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## Attracting and Retaining Hospitality Employees

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# Attracting and Retaining Hospitality Employees

## **Abstract**

Management, recruiting, and retention techniques are critical to the hospitality industry. In surveys and interviews of both employees and employers, employees responded that job referrals by friends, family and current employees were a primary way of obtaining their jobs, while employers indicated help want ads as a primary means to recruit. The study found that many employees enjoyed their work, respected their managers, and were generally satisfied with the benefits

# Attracting and retaining hospitality employees

by Emery H. Trowbridge

*Management, recruiting, and retention techniques are critical to the hospitality industry. In surveys and interviews of both employees and employers, employees responded that job referrals by friends, family, and current employees were a primary way of obtaining their jobs, while employers indicated help want ads as a primary means to recruit. The study found that many employees enjoyed their work, respected their managers, and were generally satisfied with the benefits.*

The United States unemployment rate has been falling steadily for several years and at the end of December 1998 was 4.3 percent.<sup>1</sup> In metropolitan areas unemployment averaged 2 percent or lower. While this seems to indicate that all available jobs are nearly filled, what it really means is that all available workers are already employed and that few exist to fill any new jobs being created. Economists have long argued that once the unemployment rate reaches 5 percent, all remaining workers can't work, don't want to work, or won't work.

This is significant to the hospitality industry. In the fastest growing states such as Nevada, Arizona, and Florida, the growth of new residents is being easily absorbed by the new jobs being created by the booming economy. Many of these jobs are being created to match the increase in tourism even as other jobs remain unfilled. Often these new residents find work in the hospitality sector before moving on to more glamorous jobs, leaving the hospitality industry competing within itself for workers, relying on immigrant or illegal aliens, and getting bogged down in the quagmire of costly training and retraining.

Employee turnover increases during full employment. Many employees who are dissatisfied with their pay and benefits change jobs for more money. Wage increases as low as 35 cents per hour have caused employees to "jump" jobs.<sup>2</sup> The national focus on health care costs has caused many line

employees to look for employers who provide 80 percent to 100 percent health benefits. To be competitive with other industries, the hospitality industry is faced with providing these and other benefits in order to attract and retain employees.

Low unemployment rates also reduce the supply and quality of job applicants. The hospitality industry, long regarded as the employer of unskilled, entry-level persons, is left with a pool of applicants far less desirable than in the past. Many employers are settling for inferior workers just to fill positions and often these persons have past criminal records or other undesirable flaws.<sup>3</sup>

In addition, "If labor markets remain as tight as they are now, an increase in inflationary pressure seems inevitable at some point."<sup>4</sup> To retain workers, room rates are often raised to pay for these increases.

How will the hospitality industry prepare itself to solve the shortages of qualified and dedicated employees and how will it prepare itself for the consequences of full employment and a strong economy? As the millennium unfolds, answers to these questions will be necessary for the survival of hospitality companies.

### **Studies survey industry**

PKF Consulting of San Francisco completed the most recent study on this subject. Referred to as the 1996 Human Resources Survey, it was a study of the diversity,

recruitment, and reward systems for employees in the hotel industry. That study was based on 534 questionnaire responses from a mailing of 2,000 questionnaires sent to managers of hotels and motels throughout the United States.

Other studies have addressed the issues of attracting and retaining employees. Leslie<sup>5</sup> predicted labor shortages and methods to attract and retain employees. Little attention was focused on the employee's reasons for selecting and remaining in the industry.

Wolson<sup>6</sup> employed the Delphi method by asking professors at hotel and restaurant schools to address their thoughts on the then impending employee shortage. She concluded that more attention needed to be spent on recruiting minorities, seniors, women, and the handicapped.

Still other studies and articles focus on manager's responses without soliciting views of employees. This was the topic of a forum held by *Food Management* magazine and reported in the same.<sup>7</sup> Six presidents of non-commercial food service were asked to identify employment problems among other things. They focused on pay equity and job erosion. Lieberman<sup>8</sup>, writing for *Meetings and Conventions*, addresses the use of homeless, immigrants, disabled, and the elderly as a source of workers. The article suggests more benefits, job growth potential, flexible hours, and other attractions as ways to

retain employees. Articles in *The Wall Street Journal* and other major newspapers summarize employment conditions within the hospitality and other industries.

Grimsley, writing for *The Washington Post*, cited concerns of a consortium of 26 lodging and food service companies.<sup>9</sup> Their focus was on reducing turnover of hourly employees. Childcare, flex time, family discounts, prenatal counseling, transportation hotlines, dormitories, and specialized manager training was emphasized.

The search of related literature revealed no studies that compared managers' beliefs about workers with the beliefs if the workers concerning attracting, and retaining (managing) employees within the hospitality industry.

This study is based on mail questionnaires and personal interviews with managers and employees throughout the United States. The comparison of responses made by managers to those of the employees is based on responses from managers and employees in the 10 largest metropolitan statistical areas. The study evaluates the management techniques and industry benefits which appeal to employees and keep them at their jobs.

The study was completed in two sections. In the first, a questionnaire was developed to survey the owners/managers of hotels; in the second, another was developed to survey hotel employees. Employee and employer responses were not always from the same hotel proper-

ties in an effort to obtain a better cross section of the industry.

### **Employees are focus**

The first section of the study concerned a three-part confidential questionnaire developed from phone interviews with hospitality managers. They were asked to comment on their beliefs about the cause and extent of employee shortages and were also asked questions concerning their favored recruiting and retention techniques. Parts 1 and 2 consisted of objective questions linked to a Likert scale designed to rate responses from 2, not important, to 5, highly important. A 1 on the scale indicated that respondents "Have not used this technique." Part 1 asked questions concerning recruitment techniques and Part 2, retention techniques; Part 3 asked respondents to write their opinions on selected questions. The instrument was field tested by three separate hotel managers, then clarified and restructured.

Both mail surveys and personal interviews were used to collect data. To gather a representative sample of employer concerns throughout the U.S. hospitality industry, metropolitan statistical areas (MSA) were chosen to represent this population. One instrument was sent to each of 10 major hotels randomly selected within these 10 MSA's for a total sample of 100. The valid response rate was 36 completed questionnaires. Several were returned for insufficient addresses; three others were

rejected for insufficient responses.

The second section of the study consisted of a subjective questionnaire developed following interviews with line and managerial hospitality employees from various departments at several different hotels. The actual questions were a summation of those issues raised by the employees. The instrument was field tested on two separate sets of hospitality workers and clarified for ambiguity.

Personal interviews were conducted throughout the U.S. at random as the researcher drove through the various regions of the U.S. during July 1998. Properties along the route were selected at random and represent responses from 44 employees. Their answers represent the attitudes at hotel properties of various size, style, guest orientation, and affiliation in 10 different states. Permission was obtained from the general manager, human resource director, or department supervisor before employees were interviewed. Each employee interview lasted from 15 to 20 minutes and the instrument was used to guide it. Employees were encouraged to discuss any or all questions at length. Many shared more than sufficient information with the researcher.

### **Answers vary widely**

Descriptive techniques were used to analyze the data, and frequencies and means were determined (See Table 1).

The answers recorded on the employee questionnaire were inter-

preted and categorized for similarity in the areas as follows:

- **How did you find your current job?:** personal referral; newspaper; dropped by looking for work; and family member works here.
- **What keeps you working?:** know the routine, like working conditions; happy with job, like my manager; fun place to work, enjoy other workers; less pressure than other types of work; flexible schedule, night work; and pay and benefits.
- **What would attract you to another company?:** location; larger hotel with more resources and staff; atmosphere/different clientele; better hours, benefits and management; more chance of promotion; and would never leave.
- **What benefits do you desire?:** health plans fully paid, family coverage, medical and dental; paid sick leave; consistent work hours, steady pay; and retirement/401k, knowledge of plans and benefits.

### **Current staff do referrals**

Current employee referrals ranked as the highest technique used by employers to attract new workers. Employers realize that their current staff can provide the same quality workers as those that are currently employed. The use of help wanted ads remains the second most prominent way

**Table 1**  
**Likert means of employer recruitment and retention techniques**

Recruitment techniques	Likert mean	Retention techniques	Likert mean
Help wanted ads . . . . .	4.05	Humanistic management . . . . .	4.50
Job postings in house . . . . .	3.80	Job enrichment . . . . .	4.17
Internet postings . . . . .	3.15	Progressive pay increases . . . . .	4.09
Phone networking . . . . .	2.57	Performance test pay increase . . .	3.06
Purveyor leads . . . . .	3.15	Bonuses . . . . .	3.07
Phone blitzes . . . . .	2.46	Commissions . . . . .	4.00
Telemarketing firms . . . . .	2.42	Quality incentives . . . . .	3.58
Automated phone screening . . .	3.00	Performance incentives . . . . .	4.06
Bulletin boards/newsletters . . .	3.10	Guest satisfaction incentives . . . .	3.93
Cultural network . . . . .	3.75	Lunch with the boss . . . . .	3.55
Job fairs, career days . . . . .	3.76	Inter-department promotions . . .	4.12
Retired workers . . . . .	3.04	Employee recognition parties . . .	4.40
Employee referrals . . . . .	4.42	Job security . . . . .	4.09
Former employees . . . . .	3.00	Education and training . . . . .	3.76
Social agencies . . . . .	3.19	Self improvement counseling . . .	3.11
Local trade schools . . . . .	3.61	Paid vacations . . . . .	4.47
Stealing from competitor . . . . .	3.60	Health plans . . . . .	4.43
Internships/co-ops . . . . .	3.34	Wellness programs . . . . .	3.15
State agencies . . . . .	3.05	Paid sick leave . . . . .	3.96
Recruiting ambassadors . . . . .	3.52	Co-ops/credit unions . . . . .	3.57
Signs and bulletins . . . . .	3.15	401K plans/retirement . . . . .	4.36
Other industry HR referrals . . .	3.17	Travel discounts . . . . .	3.78
Billboards . . . . .	2.60	Meals . . . . .	4.21
Trade magazines . . . . .	2.18	Employee areas . . . . .	3.83
Media public relations . . . . .	3.00	Uniform/dry cleaning . . . . .	3.93
Military separations . . . . .	2.65	Transportation reimbursement . . .	3.26
		Child/senior care centers . . . . .	3.33
		Comp exchange with other hotels .	3.92

employers use to attract new workers; this supports the claim identified in the 1996 PKF study.<sup>10</sup> Perhaps the use of classified ads in the local paper provides the greatest possible job announcement coverage and is where hourly workers seek information on job opportunities.

In-house job postings within the same chain were identified as the third method relied upon by managers, followed by the use of cultural networks and job fairs. The cultural network refers to the same ethnic group of workers and is often used in areas where there is a large population of immigrants. Hospi-

tality positions frequently become the first job many immigrants select upon arrival. They learn of these through their close or cultural friends.

Job fairs are frequently held by larger hospitality properties on site. Other managers send recruiters to community or industry sponsored fairs. Workers already employed in the industry often attend these affairs to seek out a better opportunity. This may explain the popularity of "stealing employees" from other hospitality firms.

Another notable source of employees is from trade schools, colleges, and universities. What should be noted is the relative non-use of social agencies and state employment.

Perhaps the lack of employee response to the specific other methods employed by the industry to recruit workers can be directly tied to the level of job being recruited. Since entry-level positions require less sophisticated workers in large quantities, mass communications methods are required. Recruiting for skilled and managerial workers requires the use of more sophisticated targeting methods.

#### **Benefits assist retention**

Techniques rated highly important by all properties were humanistic management, job enrichment, progressive pay increases, commissions, inter-department promotions, employee recognition affairs, job security, education and training, vacations, health plans, meals, and

401K retirement plans.

There was agreement among all employers that humanistic management was essential in retaining employees. Employees agreed with this finding except several indicated that deceptive management practices were responsible for their job change.

Providing job enrichment was essential in all properties surveyed. Smaller properties probably did not have the resources to provide job enrichment to the typical hotel position. Perhaps these account for the few answers recorded at the low end of the scale. Employees generally agreed that they found their jobs challenging and that they provided them with personal satisfaction. This may indicate that managers believe employees are challenged when actually they are not, or that some employees may be overqualified for their position. Most employees felt comfortable with their jobs and enjoyed the atmosphere, management, and especially their fellow employees.

#### **Raises are essential**

Progressive pay increases were rated essential by all managers as a retention tool. Many employees interviewed had received pay raises within the last year. Only a third of employees indicated that their raise was performance based. This indicates that, as perceived by the employees, pay raises are more automatic than incentive based. It may also indicate employers need to do more to reward employees for quality performance.



Managers rated employee recognition affairs essential in retaining employees. Employees seemed to concur by stating managers were concerned about them as individuals. However, when asked if they attended employee parties and ceremonies, only 80 percent indicated that they did so. At least one employee stated that "...managers make you think they are concerned by having stupid parties."

Job security was rated essential by managers; yet employees stated lack of work, inconsistent hours, and not enough work hours caused them to change jobs. This indicates that managers may do best in providing steady work, but are under pressure by owners to reduce payroll. Perhaps employees should be hired with the understanding of the potential reduction in work hours and not promised full-time work.

#### **Health care essential**

Medical insurance plans and fully-paid family health benefits were rated essential as a retention device by employers. Employees rated it important more frequently than any other benefit. Discussion with several employees indicated that they thought more should be provided for family coverage. Most of these same employees indicated that they were not paid enough to afford family coverage. These same employees indicated they would accept employment in another industry that provided this benefit if given the opportunity. Still other

employees complained about the administration and prepayment of medical costs they incurred. One can conclude that the high cost of medical services is a motivating force for employees to remain with a firm that provides complete health insurance coverage at a reasonable cost.

Employers in retaining workers considered 401K retirement plans highly important. The low ranking and non-use by others indicate a mixed availability of plans by hospitality employers. Employees ranked retirement plans as an important reason for remaining with a firm. Many employees interviewed knew the term retirement, but were not familiar with their retirement plan selections or even if they had one; 401K retirement plans were identified as a highly desired benefit by employees, yet several managers indicated that they offered no retirement plan. It is possible that one way to reduce employee turnover would be to establish better retirement plans and make them known to employees.

#### **Communication is key**

Employees generally agreed that the communication process between the manager and themselves played a key role in their recognition and appreciation for a job well done. This appears to be a key ingredient in the happiness of employees at hotels. It may indicate why employees indicated management as an important reason why they remained on their job and did

not seek work elsewhere.

The most important reason given by employees for remaining with their current employer was their fellow worker. One can conclude that the family atmosphere created by hotel employment and the friends an employee makes at work are extremely important reasons for remaining at a property. Perhaps managers should be more aware of this fact and provide areas and opportunities for employees to interact on a more frequent basis than the annual Christmas party or company picnic. When responding to the question, "What would attract you to another company?," many employees indicated that they would never leave. Others hinted at a different atmosphere and management. Perhaps this indicates that management which takes an interest in employees will retain them.

#### **Autonomy is important**

The challenge of the position and their relative autonomy or freedom to make decisions about their tasks are primary motives for employees to remain on the job. Responses to what keeps employees working for the company all revolve around work conditions and management policy. It is obvious that hotel jobs provide freedom and flexibility to workers who enjoy guests and interaction with fellow workers.

It is clear from the study that inconsistency exists between employers and employees. When recruiting, employers will use a

number of means to attract employees. Employers spent money on some rather sophisticated techniques which might be better spent on increasing wage scales. When queried about how they found their job, employees mostly answered that referral by family/friend or a newspaper ad prompted them to apply for work.

Managers across all levels indicated progressive pay as a primary retention technique. Employees indicated they received pay raises at least annually and most equated these increases to scheduled increases and fewer to a performance base. This presents an opportunity for managers to develop management objectives to ensure that quality performance is rewarded.

Another retention benefit was the availability of a health plan. Some employers did not offer this plan and others only gave it token weight. It was clear from employee interviews that a fully-paid family health plan was desired. Although this benefit was mentioned time and again as a reason for remaining on the job, many employees were not satisfied with the extent of coverage for their family and many indicated they could not afford the premium for family coverage. This suggests that employers need to fully pay family health care or risk losing dedicated employees.

Employers and employees shared humanistic management, job enrichment, and challenging work equally as retention attributes. Employees preferred

autonomous tasks in which they could interact with other employees and guests. This was a primary reason for staying with a job. Recognition by managers also reassured them of their value to the hotel. Some employees seemed skeptical as to the excessive attempts made by management to recognize employees and felt that managers used these techniques to "...make us think they care." This may present an opportunity for managers to be more genuine with workers. It is apparent that employees seek work and remain working because of friends. There is an opportunity for managers to create a network to ensure a steady supply of workers and a happy workforce.

Traditional benefits seem to keep employees working. Line employees responded that steady work, meals, and uniforms were reasons they stayed on the job. Those that received health benefits were grateful but wanted greater coverage. Still others realized the importance of retirement plans. Managers can use these benefits to retain employees.

Comparisons between quantitative data from the employer questionnaire were compared with qualitative data recorded by the researcher to open-ended questions on the employee questionnaire. Even though the directions on the employer instrument were clear, several respondents failed to complete the reverse side of the form. Another possible threat to the validity of the study might be

within written comments. Some managers stated that their answers referred to only their region of the country and not to the chain they represented.

There is an endless need for research on ways to attract and retain workers. Whenever a workforce is involved, it impacts directly on company performance. Understanding how to ensure a steady, happy, and satisfied employee workforce seems to be a constant nemesis of hospitality owners and managers.

Suggested methods to resolve these problems would be studies that involved a larger sample size and ones that were stratified to size and type of hotel properties. Further research could include comparing qualitative data from both employees and employers. Requesting participation from management in advance of personal visits could produce a better quality of responses from an orchestrated cross section of employees. The element of surprise and randomness of the sample might well be worth sacrificing for this richer qualitative data.

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