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Strategies for Tomorrow's Hospitality Workforce

Abstract

The hospitality industry has been facing serious labor shortages, especially in the food service area. As the proportion of younger workers shrinks, alternative sources of employees have to be sought to alleviate the labor shortage. The authors review alternative sources for facing the labor shortage and discuss strategies to attract the largest and potentially viable segment for the hospitality industry - the older worker.

Keywords

Mangala Ananth, Fred J. DeMicco, Strategies for Tomorrow's Hospitality Workforce, Labor Shortage, Older Workers, Retired Workers, Immigrant Workers, Alternative labor, Teenage Workforce

Strategies For Tomorrow's Hospitality Workforce

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The hospitality industry has been facing serious labor shortages, especially in the food service area. As the proportion of younger workers shrinks, alternative sources of employees have to be sought to alleviate the labor shortage. The authors review alternative sources for facing the labor shortage and discuss strategies to attract the largest and potentially viable segment for the hospitality industry – the older worker.

America's workforce is slowly changing. A few years ago people used to work eight hours a day and live for the day of retirement. Today, more and more people are going back to work, and the workforce is growing older. More than 20 percent of the U.S. population is 55 years of age or older, in comparison to fewer than 10 percent at the beginning of this century. There are as many people over 55 as there are teenagers. The "graying-of-America" trend is expected to peak over the next decade, and by 2030, one in three adults will be 55 years of age or older.

These demographic shifts are likely to result in significant impacts for both employers and employees. The number of potential employees in the 16-24 age group will decline over the next 20 years, while the 55 and older age group will increase to a large extent. Although the population of individuals over 55 years has increased, their labor participation rate has declined (i.e., 11.2 percent in 1980 to 10.1 percent in 1986). This is due, in part, to the issue of early retirement. If this trend continues, it has been projected that 40 percent of men and 20 percent of women age 55 and older will be active in the labor force. Table 1 illustrates the labor participation rates of older workers by age and sex during the period 1970 to 2000.

A Department of Labor study reveals that more than one of every five older Americans returns to work (at least part time) after retirement.³ This is in order to supplement low social security earnings. Workers who retire completely, or at earlier ages, are likely to be those who have financial security afforded by private pension plan coverage. Currently, only half the U.S. workforce is covered by

Table 1
Labor Participation Rates (Percentages)

Year	Age-55-64 years		Age-65 years & over	
	Male	Female	Male	Female
1970	83.0%	43.0%	26.8%	9.7%
1980	72.1	41.3	19.0	8.1
1986	67.3	42.3	16.0	7.4
1995	64.0	44.3	11.9	6.2
2000	63.2	45.8	9.9	5.4

Source: Statistical Abstract of the U.S., 1988.

pension plans. A large number of older Americans in the labor force lack access to coverage due to frequent changes in jobs, frequent breaks in employment, or work in smaller, unorganized industries. Hence, jobs are important to older Americans. In 1981, social security benefits accounted for 37 percent of the total income of older workers and was ranked ahead of pensions.⁴

Organizations in the U.S. are facing a potential crisis – a declining youth market, the graying of America, a lower labor participation rate of individuals 55 and older, an increase in employment needs, and competition among service industries. These demographic trends not only suggest changes in employment patterns within the American industry in general, but produce a profound influence on the hospitality industry and, specifically, the food service industry. Food service employers who have traditionally hired large numbers of teenagers (16-19 years of age) will have to rethink their procedures in order to satisfy the labor force needs. Labor shortage issues in the hospitality industry will worsen over the next decade. Table 2 illustrates the projected labor employment demand changes in food preparation and service occupations for the period 1986 to 2000.

Managerial employment trends are also projected to change over the next decade. Demand for employees on the management level is also on the increase. Evidence of the increase is shown in the employment figures illustrated in Table 3.

Strategies for Facing Labor Shortage Exist

A solution to the labor shortage problem is to reduce turnover. But the primary worker, the younger employee, is becoming scarce. To respond to the labor shortage and meet the demands of industry growth, alternative sources of employees have to be sought by hospitality managers. Several labor markets which have been reviewed previously can be tapped, including older workers, disabled workers, military veterans, single parents, and immigrants.

Table 2
Projected Labor Employment Demand Changes in Food Services (percentages)

Occupation		1986-2000		
	Low	oloyment Cha Moderate	ange High	
Food preparation and operations	-			
Chefs, cooks and other kitchen workers	+29	+34	+37	
Cooks, except short order	29	35	38	
Bakers, bread and pastry	36	42	45	
Cooks, institution or cafeteria	14	17	20	
Cooks, restaurant	40	46	50	
Cooks, short order and fast food	27	31	33	
Food preparation workers	29	34	37	
Food service occupations				
Bartenders	34	40	43	
Dining room and cafeteria				
attendants and barroom helpers	40	46	49	
Food counter, fountain and				
related workers	25	30	32	
Host and hostesses, restaurant				
lounge and coffee shops	37	42	45	
Waiters and waitresses	39	44	47	

Table 3
Projected Employment Changes in Hotel Sector (Management)
(in thousands)

Occupation	1986	Projected 2000		
·		Low	Mod	High
Food service and lodging managers	509	628	663	685
General managers and top executives	2383	2820	2965	3052

Source: Monthly Labor Review, 1987.

• Older workers: The U.S. Bureau of Labor Statistics (BLS) defines the older worker as a person 55 years of age or older. The American Association of Retired Persons (AARP) classifies the older person as anyone who is 50 years of age or older. U.S. federal law states that any person over 40 years of age is a protected individual. For purposes of discussion, the older worker will be defined as anyone 55 years of age or older.

The often stereotyped older population is a potential labor source that should be considered for employment. Hiring older persons makes good business sense. They bring with them years of experience and maturity. According to the AARP, "Older workers know what it means to give a day's work for a day's pay." Studies conducted on the profile of older workers show several interesting points for the hospitality manager to consider. Older workers are more interested in their work, more motivated, and more likely to

enjoy social interaction than younger workers.

The classical stereotypical myths of older workers have been slowly refuted. The myths typically associated with older people concern productivity, employment costs, absenteeism, lack of flexibility and motivation. Older individuals were seen as less capable of responding creatively, enthusiastically, or efficiently to job demands. They were perceived to be less capable of coping with changes projected for the future and resistant to training and further education. Worne comments: "If your hair is gray, the employer thinks your brain is not capable of thinking any more... that your

legs are not able to carry you to your job every day."

However, recent research shows that older workers are beginning to be perceived quite positively by American business. They are valued for their knowledge and experience, attitudes, work habits, and maturity.¹³ Research on attitudes of older workers toward their work reveals several interesting points. Job satisfaction and commitment to work were the key variables in the studies conducted.¹⁴ Moderate levels of job satisfaction and high levels of organizational commitment are seen among older workers. They have greater needs for security, affiliation, and esteem than younger workers. Their self-actualization needs are much lower. They place high emphasis on quality of work produced and value the importance of friends. Older workers have a high reinforcement, a better work ethic, and more commitment to work. Hospitality managers should recognize this potential labor force as have a few corporations, i.e., McDonald's, Kentucky Fried Chicken, Marriott, and Pizza Hut, Inc.

• **Disabled workers:** The disabled workers group represents a percentage of individuals not having special assistance needs such as visual or hearing impairment, effects of a paralytic stroke, etc. They are classified into two broad categories of workers with disabilities: those with physical disabilities and those with mental or developmental disabilities. Until recently, people with disabilities had been denied access to a number of things. But federal regulations have

now made it possible for the disabled to have an equal place in the workforce. It is projected that by the end of this century a new generation of people with disabilities will be better educated, better employed, and better organized to seek their rights.¹⁵

Thus a second, alternative labor force for hospitality managers to consider is disabled workers. Demographics reveal that there are nearly 35 million individuals in the U.S. with a definable disability, and nearly half of them are willing and ready to work. The disabled can be employed in several areas of the industry: the dish room, kitchen, accounting office, housekeeping or maintenance, information centers, or even in managerial positions.

- Military veterans: Studies reveal the military veteran as another alternative labor pool for the hospitality industry, especially the food service industry. You much is known about the veteran from research in the hospitality industry. Veterans injured in war or disabled while on duty can be classified as handicapped or disabled. More and more people coming out of the services currently belong to the over-50 crowd and are seeking alternative employment to supplement their active youth. The veteran is a viable labor force for the hospitality industry.
- Single parents: Changing family patterns over the past two decades have resulted not only in an increase in single parents but also in an increase in working women and mothers. Many of these women are the sole breadwinners for their families. At least 43 percent of the working women in the U.S. are single, widowed, separated, or divorced. With single parents on the rise and with the problem of labor shortage facing the industry, operators will have to induce workers into the hospitality industry. It is clearly evident from past research that although pay increases, better working conditions, and flexible hours have been offered, managers will have to consider offering something more to single parents. Studies on single parents reveal the following:
 - by 1990, at least 50 percent of working women will return to work within one year of childbirth
 - more men will have child care responsibilities due to increase in dual-career families
 - three out of every four employees have children who need care
 - each year, at least a third of the employees need to locate new child care
 - employee/parents, on an average, are absent five days a year due to child care

Although family responsibility may affect an employee's productivity, U.S. federal laws have rendered families invisible in the hiring process. Hospitality managers should realize that families are not

Table 4
Annual Growth Rate of Civilian Labor Force (in millions)

Race	1986	Civilian Labor Force		
		2000	Annual Growth	
Whites	101.8	116.7	1.0%	
Blacks	1.7	16.3	1.8%	
Asians and others	3.4	5.7	3.9%	
Hispanics	8.1	14.1	4.1%	

Source: NRA Report, 1988

invisible, and that since they do rely so heavily on women in the workforce, hospitality operators should take a special interest in employees' family responsibilities, particularly child care.

• Immigrants: With the shifts in U.S. demographics an increase in cultural diversity has become evident. Race and ethnic origin of food service employees are changing too. Table 4 shows the annual growth rate of the civilian labor force among whites and non-whites for the periods 1986 and 2000. With a projected population growth rate of 3.9 percent and 4.1 percent among Asians and Hispanics, respectively, it is important for hospitality managers to tap this labor pool.²⁰ A recent survey conducted by NRA in the food service industry reveals²¹ that industry employment of blacks has risen 61 percent from 1980 to 1986, while employment of Hispanics has gone up 56 percent. As their recognition in the country's labor force increases in the coming decade, blacks and Hispanics are likely to make up growing shares of food service employment.

Older Workers Are Critical

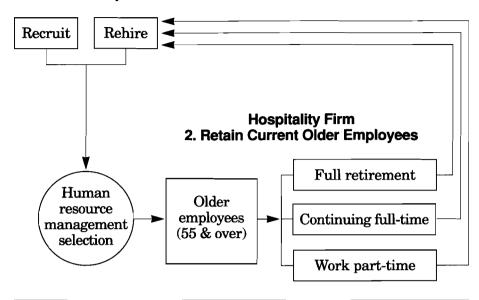
As life expectancy continues to lengthen and jobs continue to be an economic necessity for many older Americans, hospitality managers can expect large numbers of older men and women to work if given the opportunity to do so. Understanding older workers is critical in developing strategies aimed at increasing or at least maintaining their employment.

A model of the labor force (Figure 1) offers human resource strategies for the utilization of older workers. Two alternatives or options have been suggested:

- recruit prospective older workers, i.e., retirees or potential rehires
- retain current older workers, i.e., proactive retirement planning, delay retirement ("platinum handcuffs"), part-time work as a transition to full retirement

Figure 1 The Hospitality Firm Labor Force: A Systems Model

1. Recruit Prospective Older Workers



Under the two alternatives or options, several strategies to attract older workers have to be identified for the use of human resource managers. To recruit prospective older employees, it is important for an organization to pay particular attention to education, retraining, and other developmental methods. To retain current older workers, pension policies and programs and alternative work programs need to be looked into.

Education, Retraining, and Development Are Important

Until recently, most corporations in the hospitality industry had not addressed the issue of education, training or development of older workers. To reduce turnover and to make use of available skills, employers must recognize the value of education, especially with respect to the older worker who is seeking alternative employment or a change in career.²² Progress is seen in a few corporations like McDonald's, Marriott, Pizza Hut, Inc., and Kentucky Fried Chicken. Retraining is important because of changing techniques, company reorganization, or vacancies due to discharged employees. Retraining programs will enable older workers to maintain a competitive edge and provide an opportunity for advancement.

Research by DeMicco²³ reveals that older workers, aged 40 and over, show more interest in retraining programs and in learning new skills. Contrary to belief, there is very little change in their learning

ability as age increases. Job retraining is best provided for all employees; that way older people do not get singled out. While they require more time to train, there is little difference in their performance levels. They are more likely to succeed with self-paced programs. There are a number of important tips that can be considered by hospitality managers while training older workers:²⁴

- adjust training design according to the educational level of the worker
- address new skills using the employee's work experience or old skills
- provide opportunities for the older workers to help plan, design, and evaluate the training program
- try to tap creativity of employees through programs
- allow more time for practice and skill acquisition
- avoid any stress applications and use self-paced programs wherever possible
- since attitude, motivation, self-concept, and responsibility are a large part of older workers, retraining programs should include activities that stimulate and motivate through involvement
- present lectures and audio visual aids in low, clear tones to aid hearing and large formats to aid reading
- use more feedback during training programs and solicit opinions about attitudes toward subject matter and training requirements
- avoid "rote learning" but use more handouts and other memory assists

Retraining is a vital part of an organization to increase productivity and maintain high employee morale. Retraining programs therefore can be a cost-effective alternative to hiring younger workers, helping older workers maintain a competitive edge, and giving them the opportunities for advancement or to start a second career.

Retraining Policies and Programs Should Be Considered

Many older workers want to remain in the workforce after their retirement age (i.e., 65), albeit under their own terms. Therefore, restructuring of retirement options and pension policies should be considered. In recent years, several policies and programs are being used to promote the retention of older workers in several industries. They can be classified into two categories: pension policies and alternative work programs.²⁵

• **Pension policies:** Research indicates that pensions and other fringe benefits play a very important role in the retirement decision.

Pension plans either encourage early retirement or penalize employees who work past retirement age. However, an "age neutral" pension plan can be created and made attractive enough for older workers. Two types of pension policies are common. Pension accrual plans under Equal Employee Opportunity (EEO) allow employers to credit additional years of service to employees who stay beyond retirement age. Pay/pension combinations permit employees to collect all or part of their pension at the same time that they are receiving a salary.

• Alternative work programs: These can be classified into two distinct groups: formal and informal programs. The formal programs include job-sharing and phased retirement. Job redesign and job transfers come under the informal group.

Job sharing is a part-time job arrangement in which two people working part time share one full-time job on a permanent basis. Job sharing has numerous benefits and can be very advantageous to older workers who are interested in part-time employment. It supports the cliche "two heads are better than one." Phased retirement is just a variation of job-sharing wherein employees start reducing hours until they retire completely. This program may not fit into all operations of the hospitality industry due to the long and unpredictable hours. However, the program is advantageous in that it helps people decide whether they are really ready to give up their work.

Job redesign includes redesigning a job to accommodate employees and ensure their continued loyalty and presence.²⁷ Changing the work environment and providing the appropriate work tools is very critical. It helps ensure that employees remain productive. Ergonomics, commonly called human engineering, is a part of job redesign. This includes proper lighting, reduced noise-level, personal space, furniture redesign, and accessibility. It is an economic advantage for many employers to establish working conditions maximally suited to the experience of older workers. Barrier free environments will allow the hospitality industry to tap the needed labor force to meet growing demands.

Job transfer programs allow employees to remain on the job where they can be happy about what they are doing. It also allows for flexibility of jobs. When older employees do not want to retire but prefer to work in a less stressful job, job transfer programs are introduced. The program allows the employee to accept a job with less responsibility and pressure.²⁸

Implications Exist for Management

Hospitality operators can more effectively meet the demands of labor in the industry through organizational recommendations and research recommendations.

Organizational recommendations offer many ways of dealing with this problem from an organizational standpoint. The following points are vital for consideration: recognition of the benefits of employer concerns, recognition of labor sources, and use of the right promotional tool for recruitment.

Some of the concerns that employers often raise with regard to hiring older persons are costs of hiring, productivity, health and insurance, adaptability, attitude, and competing needs. A few benefits are as follows:

- Cost of insurance and other employee benefits of older workers will be offset by costs of fringe benefits such as vacation time offered to younger workers.
- A recent article acknowledged that health insurance costs are sometimes actually lower for older workers. ²⁹ One reason is that employing an older person generally requires offering health coverage to fewer dependents. In addition, hospital admission rates and lengths of stay have been falling rapidly for older workers. Lower employer health care costs are also a benefit. For example, medical costs for the highest-expense single-worker group (60-64 years of age) are less than those for the lowest expense family group (under 25 years of age). If the employer has fewer than 20 employees, Medicare will pay most of the over-65 workers' medical bills for those with Medicare coverage. Dropping workers eligible for retiree health benefits from the labor force would increase the employer's health insurance costs by adding a new worker's benefits to the retiree's.
- Older workers' positive attitudes have a tremendous influence on work habits and productivity in the workplace.³⁰ They are highly motivated and adapt easily to the workplace as they consider themselves at least 15 years younger than their chronological age.³¹
- ullet Each organization defines productivity in its own terms units produced, attendance, or loyalty. Findings from a study show that performance does not decrease with age. 32
- Although older workers take longer to recuperate when injured on duty, they are considered safe workers and have fewer workplace accidents than younger workers.

Recognizing the benefits in hiring older persons can be a short-cut to solving the labor problem. Hospitality managers should realize that older workers do not respond to the traditional recruiting methods as do younger workers. Managers need to identify potential sources for recruiting older workers. Some of the sources³³ include local area office on aging, the Senior Community Service Employment Program (SCSEP), senior citizen centers, National Association for Hispanic Elderly (local chapters), National Council on Aging, local churches, and senior citizen homes.

It takes more than just "help wanted" signs to recruit older workers; energy, creativity, and imagination are demanded. The

Figure 2 Profile of Recruiting Tools

Recruiting Tool	Definition	Program
Hiring promotion	Short-term incentives offered to encourage hiring of an employee	1. In-house incentive 2. Contests
Personal hiring	Oral presentation of a workplace to prospective employees for the purpose of hiring	1. Word-of-mouth
Publicity	Non-personal stimulation of demand in hiring by planting significant news about it in a published medium that is not paid for by any sponsor	 Local and community programs Job fairs Fliers Table tents Trade shows Point-of-purchase displays Posters
Advertising	Any paid form of non- personal presentation and promotion of potential work, benefits by an identified sponsor	 Newspapers T.V. Radio Direct mail Magazines and yearbooks Outdoors Posters

process of incorporating an older worker into the business requires planning, development, implementation, and administration of quality control. Therefore, creating awareness is a critical factor. Although several promotional tools have been used so far to create the required awareness, the exact marketing tool has yet to be identified. Kotler³⁴ has identified four major promotional tools used by marketers in all industries. An outline of how the four tools can be used in recruiting is given in Figure 2. Usually a combination of the four tools is the best approach. Any hospitality manager should consider that tool which is best suited for the company's environment.

However, when recruiting older persons, a few critical pointers should be considered in advertising: no age discriminating messages; emphasizing value of older individual's skills, experience, and maturity; emphasizing the potential to interact socially and make

new friends; highlighting job accommodation and flexible hours tailored to individual needs; discussing ways in which individuals can maintain benefits; on-the-job training details; benefits offered; advancement opportunities and a chance to start a second career.³⁵

Recruitment ideas are as follows:36

- always keep an eye out for promising service workers in other industries
- re-recruit ex-employees
- · offer referral rewards
- talk to other operations about part-time employees
- place newspaper ads in sections other than the classifieds
- recruit people who are new to the community
- recruit from sources that complement the operation's theme

Research Recommendations Are Suggested

Currently, research efforts regarding the older worker could take many forms and directions. However, given the current needs of the older employee, the following research recommendations have been suggested:

- increased attitude research in the hospitality industry to determine older workers' perceptions toward working in the industry in general; this could be accomplished by survey research utilizing various techniques or models of motivation
- increased ergonomic research to determine what work environment is most conducive for an older employee in the hospitality industry
- increased perceptual research to determine guests' perceptions toward older employees in the industry
- increased research to identify the best promotional strategy to create awareness about the increasing older population which is looking for a chance to start a second career

The current demographic trends will have a strong effect on the hospitality labor force. As the number of older workers increases, hospitality operators will have to rethink hiring procedures. The mounting labor shortages could impede long-term growth in the industry. Older workers can help solve the labor shortage problem and become a key ingredient in human resource strategies.

It will be advantageous for hospitality managers to have a better knowledge of the strategies and incentives that can be used to attract and recruit older workers to the industry. Given the current demographic shifts and the labor shortage problems in the industry, it is clear that hospitality operators must take a positive step in meeting the needs of older workers and the demands of the hospitality industry.

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