industry are the essence of the success, or lack thereof.

This literature review identifies variables that influence employee turnover in the hospitality industry. Analysis of existing research emphasizes future investigation. Analysis and synthesis of previous studies and theories will identify what has been observed and researched. In turn, the data and results found have the potential to reduce employee turnover while also pointing to additional areas requiring further research.

Current areas of research that are being analyzed consist of employee turnover statistics, and relationships in the workplace, including peer to peer and managerial and subordinate. In addition, training and development methods that have been utilized to enhance the work place to retain employees within the organization. Successful practices will be reviewed to see any similarities or areas of opportunities, for potentially better return on investment for the organizations.

Specific areas that are correlated with employee turnover in this literature are associated costs, both direct and indirect. These costs can be specific figures that have been measured when replacing someone who has left the company such as recruitment and onboarding. They can also be indirect costs such as loss of guest satisfaction or retention, as well as employee morale and engagement (Chikwe 2006). Also associated with employee turnover is the explanation of benefits that a realistic job preview can bring to both the company and the future employee (Wanous, 1989).

A major topic that contributes to employee turnover is employee satisfaction in the workplace. Theories in effective management and relationship in the workplace will be reviewed such as Greenleaf's (1999) servant theory and how it can be more efficiently executed (Boone, L. W. & Makhani, S., 2013) as well as Isaac, Zerbe and Pitt's (2001) expectancy theory. Studies under review in this paper are Choi's (2006) study on hotel employee's turnover intention and a study from Wanous (1989) on effects of conducting a realistic job preview with potential candidates for an organization. Finally, a study from Agrusa and Lema (2010) will be explored, that took place in a Mississippi Gulf Coast casino and measured the employee perception of their management styles and the implications of these perceptions on their intent for turnover.

Following the review of studies and research on employee turnover and employee relationships in the workplace, generational differences in the workplace will be reviewed. The current United States workforce is largely comprised of three generations which are Baby Boomers, Generation X and Millennials (Becton, J. B., et al, 2014, Kupperschmidt, 2000, Eisner, 2005). This literature will aid in the understanding of the differences in each of the generations and how this translates to differential, leadership styles needed to ensure their motivation and retention within a company.

**Employee Turnover**

Employee turnover is measured by dividing the total number of annual employee terminations by the average annual number of employees, within a company or department. In 2006, the U.S. Department of Labor, Bureau of Labor Statistics put out an annual voluntary turnover by industry report. It was in the results of this report that the Accommodation and Food Services took the lead out of all the industries with a 56.4% while Leisure and Hospitality took a close second at 52.2% (Chikwe, 2006).

**Human Resources**

Human resources is a non-revenue generating department where their return on investment consists of both direct and indirect costs. Return on investment is defined by the Business Dictionary (2014) as, "The measure of profitability that indicates whether or not a company is using its resources in an efficient manner." Human resource departments gather measures to ensure there is a return on investment, on the department, or at least that is the goal to provide proof of a successful department with ideally, little turnover.

Unfortunately for the hospitality industry the perceived return on investment for this department, specifically the training and development sector of it, has not seen the desirable results to create that return on investment, when correlated with the high turnover rates of the industry (Choi & Dickson, 2010). An American Society for Training and Development report indicated that only 8% of US companies collect data and estimate their return on investment for training (Choi & Dickson, 2010). This directly contradicts that efforts need to be made to prove the “value-add” of this department to an organization.

Being a non-revenue generating department, the collected data proving the success of the department, in turn provides the proof of the return on investment into the department. With such a low percentage of companies collecting data, in attempts to quantify that return on investment number for the training department of human resources, it is valid that the turnover rates for the hospitality industries are so high. With an estimated annual turnover rate of nearly 300% (Choi & Dickson, 2010), the return on investment for human resources is not where it needs to be. Bill Heatley (2004) explains to Nation’s Restaurant News, “In good times and in bad, the key to providing great customer experiences lies in properly managing a restaurant’s human resources.”

**Associated Costs**

There are many costs that are correlated with high employee turnover rates within an organization. There are direct costs which are easily quantifiable. There are also indirect costs, which are intangible (Chikwe, 2006). Although the indirect costs are the tougher of the two to quantify, they do take a major toll on the quality of the department or organization.

Schneider and Tucker (1989) broke down the direct costs in to four segments which are recruitment, selection and placement, hiring and training and separation. In conjunction, Wheelhouse (1989) classified the indirect costs in to the following categories: production losses, breakage, waste and accidents, loss of morale work unit cohesion, lost customers. Although the latter of the items are intangibles, they have just as much of a negative as the financial costs on the business, with the direct categories.

In an industry, whose success is based on guest experience and the perceived quality of those experiences, the employee morale and lessened performance levels become extremely impactful, in a negative manner. The customer-employee interaction is a direct dependent on the customer satisfaction, which eventually translates into future business from this customer, thus supporting the success of the overall organization.

Choi and Dickson (2010) conducted a study that estimated the costs of replacing certain employee levels within the industry and mainly focused on non-management versus management employees. The outcome suggested that non-management employees incur as much as 30% of an employee's annual salary costs. Replacement of a manager role was projected to cost 50% of that employee's annual salary (Choi & Dickson, 2010).

**Realistic Job Preview**

Ultimately, when an employee is interviewing for a position with a company it is because there are characteristics of that specific role or specific company as a whole, that sparks interest with them. During the interview process is where both the candidate and the hiring manager discuss the potential role, its expectations and any other characteristics that the prospective position may encompass. Based on these conversations, both the hiring manager and the employee make a decision if this would be a good fit for the company and for the candidate.

According to Wanous (1978), realistic job previews are a way to positively match the needs of the individual to the culture of the organization, and is ultimately designed to have a positive impact on job satisfaction and voluntary turnover. The realistic job preview should include both positive and negative elements that are directly correlated to the job at discussion and ultimately should maximize the amount of judgmental information relayed to the candidate.

Relaying a combination of both types of information, increases the realistic perception of the job for the candidate (Popovich, P. & Wanous, J. P. 1982).

In contrast, negative information can also give the employee a sense of anxiety or helplessness. A key point Popovich, and Wanous (1982) made is to ensure the candidates are informed with real life situations as to how employees, successfully deal with stressful situations on the job, should they occur. Being upfront and truthful with the candidates not only creates a realistic perception of the potential job but can also lead to self-selection, should the candidate feel this is not a good fit for them. If the interviewer doesn't relay the information or factors that cause turnover in their organization than the realistic job preview will not be as effective as projected (Wanous, 1989).

Initially, the realistic job preview was designed to increase job performance among employees. The criteria used to measure the outcomes of realistic job previews are job candidate expectations, the candidate's choice of an organization, initial job satisfaction, initial job performance and turnover during the first initial months (Popovich, P. & Wanous, J. P., 1982).

Wanous (1977) conducted six studies on realistic job previews, and of the six studies there were no differences found between the experimental and the control groups, but rather that enhanced retention of the employees were consistent when compared to job performance. He discovered during this process, hotels that did not provide accurate information to the candidate, were specifically noted in the hotels where turnover was high. Ultimately Popovich, P. & Wanous, J. P. Wanous (1982) state, "The realistic job preview is a particular type of persuasion process – one aimed at exchanging realistic for unrealistic attitudes about the job and organization."

## Employee Satisfaction

Employee satisfaction is defined by Choi (2006) as a subjective and emotional assessment reaction upon a specific object or experience of a certain phenomenon. In conjunction with this, relationship quality**,** as defined by Choi (2006), is the accumulated trust and satisfaction in interpersonal and organizational relations.

As the quality of workplace relationships are established, it effects an individual's job satisfaction, strongly influencing commitment or lack thereof to the organization (Choi 2006). There have been studies conducted that have shown managerial styles and practices could potentially increase the employee satisfaction of an organization, with efforts to decrease turnover (Babin, B.J. & Boles, J. 1996, Isaac, R.G., Pitt, D.C. & Zerbe, W.J. (2001, & Lim 2010).

### Babin & Boles

Stern (1993) stated that food service employees specifically, are identified as roles that experience high stress levels, due to the nature of their job that requires them to continually have accurate performances, during intense work periods, while also, "resolving conflicting expectations of management and guests." He explains that it is typical of these employees to receive relatively little to no training, which creates an atmosphere of uncertainty and ultimately, a significantly, stressful environment. Billings and Moos's (1982) definition of work involvement, refers to an employee's perception of the concern and dedication, coworkers show for their job.

Babin and Boles conducted a study in 1996 including 261 frontline restaurant employees. The intent of this study was to identify relationships between work environment perceptions and important job outcomes. They broke down the effects of employee perception into four dimensions including:

Intrinsic motivation exhibited by employees;

Leadership facilitation and support;

Workgroup friendliness and warmth; and

Role stress (Babin, B.J. & Boles, J., 1996).

Leadership facilitation came about after Borucki, Burke, & Hurley (1992) defined "supervisory support" as, "The degree to which employees perceive their supervisors offer employees support, encouragement and concern." Babin and Boles (1996) stated that generally supportive supervisors in the workforce have the ability to increase employee satisfaction.

The hypotheses going into the study were (Babin, B.J. & Boles, J., 1996):

H1: Employee perceptions of work involvement are related negatively to: (a) role conflict and (b) role ambiguity.

H2: Employee perceptions of work involvement are related directly and positively to job satisfaction

H3: Employee perceptions of supervisory support are related negatively to: (a) role conflict and (b) role ambiguity

H4: Employee perceptions of supervisory support are related directly and positively to job satisfaction

H5: Role ambiguity relates negatively to job performance

H6: Role conflict relates positively to job performance

H7: Job Performance is positively related to job satisfaction

Responses to the study were collected using a five point Likert scale. Consistent with hypotheses one and two, the results of the study showed a significant negative path estimate between work involvement and role conflict (Babin, B.J. & Boles, J. 1996). Hypothesis three was consistently exhibited with negative paths between role conflict and role ambiguity. Hypothesis four was supported with direct correlation between supervisory support and job satisfaction (Babin, B.J. & Boles, J. 1996). Hypothesis five and six were supported with suggestions that decreased performance occurs with increased role ambiguity, and that as role conflict increases so does job performance (Babin, B.J. & Boles, J. 1996).

The outcome of their study suggests that employee perceptions can reduce stress and increase job satisfaction, when in relation to co-worker involvement and support by management (Babin, B. J. & Boles, J. 1996). Other findings of the Babin & Boles (1996) study supported positive relationships between job performance and satisfaction as well as role conflict and job performance. Finally the study suggested that job performance acts as a mediator on the effects of role stress on satisfaction (Babin, B.J. & Boles, J. 1996).

**Servant Leadership Theory**

Furthermore, Robert Greenleaf created the servant leadership theory in 1970 (Boone, L. W. & Makhani, S., 2013). This model pushes the leaders and managers in a department to focus on meeting the needs of their own employees, ultimately serving them. This management style, is one that encourages self-expression, supports continuous, personal growth for the employees and builds a sense of community and trust among the entire team (Boone, L. W. & Makhani, S., 2013).

Transforming from a standard leader to one that exhibits qualities of servant leadership is not simple and requires sincere effort to change their current habits of thinking, acting and reacting when in their role (Boone, L. W. & Makhani, S., 2013). Boone and Makhani (2013) have formulated five pivotal attitudes necessary to become an effective servant leader in accordance with Greenleaf's theory. The first of these attitudes is, "Visioning isn't everything, but it's the beginning of everything." This attitude is meant to convey that a leader needs to lead with compelling visions, while also setting clear behavioral expectations. These visions should include high standards and ideals, and should be inspiring to others to accomplish great things (Boone, L. W. & Makhani, S., 2013).

Boone and Makhani (2013) explain the second attitude as, "Listening is hard work requiring a major investment of personal time and effort – and it is worth every ounce of energy expended." The value a leader can add to someone else is directly dependent on how well the leader knows that other person (Boone, L. W. & Makhani, S., 2013). The servant leader theory promotes leaders asking open ended questions, to promote the delivery of opinions and attitudes from their team. To ensure this is constant and recognized among the team, for every one directive that is given by the leader, two questions should be asked to the followers (Boone, L. W. & Makhani, S., 2013). Two of the most effective ways a servant leader can exhibit listening skills, is the ability to build trust with their team while also increasing their self- esteem (Boone, L. W. & Makhani, S., 2013).

"My job involves being a talent scout and committing to my staff's success," is the third of these attitudes (Boone, L. W. & Makhani, S., 2013). A common characteristic of an effective servant leader is that they believe that everyone is good at something. They also take on the responsibility of helping their follower's come to realization of how they can apply their talents towards a common goal for the organization (Boone, L. W. & Makhani, S., 2013).

The fourth of these five essential attitudes of a servant leader is, "It is good to give away my power" (Boone, L. W. & Makhani, S., 2013). This attitude may be one of the most challenging for leaders for, but a real servant leaders doesn't lead from the top down, but rather they believe they become more powerful when they empower their followers (Boone, L. W. & Makhani, S., 2013).

Finally, the last of the five attitudes is, "I am a community builder." Boone and Makhani (2013) report that servant leaders recognize that ultimately, their success comes from building a productive community of followers, centered on a shared vision collaborative efforts. Ultimately, Boone and Makhani (2013) state that, "Leadership is a relationship between those who aspire to lead and those who choose to follow. It's the quality of this relationship that matters most when we are engaged in getting extraordinary things done."

**Choi**

In 2006, Choi conducted a study in efforts to find reasoning behind the turnover dilemma, specifically in hotel employees. Choi (2006) presented the following seven hypotheses going into the study:

H1: Accuracy of job information has a positive influence on relationship quality

H2: Need-reward match has positive influence on relationship quality

H3: Comparison with others has a positive influence on job satisfaction

H4: Relationship Quality has a positive influence on job satisfaction

H5: Job satisfaction has a negative influence on turnover intention

H6: Job satisfaction has a positive influence on organization commitment

H7: Organization commitment has a negative influence on turnover intention

Choi (2006) reported those employees who felt great satisfaction with areas such as compensation and their job performance, stated they felt little reason to seek out other employment opportunities. The outcome of this study suggests that there were, and are variables in the workplace that trigger an employee to seek other employment opportunities just as there are variables that retain employees with a company (Choi, 2006).

Choi's (2006) study, reports that employees who felt they lacked responsibility, assurance in their jobs or didn't feel a sense of authority equated to a high probability of dissatisfaction with their overall job. These employees had a higher intention for turnover, attributed to not being able to find their spot in the organization that made them feel valued or gave them a sense of autonomy (Choi, 2006).

This exchange of valid and specific information is the initiation of building trust between the employee and the manager. Trust as defined by Choi (2006) is a belief that other person's words are truthful and that they will be responsible in their relationship. As the employee discovers what was relayed to them into the interview process, wasn't necessarily truthful, whether intentional or unintentional, the breakdown of the relationship begins between the employee and the manager, leading to the start of employee dissatisfaction cycle.

This lack of readily, available information was proved to be a variable that led to employee turnover, which also conforms to the previous study of the realistic job preview, conducted by Wanous (1978), yet the second hypothesis of need-reward match, obtained higher results. Need-reward match wasn't strictly monetary compensation. It was the reward of feeling accomplished and self-worth in the company which, in turn, circles back to the trust developed in the disclosure of all facts and job characteristics in the interview process. The employee seeks clear and stated goals along with the appropriate measures to achieve them, thus giving them a need-reward match (Choi, 2006).

The study provided additional evidence supporting this hypothesis and thus it translates back to the organization as a need for managers to provide the opportunity to attain this sense of achievement to the employee. Whether through monetary increase in compensation or through an improved work environment that empowers the employee and their abilities, all of these facets the employee is seeking, when provided to them, continues to build the trust and satisfaction, not only with their direct management but with the organization as a whole.

Just as these motives will better retain employees, the opposite is what increases the turnover rate within an organization. When employees feel as though, the prior stated actions aren't being taken to provide them with the need-reward mindset, they start to compare themselves to other employees in other organizations. The "grass is always greener" mindset begins to play a role in their minds. What they feel they are lacking in the current organization or work environment may be present in another organization or work environment, so the search for different employment opportunities begins (Choi, 2006).

The limitations Choi's (2006) with study included the possibility that turnover can vary from department, gender, experience and other areas that were not isolated in this study. Also, the hypotheses that were measured in this study concluded more of the positive qualities of the industry and didn't focus on the negative qualities that can include items such as job stress or role conflict. To obtain more inclusive results a similar study could be executed, focusing on the negative qualities of a work environment. Then, both of the results can be compared to draw overall conclusions, inclusive of all aspects (Choi, 2006).

**Expectancy Theory**

The expectancy theory is another leadership model that is reported by Isaac, Zerbe and Pitt (Isaac, R.G., et al 2001). This theory states that for an organization to stay competitive, it must be ran off of the ideas of all levels of employees. From line level, to supervisory to upper management, to executive, each employee must be able to contribute to the success of the business. For example, individuals who are looking to obtain leadership roles in an organization need to know that their ideas are being heard on their current level. This gives the ambition and drive to continue with the organization, as well as a sense of achievement in their current state, until future state becomes within reach (Lim, 2010).

The theory suggests that individuals as a whole act through self-interest and in turn take action on pursuing goals that maximizes their self-interest, translating to aspiring leaders for the organization (Isaac, R.G., et al 2001). In principle, the expectancy theory reports that individuals feel most motivated when three occurrences are perceived (Isaac, R.G., et al 2001).

Expectancy: the personal expenditure of effort will result in an acceptable level of performance;

Instrumentality: the performance level achieved will result in a specific outcome for the person; and

Valence: the outcome attained is personally valued.

The first occurrence is labeled expectancy because the person will put out the effort needed when they believe desirable levels of performance are within reach (Isaac, R.G., et al 2001). Instrumentality is associated with the second occurrence because it creates a perception that performance levels of individuals and rewards are correlated (Isaac, R.G., et al 2001). Finally, valence represents the third condition as it refers to the extent in which an individual values the reward they receive (Isaac, R.G., et al 2001).

Isaac, Zerbe and Pitt (2001) reports that calculating the motivational state of an employee incorporates all of the previously mentioned conditions and utilizes the following formula:

$$M = E \times I \times V$$

Where:

E represents expectancy;

I represents instrumentality; and

V represents valence

The described qualities are in actuality, a formula equating to the individual's motivation, thus the motivation is only as strong as its weakest link (Isaac, R.G., et al 2001).

Isaac, Zerbe and Pitt (2001) metaphorically, summarize the expectancy theory stating, "By choosing a leadership role, each of us becomes a pebble tossed into a pond, causing ripples to ultimately spread throughout the entire organization that inspire measurable results, in terms of significant performance improvement, creative approaches to problem solving and many other benefits."

**Employee Perceptions of Management Styles**

Agrusa and Lema (2010) conducted a study of employee perceptions on a Mississippi Gulf Coast casino management styles. Furthermore, they wanted to retrieve data on the relationship of these found perceptions of employee turnover rate. The purpose of the study was to investigate the perception of the management styles for management and non-management employees (Agrusa & Lema, 2010). While keeping in mind that certain management theories have proven more successful than others, the perception versus what is actually being executed by the leader may be very similar, and on the contrary could be completely opposite, both making either positive or negative impacts.

The study was based on a convenience sample of 251 employees in the Mississippi casino industry. The employees were separated into two different groups. One group consisted of those who were in supervisory roles and the other consisted of employees who were in none supervisory roles, depending on their level in the industry (Agrusa & Lema, 2010). For this study, two different questionnaires were distributed to the groups. Managers were queried about their personal opinions of their management style and what an ideal management style would look like, in their opinion.

The questionnaires that were distributed were designed to understand what the nonsupervisory level employees felt was the most effective leadership styles, and what type of management styles supported them to do their best. It was also meant to gauge how the employees perceived their current, management's style to be in the daily workplace.

The findings drawn from the study were that employees, both supervisory and non-supervisory, at the studied casino both agreed on a similar, preferred, management style. The group of supervisor level employees perceived their management styles in a more positive light, then the non-supervisory group, but still both groups agreed on what an ideal management style should look like. "Shared visions bring employees together to create a learning organization." (Agrusa & Lema, 2010) Ultimately, this hotel in Mississippi has a lower than average, industry, employee, turnover rate and therefore had a lower cost of training new employees, positively reflecting on their bottom line (Agrusa & Lema, 2010).

## Generational Differences in the Workplace

The current United States workforce is largely comprised of three generations which are Baby Boomers, Generation X and Millennials (Becton, J. B., et al, 2014, Kupperschmidt, 2000, Eisner, 2005). A generation is defined as people of similar age, in a similar location, who experienced similar social, historical and life events (Kupperschmidt, 2000). It has been suggested that not effectively managing each generation differently could lead to negative outcomes in the workplace, such as decreased job satisfaction, poor or ineffective communication, decreased employee productive and increased employee turnover, among others (Becton, J. B., et al, 2014).

### Baby Boomers & Generation X

Baby Boomers are the largest generation in history and were born between the early 1940s and mid-1960s. This generation was the result of extremely high birth rates during this time (Becton et al., 2014). Boomers have been typically viewed as competitive and tend to measure success through materialistic ways (Eisner, 2005). They have climbed their way through the corporate ladder and tend to dislike laziness while also being stereotyped as micro managers (Eisner, 2005). This also supports their description of being hard workers and possessing a high self-reliance (Becton et al, 2014).

Generation X was born between 1965 and 1979 and has shared lifetime experiences and events such as the age of economic uncertainty, recessions, high unemployment, inflation, downsizing and high divorce rates among their parents (Kupperschmidt, 2000). This generation is the children of people who were workaholics, which in turn has had a major impact on their attitudes and values (Becton et al, 2014). Much of this generation began staying home alone at an early age, as their parents worked. Subsequently, they possess qualities of individualism, disloyalty to companies and value a work – life balance (Eisner, 2005). Common stereotypes of Generation X employees suggest that they are likely to leave an organization for more challenging work, a higher salary or better benefits (Becton et al, 2014).

**Millennials**

Millennials are those born in 1982 or later and represent the most racially diverse and affluent generation, as well as the fastest growing sector of the work forces (Curtin et al, 2012). When compared to the other generations in the work force, Millennials differ in four distinct categories. The first category is employment terms and conditions. Millennials seems to be focused on obtaining a graduate degree to enter the workforce at a higher level than those without a degree (Broadbridge, Maxwell, Ogden 2010). As tuition to these institutions has increased rapidly, this also is synonymous with them being the most affluent generation in the workforce.

The second category is management approach and culture. Millennials tends to be a more demanding generation looking for instant feedback from their management team as well as managerial support and a feeling of a culture within their chosen company (Broadbridge, Maxwell, Ogden 2010). They tend to perform well under an inclusive management style as they dislike slowness and desire immediate, managerial, feedback about their performance (Eisner, 2005).

The third category is personal career development. Millennials seek out the opportunities to be trained and developed (Broadbridge, Maxwell, Ogden 2010). Their determination to succeed combined with their dedication to achieve personal goals and have a successful career, warrants this type of guidance and leadership.

Finally the fourth category encompasses personal values, which includes enjoying the work that they do, having the ability to experience equal opportunities and embracing diversity. Overall, younger employees that comprise Millennials tend to be less than engaged than other employees (Broadbridge, Maxwell, Ogden 2010).

Millennials are perceived to be the next “big” generation and with them taking on the work force, employers need to understand what motivates them and how to retain them (Broadbridge, Maxwell, Ogden 2010). As a generation that is described as one the comes with extreme entitlement about their work, as well as very driven to succeed, it is important that employers understand how to keep them motivated and retain them in the organization (Levenson, 2010).

It has been discovered, as reported by Curtin, Gallicano and Matthews (2012) that although Millennials have grown up in the digital age and appear to want authority instantly as they enter the workforce, they also don't take well to being "bossed" around in the workplace. It is suggested that they react and perform better when being coached through difficult situations, rather than continually being given directives or scolded.

**Assumptions**

The review of the research completed on employee turnover and their correlation with management styles have both similarities and new findings. Questionnaires seem to be the method of choice among the researchers, with the ability to obtain a respectable response rate while still reaching many employees and in some cases, across many departments or organizations.

Although each of the studies had areas of opportunities or limitations, the findings that came back are items that have the potential to be trained through management and instilled into the teams currently in the industry. Although all mentioned studies and theories were unique in their own ways, they appear to have areas of overlap or support each other's findings. Drawing these conclusions and understanding how each of these is correlated can aid potentially aid in the attempt to decrease employee turnover in the hospitality industry.

Understanding how to properly motivate and manage employees is one hurdle, but understanding the generational differences is another. With three major generations encompassing the work force presently, it is imperative that management understands the differences and how to tailor their styles to benefit each individual.

Millennials, after reviewing the literature and research that has been done, not only explores current state but sets a foundation for future state of the industry. Obtaining applicable information to aid in the challenges of the current issues with employee turnover in the industry also begins to prepare the industry for the rest of the Millennials to enter the workforce. It is this foundation that can not only aid in current state but also has the potential to set future leaders of tomorrow up for success, when it comes to reducing employee turnover and the proactive actions needed, by management.

## Part 3

The employee turnover rate in the hospitality industry is higher in comparison to any other sector of the workforce (Choi & Dickson, 2010). An overview of the literature and research on this topic identified similarities in management styles and their impact on employee job satisfaction. The application of these practices translated to potential employee retention. Commonalities among many of the studies supported a motivational working atmosphere, as well as one that gave the employees an honest preview of the job prior to entering the role in addition to a sense of achievement once in their positions (Wanous, 1977, Babin, B.J. & Boles, J. 1996, Isaac, R.G., et al 2001, Choi, 2006, Agrusa & Lema, 2010 & Lim 2010). These management practices suggestively translated to higher job satisfaction and overall high intent to remain with a company.

Understanding and applying these practices to the industry will help organizations understand their employee's requirements for job satisfaction, to build loyalty with them and increase retention. A workforce comprised of three main generations makes, understanding their individual needs and wants more crucial than ever. As millennials have begun to enter the workforce, their distinct needs will thrive off the managerial practices researched and suggested in the literature.

Overall limitations of the studies included too broad of a research and convenience sampling. Studies were either conducted on employees of one hotel (Agrusa and Lema, 2010) or multiples hotels (Choi, 2006) but didn't narrow down to a specific demographic or department within the hotel. There are possibilities that intention for turnover can vary among different genders, departments or experiences that weren't necessarily targeted in these studies.

In contrast, convenience sampling was method of choice as it the researcher selected the hotel(s) to be studied. Wanous (1977) also utilized convenience sampling as he choose incoming candidates to conduct realistic job previews. Future studies should be conducted on specific departments within the industry, broken down by age and industrial experience. Varying samples across several companies and regions while still categorizing by department and demographic, would aid in the already existing research on the topic of employee turnover.

**Managerial Styles Impacting Employee Satisfaction and Turnover**

Wanous's (1977) research reports realistic job previews enhance the retention of employees. The provision of truthful and honest discussions, proved to be successful in hiring and retaining the appropriate candidates within the company.

Babin and Boles (1996) reported a negative correlation with work involvement and job satisfaction, job conflict and role ambiguity. They suggested that employee satisfaction increase with the presence of generally supportive supervisors. Finally, they advised that decreased performance occurs with increased role ambiguity, and as role conflict increases so does job performance (Babin, B.J. & Boles, J. 1996). Overall, the outcome of their study reports that employee perceptions can reduce stress and increase job satisfaction, when in relation to co-worker involvement and support by management. Furthermore, job performance has the ability to act as a mediator on the effects of role stress on satisfaction (Babin, B.J. & Boles, J. 1996).

The expectancy theory stated that all levels of employees should be given the empowerment to express their ideas, thus building an improved foundation for future leaders of the organization, while also giving employees the opportunity to be heard (Isaac, R.G., et al

2001). According to Issac, Zerbe and Pitt (2001), employee motivation was capable of being measured through expectancy, instrumentality, and valence.

Choi's (2006) study of satisfied hotel employees conveyed that lack of information relayed to employees, developed into a variable that led to employee turnover. This reinforced Wanous's (1977) study of the effects of realistic job previews. It also stated employees who felt lack of responsibility, assurance in their jobs or didn't feel a sense of authority, equated to a high probability of dissatisfaction with their overall job. These employees had a higher intention for turnover, attributed to not being able to find their spot in the organization. This made them feel undervalued while lacking a sense of autonomy (Choi, 2006).

Also suggested in this study, was employee need for seeking clear and stated goals. They would also require the appropriate measures to achieve these goals, thus giving them a need-reward match (Choi, 2006). Need-reward match shouldn't be associated as strictly monetary, but also as the reward of feeling accomplished and self-worth in the company.

Agrusa and Lema's (2010) study on the perceived management styles of the Mississippi Gulf Coast casino, reported the group of supervisor level employees perceived their management styles in a more positive light, then the non-supervisory group. Despite the difference in perception, both groups agreed on what an ideal management style should look like. Sharing the same vision was a positive attribute of this study and translated into this hotel having a lower than average, industry, employee, turnover rate (Agrusa & Lema, 2010).

The Servant leadership style of management encompasses the results of all previous mentioned beliefs (Boone, L. W. & Makhani, S., 2013). It gives the need-reward result of Wanous's (1977) and also gives the employees their sense of achievement in their roles as Choi

(2006) suggested. It encourages the leadership support from Babin and Boles (1996) and it also empowers the employees to voice their opinions and ideas, as stated by Greenleaf, and later enforced by Issac, Zerbe and Pitt (2001). By listening to the employees and serving their needs and ideas, while still ensuring the business runs smoothly and profitable, is aiding the employees to maximize their potential performance (Lim, 2010).

**Recommendation for Implementation**

While each of the studies has unique attributes, overall the servant leadership theory, seem to encompass the main suggestions of the research. The implications of this report to the hospitality industry, has the potential to be significant. The longitudinal review of findings and research suggestions provides a scope of emerging and practicing research. As Boone and Makhani (2013) stated, "Leadership is not comprised of a single characteristic or trait. It is not, as some may incorrectly assume, the hard-to-define attribute of 'charisma.' Rather, leadership consists of a large set of well-recognized skills, behaviors, and attitudes"

The struggle with this adaptation into the industry is that it is time consuming. The servant leadership model isn't one that is easily adapted or taught. It isn't a set of technical skills that can easily be learned and then instantly applied. The characteristics of this model is one that is comprised of a certain skill set as well as interpersonal skills such as patience, perseverance and dedication (Isaac, R.G., et al 2001).

Reverting back to the return on investment of the human resource department, and how only a reported 8% of US companies collect data and estimate their return on investment for training (Choi & Dickson, 2010), this could be an opportunity to reevaluate the investment into this department. The creation of a strategic plan for implementation would allow the human resource department to quantify their return on investment, for proof of value as this could impact the Schneider and Tucker (1989) direct cost categories of recruitment, selection and placement, hiring and training and separation.

By training the managerial staff on the major qualities of the servant leadership theory, including their importance to the employee and the value to the company, the employee turnover rates have significant chances of decreasing. This would impact the costs associated with replacing employees, which was reported at 30% of a non-management employee's salary and 50% of a management employee's annual salary (Choi & Dickson, 2010).

**Generational Application**

"Dictating and leading are two very different methods. While dictating can be the easier approach, where managers make the decisions and relay to the employees, leading the employees to make the most beneficial decisions for the organization, can result in a higher level of respect by the staff" (Lim, 2010). The servant leadership theory is one that strongly goes against dictatorship and embraces a team effort in the workplace. Just as this theory includes the positive outcomes of prior studies, it also includes the major factors of how millennials thrive in the workplace.

The fastest growing sector of the workforce, born after 1982, has shown differences in what motivates them when compared to other generations in the current workforce (Curtin et al, 2012). Already employees of the industry, and rapidly growing, the managerial practices that are being executed with this generation will determine their longevity with the company. Since it has already been found that they have tendencies to be a more demanding and seek instant feedback from their management team, as well as managerial support and a feeling of a culture within their chosen company (Broadbridge, Maxwell, Ogden 2010), the applied servant leadership theory could be exactly what motivates and captures these employees of the present and future.

Overall, it has been suggested that employees feel loyal to a company when they feel empowered, tthey understand their role in their organization and they feel rewarded, not only monetary but through praise and personal achievement. Although millennials are the newest generation in the workforce and differ greatly from prior generations, it appears as though motivation and achievement are still what drive them to be successful, achieve overall job satisfaction and be retained within a company. As Heatley (2004) stated, “Successful managers will be those who focus on the issues impacting motivation, loyalty and satisfaction that are within their control.”

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