

**The Relationship between Voluntary Turnover and
Customer Satisfaction in the Restaurant Business: A
Case in Five Restaurants in Famagusta, North
Cyprus**

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ABSTRACT

Despite substantial improvement and development in the service industry, a few numbers of researches examine the concepts of voluntary turnover and customer satisfaction and the relationship between the two. Therefore, the purpose of this study is to examine the relationship between voluntary turnover and customer satisfaction in the restaurant business in North Cyprus. A total of 13 hypotheses were developed for to examine this relationship and a total of 517 questionnaires were used which had questions on restaurant location, timely service, cost of services and employee courtesy – for customer satisfaction. Motivation, training, pay, and managerial style were used to measure restaurant employee voluntary turnover. This study's questionnaires explored the works of Pun and Ho (2001), Gilbert et al. (2004), Kivela et al., (1999), and Hartman and Yrle (1996).

In this study, no relationships have been found between the increased tendency of voluntary turnover and restaurant customer satisfaction, restaurant employee motivation and restaurant customer satisfaction, restaurant employee working conditions and restaurant customer satisfaction, restaurant employee training and restaurant customer satisfaction. On the other hand, positive relationships have been found between the physical setting of a restaurant and restaurant customer satisfaction, location of a restaurant and restaurant customer satisfaction, quality of food and restaurant customer satisfaction, restaurant managerial style and restaurant customer satisfaction.

Keywords: Voluntary Turnover, Customer Satisfaction, Restaurant Business, North Cyprus.

ÖZ

Hizmet sektöründe önemli büyüme ve gelişmeler olmasına rağmen, gönüllü işten ayrılma ve müşteri memnuniyeti ve bu ikisi arasındaki ilişki, çok az sayıdaki çalışmada incelenmiştir. Bundan dolayı, bu çalışmanın amacı, Kuzey Kıbrıs'ta restoran sektöründe gönüllü işten ayrılma ve müşteri memnuniyeti arasındaki ilişkiyi incelemektir. Bu ilişkiyi incelemek için toplam 13 hipotezler geliştirilmiş, bunun yanında müşteri memnuniyeti ölçmek için de yer, zamanında hizmet, hizmet ve çalışan nezaket maliyeti gibi soruların bulunduğu 583 anket restoran müşterilerine dağıtılmıştır. Motivasyon, eğitim, maaş ve yönetim tarzı gibi sorular restoran çalışanlarının gönüllü işten ayrılma eğilimini ölçmek için kullanılmıştır. Bu çalışmada kullanılan anketler, Pun ve Ho (2001), Gilbert ve diğerleri (2004), Kivela ve diğerler (1999) ve Hartman ve Yrle (1996) tarafından geliştirilen anketlerden yararlanılarak geliştirilmiştir.

Bu çalışmada, gönüllü işten ayrılma eğiliminin artması ve restoran müşteri memnuniyeti, restoran çalışanlarının motivasyonunu ve restoran müşteri memnuniyeti, restoran çalışanlarının çalışma koşulları ve restoran müşteri memnuniyeti ve restoran personel eğitimi ve restoran müşteri memnuniyeti arasında ilişki bulunmamıştır. Bir diğer yandan, restoran içerisindeki fiziksel koşullar ve restoran müşteri memnuniyeti, restoran yeri ve restoran müşteri memnuniyeti, yemek kalitesi ve restoran müşteri memnuniyeti ve restoran yönetim tarzı ve müşteri memnuniyeti kalitesi arasında olumlu ilişki bulunmuştur.

Anahtar kelimeler: Gönüllü İşten Ayrılma, Müşteri Memnuniyeti, Restoran İşletmeleri, Kuzey Kıbrıs.

DEDICATION

This work is dedicated to my late sister Lem Irene Numfor. You had always wished to celebrate my successes with me but God called you so soon. May your Soul rest in peace.

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LIST OF ABBREVIATIONS

α : Cronbach's Alpha

SPSS: Statistical Package for Social Sciences

TQM: Total Quality management

CRM: Customer Relationship Management

WOM: Word of Mouth

SERVQUAL: Service Quality

Chapter 1

INTRODUCTION

The rapid growth in the service industry, especially in the restaurant industry, has attracted the interest of different parties to deal with voluntary turnover and customer satisfaction. On a general scale, most restaurants in North Cyprus do not go operational for more than two years as compared to other developed countries. This fast closure is a management problem resulting from the high rates of voluntary turnover and the inability to satisfy customers. Left behind employees of such restaurants are forced to look for new jobs and loyal customers are faced with the need of looking for alternative restaurants to satisfy their needs.

1.1 Aim of the Study

This study aims at researching the relationship between voluntary turnover and customer satisfaction in the restaurant business in North Cyprus. The study is also designed to determine the factors that affect and influence voluntary turnover and customer satisfaction in the restaurant industry as a whole.

1.2 Methodology of the Study

A structured questionnaire will be designed to test the study's hypotheses and examine the relationship between voluntary turnover and customer satisfaction. A sample of n=5 restaurants in North Cyprus will be used to test voluntary turnover and customer satisfaction. Sampling will involve all employees in the chosen restaurants and also customers of these restaurants. The data will be analyzed using SPSS, and a correlation analysis of the variables will be conducted. A literature search will be carried out to identify and find explanations and definitions of the concepts of

voluntary turnover and customer satisfaction. Databases will be searched and articles will be used for this purpose.

1.3 Scope and Limitations of the Study

This study examines the relationship between voluntary turnover and customer satisfaction. It limits itself to restaurants in the Famagusta area of North Cyprus only.

This study focuses on the relationship between voluntary turnover and customer satisfaction in the restaurant business only. There is therefore a need to extend research findings of this study to a diverse range of service sectors. The results of this study cannot be applicable and generalizable in different service industries because the study aimed at analyzing and investigating restaurants only.

Also, because of the limited number of researches conducted regarding the relationship between customer satisfaction and voluntary turnover, difficulties occurred in analyzing and writing the literature review. The keywords used for search in database should also have included other words to capture the concepts of voluntary turnover and customer satisfaction.

Finally, questionnaires are prepared in Turkish and English to measure employee turnover, but mostly in Turkish because 95% of employees who are working at restaurants are Turkish.

1.4 Importance of the Study

The importance of this study is that it measures the present levels of voluntary turnover and customer satisfaction in the restaurant sector in North Cyprus. In addition, the study aims at identifying the qualities of restaurant services which are

important for employees and customers. There are a few number of researches conducted on this topic in North Cyprus. It has been hoped that the findings and results of this research contribute to the field of study.

To conclude, some recommendations will be proposed to restaurant owners regarding how to control and subsequently reduce the rates of voluntary turnover and how to achieve customer satisfaction. This will also improve the service quality and the development of human capital which are necessary for the economic growth and the development in North Cyprus.

1.5 Structure of the Study

Chapter 1 is composed of introduction. It includes the summary of the restaurant service sector in the world at large and North Cyprus in particular. Chapter 2 reviews theoretical and empirical literatures on voluntary turnover and customer satisfaction, and also the relationship between voluntary turnover and customer satisfaction. Chapter 3 represents the methodology and hypotheses formulated to test the relationship between voluntary turnover and customer satisfaction. Chapter 4 includes the analysis and interpretation of the results. Finally, chapter 5 presents the conclusion, policy implications and recommendations for further study.

Chapter 2

LITERATURE REVIEW

This chapter reviews the contributions of other scholars and writers on voluntary turnover and customer satisfaction. By reviewing these literatures, this study also contributes its own quota to studies on the relationship between voluntary turnover and customer satisfaction.

2.1 Restaurants in North Cyprus

Nowadays, the restaurant business is dynamic and fastest growing sector within the service industry. Over the years, this service sector has received enormous interest from researchers. Studies have been carried out in the domains of Customer Relationship Management (CRM), service quality, experiential marketing, customer satisfaction, turnover (voluntary and involuntary), job satisfaction and Total Quality Management (TQM). Findings from these studies have led to mark improvement in this business sector.

On a general scale, restaurant business is triggered by factors such as voluntary turnover and customer satisfaction. Other factors such as motivation, morale, job satisfaction and organizational citizenship are vital, but of secondary importance to this study. Most developed countries like the United States, Britain, Canada and Italy are taking measures to reduce the rates of voluntary turnover and thereby improving customer satisfaction.

North Cyprus is a developing country where restaurant business is popular and has a substantial influence on economic growth. Restaurants here are mostly a family partnership or owned by private individuals. Restaurant business has greatly reduced the rate of unemployment thus increasing Cyprus' market share in the world market.

North Cyprus is the third largest island in the Mediterranean Sea. It covers an area of 3,355 square kilometers. Restaurant business in this part of the world is a very lucrative business and has registered enormous success. This success stems from the fact that the inhabitants of this Island are highly extroverts who enjoy spending time outside with family and friends. Also, many singles and couples without children prefer to eat outside in sophisticated restaurants. This trend also shows that smaller families are even willing to spend more money for food away from home (Pun and Ho, 2001). The special menus of Turkish delights and sea foods also contribute to rapid expansion. Moreover, because of its historical and touristic landscape North Cyprus is always visited by tourists who equally find interest in the food.

Even though money-spinning business, most owners and managers of restaurants in North Cyprus are faced with the problem of employees voluntarily leaving their jobs or, and also the issue of satisfying customers totally.

2.2 Customer Satisfaction

The main goal of any service firm is to satisfy its customers. Customer satisfaction has been an important aspect in the field of marketing for over forty years today. There has been more and more research on customer satisfaction as researchers keep debating and proposing different approaches to customer satisfaction. Customer satisfaction is important to marketers, researchers and scholars because it is the most important factor affecting service management (Rust and Oliver, 1994). Apart from

being the most important factor, customer satisfaction is considered as vital and critical for all businesses (Yuksel, 2002). Customer satisfaction is a widely used term to refer to the relationship between customer expectation and outcome.

Zeithaml (2009) defines customer satisfaction as customer's fulfillment response. "It is the judgment that a product or service feature, or the product or service itself provides a pleasurable level of consumption related fulfillment". Customers, when purchasing a service, have high expectations and they expect these expectations to be met by the service providers. When these expectations are unmet, the customers are dissatisfied. This definition dwells on the gap between the customer expectation and perception of the end product of a service. According to Zeithaml (2009), customer satisfaction refers to "the features or service features, perceptions of service features, perceptions of product and service quality and price. Also, personal factors such as mood and emotional state of the customer also influence customer satisfaction... situational factors such as family member opinion should not be left out" (p.110).

Hwang and Zhao (2010), quoted that "Customer satisfaction is the leading criterion for determining the quality of actually delivered to customers through the product/service and the accompanying servicing" (p.95).

Oliver (1997), states that "customer satisfaction is largely the discrepancy between a customer's expectations and the actual experience received from the act of consumption. It is also a customer's reaction to the state of fulfillment and customer judgment of the fulfilled state. He defines satisfaction as the level of pleasure as a result of service and service features.

Boschoff and Gray (2004), explore the process oriented approach. They state that customer satisfaction is important in the service sector. They add that consumer satisfaction is the combination of both psychological and evaluative processes that the person experiences. They stretch the definition of customer satisfaction by looking beyond customer judgment and proposing the process oriented approach which reiterates the roles of both perception and psychology. It is therefore imperative for service marketers to observe the psychological behaviors of individuals in order to forecast their purchase behavior.

Customer satisfaction can also be seen as the general feel perception of the customer. When a customer compares his preliminary expectations with the actual quality of the acquired product, the sense of satisfaction the customer feels is known as customer satisfaction (Olga, 2009). This definition relates the fact that customers have expectations for the services they pay for and satisfaction is just the result of filling the gap between these expectations and customer perceptions. Customers therefore become actors in the production and consumption processes.

Schneider and While (2004), claim that, customer satisfaction is largely based on customer service assessment. This means that customers pay so much attention on how service providers are courteous and responsive. This kind of evaluation focuses on the dimension of service quality because the quality of the service affects customer satisfaction (Tam, 2000).

Hackl and Westlund (2000), focus on the outcomes of customer satisfaction. To them, Customer satisfaction is an important tool in any service firm. It increases profitability, market share and return on investment. It can equally be influenced by

the interpersonal encounters between customers and employees in a service setting. For a service to be performed there must be two parties: the service provider and the customer. Satisfaction is what the customer feels at the end of such encounters. This satisfaction is what influences the profitability of the service firm because satisfied customers become loyal customers and may even spread positive word of mouth communication about the firm. In addition to this, Fornell and Wernerfelt (1988), states that increases in customer satisfaction increases customer loyalty and decreases customer complaints. Customer satisfaction can also be seen as the product of the interaction between the service providers and the customer (Wansoo, 2009). This encounter is influenced by the overall quality provided by the service firm.

According to Gilbert et al. (2004), “Customer satisfaction is a great complement to other more traditional measures of economic viability such as a growing stock market, corporate earnings growth, trade deficit, consumer and business debt, unemployment, and gross domestic product” (p.371).

2.2.1 Customer Satisfaction in Restaurant Business

Customer satisfaction is the heart of marketing. It is the key to a restaurant’s success. In the restaurant business, customer satisfaction is highly affected from production and consumption because both take place at the same time. The goal of every restaurant business is to generate profits. Customer can either influence the service positively or negatively; therefore the essence of the restaurant business should be the offering of an experience. Customers also get the feeling of satisfaction when employees react sharply to their demands and desires. Customers rate services as satisfactory when they measure employee empathy and receptiveness. Consumers

have some psychological needs such as self connection, intellectual stimulation and self expression, which influence their behavior (Silverstein and Fiske, 2003).

Oliver (1997), states that in a restaurant, customer satisfaction is denoted by factors such as price, product quality and service quality. Customer satisfaction is one of the most important outcomes of service quality. When customers assess the entire service provided, they adopt an attitude of satisfaction or dissatisfaction. This helps up to explain the customer's overall attitude (Oliver, 1981). When service quality does not equal customer satisfaction, customers are dissatisfied and may spread negative word of mouth communication or take different actions that may jeopardize the business (Athanasopoulos et al., 2000). Customers tend to be loyal to restaurants that provided them with satisfactory services (Boshoff and Gray, 2004).

Andaleeb and Conway (2006), state that "it is important to comprehend the dynamics of this industry from the perspective of the customer who is the final arbiter of how much to spend and where, when and what to do" (p.3). This reiterates the fact that the customer is the hub of a restaurant's profit. Therefore restaurateurs should direct their efforts towards satisfying these customers.

Hwang and Zhao (2010), also see the customer as the core of any restaurant business. They argue: "in the restaurant business, customer satisfaction can be linked directly to restaurant sales; thus it is important to identify which perceived quality factors more strongly affect customer satisfaction or dissatisfaction" (p.93). They dwell more on perceived qualities such as good value, tasty food and restaurant cleanliness. Customer satisfaction is therefore very important in the restaurant business since it is

a competitive market. Thus customer satisfaction can predict post-purchase behavior (Tam, 2000).

Price also plays an important role in determining customer satisfaction. Prices allocated on the menu can either repel or attract customers (Monroe, 1989). In restaurants, customers try to match the quality of the food to the price they pay for. If the quality is less than the price, they are dissatisfied. On the other hand, if the quality is more than the price, they are unconvinced. Restaurateurs should therefore always try to match the quality, quantity and price of food in a one to one manner.

Added to this, Lewis and Shoemaker (1997), say price functions as an indicator of quality. Product quality also contributes to customer satisfaction in restaurants. Customers weigh satisfaction in a restaurant based on the quality and price of the food. Moreover, “restaurant customers typically have internal reference prices stored in their memories” (Grewal et al., 1998). Before people purchase, they already have preconceived and assumed prices on their minds.

Service quality is also referred to as the customer’s overall evaluation of excellence (Zeithaml, 1998). The major determinants of service quality and customer satisfaction are tangibles, employee empathy and employee responsiveness. Tangibles are the things in service provision that customers in restaurants can see or touch in performing the service. In a restaurant setting, physical qualities such as employee uniform, cutlery, menu and food presentation are vital to the overall satisfaction of a customer.

Similarly, Hwang and Zhao (1997), also highlight quality factors such as service quality, the atmosphere at the restaurant and some other factors such as price, parking lot and location as the determinants of customer satisfaction. Customers always want the best of what they pay for. They take into consideration their comfort and also consider accessibility to restaurants.

Contrary to Zeithaml, Andaleeb and Conwal (2006), argue that the physical designs of restaurants are of no importance or impact as far as customer satisfaction is concerned. They claim that the physical characteristics of a restaurant help in explaining the customer satisfaction. They suggest other factors such as food quality, mediating variables, price and physical design.

2.3 Voluntary Turnover

In general terms, employee turnover is the rate at which people leave and are replaced. Voluntary turnover takes place under the control of the employee. However, voluntary turnover can be predicted and controlled because it is usually preceded by the employee's intention to leave. Turnover is more of management's problem than employee problem. Voluntary turnover has accelerated in the last decades. Recent studies have shown that the average of employees who switch employers is around six years (Kransdorff, 1996). Voluntary turnover can therefore be defined as the total number of employees who decide to leave a company at a given time period. Bluedron (1982) explains that turnover or turnover processes do not only mean leaving the employer. It means that the individual stops playing assigned roles and duties and leaves the company. Ferrat and Short (1986), define turnover as "break off relationship between employees and, no matter who cause this

it could be called employee turnover. It also means the relation between labor and capital breaks off” (p.15).

Thomas (2009) defines voluntary turnover as “the inevitable change in the employee population of an organization” (p.1). Turnover can also be seen as “the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment” (Abassi and Hollman, 2000). However, there are different causes of voluntary turnover that this study explores.

Abassi and Hollman (2000), state five reasons for employee turnover in the organization. These reasons are managerial style, lack of recognition, lack of competitive compensation systems, hiring practices and harmful workplace environments. This means that employee satisfaction is a strong predictor for voluntary turnover. Similarly, Hartman and Yrle (1996), outline some of the potential reasons for voluntary turnover. They state the following reasons which are the lack of promotional opportunities, challenging work, coworkers leaving the firm, geographic relocation, the desire to try something new and job satisfaction. Low rates of employment have the propensity of leading to high rates of employee dissatisfaction hence high rates of voluntary turnover are registered. Lee et al. (2008), explains this relationship in detail. They state that “an important factor which contributes to voluntary turnover is the condition of the labor market. When unemployment rates are high, employees are more likely to continue working a job that they are dissatisfied with. When unemployment rates are low, job satisfaction becomes more influential, and employees are more likely to seek new employment if they are dissatisfied with their current job. Also, perceptions of the job market which

include general perceptions regarding job opportunities, predicted turnover but the search was not considered important in predicting turnover (p.651).

Thomas (2009) lists several reasons regarding why employees quit their job. He states that the primary reasons of leaving include the interpersonal conflict with the boss, dislike of an owner, manager or supervisor, not adopting into the organizational culture or the offers made by another employer. Added to this, lack of career opportunities and challenges, dissatisfaction with the job-scope or conflicts with the management have been cited as predictors of voluntary turnover” (p.12). Also, there is a high tendency for voluntary turnover when an organization recruits people who are not fit for the job thus there is lack of compatibility in the job. Such employees are likely to leave the organization in the long run Villanova et al., (1994). Moreover, voluntary turnover depends on performance-high or low. Employees who are high in performance may leave because of better opportunities elsewhere while those who are low in their performance may leave because they realize their performance does not meet with the organizational expectations or when there are no sufficient improvements in their inputs (Pearson, 1995).

Kale et al. (2008), opine that compensation and inequality are one of the most important predictors of employee voluntary turnover. Compensations such as base pay, overtime pay, merit pay, commissions, bonuses, profit sharing, allowances and benefits play an important role in motivating employees. Compensation should be distributed equally because when employees feel they are not treated fairly, they may decide to quit “high levels of resignations are registered in firms that have higher levels of compensation in their compensation schemes” (p.2).

Job appraisal is another factor that plays a major role in voluntary turnover. When employees receive negative job performance appraisal, they tend to understand it is a signal that they may be fired or may not receive valued outcomes from their organization; for example “pay raises or promotion” (Vroom, 1964). The aim of every employee in any firm is to get to higher heights, receive increase salaries and get promotions. When employees start realizing that they are moving away from such goals rather than towards them, they may decide to leave rather than stay and subsequently receive the embarrassment of being fired. Added to the above, an uncomfortable work environment may cause employees to respond negatively by leaving their job. Shocks such as negative feedback from employer may cause employees to quit (Lee and Mitchell, 1994). Also, the existence of high turnover in an organization means poor management. Employees may not only leave because they find better opportunities elsewhere or because they are inefficient. The kind of work environment that management creates may be uncomfortable for employees and will cause them to quit (Griffeth and Hom, 2001).

Hurley and Estalemi (2007), opine that customers may create poor work environment and this leads to employee dissatisfaction and also increases turnover.

Zimmerman and Darnold (2007), articulate that “employees with an external locus of control may perceive poor performance feedback as a signal that the organizational environment is causing their poor performance or that their supervisor is acting against them” (p.155). Most employees have the attitude of comparing their current jobs with other job alternatives (what Mobley refers to as the traditional wisdom) by using an expected-value like decision process. Such employees quit

when they judge these alternatives to be better than their current job situation (Mobley, 1997).

Barrick and Zimmerman (2005) argue that “theoretical relevant biodata, clear-purpose attitudes and intentions, disguised-purpose dispositions related to retention predict voluntary, organizationally avoidable turnover” (p.163).

Maertz and Campion (1998), relate that voluntary turnover is an instance where management sees an employee as physically fit to continue the job but the employee on the other hand decides to quit. This suggests that management may still need the services of an employee but the employee on the other hand chooses to leave maybe because of other factors such as better opportunities elsewhere or lack of motivation from the current employer. This therefore means that voluntary turnover is the employee’s decision to end the employment relationship (Jenkins and Gupta, 1998).

2.4 Voluntary Turnover in the Restaurant Business

Voluntary turnover is one of the major problems that most restaurateurs face. A good number of reasons account for the high rates of voluntary turnover in the restaurant industry. Some of which include gender, age, marriage, working time, wage rate and other subjective characteristics.

Gender plays an important role in determining voluntary turnover in restaurants. Research shows that more men tend to leave their jobs in restaurants than women. Women experience higher levels of job satisfaction than men do (Royalty, 1998). Given the nature of jobs in restaurants, women are more likely to stay because they are socialized to have high emotions thus the propensity to show positive behavior is

also high. Men the other hand are taught to be strong thus show less emotions. Therefore, there is a high probability that more men will leave their job than women.

Age also plays an important role in determining voluntary turnover in restaurants. Younger people always move from one job to the next trying to compare alternatives while there is a tendency that older people will remain loyal to their job. The zeal and anxiety associated with moving from one job to the other diminishes with age: older people find it stressful and time consuming moving from one job to the other while younger people find it interesting.

Most restaurants operate on a fourteen hours daily basis. Employees in such restaurants tend to match their working hours to their wages (Galizzi and Lang, 1998) and when they realize that the two are not in conformity, they eventually leave the job for better conditions.

Other subjective characteristics like job satisfaction, job security and firm pride, if not met, also influence employees to deliberately leave their job.

2.5 Characteristics of Services

A service refers to the production of an intangible benefit. It is considered as a significant tool in satisfying the identified need and want of an individual (Palmer, 2005). Services must be identifiable in order to satisfy the needs and wants of individuals. Services are not necessarily tied to the sale of a product or service (Cowell, 1984). Services are distinctive because they have certain characteristics. The characteristics of services are explained as follows.

2.5.1 Intangibility

Services include actions, performances and processes. Services cannot be touched, tasted, felt or seen in the same way as tangible objects. It is difficult to manage services because they are not inventories like goods. Quality therefore becomes difficult for customers to assess because services are not easily communicated. Taking into consideration the services provided in the restaurant business, they cannot be touched or seen by the customer. Despite that, the customer has a chance to see and touch the instruments used in rendering the services (Zeithaml et al., 2006).

2.5.2 Heterogeneity

Services can never be precisely the same just like two people can never have the same taste and objectives. Secondly, humans provide the services for customers. Services are provided by different employees and at different times. The performance of people may vary at different times and this leads to different output for the rendered services.

Customers are the major hub in service provision and each customer has unique demands or experiences. It is exigent to ensure reliable and consistent services. Quality depends on many different factors which cannot be totally controlled by the service providers. This can be noticed in the case of a restaurant where two customers order for the same menu but will derive different levels of satisfaction because taste differs with people.

2.5.3 Inseparability

Most services have the characteristic of simultaneous production and consumption. They can be produced at different places and can be sold at different places. On the

other hand, services which require simultaneous production and consumption must first be paid for before consuming them and then produced instantly and consumed at the same time. Consumers take active role in the production process because they are always usually present when production takes place. They may therefore share their views hence may influence the service positively or negatively.

2.5.4 Perishability

The major differences between goods and services are explained as follows. Goods can be produced, stored, resold, saved, exchanged or returned to the seller or manufacturer. On the other hand, services are performed only and cannot be stored, saved, resold, exchanged or returned to the service provider.

2.6 Importance and Characteristics of Restaurant Industry

Food is a basic commodity. In our generation today, home cooked foods are seldom prepared because of heavy undone workloads. Today, meal means more than a planned occasion (Mogelonsky, 1998). People feel hungry when they cannot eat on time. Nowadays, working people cannot find enough time to cook, so they eat out. The result is the growing and booming restaurant industry.

Restaurants positively affect economic growth and supports human resources and other financing mechanisms. The restaurant industry is large and growing and attracts the interests of many people. Restaurants are places that serve food. The restaurant industry covers different and a broad range of services. They provide the services in the form of self-service or full service. Different types of restaurants can be seen in the sector mainly fast-food restaurants, canteens and specialty restaurants.

2.6.1 Characteristics of restaurants

Restaurants are monopolistically competitive firms. It is very easy to form a restaurant and access to the market. This leads to the tough competition in the restaurant industry. There are a large number of and well-known companies of various sizes in the industry. Price competition is also emphasized in the industry. Price can be an important determinant of quality in the eyes of customers and help firms to enhance their brand image. This help firms can gain competitive advantage over competitors. Such firms can set prices at reasonable levels for their products and can earn more income than their competitors.

2.6.2 Low Net Profit Percentage

Tight price competition may cause net profit percentage to be low. It is calculated by the following formula which is – $\text{Net profit} / \text{Turnover} \times 100$. Compared to other industries, the net profit percentage is extremely low in the industry despite having a high gross profit percentage. Therefore, the control of profitability can only be achieved by strict cost control. There is freedom for risk takers entry and exit the industry, therefore barriers to entry are very minimal because capital and other resources are highly mobile. Entry barriers allow real work firms to acquire and maintain above normal economic profit. All firms in this industry operate on the same foothold, buyers are also very familiar with other substitute products and that firms are aware of basically the same production techniques- this is known as extensive knowledge.

2.6.3 Large Number of Small Firms

Restaurant industry is a monopolistically competitive industry (a market with a form of imperfect competition). The industry contains a large number of small firms. Despite the overall size of the industry, firms are relatively small. Firms are

competitive and have a little market control over price or quantity. In particular, each firm has hundreds or even thousands of potential competitors. And also, each firm competes with each other.

2.6.4 Similar but not Identical Products

Monopolistically competitive firms sell the same or similar products. This means that restaurants may place adverts of the same type of dishes on their menus but may differ in price and taste. This is known as product differentiation which gives each restaurant a little more monopoly.

2.6.5 Resource mobility

The resources might be as 'perfectly' mobile but they are relatively unhindered by government rules and regulations, start up cost, or other substantial government permits to enter an industry. A monopolistically competitive firm is not prevented from leaving an industry as in the case for government- regulated public utilities. Monopolistically competitive firms can acquire whatever labor, capital, and other resources that they need with relative ease. There are no racial, ethnic or sexual discriminations.

2.7 The Relationship Between Voluntary Turnover and Customer Satisfaction

The relationship between voluntary turnover and customer satisfaction is a subject that has attracted the concern of most researchers. Some researchers claim that there is no linear relationship between voluntary turnover and customer satisfaction while others argue that a relationship exists or in some cases, can be established between the two.

Hurley and Estelami (2007), argue that there is a relationship between customer satisfaction and voluntary turnover. There is also sketchy evidence that higher levels of employee turnover can lead to lower levels of customer satisfaction hence high employee turnover may not only be indicative of a poor work environment , but it may also be reflected in the loss of experienced employees and established customer relationships, resulting in negative effects on the customer. This reiterates the fact that voluntary turnover can greatly reduce customer satisfaction levels. Therefore, employee turnover may provide the basis for gauging not only employee satisfaction, but also customer satisfaction levels.

Similarly, Birnbaum and Somers (1993), also say there is no linear relationship between voluntary turnover and customer satisfaction since an employee's job performance is expected to affect the quality of service delivered to the end customer. Also, (Hesket et al., 1994), claim that there is a weak link in the chain between voluntary turnover and customer satisfaction. Such a non linear transformation may provide better estimates of consumer satisfaction levels for managerial decision making. This means that the relationship between turnover and customer satisfaction must be negative (Day, 1994).

Turnover leads to inefficiency because newcomers lack the knowledge and experience of the job that is necessary to satisfy loyal customers “turnover initiates disruption by depleting firm- specific knowledge and experience” (Batt, 2002). Moreover, when employees quit, the remaining employees are faced with heavy workload that may divert their attention from providing high quality service (Shaw, 2005).

Turnover also has a negative association to sales and profits because turnover rates are positively related to customer's elapsed wait time (Kacmar et al., 2006). This shows that turnover impacts efficiency-based elements of customer service, and suggests that customer perceptions may play an intervening role in explaining service firm success. Also, turnover disrupts existing stocks of knowledge and experience, and causes employees to allocate their time differently. Consequently, customers experience substandard service, and react accordingly when turnover is high. Increased voluntary turnover rates correspond to lower service quality perceptions.

Voluntary turnover leads to a drop in productivity and loss of human capital. The productivity drops each time an employee leaves the organization, due to the learning curve involved in understanding the job. While firms lose human and rational capital of the departing employee, competitors are potentially gaining these assets (Johnson et al., 2000).

Chang (2009) argues that having excess employees leave their job will influence the morale of the companies, called Snowball Effect – a man's leaving induces his colleagues to leave one by one. Also, loss of good employees can diminish a company's competitive advantage and furthermore lead to a reduction in output quality.

Human capital is a vital element of productivity to all organizations. When voluntary turnover increases, human capital is lost and productivity is weakened (Strober, 1990). Voluntary turnover also leads to negative synergy in the work unit when the central figure and other key players in the network decide to quit (Dess and Shaw, 2001, p.450). Moreover, voluntary turnover can also predict employee sentiments

thereby having a negative influence on customer satisfaction levels (Hurley and Estelami, 2007). What is more, there is a negative link between employee turnover and firm performance because capabilities of a firm are windswept when people leave (Day, 1994).

Added to the above, voluntary turnover also leads to a loss of employee morale which is one of the most critical intangible costs in the restaurant industry (Nadiri and Tanova, 2010). Employees who decide to stay with the firm tend to lose their morals because they had already established comprehensive relationships with their departing colleagues. This loss of moral has direct negative effects on efficiency and subsequently, customer satisfaction.

Hausknecht et al. (2009), propose that “turnover impairs organizational performance because it depletes knowledge and redirects member’s attention away from service provision” (p.16).

Bridges et al. (2007), explain that “increasing employee satisfaction is crucial in reducing voluntary turnover” (p.67). They add that voluntary turnover has both positive and negative implications for the firm. To them, when employees voluntarily leave, there are direct expenses incurred in relation to recruiting and training. On the other hand, if they stay, they might interact badly with customers or fail to provide adequate service (p.65).

There are also serious penalties of voluntary turnover such as high replacement costs, diminished productivity, lower employee morale, disrupted operations and poor

service delivery (Dalton and Tador, 1979; Griffeth and Hom, 1995; Mobley, 1982; Staw, 1980).

2.8 The Intention to Leave: Factors Affecting Restaurant Worker's Turnover

Voluntary turnover is defined as the employee's termination of his duty with a firm. The restaurant industry has registered the highest percentage of turnover in the service industry. Workers make an in and out movement at an alarming rate. Voluntary turnover is always preceded by the intention to leave. It is for this reason that we say it can be prevented and controlled by management. The intention to leave arises when restaurant employees realize that they no longer fit into the organization's framework. Intention to leave can also be influenced by factors such as inequality in pay system, lack of promotions, compensation and performance appraisal. When employees in a restaurant compare facilities offered to them to opportunities of workers in other firms and realize that there is any sort of partiality, they start nursing the intention of quitting their job. Mobley (1977), shares that "individuals first try to evaluate the cost that will incur from quitting the existing job and the utility that is expected to be received from the search". Moreover, there are also some bureaucratic and managerial shortcomings that shove restaurant workers to think of leaving their job. On a general scale, most restaurants operate on daily basis and given the fact that most of these restaurants do not adopt the job sharing system; the existing employees are forced to cover these long hours. When such employees match their inputs to their pay or salary, and realize that they are not in conformity, they are disgruntled and start planning to leave if management does not take measures to ameliorate the situation. We therefore reiterate the fact that the intention to leave is largely a factor of employee satisfaction (Mobley, 1997).

Furthermore, job attitude like organizational commitment and job satisfaction are important factors that combine with job alternatives to predict the intention to leave, which is a direct antecedent to voluntary turnover. The intent to leave is a likely mediator to the attitude- behavior relationship and represents the last step prior to quitting (Porter and Steers, 1973).

Mowday (1992), claims that organizational commitment consists of three parts: “identification, the organization and a willingness to display effort on behalf of the organization” (p.319). This means that employees must first of all find interest in their organization before they can develop the passion to offer help. Organizational commitment also has a relationship with employee behavior and this also has a major role to play on service delivery and customer satisfaction (Ranya, 2009).

Locke (1976), defines job satisfaction as “a general pleasurable or positive emotional state resulting from the appraisal of one’s job experiences” (p.1300). Job satisfaction is an attribute that organizations should measure in order to ensure a smooth functioning of the organization.

Another factor that may drive employees to think of quitting their job is the lack of recognition. Besterfield (1995), defines recognition as “a form of employee motivation in which the organization publicly acknowledges the positive contributions an individual or team has made to the success of the organization” (p.90). Recognition programs should be taken seriously by organizations because they act as positive stimuli or motivation for employee performance.

Just like recognition, performance appraisal is also an important human problem that most organizations are faced with. Performance appraisals acts as a kind of feedback to employees, it helps them know what they are doing and if they are doing better or not. According to (Besterfield, 1995) “feedback provides a basis for promotions, salary increases, counseling and other purposes related to an employee’s future” (p.93); it points out employee strengths and weakness.

Chapter 3

METHODOLOGY AND HYPOTHESES

3.1 Survey Development

This chapter outlines the methodology used in collecting the data used in the analysis of this work. A sample of n=5 restaurants in the Famagusta area of North Cyprus was used to measure the relationship between voluntary turnover and customer satisfaction in the restaurant business. A self reported questionnaire was used to test the relationship between customer satisfaction and voluntary turnover in the restaurant business. This study's questionnaires explored the works of Pun and Ho (2001), Gilbert et al. (2004), Kivela et al., (1999), and Hartman and Yrle (1996). The hypotheses for this work were also formulated based on a literature on the relationship between voluntary turnover and customer satisfaction in the restaurant business. A total of 552 questionnaires were distributed for the survey, 35 were considered not relevant for the analysis, and 517 were therefore used to test the study's hypotheses (416 for customers and 101 for voluntary turnover).

The questionnaires were done in both the Turkish and English languages and included some demographic factors such as age, gender, income levels and marital status for both customer satisfaction and voluntary turnover. A Likert scale was developed ranging from extremely satisfied to extremely dissatisfied for customer satisfaction and most likely to most unlikely for voluntary turnover. The questionnaires were distributed to both customers and employees of Ezic restaurant,

Temel Reis restaurant, D&B restaurant, Armagan restaurant and Master Chef restaurant.

3.2 Formulating the Hypotheses

Voluntary turnover comes as a cost and a disadvantage to any successful organization. Management should be fast in understanding the sources of problems which result in unhappy or dissatisfied employees. If colleagues make positive statements towards their job and management, others find this as a motivation and strive to use this factor to reduce the level of turnover in the firm. When competent employees leave their job, there is the tendency that new comers will not be able to perform or meet up with the tasks to satisfy loyal customers (Birbaum and Somers 1993; Heskett et al., 1994). Thus, we develop the following hypotheses. These first three hypotheses bring out the relationship between voluntary turnover and the effect on customer satisfaction level. The hypotheses are as follows:

H1: Increased voluntary turnover leads to lower levels of customer satisfaction.

H2: There is no relationship between voluntary turnover and restaurant customer satisfaction.

H3: There is no relationship between the courtesy of restaurant employees and restaurant customer satisfaction.

Customers to all service providers enjoy to be treated with some recognition to prolong the loyalty between the customer and the organization and the restaurant is no exception as each encounter between the customer and the employee can either make or break the line of loyalty. Employees become so acquainted to customers that they know each customer by name and what each customer likes or dislikes (Zeithaml, 2006). When voluntary turnover takes place, the link between loyal

customers and employees is severed and such customers find it difficult to adapt to new employees. Therefore, voluntary turnover may lead to customer withdrawal hence the positive relationship between voluntary turnover and restaurant customer satisfaction. We try to evaluate some of the factors that can lead to voluntary turnover and the impact on the customers.

Productivity and human capital are the strongholds of every profit making organization; the goal is increased output and high net profits. Productivity in the service sector can be seen as a function of managerial style and supervision. Human capital looks at training, coaching and other factors which help improve the quality of the employees. When experienced workers leave a restaurant, due to lack of an effective managerial system, poor organizational structure and inappropriate supervision systems, there is the tendency that human capital is lost and productivity decreases, product quality also declines thereby affecting customer satisfaction levels; customers are very sensitive to changes in product quality (Johnson et al., 2000; Chang et al., 1999; Hurley and Estelemei, 2007; Dalton and Tador, 1979; Griffeth and Hom, 1995; Mobley, 1982; Staw, 1980). Thus, the following hypotheses are developed:

H4: There is no relationship between restaurant employee motivation and restaurant customer satisfaction.

H5: Restaurant employee working conditions has a negative relationship to restaurant customer satisfaction.

H6: There is no relationship between restaurant employee training and restaurant customer satisfaction.

It is worthy to note that voluntary turnover is not the sole cause of restaurant customer dissatisfaction, there are also some bureaucratic or management problems that may influence customer satisfaction negatively. For example, job satisfaction is a measure that should be taken by management to ensure a smooth functioning of their restaurants. When employees are not satisfied with their job, they start nursing the intentions to leave which is usually followed by actual quitting. This managerial problem therefore has a direct influence on customer satisfaction. This brings us to the following hypotheses:

H7: There is no relationship between restaurant employee supervision and restaurant customer satisfaction.

H8: There is a strong relationship between restaurant managerial style and restaurant customer satisfaction.

When people leave, there is depletion in the firm and expenses are incurred. To this effect, there is role confusion amongst employees and there is the tendency that quality is directly affected negatively (Bridges et al., 2007). Monetary compensation is an important tool that can lead to lower levels of voluntary turnover. Beilock and Capelle (1990), found this relationship to be positive and significant. Satisfactory pay packages, efficient retirement benefits and other service benefits positively influence the employees' decision to stay at the current job. The satisfactory financial compensation also attracts experience and quality workers. If the workers are not well paid, this might affect their level of devotion to the job, hence the customers can suffer. Therefore, we developed the following hypothesis:

H9: There is no relationship between restaurant employee pay and voluntary turnover.

Just like arguments have been put forward to show that there is a positive relationship between restaurant customer satisfaction and voluntary turnover, there are also arguments to show that there is no relationship between the two. For example, some researchers argue that there is a negative relationship between restaurant employee turnover and restaurant customer satisfaction. This implies that voluntary turnover is not a determinant for customer satisfaction. These critics claim that there is no correlation between employees voluntarily quitting their job and the end customer (Day, 1994; Heskett et al., 1994). When experienced and competent staffs leave an organization, the quality of the products offered to the end customer might change which could affect the customer loyalty to the firm. With this, we came to the following hypotheses:

H10: There is no relationship between the quality of food in a restaurant and restaurant customer satisfaction.

The organizational working environment must be considered an important factor for both the customer and the workers. Studies done by Parasuraman et al. (1970), using the SERVQUAL instrument demonstrates the importance of the external working conditions. This looks at the buildings to the presentation of the workers constitute the physical aspect of the service sold to the customer. The physical work environment is not given any consideration unless it deviates from acceptable conditions and values. The following hypotheses are generated:

H11: There is no relationship between the physical setting of a restaurant and restaurant customer satisfaction.

H12: There is no relationship between the location of a restaurant and voluntary turnover.

The most important business strategies include the price competitiveness and product differentiation. In an educational setting like in Famagusta, Northern Cyprus with many restaurants offering the same services and dishes, there is a high level of competition. Customers are sensitive to the price of food sold in the restaurants. Students would prefer lower prices for food while workers and high class officials like teachers enjoy classic restaurants. The higher the price, the more likely the customers would avoid the food shop. Hence, there is a negative relationship between higher food prices and customer retention. Hence, it is interesting to look at the prices of these meals and the retention rate of the restaurants with the following hypothesis:

H13: There is no relationship between the price of food in a restaurant and restaurant customer satisfaction.

The list of hypothesis is shown in table 1 below.

3.3 Data collection

The following restaurants in the Famagusta area of North Cyprus were selected for this work: Ezic restaurant, Temel Reis restaurant, D&B restaurant, Armagan restaurant and Master Chef restaurant. These restaurants are amongst the top restaurants in Famagusta, Northern Cyprus. Considering the number of employees and customers, these restaurants feature among the best ten restaurants in the city.

Table 1: The List of Hypothesis

ID	HYPOTHESES DESCRIPTION
H1	Increased voluntary turnover leads to lower levels of customer satisfaction
H2	There is no relationship between voluntary turnover and restaurant customer satisfaction
H3	There is no relationship between the courtesy of restaurant employees and restaurant customer satisfaction
H4	There is no relationship between restaurant employee motivation and restaurant customer satisfaction
H5	There is no relationship between the quality of food in a restaurant and restaurant customer satisfaction
H6	There is no relationship between restaurant employee training and restaurant customer satisfaction
H7	There is no relationship between restaurant employee supervision and restaurant customer satisfaction
H8	There is strong relationship between restaurant managerial style and restaurant customer satisfaction
H9	there is no relationship between restaurant employee pay and restaurant customer satisfaction
H10	There is no relationship between the quality of food in a restaurant and restaurant customer satisfaction
H11	There is no relationship between the physical setting of a restaurant and restaurant customer satisfaction
H12	There is no relationship between the location of a restaurant and restaurant customer satisfaction
H13	There is no relationship between the price of food in a restaurant and restaurant customer satisfaction.

Eastern Mediterranean University, the largest educational centre in the country with many international students and workers as well as the nationals of Northern Cyprus is being targeted by these restaurants. A convenience sampling technique was used in this study to gather respondents of restaurant customers who were over the age of 18 and who had visited one of the restaurants within the past three months. Data collection was done by distributing questionnaires randomly in front of the

restaurants to incoming customers and also distributed to employees at the restaurants in order to gather information.

3.4 Analytical methods

A p-value is determined which indicates how likely the results were gotten and their significance. By convention, if there is a less than 5% chance of getting the observed differences, we reject the null hypothesis.

The reliability of the questionnaire was tested to ensure internal consistency. The Cronbach alphas for each factor of the second part of the questionnaire were tested. The commonly accepted cut-off value for the issue of reliability is $\alpha \geq 0.70$ (Nunnally, 1978).

The Pearson's correlation analysis was used in order to measure the relationship between the factors and to analyze and test the hypothesis. The Pearson correlation coefficient measures the linear relationship and the strength and direction between two datasets or variables. The Pearson correlation coefficient is a number between -1 and +1, indicating negative or positive correlation of the variables. The number indicates the strength of the correlation. A value of zero implies no linear correlation between two variables. A correlation coefficient of -1 or +1 means the relationship is perfectly (positive or negative) linear. The signs (+ and -) of the correlation coefficient exhibits the direction of the correlation. A positive (+) correlation coefficient is explained as the values on one variable increase, values on the other variable tend to also increase. On the other hand, a negative (-) correlation coefficient is explained as values on one variable increase, values on the other tend to decrease (www.vias.org/.../cc_corr_coeff.html).

Chapter 4

INTERPRETATION OF EMPIRICAL RESULTS AND DISCUSSION

In this chapter, we evaluate the empirical findings of the study. The data were collected from restaurant customers and employees. After that, the data were checked, coded, entered and analyzed by the Statistical Package for Social Sciences (*SPSS*).

4.1 Demographic Profile of the Research

Out of the sample size of 416 respondents, 225 (54.1%) were male while 191 (45.9%) of the respondents were female. Most of the respondents were 18 to 25 (69.5%) years of age because most of the restaurants' customers are students who are studying in the region. 347 (83.4%) of the respondents were students, followed by the age group of 18-25 (69.5%). 38 (9.1%) of the respondents, employed in the private sector while 25 (6%) were public workers. The greater majority of the respondents 268 (64.4%) consumed between 0-19TL (\$12USD) each time they visited the restaurant for a meal while 114 (27.4%) respondents consumed between 20TL (\$12.6USD)-39TL (\$24.6USD). Just 14 (3%) respondents ate for more than 60TL (\$37.8USD) at every meal. In terms of the nationals who visit the restaurants most, 148 (35.6%) were Turkish Cypriots, 134 (31.7%) Turkish, while 76 (18.3%) were Africans and lastly, the Persians visit the restaurants the least 45 (10.8%). Table 2 shows the demographic characteristics of the restaurant customers.

With regards to the voluntary turnover aspect of this studies, it was interesting to note that 93 (92.1%) of the 101 front line employees who responded to our studies are Turkish nationals while 8 (7.9%) of the workers were Turkish Cypriots. Of the total 101 front line employees,

Table 2: Demographic Summary of Customers (n=416)

Demographic Variables	Frequency	%
GENDER		
Male	225	54.1
Female	191	45.9
Total	416	100
AGE		
18-25	289	69.5
26-35	95	22.8
36-45	19	4.6
46-56	10	3.4
57+	3	0.7
Total	416	100
OCCUPATION		
Civil Servants	25	6.0
Private sector	38	9.1
Unemployed	6	1.4
Student	347	83.4
Total	416	100
HOW MUCH SPENT AT EACH MEAL		
0-19 TL	268	64.4
20-39 TL	114	27.4
40-59 TL	19	4.6
60-79 TL	12	2.9
80TL +	2	0.7
Total	416	100
NATIONALITY		
Turkish Cypriot	148	35.6
Turkish	132	31.7
Persian	45	10.8
African	76	18.3
Others	15	3.6
Total	416	100

79 (78.2%) were female while 22 (21.8) were male. The greater majority 45 of the workers were between the ages of 26-35 (44.6%), while 42 (41.6) of the employees were between the ages of (18-25). 10 (10%) of the total 101 frontline employees were between the ages of 26-45 while only 4 (4%) workers were above 46 years of age. Furthermore, 88 (87.1%) of the employees earn salaries between 1000TL (\$631USD)-1999TL (\$1261USD) which is within or above the minimum wage rate of the country. 10 (9.9%) of the employees earn between 2000TL (\$1262.6USD)-2999TL (\$1891.9USD) while only 3 (3%) of the workers are earning below 999TL (\$630USD). The demographic characteristics of the employees are given in table 3.

Table 3: Demographic Summary of Employees in Restaurants (n=101)

Demographic Variables	Frequency	%
GENDER		
Male	22	21.8
Female	79	78.2
Total	101	100.0
AGE		
18-25	42	41.6
26-35	45	44.6
36-45	10	9.9
46-56	3	3.0
57+	1	1.0
Total	101	100
INCOME		
0-999 TL	3	3.0
1000-1999TL	88	87.1
2000-2999TL	10	9.9
Total	101	100
NATIONALITY		
Turkish Cypriot	8	7.9
Turkish	93	92.1
Total	101	100

4.2 Means and standard deviation of scores for customer satisfaction evaluation

Table 4 shows the mean and standard deviation of scores for customer satisfaction evaluation of the restaurant.

From the table below, the customers who visit the restaurants in Famagusta have a very low mean score for Decoration/Design of the Restaurant (Mean=1.69). Hence, the customers do not consider this factor as an important attribute when making a choice for a restaurant. The highest mean scores came out from Employee Listen/Easy to get help (Mean=2.19) and Courtesy of employees (Mean=2.16). This indicates that, the customers consider the frontline workers of these restaurants as a primary factor before making the choice. This is a very important factor and hence

Table 4: Means and Standard Deviation Scores for Customer Satisfaction

Factors	Mean	Std. Deviation	N
1. Timely Service	1.84	1.027	416
2. Location of Restaurant	1.87	1.013	416
3. Neat and Clean Place	1.73	.880	416
4. Competent employees	2.06	.997	416
5. Service cost reasonable	2.00	.940	416
6. Employee listen/Easy to get help	2.19	1.451	416
7. Quality of food	1.95	2.101	416
8. Restaurant delivers what it promises	2.08	1.039	416
9. Decoration/Design of Restaurant	1.69	.927	416
10. Variety of food	1.96	.899	416
11. Courtesy of Employees	2.16	.939	416
12. How do you rate your overall satisfaction with the restaurant?	1.91	.799	416

the management of these restaurants must value their workers and learn to encourage them if they intend maintaining long term relationships with their customers hence, profitability. The highest deviation from the mean was recorded for Quality of food (STD=2.10). This indicates the customers have different tastes when it comes to the quality of the meals. The second highest standard deviation was Employee listen/Easy to get help (STD=1.45). With the high mean, it seems some of the customers did not get the best of help or services from the frontline employees.

4.3 Means and standard deviation scores for voluntary turnover

Analysis of the mean and standard deviation in this section of the questionnaire reveal the highest mean factor was Training (Mean=2.80), followed by Hiring Practices (Mean=2.79). This indicates that the frontline employees in these restaurants pay strong attention to Training options within the organization and the hiring practices the organizations used. This is not strange as restaurants in Cyprus hire employees without much knowledge in the field and try to train them within the course of the job. The lowest mean score was in the Managerial Style (Mean= 2.56) which is not so low meaning a majority of the employees still have the same evaluation system of the management. With regards to the standard deviation, the highest deviation came in from Relationship with co workers (STD= 3.33), this goes ahead to tell us the workers do not agree within themselves. The standard deviation for the factors ranged from 1.33 to 1.47. Since this is above one, tells us not all the workers did agree with the same idea within the restaurants. An evaluation of the intention to leave the restaurant saw a mean=2.83 very high as the workers agreed with this factor most and a standard deviation as low as 1.08.

Table 5 below shows the mean and standard deviation scores for voluntary turnover factors.

Table 5: A Mean and Standard Deviation Scores for Voluntary Turnover

Factors	Mean	Std. Deviation	N
1. Working Conditions	2.64	1.467	101
2. Pay	2.75	1.351	101
3. Relationship with Coworkers	2.64	3.329	101
4. Promotional Opportunities	2.73	1.332	101
5. Supervision	2.57	1.320	101
6. Unfair Treatment	2.64	1.330	101
7. Job Appraisal	2.67	1.608	101
8. Motivation	2.73	1.347	101
9. Location	2.32	1.302	101
10. Managerial Style	2.56	1.343	101
11. Recognition	2.56	1.336	101
12. Hiring Practices	2.79	1.336	101
13. Training	2.80	1.385	101
14. What is your overall intention to leave this restaurant?	2.83	1.083	101

4.4 The Cronbach alpha test

The Cronbach Alpha Test is used to determine internal consistency and reliability of the factors used in our questionnaire. It is generally accepted that an alpha score ≥ 0.70 indicates internal consistency and reliability of the factors (Nunnally, 1978).

Table 6 describes the Cronbach Alpha test results for the customer satisfaction factors used in the questionnaire.

Table 6: Cronbach Alpha Test for Customer Satisfaction

Factors	Scale Mean	Cronbach's Alpha
1. Timely Service	21.60	.803
2. Location of Restaurant	21.58	.801
3. Neat and Clean Place	21.72	.798
4. Competent Employees	21.39	.796
5. Service Cost Reasonable	21.44	.798
6. Employee Listen / Easy to Get Help	21.26	.815
7. Quality of Food	21.49	.856
8. Restaurant Delivers What it Promises	21.36	.807
9. Decoration/Design of Restaurant	21.75	.802
10. Variety of Food	21.48	.802
11. Courtesy of Employees	21.28	.798
12. How do you rate your overall satisfaction with the restaurant?	21.53	.791

From the above table, we have all the alpha values above 0.70. Hence, we can conclude there is internal consistency among the factors used in our studies to evaluate customer satisfaction. The construct validity is found by performing factor analysis for each factor of the questionnaire resulting in 12 factors extracted for the studies. The minimum factor loading was 0.501.

Table 7 describes the Cronbach alpha test results for voluntary turnover factors used in the questionnaire.

When we analyze the table, all the Alphas are greater than 0.70 which is considered as the cut of point. Hence, there is an internal consistency within the factors including the final overall question to leave. The factor analysis also concluded all the factors were valid for further analysis with alpha above 0.50.

Table 7: Cronbach Alpha Test for Voluntary Turnover

Factors	Scale Mean	Cronbach's Alpha
1. Working Conditions	34.59	.866
2. Pay	34.48	.864
3. Relationship with Coworkers	34.59	.906
4. Promotional Opportunities	34.50	.864
5. Supervision	34.66	.863
6. Unfair Treatment	34.59	.867
7. Job Appraisal	34.56	.869
8. Motivation	34.50	.868
9. Location	34.91	.864
10. Managerial Style	34.67	.861
11. Recognition	34.67	.863
12. Hiring practices	34.44	.868
13. Training	34.43	.871
14. What is your overall intention to leave this restaurant?	34.40	.874

4.5 Correlation analysis and hypotheses testing

Table 8 below presents the results for the Pearson's correlation analysis which was used in order to test the relationship between overall customer satisfaction with the voluntary turnover in the restaurants. The results of this analysis also exhibit whether the relevant null hypotheses for the study would be accepted or rejected. The results show there is no significant relationship between overall customer satisfaction and voluntary turnover of the restaurants. Hence, hypothesis one and two were rejected since the results do not show increase voluntary turnover leads to lower customer satisfaction and there was no negative relationship between the two factors.

Table 8: Overall Relationship between Customer Satisfaction and Voluntary Turnover

	1	2
Overall customer satisfaction	1	.170
Pearson correlation		0.89
Sig. (2-tailed)		101
N	416	
Overall voluntary turnover	.170	1
Pearson correlation	0.89	
Sig. (2-tailed)	101	101
N		

4.5.1 Pearson's Correlation of Customer Satisfaction and Factors Affecting Customer Satisfaction

Pearson's Correlation analysis is used to measure and test the relationship between overall customer satisfaction and some of the items which affected customer satisfaction from the customer evaluation questionnaire. These items included: the physical setting of the restaurant, the location of the restaurant, courtesy of the restaurant employees, the quality of food in the restaurants and the prices of each meals. There is a significant correlation between: overall satisfaction and physical setting of the restaurant (correlation coefficient = .566 at $P \geq 0.01$), location of the restaurant (correlation coefficient = .502 at $P \geq 0.01$), courtesy of the restaurant employees (correlation coefficient = .521 at $P \geq 0.01$) and the quality of food in the restaurant (correlation coefficient = .266 at $P \geq 0.01$). There is no significant correlation between the prices of the meals offered in the restaurants. Hence, most of the people who visit these restaurants consider the location, physical setup of the restaurants and how neat they are, the courtesy of the employees and the quality of the food they eat. They do not care about the cost of the meals. Hence, H3, H5 and H12 are accepted while H6 and H9 rejected.

Table 9: Pearson's Correlation of Customer Satisfaction

ITEMS		1	2	3	4	5	6
1. Physical Setting	Pearson Correlation	1	.515(**) (.780)	.366(**)	.245(* *)	-.089	.566(**)
	Sig. (2-tailed)		.000	.000	.000	.068	.000
	N	416	416	416	416	416	416
2. Location of a Restaurant	Pearson Correlation	.515(**) (.068)	1	.279(**) (.701)	.187(**) (.691)	-.014	.502(**)
	Sig. (2-tailed)	.000		.000	.000	.780	.000
	N	416	416	416	416	416	416
3. Courtesy of employees	Pearson Correlation	.366(**)	.279(**)	1	.131(**)	-.019	.521(**)
	Sig. (2-tailed)	.000	.000		.007	.701	.000
	N	416	416	416	416	416	416
4. Quality of food	Pearson Correlation	.245(**)	.187(**)	.131(**)	1	-.020	.226(**)
	Sig. (2-tailed)	.000	.000	.007		.691	.000
	N	416	416	416	416	416	416
5. Cost of meal	Pearson Correlation	-.089	-.014	-.019	-.020	1	.016
	Sig. (2-tailed)	.068	.780	.701	.691		.749
	N	416	416	416	416	416	416
6. overall customer satisfaction	Pearson Correlation	.566(**)	.502(**)	.521(**)	.226(**)	.016	1
	Sig. (2-tailed)	.000	.000	.000	.000	.749	
	N	416	416	416	416	416	416

**** Correlation is significant at the 0.01 level (2-tailed)**

4.5.2 Pearson's correlation analysis for customer satisfaction and voluntary turnover factors

Further correlation analysis between customer satisfaction and voluntary turnover factors like employee pay, employee motivation and employee working conditions

revealed a positive significant relationship between customer satisfaction and employee pay. The table below shows the Pearson correlation for customer satisfaction and voluntary turnover (Correlation coefficient = .206 at $p \leq 0.05$). A strong significant relationship between customer satisfaction and employee motivation (correlation coefficient = .858 at $p \leq 0.01$), and the relationship between customer satisfaction and employee working conditions was significant (correlation coefficient = .479 at $p \leq 0.01$) though it was not very strong. The results indicate that, if employees are happy with their payment (salaries), the motivation they get from the management and the working conditions, the customers are served well and they are also happy. An extensive analysis of the above factors on voluntary turnover indicated significantly. This means employees will want to leave the organization if the working conditions, motivation and pay are not satisfactory. Hence, H4, H7 and H8 are rejected.

4.5.3 Correlation analysis between managerial factors and customer satisfaction

From the managerial side of employee development and future, the Pearson's correlation analysis revealed a weak positive significant relationship between employee training and customer satisfaction (correlation coefficient = .205 at $p \leq 0.05$). Another weak positive significant relationship between customer satisfaction and employee supervision (correlation coefficient = .396 at $p \leq 0.01$) and strong positive significant relationship between managerial style and customer satisfaction (correlation coefficient = .593 at $p \leq 0.01$). The results tell us that the managerial style, employee supervision and employee training in these restaurants do not affect customer satisfaction. Hence, H10 and H11 are rejected while H13 is accepted.

Table 10: Pearson's Correlation Analysis for Customer Satisfaction and Voluntary Turnover

Items	Pearson's correlation	Level of significance
The relationship between restaurant customer satisfaction and restaurant employee pay	.206(**) ($p \leq 0.05$)	Significant ^a
The relationship between restaurant customer satisfaction and restaurant employee motivation	.855(**) ($p \leq 0.01$)	Significant
The relationship between restaurant customer satisfaction and restaurant employee working conditions	.479 ($p \leq 0.01$)	Significant
The relationship between restaurant customer satisfaction and restaurant employee training	.205 (**) ($p \leq 0.05$)	Significant
The relationship between restaurant customer satisfaction and restaurant employee supervision	.396 (**) ($p \leq 0.01$)	Significant
The relationship between restaurant customer satisfaction and managerial style	.593(**) ($p \leq 0.01$)	Significant

^aSignificant 2-tailed tells if the probability is less than 0.05

Correlation analysis between pay, training, supervision and managerial style on voluntary turnover were positively significant. This means the pay, training, supervision and managerial system affects employees' willingness and intention to leave. Table 11 below summarizes the outcome of the tested hypotheses.

Table 11: Hypothesis Test Results

ID	HYPOTHESES DESCRIPTION	Outcome
H1	Increased voluntary turnover leads to lower levels of customer satisfaction	Rejected
H2	There is no relationship between voluntary turnover and restaurant customer satisfaction	Rejected
H3	There is no relationship between the courtesy of restaurant employee and restaurant customer satisfaction	Supported
H4	There is no relationship between restaurant employee motivation and restaurant customer satisfaction	Rejected
H5	Restaurant employee working conditions has a negative relationship to restaurant customer satisfaction	Supported
H6	There is no relationship between restaurant employee training and restaurant customer satisfaction	Rejected
H7	There is no relationship between restaurant employee supervision and restaurant customer satisfaction	Rejected
H8	There is a strong relationship between restaurant employee managerial style and restaurant customer satisfaction	Rejected
H9	There is no relationship between restaurant employee pay and restaurant customer satisfaction	Rejected
H10	There is no relationship between the quality of food in a restaurant and restaurant customer satisfaction	Rejected
H11	There is no relationship between the physical setting of a restaurant and restaurant customer satisfaction	Rejected
H12	There is no relationship between the location of a restaurant and restaurant customer satisfaction	Supported
H13	There is strong relationship between the price of food in a restaurant and restaurant customer satisfaction	Supported

Chapter 5

CONCLUSION AND IMPLICATIONS

5.1 Mean analysis

One of the important objectives of this study was to investigate the factors which affect customer satisfaction and the factors which lead to voluntary turnover in five Famagusta restaurants. The results of the expectation of these customers from these restaurants indicated that they were all satisfied with all the factors we considered but none was extremely satisfied with the factors as most of the means were just 2 on the Likert Scale (satisfied). Hence, most restaurant owners and front line employees should try hard when serving customers to make them extremely satisfied because an extremely satisfied customer is always loyal and delighted to advertise the services and the staffs anywhere with excellent words of mouth which lead to higher market share. Eugene et al. (1994), in his study confirmed a positive relationship between customer satisfaction, turnover and profitability hence increased market share. Hence from our studies, there is still a chance for the restaurants to make their customers extremely satisfied and delighted to enjoy all these benefits.

With regards to the front line employees in these restaurants, apart from the location of the restaurant factor of the restaurant which they considered unimportant with regards to making a choice to leave the restaurant or not, all the workers were undecided with the other factors. And when asked of their overall intention to leave the restaurant, they were undecided. This can be concluded as there are very few jobs in the town of Famagusta and with many unemployed foreigners, those who are working in these restaurants want some stability. They try to be patient since the pay package and other benefits are better.

5.2 Assessment of Correlation Findings

First, the correlation results supported the fact that there is no relationship between the physical settings of restaurants in Famagusta and the overall customer satisfaction and also a positive relationship between the management of the restaurants and the customers of these restaurants. These customers in Famagusta prefer the quality of the meals more and the management of these restaurants strives to maintain the quality of the meals and the services their employees offer these customers. The customers are willing to pay whatever the cost for their meals if the quality of the food is perfect to them. The closer the restaurant is to the customer, the more satisfied they were too.

The customers were more satisfied with the services of the restaurants when the employees were better paid (Beilock and Capelle, 1990), well motivated, well trained (Wiggins, 2001), and the employee working conditions were better (Min, 2007). This also confirmed the indirect positive impact of the restaurant managerial and supervision body on the customer satisfaction (Autry and Daugherty, 2003). With the customers benefiting from the above conditions, the rate of voluntary turnover is lower. This has been supported by this study in Famagusta. A happy worker is always ready to make the benefactor of the service happy too.

5.3 Policy Implications

There are several policy implications in our study. The study indicates customers of these restaurants are concentrated on the quality of food and the location of these restaurants more. With many students and workers not having enough time to cook or prepare at their homes, the management of these restaurants should strive to

maintain the quality of food and also try to get their target population within this community and locate the restaurant closest to this group.

The customers are satisfied which means there is still room to get them extremely satisfied. With the many restaurants in the community, an extremely satisfied customer would be loyal no matter the conditions that follow.

Long term strategies should focus on retaining their most experienced workers to keep the quality aspect in place. With most of the workers being undecided, they could leave if they get better options. Hence, the management should try to make the workers believe in their abilities and their job and never think of leaving. This could be done by improving the working conditions, opening future benefits, improving the training and the payments.

Lastly, since the management is working hard and putting in place good policies to satisfy both the customers and employees, they should also strive to increase the number of branches of the restaurants in future to bring the services closer to the customers.

5.4 Limitation of the study

There are some limitations in the study. First, the number of restaurants used in the study was too small with regards to the number of existing restaurants in the city. Hence, in future studies, more than 5 restaurants should be used. This is going to give a more comprehensive picture of the service quality and voluntary turnover aspect for restaurants in Famagusta. The studies could also be extended to the other cities in the country.

Secondly, in the future, a study should be conducted with a larger number of participants. This region of the country is composed of students, so that future studies should include people who are living in the region. It would also be interesting to replicate the same study in North Cyprus and in Turkey.

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APPENDICES

Appendix (A): Customer Satisfaction Survey in Restaurant Business

Part I – Demographic Variables / Personal Information

- 1-Sex** a. Male b. Female
- 2-Age** _____
- 3-Nationality** a. Turkish Cypriot b. Turkish c. Persian
d. African e. Others (Please specify) _____
- 4-Occupation** _____
- 5-Income (TL)** a. 0-999 b. 1000-1999 c. 2000-2999
d. 3000-3999 e. 4000+
- 6-Marital Status** a. married b. single c. other
- 7-Level of Education**
- a. Post graduate b. Graduate
 b. Secondary d. Primary
- 8-How often do you usually go outside to dine?**
- a. Everyday b. Once or twice a week
 c. Once or twice a month d. Rarely
- 9-How much do you usually spend for food during the day?**
- a. 0-19TL b. 20-39TL c. 40-59TL
 d. 60-79TL and above. e. 80TL and above.

Part II. Customer Satisfaction at Restaurant Business. This section comprises 12 questions about the important factors that affect customer satisfaction at restaurants.

Please use the Likert Scale ranging from 1 (Extremely Satisfied) to 5 (Extremely Dissatisfied) for your answers.

ID	Customer Satisfaction at Restaurant Business	Extremely Satisfied 1	Satisfied 2	No Idea 3	Dissatisfied 4	Extremely Dissatisfied 5
		☺☺	☺	☹	☹	☹☹
1	Timely service					
2	Location of restaurant					
3	Neat and clean place					
4	Competent employees					
5	Service cost reasonable					
6	Employees listen / easy to get help					
7	Quality of food					
8	Restaurant delivers what it promises					
9	Decoration / design of the restaurant					
10	Variety of food					
11	Courtesy of employees					
12	How would you rate your overall satisfaction with this restaurant?					

Restoran İşletmelerinde Müşteri Memnuniyeti Anketi

Bölüm I – Demografik Özellikler / Kişisel Bilgi

1-Cinsiyetiniz a. Kadın b. Erkek

2-Yaşınız _____

3-Milliyet a. Kıbrıslı Türk b. Türk c. İran
d. Afrika e. Diğer (lütfen belirtiniz) _____

4-Meslek _____

5-Aylık Gelir Düzeyi

a. 0-999 b. 1000-1999 c. 2000-2999
d. 3000-3999 e. 4000+

6-Medeni Hal a. Evli b. Bekar c. Diğer

7-Eğitim Durumu a. Lisanüstü b. Lisans
c. Orta ve Lise d. İlkokul

8-Hangi sıklıkta dışarıda yemek yiyorsunuz?

a. Her Gün b. Haftada bir veya iki kez
c. Ayda bir veya iki kez d. Nadiren

9. Yemek için haftalık ne kadar harcıyorsunuz?

a. 0-19TL b. 20-39TL c. 40-59TL d.
60-79TL and above. e. 80TL and above.

Bölüm II – Restoran işletmelerinde müşteri memnuniyetini etkileyen faktörler.

Bu bölümde müşteri memnuniyetine etki eden faktörlerle ilgili 12 soru bulunmaktadır. Lütfen cevapları Likert ölçeğine göre 1’den (Çok Memnun) 5’e (Hiç Memnun Değil) olacak şekilde cevaplandırınız.

ID	<u>Restoran İşletmelerinde Müşteri Memnuniyetini etkileyen Faktörler</u>	Çok Memnun 1	Memnun 2	Fikrim Yok 3	Memnun Değil 4	Hiç Memnun Değil 5
		☺☺	☺	☹	☹	☹☹
1	Zamanında hizmet					
2	Restoran yeri					
3	Düzgün ve temiz bir yer					
4	Yeterli çalışanlar					
5	Hizmet maliyeti uygun					
6	Çalışanlar sorunları dinler ve yardıma hazır					
7	Yemek kalitesi					
8	Restoran söz verdiği yerine getiriyor					
9	Restoran dekorasyonu ve tasarımı					
10	Yemek çeşitliliği					
11	Çalışanların nezaketi					
12	Genel olarak kafeterya ile ilgili memnuniyet dereceniz					

Appendix (B): Voluntary Turnover Survey in Restaurant Business

Part I – Demographic Variables / Personal Information

- 1-Sex** a. Male b. Female
- 2-Age** _____
- 3-Nationality** a. Turkish Cypriot b. Turkish c. Persian
 d. African e. Others (Please specify) _____
- 4-Job position** a. Manager b. Waiter c. Cook
 d. Cleaner e. Delivery
- 5-Income (TL)** a. 0-999 b. 1000-1999 c.
2000-2999 d. 3000-3999 e. 4000+
- 6-Marital Status** a. married b. single c. other
- 7-Level of Education** a. Post graduate b. Graduate
 b. Secondary d. Primary

Part II – Voluntary Turnover Factors. This section comprises 14 questions about the important factors that affect restaurant employees’ turnover decision. Please use the following Likert scale ranging from 1 (Not Very Important) to 5 (Very Important) for your answers.

ID	Factors that Affect Voluntary Turnover Decision	1	2	3	4	5
		☺☺	☺	☹	☹	☹☹
1	Working conditions					
2	Pay					
3	Relationship with coworkers					
4	Promotional opportunities					
5	Supervision					
6	Unfair treatment					
7	Job appraisal					
8	Motivation					
9	Location					
10	Managerial style					
11	Recognition					
12	Hiring practices					
13	Training					
		Most likely	Likely	No Idea	Unlikely	Most unlikely
14	What is your overall intention to leave this restaurant?					

Restoran Çalışanlarının Gönüllü İşten Ayrılmaları İle İlgili Anket

Bölüm I – Demografik Özellikler / Kişisel Bilgi

- 1-Cinsiyetiniz** a. Kadın b. Erkek
- 2-Yaşınız** _____
- 3-Milliyet** a. Kıbrıslı Türk b. Türk c. İran
d. Afrika e. Diğer (lütfen belirtiniz) _____
- 4-Görev / Pozisyon** a.Yönetici b. Garson c. Aşçı
d. Temizlikçi e.Teslim
- 5-Gelir Düzeyi** a. 0-999 b. 1000-1999 c. 2000-2999
d. 3000-3999 e. 4000+
- 6-Medeni durum** a. Evli b. Bekar c. Diğer
- 7-Eğitim Düzeyi** a. Lisanüstü b. Lisans
c. Orta ve Lise d. İlkokul

Part II. Restoran Çalışanlarının İşten Ayrılmalarına Etki Edebilecek Faktörler.

Bu bölümde restoran çalışanlarının işten ayrılmalarına etki edebilecek faktörlerle ilgili 14 soru bulunmaktadır. Lütfen cevapları Likert ölçeğine göre 1'den (Hiç önemli değil) 5'e (çok önemli) olacak şekilde cevaplandırınız.

ID	Restoran Çalışanlarının İşten Ayrılmalarına Etki Edebilecek Faktörler	1	2	3	4	5
		😊😊	😊	😐	😞	😞😞
1	Çalışma koşulları					
2	Maaş ve ücretler					
3	Diğer çalışanlarla ilişkiler					
4	Terfi fırsatları					
5	İdare ve gözetim					
6	Haksız muamele					
7	İş değerlendirme					
8	Motivasyon					
9	İşyeri konumu					
10	Yönetim tarzı					
11	Tanınma					
12	İşe alma yöntemleri					
13	Eğitim ve yetiştirme					
14	Genel olarak resturanttan ayrılma niyeti	Yüksek Derecede Muhtemel	Muhtemel	Fikrim Yok	Muhtemel Değil	Az Derecede Muhtemel