

# **CHAPTER 01**

## **INTRODUCTION**

### **1.1 Background of the study**

Tourism considered as the one of the fastest growing industry in the world as well as in Sri Lanka. In 2016, the tourism sector continued to perform well and was able to retain its rank in the third level as one of the main sources of Foreign Exchange Earners of the national economy.

Tourism in Sri Lanka has surged to a new limit of over 2 million (2,050,832) arrivals in 2016, which is an increase of 14.0 per cent over last year's 1,798,380 arrivals.(Annual report Sri Lanka 2016). Tourism industry has mainly two parts. They are Hospitality industry which includes hotels , restaurants, guest house etc. Other part is Travel industry which mainly includes travel industries. Both of the parts have strong relationship and without each other no industry can exist. Travel agencies are playing vital role in travel industry.. The main duty of travel agency is to give well-informed, appropriate advice to clients about where and when to travel based on their needs. Apart from that there some other duties also . Such as

- Arranging flights, insurance and accommodation
- Using a booking system to secure holidays
- Collecting and processing payments
- Advising clients on travel arrangements, e.g. visas and passports
- Sending out tickets to clients
- Keeping clients up to date with any changes
- Dealing with complaints or refunds

There for we identified employees in travel agency is helpful for the success of travel agency . Employment in Tourism industry is also a key factor for developing tourism. Employment generated in the tourism sector (both direct and indirect) increased from 319,436, in 2015 to 335,659 in 2016 with a growth rate of 5.1%. (Annual report 2016). The total number of persons directly

employed in the tourist industry amounted to 146115 in 2016 , which was an increase of 7.49 percent over the last year 2015.Due to the increased registration of travel agents and tour operators, the employment in this sector had increased again to 9734 which was an increase of 2.64% compared to year 2015.( Annual report 2016)

Human resources in travel agencies represent an especially valuable resource, which possesses the multi-disciplinary and highly specialized knowledge and skills in the field of selective tourism. Human resources enable the agencies to create the services and products of superior value for the consumers within market niches, and thereby significantly contribute to increase in profitability of agencies.

Employee turnover is considered a hindrance to achieving high levels of Productivity and efficiency in business operation.( Deery and shaw 1997).Particularly in the tourism and hospitality industry where the relationship between employees and customers is critical, high rate of turn over is also a significant factor in decreased customer satisfaction that results loss of regular customers and the good reputation of a business.

## **1.2 Statement of Problem**

Employee turnover is a cause for concern when the best and brightest employees are leaving the organization for another, and there are steps that you could do to retain those employees. Turnover is costly for organizations. Direct costs such as recruitment, selection, and training of new employees, as well as indirect costs, such as stress on remaining workers, reduced productivity, and low morale for organizations.. With emergent workers being the newest category of worker, organizations need to pay attention to retention of these highly skilled employees as they have a no-fear perspective on job change

Employee turnover in the tourism and hospitality industry has received significant attention in recent decades (Blau and Boal, 1989; Hochwarter, Kent and Perrewé, 1995 as cited in Blomme, Van Rheede and Tromp, 2010), but most of the studies focused on the lodging and catering sector. Travel agency-related studies are rarely found. Several studies concluded that factors affecting job change vary across industry, position, cultural and job context, trait and turnover scenarios (LaLopa, 1997; Sims, 2007; Lee, Huang & Zhao, 2012; AlBattat, Som & Helalat, 2014), and different sectors in the tourism industry . Therefore, the transferability and generalizability of existing findings from related catering and lodging studies to travel agencies are debatable. Given the importance of staff retention in the travel trade sector, examining the specific factors that drive employee leave intention is crucial.

Tourism is a service industry. Tour executives in travel agencies play a vital role in service delivery to ensure customer satisfaction in every service encounter , and thus their expectations and perception should not be disregarded. One of the common causes of voluntary turnover is the different job expectation between supervisors and subordinates (Jain & Traindis, 1997). Since the employee turnover has significant importance for travel agencies this study explores the key factors for employee turnover in travel industry in Sri Lanka.

### **1.3 Research Objectives**

The main objective is to examine the factors affecting for employee turnover in travel agency.

Specific objectives

1. To examine how employee turnover will affect to the company.
2. To make recommendations for travel agencies do to enhance their employee retention.

### **1.4 Research Questions**

To address research objectives three research questions set out as follows

1. What factors affecting for employee turnover in executives in travel agencies?
2. What can travel agencies do to enhance their employee retention?
3. How far employee turnover effect to the organization development?

### **1.5 Significance of the study**

The research has great significance as it will identify the various facts why there are high employee turnover in travel industry in Sri Lanka. This research would be of interest to Management, Human Resource Managers of travel agencies in Sri Lanka and in particular the Human Resource Managers in the travel industry. The organizations in this sector will be able to identify the areas they should work on to reduce high employee turnover rate, thereby saving the resources spent in the constant replacement and training of employees. Employees will also benefit as organizations will focus more on developing a retention strategy to encourage employees to stay in the company. Furthermore this study fills the gap of the literature .as employee turnover in travel industry rarely found.

## **1.6 Scope and Limitation of the Research**

This study explores the facts affecting for employee turnover in travel industry. There are some limitations in this study. This research is limited to IATA registered travel agencies in Colombo district. The respondents who worked in Travel agencies handling inbound tourism . There for the sample size is relatively small. The study facilitates travel agency management to formulate better human resource policies and practices to minimize excessive voluntary employee turnover and set the groundwork for further research on other tourism sectors

## **1.7 Outline of the Chapters**

### **Chapter one- Introduction of the study**

Provides a brief overview of the dissertation as a whole, including background of research, research questions, and research objectives, significance of the study, limitations and further research.

### **Chapter two- Literature review**

### **Chapter three- Research design and Methodology**

### **Chapter Four- Data Presentation and Analysis**

### **Chapter Five- Conclusion and recommendation**

## **1.8 Summary**

This chapter deals with the ground work and structure of the study. This chapter composed with eight subsections. Starting from background of the study, Problem statement, Objectives, research questions, Significance of the study, Limitation of the study and outline of the study.

