Cost of Employee Turnover - A Study Based on Critical Level of Employees of Five Star Hotels in Bangalore

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1. Introduction

Hotel Industry is one of the most important sources to support tourist and tourists require accommodation during their trip to any country. Taking into account of the high competition, the hotel industry needs to expand in India. The high competition in the hotel market has led most of the hotels to change their previous services making it unique and a strong point to face the competition. As human resource is the major issue in service process and in order to add more value to the service, most of the hotels established good training programs for their employees. Employee Turnover is one of the most important issues faced by the hospitality industry today. Researchers from all over the world have suggested that employee turnover is highest in the hospitality industry. Gautam, AM12 in his studies have shown that the average turnover level among non-management hotel employees in the US is about 50%, and about 25% for management staff. Estimates of average annual employee turnover range from around 60 to 300 percent. In recent times it has been observed that out of the candidates who takes up a career in hotel industry, majority of them leave the industry within a year or two. This would definitely affect the cost of the labour by way of fresh recruitment, training, etc. Moreover, when there is a frequent employee turnover, it will affect the customer satisfaction and the erosion of talent would create a vacuum in the managerial spectrum which in turn will have an impact on the financial performance of the Hotel.

Abstract

The purpose of this study is to explore the cost of employee turnover based on the critical level of employees of five star hotels in Bangalore. Thirteen Five Star hotels of Bangalore city were approached for the purpose of the study, of which nine hotels co-operated and shared their information. The category-wise average turnover cost analysis of the various hotels reveals that the replacement hiring cost is high in the case of both highly critical level employees and low critical level employees. In the case of medium critical level employees the training new hire cost is the highest. The analysis also shows that across the table the separation cost and the loss of productivity is the least. The study also reveals that there is no significant difference in the cost of employee turnover based on the Critical Level of employees of Five Star Hotels in Bangalore. From the study we can conclude that irrespective of the critical level of employees the cost of employee turnover is a critical factor in the Human Capital Management of the Hospitality Industry. Hope this study would encourage hotel industry practitioners to monitor their costs closely, and use the information to manage human capital more effectively.

Keywords: Employee Turnover, Lost Productivity/Lost Business Cost, Replacement Hiring Cost, Separation Processing Cost, Training New Hire Cost
Retention experts say hotels spend thousands of rupees every year for each new employee they must train to replace a seasoned worker who leaves. It is no longer a startling fact that the cost of losing an employee is between half and one-and-a-half times their annual salary! The purpose of this study is to explore the cost of employee turnover based on the critical level of employees of five star hotels in Bangalore.

2. Literature Review

2.1 The Employee Turnover - Its Impact

Employee turnover in service industry is an alarming concern especially in hotel industry globally. The extent of the impact of turnover on a hotel is fully understood if there is no attempt to quantify the costs. In order to give a more accurate and higher estimate of the costs of employee turnover many complex approaches have been made. These approaches often considered the costs associated with lost productivity a new employee during their first few weeks or months and that of resignees during the notice period and the effect on morale of the remaining workforce. One such framework is that proposed by Tziner and Birati which builds on the earlier Cascio model of separation costs, replacement costs and training costs. The Tziner and Birati framework includes:

- Direct costs incurred in the replacement process (recruiting, hiring, training and socialising new employees), including the extra effort by supervisors and co-workers to integrate them.
- Indirect costs and losses relating to interruptions in production, sales and the delivery of goods to customers.
- Financial value of the estimated effect on performance as a result of the drop in morale of the remaining workforce following dysfunctional turnover. While such approaches are perhaps more accurate in that they cover all the costs associated with turnover, in practice these can prove too complex and time-consuming for many organizations. The UK Chartered Institute of Personnel and Development (CIPD) suggests that because of the difficulties involved in estimating and quantifying some of the indirect costs many organisations prefer to take a 'not less than' approach in attempting to cost turnover. According to the CIPD, it is possible to compute a 'not less than' figure by working out what it costs on average to replace a leaver with a new starter in each major employment category. This figure can then be multiplied by the crude turnover rate for that employee group to calculate the total annual costs of turnover. The CIPD suggests that the major turnover costs are:
  - Administration of the resignation (including exit interviews).
  - Recruitment costs (including advertising).
  - Selection costs.
  - Costs of cover (temporary employees or overtime) during the vacancy period.
  - Administration of recruitment and selection process.
  - Induction training for new employees.

3. The Cost of Employee Turnover in Hotel - An Overview

Employee turnover is a worrisome problem that has inundated the hospitality industry for many years. R. H. Woods, et al. in their study stated that in the lodging business, turnover rates have been shown to be about 60 percent annually for line-level employees. The study by J.B. Tracey and M. J. Tews mentioned that the turnover rates for managerial positions are about 25 percent. Another study mentioned in the morebusiness.com that this concern is even greater in other hospitality contexts such as quick-service restaurants where employee turnover is typically in excess of 120 percent.

The employee turnover process can be divided into three phases: Separation, Acquisition, Knowledge Transfer and Training. During each of these stages, direct and indirect costs are incurred by the hotels. Direct costs are those expenses that are easily identified and associated with specific activity. Indirect costs are not as easily identified or quantified. Few argue that indirect costs exist; however quantifying these indirect costs is often a subjective process that varies from hotels to hotels.

Separation costs are those expenses associated with the disassociation of the employee from the position. They may include actual contract buyouts, litigation costs, increased productivity, loss of institutional knowledge and any acts of malfeasance. If any employee just leaves to take a better offer elsewhere, for example, there may only be separation costs associated with the payout of accumulated leave and the loss of productivity. If an employee becomes disgruntled for a period of time prior to departing, then an organization may experience decreased productivity from the individual (the employee peers) and incur
costs associated with any ill will that the individual may exhibit towards the organization. If an employee leaves feeling that unfair treatment or discriminatory behavior was exhibited towards him or her, legal expenses may be incurred by the organization. Acquisition costs include items related to the recruitment, selection and placement of a new individual. Advertisement costs, transactional costs for paperwork processing, lost time and productivity of the search committee, interviewing, reference checking and relocation costs are some typical examples. Apart from separation and acquisition costs, there are expenses associated with orientation and subsequent training of the new employee. A rule of the thumb is that it takes two to three months for a new employee to reach a basic level of competency in the new organization. In association to the direct costs associated with learning, there are the indirect costs of diminished productivity between the new hire and the former employee. Hopefully this balance declines as the new hire gains experience and ultimately reaches or surpasses the previous employee. In some cases, however, the new employee performs below the level of his or her predecessor. The costs of this lost productivity can be very real, in some cases requiring the institution to hire another employee to “take up the slack”.

4. Models on Cost of Employee Turnover

Flamholtz\textsuperscript{11}, in his study brought out several theoretical frameworks or models for understanding the financial implications of attrition. Fundamental turnover cost methods offer a basic means for estimating turnover cost. Although these methods may be based on estimations of cost along a number of categories, they only allow for variation based on salary. Turnover cost models use cost categories, and this categorization provides for variation. This variation, in turn, creates more precise turnover cost estimations. The following section looks at five separate industry models\textsuperscript{1}. Let us discuss some of the model on cost of employee turnover:

4.1 Model One

Advantage Assessment, Inc.\textsuperscript{2} provides a means of calculating turnover cost through their cost calculator. Their model uses the number of leavers the annual salary for these leavers. In addition, information on hiring, including the number of applicants for each job opening and the number of employees interviewed per job opening, must be provided. Finally, the Advantage Assessment model also uses the total number of employees within the organization.

4.2 Model Two

Sorensen\textsuperscript{19} and Jones\textsuperscript{14} propose a similar model for calculating employee turnover costs. Their model includes three primary categories of expenses: (1) hiring costs, (2) training costs, (3) lost productivity costs. Several factors affect the amount employers spend on hiring. Hiring costs include advertising, in time and effort for reading applications, scheduling and conducting interviews, and post-employment hiring tasks. Training costs involve both orientation activities and training sessions. Sorensen\textsuperscript{19} also includes supervisory time spent in additional on-the-job training as a cost factor. Lost productivity is defined as the trainer’s invested time in the leavers increased procedural time.

4.3 Model Three

Peoplesense\textsuperscript{3} provides a turnover cost calculator that incorporates the three primary categories of Model Two introduces vacancy costs as contributor to the cost of turnover. The People Sense model requires the amount the amount for the leaver’s annual salary and benefits. Benefits are estimated at 25 percent of the leaver’s annual salary. The number of employees in the organization must also be provided. Peoplesense identifies several factors that contribute to recruiting and hiring costs, including advertising, employee referral fees, recruiter (s) fees, signing bonuses. In addition, the number of weeks the position is vacant and the number of candidates screened also contribute to the hiring costs. Training costs in this model are limited to the number of hours of formal training and the cost per hour of the trainer’s time. In order to determine turnover costs due to learning curve requirements of the vacant position must be estimated. For position in which the new employee can easily assume the leaver’s duties, the learning curve is considered quickly. A quick learning curve predicts that the new employee gain 25 percent productivity each month such that by the fourth month, the new employee is fully productive. For an average learning curve, an employee gains 25 percent productivity in the first three months and 25 percent every two months
after that; a new employee must spend 9 months in a position with an average learning curve to be fully productive. For very complicated positions, gains in productivity are slower. With lengthy learning curves, the new employee achieves 25 percent productivity in the first four months and 25 percent productivity every three months following, for a total of 16 months of work (or about two years for a teacher) to achieve full productivity. In addition to hiring, training, and learning curve costs, vacancy costs also contribute to the costs of turnover according to this model. Vacancy costs comprise the wages for substitute employees during the period the position is vacant.

4.4 Model Four

Cascio’s model of turnover costs specifies four types of cost involved in turnover: (1) separation costs, (2) replacement or hiring costs, (3) training costs, (4) learning curve loss (Cascio). Separation costs involve a number of factors. If an organization conducts exit interviews, the cost of the interviewer’s time for preparation and the cost of the leaver’s time for the interview must be calculated. Separation costs also include the cost of administrative functions related to the separation and any separation pay provided to the leaver (in accrued vacation, etc). Like many other models, Cascio’s model for turnover cost includes costs related hiring new employees. These costs encompass costs for communication of availability of the position (such as advertising/or agency fees), pre-employment administrative tasks, pre-employment testing costs. In addition, time spent by administrators on entrance interviews and staff time spent in hiring meetings comprises hiring costs. Post employment tasks and dissemination activities also contribute to the cost of hiring. Any travel costs or other expenses related to moving the new employee should be included in the hiring costs.

The training costs proposed by Cascio include both formal and informal training. Informational literature and training materials comprise part of training costs. In addition, calculations of training costs must include costs of training time for the trainer(s) and the trainee(s) during formal training. The cost of informal training encompasses the time of the supervisor or veteran employee and the time of the trainee spent on informal, on-the-job training. In addition, informal training costs must account for reduction in productivity of the supervisor or veteran employee during the informal training.

As far as learning curve loss in relation to the new-comer and the leaver is concerned Cascio states that if the differential results in a positive number, then a learning curve loss and loss in productivity occur creating an increase in the cost of turnover. If the differential results in the negative number, then a learning curve gain and improvement in productivity occur creating a decrease in turnover costs.

4.5 Model Five

Model Five is a comprehensive model for calculating employee turnover. Described by multiple sources, this model asserts that turnover cost calculations must include termination or separation costs, hiring costs, vacancy costs, learning curve loss, and training costs (Bliss; Fitz-Enz; Pinkovitz, Moskal, and Green; Fitz-Enz; Brown). While each source may not define the categories in precisely the same manner, all of the aforementioned sources do include these categories in calculating the cost of employee turnover. Within termination costs, several factors emerge. Termination costs include exit interview costs, if required by the organization. The cost of administrative tasks related to termination must also be taken into account. These tasks may specifically include processing employee records, security, and payroll (Fitz-Enz), as well as costs related to stoppage of payroll, benefits, deductions, COBRA notification, general termination paperwork (Bliss). For eligible employees, termination costs will also include severance benefits and continuances (Bliss; Pinkovitz et al). The employer also faces changes in unemployment costs (Pinkovitz et al). These unemployment costs include the impact of turnover on unemployment premiums and any time or effort devoted to required unemployment hearings (Bliss). Hiring costs are another factor contributing to turnover costs. In order to recruit for vacant positions, employers may invest in advertising, agency fees, employee referrals/or recruiter(s) pay and benefits. Whenever applicable, hiring costs may also include travel for applicants/or staff and relocation costs (Pinkovitz et al; Fitz-Enz; Brown). To calculate hiring costs, the human resources time spent on screening resumes, reviewing candidates, and performing background checks must also be included (W.G. Bliss 2000). Hiring costs also encompass the time spent interviewing applicants and the expense
The cost of applicant screenings, such as drug tests, criminal background checks, educational checks, reference checks, contribute to hiring costs (W.G.Bliss). Finally, hiring costs also encompass post-employment administrative tasks such as establishing payroll, security and computer passwords, creating business cards, email connections, and conducting dissemination activities (W.G.Bliss; Pinkovitz et al). Vacancy costs also factor into the cost of employee turnover. These costs include wages for substitute employees as well as overtime for current employees covering the vacant position (Bliss; Fitz-Enz; Pinkovitz et al). In addition, the cost of the supervisor's time to oversee that all work is completed during the vacancy must also be included in calculations of vacancy costs (W.G.Bliss 2000).

Costs related to learning curve loss also must be included in calculations of employee turnover costs. Learning curve loss costs are the expenses associated with the time it takes for a new employee to reach full productivity (Fitz-Enz; Pinkovitz et al). According to Bliss, it takes the average employee approximately five months to reach full productivity. This is most likely a conservative estimate for beginning teachers but may be appropriate for experienced teachers moving into new positions. The final category for employee turnover costs according to this model is training cost. Training costs encompass the cost of the trainer and training materials, including the cost of invested training in the leaver. Orientation activities should also be included in the cost of training (Bliss). In addition, informal training costs must be calculated. These costs include the time veteran employees spend training and assisting the new employee as well as the time the supervisor spends assigning, explaining, and reviewing, and reviewing the work of the new employee (Bliss; Pinkovitz et al).

5. Objective of the Study

The objective of this study is to explore the cost of employee turnover based on the critical level of employees of five star hotels in Bangalore.

5.1 Definition of Critical Employee

The employee is in a “key” role or position within the organization and also possesses knowledge/skills that are crucial and unique. In one circumstance, the unique skills and knowledge are critical to the success of the organization and are not found in other positions in that role. In yet another circumstance, the role is altogether unique and key to the organization, and has a significant influence on performance outcomes (www.performancesolutions.nc.gov).

5.2 Hypothesis

H₀ = There is no significant difference in the cost of employee turnover based on the Critical Level of employees of Five Star Hotels in Bangalore.

5.3 Methodology

Thirteen Five Star hotels of Bangalore city were approached for the purpose of the study, of which nine hotels co-operated and shared their information. A questionnaire was administered to the HR department of these hotels for the purpose of collecting primary information about the number employees left during June 2010–May 2011 who were Highly Critical level, Medium Critical level, and Low Critical level categories as per the HR records. The questionnaire also contained questions relating to the separation processing cost, replacement hiring cost, training new hire cost and loss of productivity/loss of business cost, etc. Using Casio Model of Employee Turnover with some modifications cost of an employee turnover is assessed from each hotel. Also from the discussions had with the HR managers of various hotels, a conclusion drawn to give weightage for the Low Critical Level, Medium Critical level and Highly Critical level employees. As such a Low Critical level employee weighted as 1, Medium Critical level employees weighted as 2 and Highly Critical level employee weighted as 4. The hotels were alphabetically coded for identity reasons as promised by the researcher to the hotel management.

6. Data Analysis and Interpretation

6.1 Reliability Test

A reliability test is conducted (using SPSS) to check the internal reliability of the data. Reliability is measured through reliability co-efficient. The reliability of the scales used in the study was measured using Cronbach’s alpha. It is a widely used measure of reliability (Sekaran).
Cronbach Alpha is a test of the consistency of responses to all the items in a measure. The test reveals that there is significant correlation regarding the turnover cost of the three levels of employees. Reliability Coefficients - 3 items. Cronbach Alpha (α) - 0.8188. George and Mallery provide the following rules of thumb: _ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and _ < .5 – Unacceptable", hence the alpha values derived for this study were considered highly reliable.

6.2 Employee Turnover Cost Analysis

The following section discusses the employee turnover cost of the nine hotels surveyed based on the employee critical levels. Data collected from the hotels have been tabulated as to separation processing cost, replacement hiring cost, training new hire cost and loss of productivity/loss of business cost, etc. Number of employees left based on their position level have been collected and tabulated to find the average employee turnover cost of each hotel. An average cost analysis on various elements of turnover cost of employees and analysis of cost per employee turnover of hotels in Bangalore is undertaken.

From Figure 1 we can make out that the replacement hiring cost constitutes around 49.25% of the total employee turnover cost. The second highest element of employee turnover cost of highly critical level employees is the training new hire cost which constitutes to 44.69% of the total employee turnover cost.

Figure 2 shows that the Training New Hire Cost is around 48.61% of the total employee turnover cost. The second highest element of employee turnover cost of

![Bar diagram showing the category-wise average cost % highly critical level employee turnover of five star hotels in Bangalore during June 2010-May 2011.](image1)

![Bar diagram showing category-wise average cost % of Medium Critical level employee turnover of five star hotels in Bangalore during June 2010- May 2011.](image2)
medium critical level employee is replacement hiring cost which constitutes to 48.43% of the total employee turnover cost.

Figure 3 narrates the various elements of employee turnover cost of low critical level employees of various hotels surveyed. Here we can interpret that the replacement hiring cost of low critical level employee is the largest element of employee turnover cost. The bar diagram reveals that this amount is around 51.90% of the total employee turnover cost. The second highest element of employee turnover cost of low critical level employee is the training new hire cost which constitutes to 44.02% of the total employee turnover cost.

Table 1 reveals that Hotel-F has highest cost of employee turnover (Rs. 25182360) in case of highly critical level employees and Hotel-B has the second highest employee turnover cost of highly critical level employee (Rs. 5172888). Hotel-G recorded the least cost of employee turnover (Rs. 574900) regarding the highly critical level employee category. Similarly, Hotel-F recorded the high cost of employee turnover in the case of medium critical level employee (Rs. 9833112) and Hotel-H recorded the second highest employee turnover cost of medium criti-

Table 1. Hotel-wise employee critical level based turnover cost in five star hotels in Bangalore (June 2010-May 2011)

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Turnover Cost of Highly Critical Level Employees (Rs.)</th>
<th>Turnover Cost of Medium Critical Level Employees (Rs.)</th>
<th>Turnover Cost of Low Critical Level Employees (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel-A</td>
<td>3992940</td>
<td>1952104</td>
<td>1752457</td>
</tr>
<tr>
<td>Hotel-B</td>
<td>5172888</td>
<td>883176</td>
<td>441588</td>
</tr>
<tr>
<td>Hotel-C</td>
<td>4074624</td>
<td>2263680</td>
<td>1131840</td>
</tr>
<tr>
<td>Hotel-D</td>
<td>1960000</td>
<td>1540000</td>
<td>2590000</td>
</tr>
<tr>
<td>Hotel-E</td>
<td>1871792</td>
<td>1367848</td>
<td>2605160</td>
</tr>
<tr>
<td>Hotel-F</td>
<td>25182360</td>
<td>9833112</td>
<td>2818026</td>
</tr>
<tr>
<td>Hotel-G</td>
<td>574900</td>
<td>517410</td>
<td>488665</td>
</tr>
<tr>
<td>Hotel-H</td>
<td>4342800</td>
<td>6204000</td>
<td>2068000</td>
</tr>
<tr>
<td>Hotel-I</td>
<td>2056600</td>
<td>1344700</td>
<td>6648700</td>
</tr>
<tr>
<td>Total</td>
<td>49228904</td>
<td>25906030</td>
<td>2054436</td>
</tr>
<tr>
<td>No. of Employee Left</td>
<td>#297</td>
<td>#316</td>
<td>#576</td>
</tr>
<tr>
<td>Cost of Turnover Per Employee</td>
<td>165753.89</td>
<td>81981.11</td>
<td>35667.42</td>
</tr>
</tbody>
</table>
cal level employee (Rs. 6204000). Hotel-G recorded the least cost of employee turnover (Rs. 517410) regarding the medium critical level employee category. In the case of low critical level employees Hotel-F recorded the highest Rs. 2818026 as the cost of employee turnover. Hotel-B recorded the least cost of employee turnover (Rs. 441588) in the case of lower level employees.

From Figure 4 we can interpret that the turnover cost of a Low Critical employee is Rs. 35,667.42/-, the turnover cost of a Medium Critical employee is Rs. 81,981.11/-, and the turnover cost of a Highly Critical employee is Rs. 1,65,753.89/-.

6.3 Test of Hypothesis

H₀: There is no significant difference in the cost of employee turnover based on the critical level of employees of Five Star Hotels in Bangalore.

In order to test the hypothesis regarding the cost of employee turnover based on Critical Level an one-way ANOVA (Analysis of Variance) test has been adopted. ANOVA is used to compare the means of more than two populations. The F-statistics obtained from ANOVA only tells whether there is any significant difference in the mean values of the different groups. In case of more than two levels, F-statistic does not tell us the exact way in which the dependent variable differs by the levels of factor(s).

To gain a deeper understanding of the subject a multiple comparison can be done using Post Hoc Test (Tukey’s Honestly Significant Difference [HSD]). Normally post hoc test is initiated when the mean difference is statistically significant.

6.4 Oneway-ANOVA Output on Critical level Turnover Cost of Employees

The ANOVA table reveals that the between-group mean square is 25842626783032.140 (51685253566064.200/2), and the within-group mean square is 23308177392522.910 (559396257420550.000/24). The F-ratio is 1.109 (258426

**Figure 4.** Critical level based cost of turnover of an employee in five star hotels in Bangalore during June 2010-May 2011.

<p>| Table 2. Descriptives - Critical level based turnover cost of employees |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|</p>
<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean (95% CI)</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly Critical</td>
<td>9</td>
<td>5469878.22</td>
<td>2513699.346</td>
<td>7541098.037</td>
</tr>
<tr>
<td>Medium Critical</td>
<td>9</td>
<td>2878447.78</td>
<td>1031746.426</td>
<td>3095239.278</td>
</tr>
<tr>
<td>Low Critical</td>
<td>9</td>
<td>2282715.11</td>
<td>621455.852</td>
<td>1864367.557</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>3543680.37</td>
<td>932998.651</td>
<td>4848003.201</td>
</tr>
<tr>
<td>95% Confidence Interval</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>for Mean</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum</td>
<td></td>
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<td></td>
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<tr>
<td>Maximum</td>
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26783032.140/23308177392522.910), and the p-value (.346) > .05. Since the P (Sig.) value is more than .05 we can accept the hypothesis. Hence, we conclude that there is no significant difference in the cost of employee turnover based on the critical level of employees of Five Star Hotels in Karnataka.

6.5 Post Hoc Tests

In this case the p-value is .346 (which is above the significance level of .05) however, for more precision a post hoc test is undertaken. Post Hoc Test (Tukey HSD) Output on Critical level based turnover cost of employees. A Post-hoc test (Table 3) using Tukey’s HSD (Honestly Significant Difference) is done, where a 95% confidence interval is constructed for each difference. If this interval contains zero, the various groups do not differ. The Post-hoc tests (Tukey’s HSD) reveal that all of the intervals contain zero, hence the mean cost of employee turnover based on critical level of all the nine hotels is significantly not different. Also the Sig. value is more than .05, hence the mean cost of employee turnover based on critical level of all the nine hotels is significant not different.

7. Conclusion

The purpose of this study is to explore the cost of employee turnover based on the critical level of employees of five star hotels in Bangalore. The category-wise average turnover cost analysis of the various hotels reveals that the replacement hiring cost is high in the case of both highly critical level employees and low critical level employees. In the case of medium critical level employees the training new hire cost is the highest. The analysis also shows that across the table the separation cost and the loss of productivity is the least. The study also reveals that there is no significant difference in the cost of employee turnover based on the Critical Level of employees of Five Star Hotels in Bangalore. Employee turnover will continue to be a serious concern in the hospitality industry for the foreseeable future. In order to thrive in the competitive hotel environment, it is imperative to understand the nature and consequences of employee turnover at various critical levels. By understanding the costs of turnover and factors that may influence turnover, efforts can be taken to design and implement better policies and procedures for attracting, developing, and retaining quality employees. Hope this study would encourage hotel industry practitioners to monitor their employee turnover costs closely, and use the information to manage human capital more effectively.

8. Further Research

This study was limited to only Five Star Hotels in Bangalore which are functional before 2009-10. Future study can be made in relation to other star category hotels also. Also research can be extended to find department-wise average turnover cost analysis of the various hotels. It is imperative to implement better policies and procedures for attracting, developing, and retaining quality employees. Hope this study would encourage hotel industry practitioners to monitor their employee turnover costs closely, and use the information to manage human capital more effectively.

<table>
<thead>
<tr>
<th>Table 3. ANOVA-Critical level based turnover cost of employees</th>
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<tbody>
<tr>
<td>Sum of Squares</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Between Groups</td>
</tr>
<tr>
<td>Within Groups</td>
</tr>
<tr>
<td>Total</td>
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<table>
<thead>
<tr>
<th>Table 4. Multiple comparisons-dependent variable: critical level based turnover cost of employees</th>
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<tbody>
<tr>
<td>(I) Critical level of employees of hotels</td>
</tr>
<tr>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Highly Critical</td>
</tr>
<tr>
<td>Low Critical</td>
</tr>
<tr>
<td>Medium Critical</td>
</tr>
<tr>
<td>Low Critical</td>
</tr>
<tr>
<td>Low Critical</td>
</tr>
<tr>
<td>Medium Critical</td>
</tr>
</tbody>
</table>
wise cost of employee turnover in hotels. The current study has taken into account only the cost of employee turnover based on the critical level of employees in five star hotels in Bangalore.

9. References

3. www.peoplesense.com/employeeeturnovertemplate.html viewed on 20th June 2010
22. www.performancesolutions.nc.gov