Running Head: HUMAN RESOURCE MANAGEMENT AT HILTON HOTEL

Investigation of Human Resource Management Issues in the Hotel Industry: Case Study of L r our official name] [Degree Title], [university], 20XX Thesis Submitted in Partial Fulfilment Of the Requirements for the Degree of Samperty [Name of program] [Name of University] [Last month of quarter you plan to graduate] 20XX

#### ABSTRACT

The main purpose of this research was to identify the key human resource management issues within the hotel industry along with similar key human resource issues that Hilton Hotel UK is facing. The specific objectives of the study were to identify the factors affecting employee turnover at the Hilton Hotels, to examine the relationship between performance appraisals and employee turnover, to analyse the impact of performance appraisal system of Hilton Hotels on employee turnover and to offer recommendations to Hilton Hotels to design an effective performance appraisal system to reduce employee turnover. In order to achieve the established objectives, an inductive, explanatory and qualitative research design was used whereby the interview surveys were used. 5 HR managers working in Hilton Hotel UK along with 10 Hilton Hotel UK employees were interviewed. The purpose of this survey was to measure the impact of different factors, such as factors affecting employee turnover, performance appraisal feedbacks, and the subsequent impact of performance appraisal on employee turnover in the hotel industry and for Hilton Hotel UK. The study revealed a significant positive relationship between these factors and the effectiveness of performance appraisal and employee turnover. However, this study is limited in several ways. The findings cannot be generalised to include the entire hotel industry since the performance appraisal systems and practices of Hilton Hotel UK may be different. The sample size was also limited and only one organization was taken as a case study.

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# DEDICATION

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| dissertation to all those who supported me   | througho | out the process. I will a | lways appreciate what   |
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#### **CHAPTER 1: INTRODUCTION**

#### 1.1 Introduction

With the evolution of the global economy and the overall prognoses in terms of the business dynamics, the concept of multitasking has taken centre stage. Fundamentally, managers and owners of organizations are expecting more of their employees and increasing emphasis is being placed on the shoulders of the employees to perform more than one aspect of their job simultaneously. In terms of sustainable competitive advantage,organizations that have a dynamic and diversified group of employees have attained far greater succession the average companies. With respect to the rapidly changing marketing environment, the scope of human resource management has also intensified. Human resource managers globally are facing the daunting task of being asked to initiate multitasking activities in the words of authors Berman,Bowman, West and Van Wart(2015, p.94), the hospitality industry has been marred by a decrease in the efficiency levels. Multi-Skilling could serve as the solution for the hotel industry to sustain a competitive advantage over its competitors in the market. It could serve as a tool for coping with the contemporary issues such as the demographic changes and the intensity of the growing competition (Chen and Wallace, 2011, p. 25).

As predicated by authors Bratton and Gold (2012, p. 68), human resource management plays a significant role in the overall progress of an organization. Theoretically, the human resource department of an organization is normally tasked with either the recruitment of a new employee or the termination of an exciting employee's contract. However, in the words of authors Bresciani, Thrassou and Vrontis (2012, p.407),the new form of human resource management has seen major changes in terms of functionality and applicability. Today, the human resource department within an organization is additionally tasked with the wellbeing of the employees as well to cater to the grievances of the employees and to ensure that the employees are intrinsically and extrinsically motivated to work. The two major problems that are being faced by the Hilton Hotels in the United Kingdom are shortage of qualified workers and the high turnover rate of the staff. This aspect highlights the importance of labour flexibility and the establishment of a positive employee relationship between the management and the employees. Therefore, in the following study the author has further investigated the human resource management issues faced by the Hilton UK, and based on the data analysed this research provides relevant recommendations that can enable the organization to overcome such imminent human resource problems (Carter, Danford, Howcroft, Richardson, Smith and Taylor, calem 2011, p.88).

#### **1.2 Contextual Background**

The emergence of innovation and diversification in the field of human resource management has necessitated the need for organizations to adopt new practices within the respective domain in order to enhance their overall effectiveness and efficiency ratings. In the words of authors Chen, Ployhart, Thomas, Anderson and Bliese (2011, p.163), the concept of human resource management takes the centre stage with respect to the hospitality industry. According to Connell and Stanton (2014, p.15), the hospitality industry is one such domain where the interaction of managers and the employees is necessary. Further, elaborating upon the significance of human resource management, in the context of the hospitality industry, Croucher, Wood, Brewster and Brookes (2011) postulate that the majority of middle sized, and even the larger, organizations today are facing increasing human resource problems which primarily stem

from the issue of difference in culture and society. As one of the fastest expanding industries, the main business of the hospitality industry is to spread its root in new, emerging and diversified markets. However, authors De Cuyper,Mauno, Kinnunen and Mäkikangas(2011, p.258) negate that like every expansion situation the hospitality industry also faces issues with integrating their organizational policies with the policies of the market they are expanding into.

Further stressing upon the significance of human resource management, De Cupper et al., (2011, p. 260) opine that with respect to organizational resources like technology and capital, the field of human resource management is more unique and dynamic. Therefore, Katou (2015) put forth the idea that in order to saturate the maximum amount of effectiveness of the human resource at hand, organizations need to have a proper human resource management department in place along with installing policies that are positive and encouraging to the employees. Hence, in the words of authors Martínez-Sánchez, Vela-Jiménez, Pérez-Pérez, and de-Luis-Carnicer(2011, p.719), human resource management can enable the firms to improve their organizational behaviour in areas such as flexibility, staff competency, and commitment. This in turn leads to the improved performance and allows the organization to achieve a prominent strategic management goal that is to createa sustainable competitive advantage.

# 1.3 Organisational Background

Hitton Hotels, which is now known by its new name Hilton Hotels and Resorts, are considered to be the primary and most important hotel in the entire hotels and resorts chain owned by Hilton Worldwide. The foundation for the dynamic hotel chain which has now evolved into a five star hotel chain was laid by pioneer Conrad Hilton in 1919, and as of 2010 there are 530 Hilton branches spread across 80 countries. Hilton ventured into the UK hospitality industry in the late 21<sup>st</sup> century and has since captured the majority of the market share within the UK's hospitality industry.

#### 1.4 Research Problem

Until recently, human resource management did not have a special place in the business. Today, however, it has managed to secure a prominent position in the overall business environment, especially in the hospitality industry. With the recent development in the employee awareness and increase in the competition level, competing organizations are now trying to recruit technical and highly competent employees. However, as authors Mowday, Porter and Steers (2013)narrate, the problem arises within the context of human resource management. In the pursuit of market dominance, managers and organization shareholders are heavily recruiting new staff without paying significant attention to the overall development and training needs of the employees.

Considering the fact that employees are now driven by personal growth and success, there has been an increase in the figures of annual employee turnover. Employees are constantly looking for new career opportunities and for organizations that understand their needs and wants and offer suitable compensation packages. Authors Nielson, Ensher and Grant-Vallone (2015) justify the notion and further argue that understanding the needs and wants of the employees is part of the human resource management paradigm.

#### 1.5 Aim and Objectives of the Research

The study aims to determine the reason behind the high turnover rate at the Hilton Hotels in the United Kingdom. The high turnover rate is proving to be a daunting problem for Hilton Hotels as they invest a lot of time and money in providing training and educating its employees.

Along with that, the overall productivity of the workplace also tends to decrease due to the high

turnover rate. Thus, the objectives of the study are:

- To identify the factors affecting employee turnover at the Hilton Hotels
- To examine the relationship between performance appraisals and employee turnover
- To analyse the impact of performance appraisal system of Hilton Hotels on employee turnover
- To offer recommendations to Hilton Hotels to design an effective performance appraisal system to reduce employee turnover.

### 1.6 Research Questions

Following are the research questions that will be addressed in this study:

- What are the factors affecting the employee turnover at Hilton?
- How is performance appraisal related to employee turnover?
- How does the performance appraisal system of Hilton affect employee turnover?

## 1.7 Rationale of the Study

The following research study allowed the author to inform the future researchers with relevant study in the area of human resource management issues. There is a need to explore and get important insights as to how human resource management can be effectively used to favourably influence the management decisions of the organization. However, an initial review of past studies has revealed a gap in the literature as there are hardly any noteworthy studies exploring how human resource management issues can impact the hospitality industry. This study intended to bridge this gap by investigating the link between these two variables in order to understand their relationship and significance.

#### 1.8 Significance of the Study

The findings of this study allow human resource managers to better understand and deal with the concerns of the employees and further redesign their human resource management strategies. The present research also realizes an opportunity to add valuable contribution to the existing literature that may guide the conduct of future studies. Furthermore, the researchers could also use the methodology of this study to investigate the impact of human resource management strategies of other multinational and transnational organisations on the overall zadem performance of the organization.

#### **1.9 Structure of the Research**

This research is distributed into five chapters:

Chapter One: Chapter One presents an overview and background on the topic, background of the company under consideration, research problem, aim and objectives, research questions, rationale and significance of the study.

Chapter Two: Chapter Two presents a review of past literature, where past studies are discussed to develop an understanding of the concepts involved in the study and to sketch the current situation of the research topic.

Chapter Three: Chapter Three outlines the research methodology by highlighting the research philosophy, research design and approach, type of investigation, sampling techniques, data collection and analysis method, accessibility issues, ethical considerations, limitations of the study as well as hypotheses and variables.

Chapter Four: Data analysis is carried out in chapter four where the data gathered from the literature and questionnaire is presented, interpreted and useful insights are extracted from it.

ad . a stategist a Chapter Five: Finally, chapter five summarizes the results and findings and provides

#### **CHAPTER 2: LITERATURE REVIEW**

#### 2.1 Human Resource Management

In accordance with the old tradition, labour economics have made an extensive effort in focusing towards the labour market rather than assessing the "black box" of the companies Industrial sociologists and psychologists have contributed immensely towards the concept of Human Resource Management (HRM). This phenomenon has gone through several changes over the last two decades. HRM is now a major subject in labour economics (Berman et al., 2015, p. 94). A major factor in this particular domain is to make use of standard economic tools that are usually applied during the special circumstances for managing employees within many organisations. HRM economics have certainly produced a major effect on the world with the help of teaching that has taken place in the business chools and finally on the actual practice in several companies (Bloom and Van Reenen 2011, p. 88).

Human Resource Management is considered a part of the company that focuses on the "people" element of an organization. The major role of the HRM is to provide valuable assistance for all the HRM related matters to line employees and those who have a direct involvement and association with the production function of the company's goods and services. Every company consists of people and the concept of HRM proves to be useful during the development of their skills and motivating them to achieve high performance levels (Josephat, 2011, p. 254). The concept of HRM also helps in ensuring employees' commitment towards the organisation, which has a lot of value in the achievement of organisational objectives. Currently, all the professionals that are part of the human resource area are important assets contributing to the success of the organisations. Their job expects them to bring a good level of sophistication

and thinking in HR functions, which has been quite unprecedented in the past. It is certainly no surprise at all that their status in the company has been elevated considerably because of the change in their responsibilities and roles (Akbar, 2013, p. 10).

Human resources are now regarded as an important source of achievement of the competitive advantage in many companies because it possesses very strong capability in converting the resources such as machine, money and methods inan efficient form of output or products/services. In comparison with the resources like capital and technology, human resources are certainly a unique asset of a company which cannot be easily imitated by various competitors. Hence, a very sound and stable level of human resource management systems are necessary in carrying out an effective management of the human resources. Berman et al., (2015) have defined the concept of human resources as a typical approach for managing employees in an efficient manner. The main aim is to acquire a competitive edge over other companies by deploying highly skilled and very well committed workforce with the help of several techniques. HRM can certainly make it possible for the companies to improve their organisational behaviour in important areas such as flexibility, competency of the staff and overall commitment levels. This can contribute immensely towards the enhancement of a company's performance (Bloom and Van Reenen, 2011, 988).

### 2.2 HRM: Past and Present

Since more than a century now, human resource management has been recognised as a distinct discipline of theory and practice of managing people in a company. It has gone through an evolutionary cycle and has also developed into a different number of areas. As a result, the discipline and practice of HRM has undergone a trial and error process, theory building and

testing of several concepts by managers and academics. The underlying forces that have existed behind the entire evolution and development of human resource management have mainly been environmental (Vartikka, 2014, p. 11). Secondly, there has always been a quest to gain knowledge in order to explore much better ways of appropriately hiring and utilising labour. Due to the changing business environment, managers have been pushed for improving efficiency levels in the production and service delivery processes. It has also increased the capability of the employees in using best practices of people management at the time. The main aspect is the usage of employee management techniques or methods that are going to make a significant improvement in the production capacity of the organisation, is likely to cause a significant reduction in the delivery costs, and will also help in maintaining the sustained availability of competent human resource in the organisation (Josephar, 2011, p. 254).

Currently, the role of human resource manager is going through an evolutionary process because of the change that is taking place in the competitive market environment, and the realisation has also taken place that the human resource management needs to have a strategic role towards organisational success. Organisations that do not give high emphasis on attracting and retaining talents may find themselves facing serious consequences as their competitors might overwhelm them in terms of the strategic deployment of the employees (Bloom and Van Reenen, 2011, p. 88). Due to the high level of competition in the business environment, both on the local and globat level, organisations need to have a better adaptation level, must remain strong, swift, and customer-focused to achieve success. Because of this change in the environment, the HR profession has evolved considerably to become an employee's strategic partner, sponsor, advocate, and a mentor within the company (Vartikka, 2014, p. 11).

#### 2.3 Issues in Contemporary HRM

The issues that the HR managers are experiencing in their respective companies may further reflect a dramatic level of change in the next ten years. This is one reason why the HR professionals need to perform a special role in order to deal with all the necessary changes, and they must also strengthen their competency level in order to provide important support to these roles. HR managers would need to accommodate their employees in the organisations and will have to explore ways for appropriately managing the organisational culture, socialization of employees and their overall orientation (Balwinder, 2013, p. 3).

The modern business is likely to struggle in having effective operations if the human resources are not equipped with the latest technologies. It is basically the responsibility of the human resource manager to provide proper training to the employees. They must also identify the needs which, if met, can assist the organisation of achieving the competitive advantage that is so crucial for doing well in their business environment (Muhammad and Fazal, 2012, p. 9). HR managers are facing a large number of challenges to meet their future goals and objectives. All these factors can be regarded as alluding to the contemporary issues faced by the HR managers in various organisations. It is necessary for all the organisations in preparing their human resource to be able to meet any kind of challenge or difficult situation experienced by them in the global business environment. It will be important for the human resource managers to also develop a trainework that will help the organisation in making maximum efforts for grooming the current and future workforce (Muhammad and Fazal, 2012, p. 9).

#### 2.4 Employee Turnover

Employee turnover is considered as one of the most vital issues for organisations and it is an issue which requires a high amount of special attention. The concept of employee turnover refers to the rotation of employees in the entire labour market; for instance, among companies. occupations and jobs. The retention of employees is one of the major concerns for many companies (Filipe and Luis, 2012, p. 16). Employee turnover can be very expensive for the organisations and it may also have both positive and negative influences. While positive turnover leads to new job creation because of the expansion of the company. On the other hand, negative turnover leads to financial loss and loss of other resources for the companies. Positive staff turnover usually occurs on an individual and small group basis (Muyisile, 2013, p. 150). etti

#### 2.5 Reasons for Employee Turnover

The concept of labour turnover has high significance for many organisations, individuals as well as the management. From the perspective of the organisation, labour turnover represents a high percentage of the direct costs. It is mainly because of the expenses that have occurred on the recruitment and training. Secondly, it has been suggested by many researchers that there are many other costs related to the labour turnover as well (Filipe and Luis, 2012, p. 16). These costs typically include separation costs, selection costs, relocation expenses and lost productivity. Hence, the indirect costs occur because of the low level of employee motivation, high absence rate, and low productivity that ultimately leads to customer dissatisfaction and lower organizational effectiveness (Samson and Ondigi, 2012, p. 7).

#### 2.5.1 Causes of Employee Turnover in Hospitality Industry

Employee turnover has remained a major concern for many companies, especially those that are a part of the services sector. It has become a worrisome factor for the higher management working in the service industry. Both the hospitality and tourism industry, which have been recognised as the world's fastest growing sectors, remain affected due to high levels of employee turnover. The high level of growth in the hospitality industry on worldwide level has created a need for recruiting new employees in the sector. In today's world, all the companies carry out the recognition of the employees' efforts in the successful delivery of the services (Vuyisile, 2013, p. 150).

Moreover, organisations apply maximum effort in reducing the internal costs of the company in order to remain price competitive. Labour turnover is identified as one area of cost which cannot be measured without benchmarking cuteria. It is recognised as an important factor whenever the organisational performance is measured. Low labour turnover cost is expected by all the companies and is also considered an important aspect in the competition. On the other hand, high labour turnover is identified as a problem that must be managed in an effective manner (Samson and Ondigi, 2012, p. 7). This is the reason why it is important to identify some of the major causes of habour turnover, which is discussed in detail in the following paragraphs:

- Organizational Performance: When an organisation experiences difficult times, layoffs probability increases considerably as a result. Under such a situation, workers look out to explore other avenues of employment (Vuyisile, 2013, p. 150).
- Job Characteristics: The employees working in the hospitality sector experience high level of uncertainty and continuous crisis as well. In this situation, the uncertainty element creates a very high level of job stress (Samson and Ondigi, 2012, p. 7).

- Unrealistic Expectations: Another factor that contributes towards employee turnover is the unrealistic expectations and lack of awareness that many job applications have regarding the job. This is often the case when employees are given the appointment letter after getting hired. When the unrealistic expectations are not clear, the worker becomes disillusioned and decides to leave the job (Filipe and Luis, 2012, p. 16).
- The Economy: One of the very common reasons that are usually provided by the employees when resigning from their current job is the availability of a better offer. In a vibrant economy, the availability of other job opportunities contributes immensely towards employee turnover, but this is often overstated during the exit interviews (Samson and Ondigi, 2012, p. 7).
- Better Compensation Elsewhere: In many cases employees receive a much better job opportunity where their salaries and benefits are higher in comparison with the existing employment. When employees are not satisfied with their current remuneration, they do not find it difficult to quit their job when they have a better compensation package available (Vuyisile, 2013, p. 150).
- Quality of Employees: In some cases, the high turnover occurs because the employees lack strong credentials which are crucial for them to retain their job. Under such conditions, their job security is very poor and they are not able to remain in the organisation for very long (Filipe and Luis, 2012, p. 16).
  Therefore, in the end, it can be said that it is necessary for the organisations to design suitable HRM policies and practices that can help them achieve the critical objectives. This is possible with the help of some useful strategies which will not only enable them to recover from the

tough time, but will also make a significant reduction in the employee turnover. Therefore, organisations must develop strategic plans directed to reduce the employee turnover.

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#### **CHAPTER 3: RESEARCH METHODOLOGY**

This chapter outlines the research paradigms, research approach, type of investigation, research design, research strategy, sampling method, technique and sample size and data collection and analysis. Accessibility issues, ethical considerations and limitations of the research are also discussed in this chapter to ensure the validity and reliability of the data.

#### 3.1 Research Paradigm

Every research is focused on some fundamental philosophical assumptions. Those assumptions establish a valid research and the appropriate research method for the development of understanding on a particular issue. Some of the identified research paradigms are positivism, interpretivism, realism, pragmatism, postmodernism, and critical theory (Grbich, 2012, p.9). The most used research paradigms are: interpretivism and positivism (Saunders et al., 2012, p.24). Interpretivism is generally used in qualitative research, whereas positivism is usually used for quantitative research.

Interpretivism is based on the norms, experiences, opinions, and behaviours of individuals as the basis of which reality is socially constructed (Merriam, 2009, p. 41). Moreover, according to Hammersley (2015), interpretivism is focused on the personal and subjective experiences, connotations and interpretation of specific constructs or phenomenon. So interpretivism argues that reality is subjective, developed, diversified and reliant on the researcher. However, positivism holds that reality can be measured, quantified, is not reliant on the observer and is single and objective. This paradigm emphasizes on experimentation and development of hypotheses and testing of hypotheses to find the relationship between the

variables and their impact on each other (Grbich, 2012, p.12). The current study is based on interpretivism since it intended to collect data about the personal experiences, meaningful insights and knowledge of human resource managers of the Hilton hotels about the issues and challenges associated with performance appraisals and its impact on employee turnover. The study aimed to understand how the HR managers interpret the effectiveness or ineffectiveness of performance appraisals for employee turnover by using a subjective and interpretive approach of data collection, i.e. interviews.

#### 3.2 Research Approach

Deductive and Inductive are the two most common and fundamental research approaches. In deductive approach, the study travels from the generation the specific conclusions through understanding the concepts, establishing the hypotheses and analysing the hypotheses through observations, experimentation, or experiential data. Whereas in inductive approach, the study moves from observing, experimenting, and experiencing to identify the path and to construct new concepts, theories and models (Maxwell, 2012, p. 141). This analysis is based on the inductive approach in which the researcher started from specific observations towards the identification of patterns to develop theories and explanations as to what factors affect the effectiveness of performance appraisals, what factors affect employee turnover and how performance appraisals impact employee turnover. The use of inductive approach allowed the researcher to explore different facets and aspects surrounding performance appraisals and the challenges faced by the managers and employees. This method also helped the researcher put his assumptions and preconceived notions about performance appraisals aside and conduct an indepth analysis of the phenomenon.

#### 3.3 Type of Investigation

The selection of type of investigation is based on the goals and aims of the research. The basic types of investigation for research are exploratory, explanatory, and descriptive. In descriptive research, the study leads toward in-depth description and exploration of wellrecognized phenomena for the purpose of gaining new insights and conclusions from the existing literature (Bryman, 2012, p.121). On the contrary, explanatory study is conducted to explain and interpret the concepts or interrelationships between constructs and phenomena. This type of investigation is useful when there is a room for improvement and where the problem addressed has an insufficient explanation in the existing literature (Kumar, 2010, p.89). Lastly, the exploratory investigation intends to examine the present theories and concepts in a new direction, such as the concepts addressed in the literature that can be extended in other directions or dimensions as well. The present study was designed as an explanatory research since it intended to explain how performance appraisals affect employee turnover as well as the challenges associated with performance appraisals and its effective implementation.

### 3.4 Research Design

The design of a research is a manner in which the study integrates and implements the selected methodology of the research towards the issues and their theoretical background. A research can be categorized into three designs in general: Qualitative, quantitative, and mixed method. The quantitative research design is used for a research that is based on statistical analysis and collection of quantifiable data while the qualitative method is used for the studies which require non-statistical and subjective data analysis, which cannot be quantified in

numbers. The mixed approach of the research is based on the study that uses both quantitative and qualitative methods (Williams, 2011, p.65). In this analysis, qualitative approach was implemented due to its nature and the requirement of non-numeric data as the research was based on the perceptions and the personal experiences of the managers working in the hotel industry, specifically in the Hilton Hotel UK. This research design allows subjective analysis of concepts and constructs such as perceptions, opinions, experiences, behaviour and attitudes of the research participants. Therefore, this design allowed the researcher to integrate his own interpretations, impressions, insights and opinions into the study. Qualitative data collection methods include interviews, observation, qualitative surveys and interviews which can be structured or semienic structured and focus groups (Flick, 2015, p. 74).

#### 3.5 Research Strategy

Building strategy in a research is considered as one of the most significant parts of conducting a comprehensive research. There are numerous strategies that can be applied while conducting a research, such as surveys, case study, content analysis, interviews, etc. (Maxwell, 2012, p.145). This study employed the strategy of case study analysis and interviews to collect the data from the HR managers of Hotel Hilton UK. This strategy was appropriate because it allowed for in-depth exploration and investigation of the topic in a particular context.

# 3.6 Sampling Method, Technique and Sample Size

Since the research is based on interviews, a small sample was selected keeping in mind the limitations of time and resources. The total sample size is 15, five of which are HR managers of Hilton Hotels while 10 are their employees. The sample was selected using the nonprobability sampling method and convenience sampling technique because of ease of access and availability. Managers and employees of Hilton were approached through LinkedIn.

#### 3.7 Data Collection and Analysis

There are two types of data collection methods: primary and secondary. In this study, the researcher utilized interviews and case study methodology for primary data, which allows developing an in-depth understanding of the complex issues and extends the experience to what the researcher already knows through previous research (Yin, 2013, p.91). Interviews were conducted with the managers and employees of Hilton Hotels in the OK. Secondary data was collected from recent and authentic sources, such as published research articles, reports, reviews, books, internet, etc. The interviews were semi-structured and lasted 30 minutes each. After the interviews were recorded and transcribed, the transcripts were analysed using manual thematic analysis to extract the key themes.

### 3.8 Accessibility Issues and Ethical Considerations

A comprehensive research is one based on impartiality and objectivity by addressing the issues of accessibility and ethical considerations regarding the study (Saunders et al., 2012). While conducting this research, the researcher encountered a few issues of accessibility in approaching the HR managers of the Hilton Hotel UK. Furthermore, in reviewing the literature in the context of this research topic, some of the journals and articles allowed only paid access and some others offered limited access. Considering the ethics while conducting this research, the researcher attained the informed consent of the respondents (HR managers and employees) for their contribution to the study and assured them anonymity and confidentiality. Furthermore,

the confidentiality of the personal information was assured to the participants. Moreover, the literature and other information collected from the secondary sources were cited and referenced in a proper manner and plagiarism was avoided.

#### 3.9 Research Limitations

The research restrictions or limitations are the issues which researchers come across while conducting the research. These issues impact the credibility and reliability of the research to some extent and also limit the scope of study. Some of the main restrictions faced by the researcher in this analysis are as follows:

- This research is focused on the Hotel Hilton UK and addresses the issues related to the human resource management in the hotel industry. This may limit the scope of the research as the issues and practices of human resource management can vary from company to company according to their diversified organizational structure.
- Compound perceptions and features of the variables, human errors and uncontrollable external aspects may have impacted the validity of the research analysis.
- Time and budget constraints restricted the scope of research.
- The sample size was limited and the participants were from a single organization which can also be considered as a restriction as it limited the data and may not reflect the prospects of the overall hotel industry.

#### **CHAPTER 4: CONTENT ANALYSIS**

#### 4.1 Factors Affecting the Employee Turnover at Hilton Hotels

When the participants of the study were asked regarding the factors affecting employee turnover rate at Hilton Hotels United Kingdom, there were several different factors mentioned by the employees that they believed had an impact over the employee turnover rate. When the researcher asked the employees regarding the factors affecting employee turnover at Hilton hotels, six employees stated that the reason behind high employee turnover rate include factors such as the leadership styles, which the manner in which the leaders treat their juniors, and the training and development programs at Hilton Hotel United Kingdom. The remaining four employees highlighted the level of job satisfaction and the compensation and benefits system at the Hilton Hotel United Kingdom as a relevant factor.

The results of the study reflect that the turnover is strongly dependenton the payments and benefits offered to the employees by the organisation. In a study conducted by Cho and Lewis (2012, p. 21), it was found that compensation is one of the crucial factors due to which employees leave an organisation and join another organisation where they are paid more. Therefore, lower wages and benefits will result in increasing the turnover rate of the organisation. Hancock et al., (2013, p. 600) stated that pay levels are not the only reason behind a high turnover rate, but the benefits that are being provided to the employees also have an impact over the turnover rate. Another essential factor due to which employees leave organisation include the leadership style of the senior members. In a study conducted by Jane, Namusonge and Mike (2012), it was found that the leadership practice serves as a major factor affecting the turnover rate of the employees. Thus, it is essential to focus towards the development of leadership and adopt appropriate leadership styles to ensure effective and efficient operations of the organisation as it results in improving employee satisfaction and reduces the turnover rate.

On the other hand, when the researcher asked the human resource managers the same question they stated that the factors affecting high employee turnover rate at Hilton Hotel include the outside factors due to which employees leave Hilton Hotel and that the reasons are not related to work. The results of the interviews revealed that most of the employees respected when their spouse or family members relocated due to which they were forced to leave their job. They also stated that there were some other factors such as the wish for carrying out long-term careers, ambition to travel, and the pressures concerning the family life and professional life. Hom et al., (2012) note that it is unavoidable for any organisation to avoid such factors as organisations cannot significantly control the outside influences. However, in another study conducted by Wilson, (2014), it was concluded that it is quite possible to reduce the impact of the outside factors and lower down the high turnover rate by providing the employees the options such as career breaks, flexible working hours, and family care facilities.

Frank (2011) conducted a study in which he determined that the quality of the employees and training and development serve as the major factors in the determination of the long term profitability of the organisation. In a survey conducted by the researcher, it was found that the employee productivity was raised to 16% due to training and development. In another study conducted by Frank (2011), it was found that the poor training mechanism and practices lead towards a high turnover rate of the employees. The researcher further stated that the hotel managers possessing hotel management certification and training took on managerial responsibilities without any further training and knowledge for effective management of human resources, which in turn led towards a high level of the dissatisfaction and thus led to employee turnover. Sandra (2012) conducted a study in which she concluded that in today's global knowledge economy, training has become the basic capital and a catalyst for organizational development. Adequate training and development programs should be developed to fulfil the level of job satisfaction of the employees (Sandra, 2012). Therefore, for organisations like the Hilton Hotels, it has become essential to utilise their time and resources for training and development of their employees in order to retain them. Thus, it could be said that training and development can provide measurable revenue generation, return on investment, lower employee crapei turnover rate, and improved performance of the employees.

### 4.2 Challenges in Performance Appraisal at Hilton Hotel

An effective performance appraisal system enables an organisation to offer constructive feedback to the employees and it also possesses the potential of determining whether an increase in compensation is appropriate (Simsek, Pakdil, Dengiz and Testik, 2013). Therefore, through setting up standard rating criteria for every individual working within the organisation, fairness in the process can be ensured

When the researcher asked the research participants regarding some of the challenges that are present in-front of Nilton Hotel, specifically when it comes to performance appraisal, certain key challengeswere pointed out as a result. Two human resource managers stated that a major challenge that Hilton Hotel is facing is of employee resistance, as there are certain cases in which the appraisal process has resulted in uncomfortable results for the employees and it is observed that they may not enjoy close scrutiny of their work, even considering the whole procedure as a negative endeavour. However, the remaining three human resource managers stated that a major challenge associated with performance appraisal is not focusing on the development of the

employees as the senior management has a tendency of focusing on certain areas needing improvement during the appraisal while failing to provide suggestions to the employees for improving and amending those issues. This results in the development of feeling among the employees that the main purpose of the appraisal is only to point out the flaws.

When the same question was asked to the employees of the organisation, three employees stated that a major challenge related to performance appraisal in Hilton Hotel is the appraiser bias, as there are certain cases in which personal bias has taken precedence and there also have been cases in which an employee who was not the top performer succeeded in gaining the rewards as per the decision of the senior management. Two of the employees involved in the interviews stated that a major challenge present in-front of Hilton hotel is the absence of a link of the appraisal system with the rewards. They gave the example of a recent case in the organisation in which an employee did an excellent job during the appraisal period, which was acknowledged during the review, but due to certain economic issues faced by the business and a limited number of resources, the company was not able to offer a significant amount of increase in pay, which resulted in the emergence of disgraphement, adversely affecting the dedication and productivity of the employee who felt that there was no point in making the extra effort when he is not being rewarded for it.

# 4.3 Fairness, Objectivity, and Employee's Perceptionof Performance Appraisals

Five participants from the human resource department stated that the creation of an effective performance appraisal system for an organisation like the Hilton Hotel has remained to be one of the greatest paradoxes for effective management of the human resources within the organisation. They further stated that performance appraisal system that are adequate and

rewards employees strictly based on their performance can provide some valuable performance related information for the different human resource activities at Hilton Hotel. They further stated that in order to lower down the turnover rate at Hilton Hotel, it would be essential to assess and develop the level of competence among the employees and assess their training needs.

However, when the similar question was asked to the employees, all ten of them stated that at Hilton Hotel the performance appraisal tool is strictly a managerial decision making tool; therefore, all of the employees highly criticised the performance appraisal system in the Hilton Hotel as they stated that the current performance appraisal system is not adequate. They expressed that the usefulness of the performance appraisal system does not only depends on its ability to provide adequate information regarding the performance of the employees working in different department, because it fails to enrich the experimences, attitudes, and skills of the employees which leads to ahigh turnover rate within the organisation. The employees further stated that it would be significant for Hilton Hotels to focus over the cognitive models in order to explain the quality of the performance appraisal. There is a need for greater attention towards the context and social factors when it tomes to the performance appraisal of the employees at Hilton Hotel. Therefore, it would be essential for the organisation to consider various motivational and political factors in order to create an effective performance appraisal system.

The results of the study also revealed that the employees usually face a high level of ambiguity related to the working environment at Hilton Hotel, along with an ambiguous nature of the performance appraisal situations, which in turn provided sound basis for nurturing politics in the organisation. Along with that, they also stated that at Hilton Hotel, performance of the employees is considered a subjective phenomenon and is not acquiescent with the assessment of the objectives of their jobs. As a result of this subjective nature of the performance appraisal system, many employees leave the organisation and look for an alternative job, which automatically results in increasing the turnover rate of the organisation.

In a study conducted by Singh and Singh (2013, p. 231), it was found that the perception of employees that their appraisal is strictly based on the political consideration instead of objective consideration has a strong impact on the level of satisfaction among the employees their commitment towards the organisation, and their turnover intentions. Due to all of these factors, employees working within the organisation feel dissatisfied and they become pessimistic regarding their future within the organisation. The researcher termed these employees "victims", because when the appraisal of the employees is based on a political basis, it leads to a reduction in the level of job satisfaction and an increase in the turnover intentions. Similarly, the commitment of the employees to stay within an organisation is negatively affected, which in turn results in an increase in the turnover rate. Thus, in a political scenario organisational commitment and job satisfaction play an essential role in the development of the turnover intentions of the employees.

#### 4.4 Outcomes of an Effective Performance Appraisal

The results of the study revealed that the outcome of the integration of effective performance appraisal system within Hilton Hotel will result in allowing the employees to learn more about themselves; it will give employees information regarding how well they are performing and at the same time it will also enable the employees to learn about the things that are being held valuable by the organisation. Two of the human resource managers involved in the study further stated that the outcomes of the performance appraisal system can result in improving the accuracy of the performance of the employees and it will also establish a strong relationship between the performance of employees in different tasks, and it will also enable the organisation to determine clearly the potential employees for the reward.

Moreover, the employees involved in the study pointed towards five outcomes which could be achieved by Hilton Hotels through effective performance appraisal. This included the utilisation of evaluation as feedback with the aim of improving the performance, reducing the employee turnover rate, increasing the level of motivation, and more importantly, creating a strong relationship between the performance of employees and the rewards. Three of the employees involved in the study stated that the outcomes such as reduced the level of stress, linking of employee personal goals and current performance, and reviewing the overall progress of the employees can also reduce the turnover rate.

In a study conducted by Cardno (2014, p.129), the researchers identified the following aspects which could have an impact over the effectiveness of the performance appraisal: rewarding the non-performers, exemptions of rewards for the high performing employees, doubts in the minds of the performers related to the performance appraisals after receiving them, and the organisational politics that lead towards the disturbance of the performance of the targeted employees working within the organisation, utilisation of irrelevant measures and vague qualities, inaccuracies at the level of managers and supervisors, reluctance from the side of the appraisers when the organisate to offering the feedback where in most of the cases companies award subjective appraisal that lead towards emotional anguish among the employees which automatically increase the employee turnover rate. Along with that, other reasons include the utilisation of the appraisals that are fundamentally flawed and focusing on encouraging specific individuals that in turn lead to increasing the level of discouragement among other employees working within the organisation.

#### 4.5 Discussion

Thus, the results of the study revealed that when it comes to the factors affecting the employee turnover at Hilton Hotel United Kingdom, the major factors include: leadership styles and the manner in which leaders treat the employees, training and development programs at Hilton Hotel United Kingdom, level of job satisfaction, payment and benefits system, along with several other outside factors that have an impact on the rate of employee turnover at Hilton Hotel. These outside factors usually include reasons that were not related to the work. The employees usually left the job due to some personal reason which included moving to another city, along with the other factors such as the wish for carrying out long-term careers, ambition to travel, and the pressures concerning the family life and professional life.

The results of the study further revealed that there were certain challenges that are present in-front of Hilton Hotels specifically when it comes to performance appraisal. The challenges included employee resistance due to closer scrutiny of their performance, low focus over the development of the employees, appraisal bias, and finally no relationship between the appraisal system and the rewards. These are all the factors that result in increasing the turnover rate as the level of satisfaction and motivation goes down. Hence, when it comes to the outcomes that could be enjoyed by Hilton Hotel in terms of an effective performance appraisal system, the results revealed that an effective appraisal system will result in allowing the employees to learn more about themselves, along with enabling the employees to understand how well they are performing, and at the same time it will also enable the employee to learn about the things that are being held valuable by the organisation. Further, the results of the study also revealed that an effective performance appraisal system can also facilitate the relationship between performance of employees over different tasks.

#### **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

#### 5.1 Conclusion

Within the framework of the current research study, the author evaluated the impact of performance appraisal on the turnover ratio of an organization, in this case, the Hilton Hotels, UK. For any organization the cost of recruiting employees is always greater than the cost of hiring the employees. Therefore, organizations need to take special care with respect to retention policies to ensure a lower turnover rate. From the information studied in the literature review, it was noted that one such element that has had a significant impact on the turnover rate for an organization is the performance appraisal. The following claim has been substantiated by the respondents interviewed by the author and it was analysed that factors like performance appraisal and co-worker relationships, salary level, and organizational commitment, work environment, job satisfaction and have all had an impact on the turnover rate within the chosen case study of Hilton Hotels UK.

Another important factor that has been highlighted in the literature review pertains to the distribution of equitable rewards and bonuses that have been given to the employees of the organization after their performance appraisal. A majority of the human resource managers interviewed, who work at the Hilton Hotel UK, cited that employees who previously left the organization stated that they were not given fair rewards nor were they given a justified feedback pertaining to their performance appraisal. The authors discussed in the literature review found that most of the new employees in an organization value organizational equity and compare their own personal performance appraisal with their colleagues who they perceive have a similar competency level and educational background. Further, expounding upon the prior mentioned

argument, more than half of the employees interviewed documented the fact that performance appraisal feedback is a necessity. The employees believed that a proper performance appraisal feedback allows them to work on their errors and improve their performance for future appraisals. Furthermore, through the evidence of proper performance appraisal feedback, the employees can analyse whether or not there were any ambiguities with their results.

Some of the issues pertaining to the performance appraisal method of the Hilo Hotel UK cited by the employees who were interviewed by the author for the following study are the appraiser bias, lack of appraisal criteria, no proper appraiser feedback. Appropriate given issues regarding performance appraisal, both the literature review and the employees interviewed narrated the lack of performance appraisal criteria as the most common reason and issue pertaining to performance appraisal frameworks. According to the literature review studied, employees all over the world felt that they were normade aware regarding the performance appraisal criteria before the subsequent appraisal and hence they felt that it as an unfair form of performance appraisal. Academicians opine that employers should communicate proper performance appraisal criteria to the employees, allowing them to integrate the given criteria within their jobs thereby ensuring that the subsequent appraisal is positive.

During the composition of the literature review in the following research study, the author highlighted that proper performance appraisal can allow the organization to benefit from certain key organizational advantages, advantages like increase in the quality of work performance, enhanced employee motivation, higher job satisfaction and organisational commitment. Along with the following advantages, almost all of the human resource managers interviewed perpetuated that constructive feedback and positive performance appraisals also allow the employees to feel a part of the organizational environment and instigates a feeling of acceptance amongst the employees. Moreover, it has also been observed that positive performance appraisal gives birth to factors like heightened employee commitment and organizational loyalty within the employees, which is subsequently translated into lower employee turnover.

Furthermore, according to the results of the study conducted, it has also been highlighted that the overall compensations and bonuses that stem from the performance appraisals can have a negative or a positive impact on turnover rate within an organization. Literature review studied in the current research study reflects that organization that pays better an offer more intrinsic and extrinsic motivators through performance appraisals attract more competent employees and usually have a higher employee retention and lower turnover fate. The majority of the employees interviewed in this study also cited that the type of appraiser also plays a significant role in the overall employee turnover. The result findingssuggest that employees prefer that the appraiser should be a designated member who is aware of the work the employees perform. The employees documented that an external appraiser is usually the cause of discontent amongst the employees and increases negativity because the employees feel that such a person cannot be a good judge of the work they perform. Therefore, the appraisal results postulated by the external appraiser are not usually welcomed by the employees and hence it becomes one of the reasons why the effectiveness of performance appraisal falls and increases the turnover rate subsequently. Therefore, from the overall research results, it has been analysed that performance appraisal does indeed have a significant impact on the employee turnover level within an organization and for Hilton Hotel UK to improve their employee turnover results they need to enhance their performance appraisal method and framework.

#### 5.2 Future Implications

The following research has articulated and expounded upon the topic pertaining to the human resource management issues within the global hotel industry. Furthermore, the scope of the research was refined and the analysis of the research focused on the human resource management issues faced by the Hilton Hotel UK. The subsequent recommendations of the following research can provide a solid framework and foundation for future research aspirants and authors who wish to undertake a similar research. The literature review compiled in the following research can aid the development of a future research study within the paradigm of human resource management. Not only can the literature review aid the authors studying the respective field of human resource management, but it can also be of assistance to authors or academicians studying the global hotel industry. The author within the following research study also studied the impact of performance appraisal memployee turnover, thereby allowing the future research authors to take inspiration from the study and shed additional light through diverse and contrasting research paradigms.

Furthermore, the research topic for the present study, the impact of performance appraisal on employee turnover, incubates a broad research topic which can have significant future implications. Even though the current study is restricted towards the domain of Hilton Hotel UK, the research findings can play an important role in allowing other hotels in the UK industry to improve their human resource practices like performance appraisal and cultivate a better employee retention ratio by decreasing their employee turnover rate.

Lastly, this research has tried to find links between performance appraisal and employee turnover. However, even though the following research study has shown significant insight into the relationship between the two factors, employee turnover being such a dynamic and vast variable can be affected by other factors or aspects as well. Therefore, the current study can act as an inspiration for future researchers to cite different reasons which play a significant role in impacting employee turnover, factors like motivation and organizational culture that may also have an impact on employee turnover.

#### 5.3 Recommendations

On the basis of the analysis and the discussion carried out in the preceding chapter of the respective study, the following recommendations have been proposed:

- One of the challenges highlighted in the discussion was the tack of employee involvement and feedback given to the employee regarding their performance appraisals. In order for Hilton Hotel UK to overcome the issue, they need to revamp their employee appraisal format and implement a feedback stage whereby the employees are given a detailed discussion regarding their appraisal results.
- Hilton Hotel UK should introduce the concept of organizational equity whereby all the employees on a similar job or competency level are evaluated similarly without any form of major deviance.
- Performance appraisal criteria should be clearly communicated to the employees before the actual performance appraisals are carried out by Hilton Hotel UK. This will eradicate any form of ambiguity from the minds of the employees regarding their evaluation. In the long run, this recommendation will also enable Hilton Hotel UK to decrease their employee turnover.
- Employee turnover is usually high when the employees feel that the results of the performance appraisal were below their expectations. Employees usually generate their

own appraisal expectations based on their input and personal evaluation. Hilton Hotels UK should ensure that performance appraisal results are similar to the expectations of the employees, cementing an increase in their motivational levels and reducing employee turnover.

Hilton Hotel UK should also ensure that the performance appraisers are competent and • aware of the work being carried out by the employees. If different department managers are appraising employees belonging to a different department, the employees can feel discontented as they would feel that the performance appraisal results will not be up to their expectations. This discontentment can prove to be a vitable ment in the employee

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#### Appendices

#### Appendix A: Interview Questions

- 1. What are the factors affecting the high turnover rate at Hilton Hotels UK?
- 2. Are payment and benefits provided by Hilton Hotel affecting the turnover rate?
- 3. Are leadership styles affecting the high turnover rate at Hilton Hotel?
- 4. Is job satisfaction a factor affecting the high turnover rate at Hilton Hotel?
- 5. What are the challenges related to the performance appraisal system faced by Hilton Hotel?
- 6. Is the performance appraisal system of Hilton Hotel fair
- 7. What are the outcomes of implementing an effective performance appraisal system?
- ing is approved. 8. Is the nature of the performance appraisal system of Hilton Hotel ambiguous?