Studies done regarding labour turnover in the service industry across the world indicate that, the hospitality sector leads with many employees’ changing jobs from time to time. Subsequently, some causes of labour turnover are believed to be industry-specific. Both the internal and external causes of labour turnover affect the growth, profitability and customer satisfaction whenever it occurs in the workplace. Employers see the process of staff leaving and being replaced as a natural and inevitable feature of the industry. In Kenya, very little has been documented on the causes of labour turnover. This paper is based on a study completed in April 2011. The main purpose of this study was therefore to establish the internal and external causes of labour turnover in three and five star-rated hotels in Nairobi city. Nairobi city has seven hotels which are classified as five star and nine hotels which are classified as three star hotels. The study adopted descriptive survey research design. This study involved a total of 133 permanently employed staff working in these star-rated hotels. Simple random sampling method was used to pick hotels as well as the respondents for this study. The Employee Attitude Survey revealed that, lack of balance between work and personal life was a major cause of job resignation (32%) while lack of staff involvement in decision making and creativity was (56%) respectively in both set of hotels. Consequently, employees were familiar with job requirements and departmental mission statements. The need to create conducive work environment probably prompted them to ask for flexi-hours. Poor remunerations were cited with over 60% of the respondents dissatisfied. More so, was the undefined rewarding system where 46% of the respondents strongly disagreed. The study therefore recommended that, the management should improve the working condition for the employees as well as establishing training policies that equip employees with job requirements and expectations. Finally, the need to establish a rewarding system that would motivate workers other than monetary remunerations is also recommended.