



## STRATEGIES FOR ENSURING THE RETENTION OF A QUALITY WORKFORCE IN THE HOSPITALITY INDUSTRY IN THE CURRENT ECONOMIC CLIMATE

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### ABSTRACT

*Retention of star performers is becoming more and more important for hotels in ongoing economic climates. Retention will make sure that the rate of employee turnover is at minimum and will finally contribute to lower labour cost. Moreover these are the performers who make the organisation proud by making guest satisfied by delivering quality product and service.*

*This report in its first parts finds the reasons for employee turnover. Quality performers doesn't leave organisation because of monetary problems but there are other reasons like work load, no work-life balance which are prominently found in today's economic conditions. There are some strategies in the report which are taken by managers to improvise on these reasons making environment better for their staff.*

*In the end there are some recommendations about the strategies which needs to be emphasised on in ongoing conditions. This includes strategies like rewards based on performance, work-life balance and recognition. These are some suggestions for the managers to retain their quality performer.*

## **INTRODUCTION**

Before starting it is vital to understand ‘what retention is?’ and ‘why is it important?’

After selection and recruiting, the main task of the organisation is to satisfy the internal customers i.e. the employees and restoring them i.e. keeping these employees, which can be termed as ‘retention’. This has become the most important factor to retain the staff in current economic climate. Recruitment is one of the major ways to build the intellectual capital for the organisation but it is of no use if those employees leave organisation, so retention is gaining importance in today’s climate. This capital is highly volatile and can be easily affected by many interior and exterior factors. These factors include different needs, security, expectations from organisation, motivation, recognition, etc. In today’s economic climate keeping the employee turnover rate is the crucial and critical point. The process of retention is important mainly because in today’s world recruiting people again and again involves lots of money and by lowering the turnover rate organisation can stand firmly to survive in today’s economic downturn. The flip side of retention is labour turnover. Hospitality industry is at the top in turnover, it is said to have a turnover of about 50 to 100%. So the next step is to identify the reasons why people leave the organisation. These reasons can be related to other things going wrong in the organisation. Many times people leave the organisation because they don’t like the management style (Holbeche, 1999). These problems can come to management by conducting exit interviews. And some analytical researches can be done and then these can be linked to exit interviews which will ultimately gives the area for improvement. Then the strategies can be developed to retain Quality Performers. The reasons for turnover and the strategies to retain these start performer in current economic climate are discussed further in this report.

## **WHY DO PEOPLE LEAVE**

It is important for any organisation to know why people leave the organisation. This can be found by conducting exit interviews. Many big hospitality firms conduct exit interviews to find out loop holes. Some commonly found reasons can be

## **1 WORK OVERLOAD**

In today's economic conditions hotels want to keep its Star performers are they are stressing upon multiskilling of a staff. In this situation one person has to handle more work than in the past. People might feel stress in this situation. This is the most important reason found by Holbeche (1998).

## **2 SLOW PACE OF GROWTH**

In hospitality industry the rate of internal growth i.e. promotions is very slow. People who perform well and are well qualified do expect to grow in the organisation and do want the promotions. But when the higher positions are occupied then there are less chances of fast growth. This might turn into employee dissatisfaction and may lead to lose of employee.

## **3 POOR MANAGEMENT**

Many people leave organisation because of the management style. People doesn't leave organisation in this situation people leave their managers. This reason also relates to the organisational politics which might hamper person's career. This problem is mainly faced by line managers. It is found that 57% of people leave hotels due to this reason Holbeche (1999).

## **4 NO WORK-LIFE BALANCE**

Balancing work and life is tremendous problem in today' scenario. Many organisations face this situation because of need to work under high pressure with fewer employees. Which means more load on individual employees. Employees has to balance their work and outside life which becomes problem when work load increases because when work load increases time spent out of the hotel decreases. So work-life integrations remain another major problem and important element while adopting strategy to retain start performers.

## **5 LACK OF RECOGNITION AND APPRETIATION**

When a person does a job allocated with lots of finesse then he/she expects some one to recognise him/her. If employee is not recognised then he looses the faith in the organisation and its culture. He might feel unsecured in the working environment. At such time people start

looking for another job. The same is the case when start performers or quality staffs is not appreciated for the work done.

## **6 LACK OF COACHING**

This happens in case of 'perfect storm' situation. Then technology changes every minute and many hotels go for new technology. When technology changes employees need to be trained, mentored and shall get feedback. If they are not trained then they will get negative feedback which might push them to jump on another job (Tesone, 2005)

## **STRATEGIES USED TO RETAIN EMPLOYEES**

Today's leading hotels know that only hiring the best staff is not enough to have quality workforce. So they take efforts in keeping the best available intellectual capital. Retention happens by keeping employees satisfied. Just keeping them happy is not enough in today's economic conditions. So these hotels develop different strategies to retain their start performers.

### **1 ENGAGING SOUL**

Soulless bureaucracy can be easily seen in hospitality sector. But leading companies thrive to find the ways in which hearts and souls of their employees can be kept engaged. Usually start performers stay with the hotels which give them some reasons to commit their hearts and souls that go beyond monetary rewards. This gives space for employees' creativity, imagination and passion to excel.

### **2 REWARDS/INCENTIVES BASED ON PERFORMANCE**

This is very basic strategy which hotels tend to forget. The reward winning job becomes the point of attraction for employees. Employees learn what company expects and what is not important for company. These companies connect their reward strategy with organisational culture. They know that stronger relation between rewards and culture will lead to higher employee performance. This keeps the star performers engaged in giving the best. In this type numerical targets can be given which will help employees to boost their performances. Then the best performances can be rewarded.

### **3 MORE THAN MONEY**

For the start performers of the hotel, money is not the primary motive. The thing that connects to employee in a personal way keeps motivating these stars. These things might be the brand name, career development, team spirit (Fitz-enz,1997). These performers don't just want them to be paid but they also seek for recognition and appreciation. This might help in taking out best from them. So the employees feel satisfied once they are appreciated and try to give their best. This strategy is useful for line managers.

### **4 TRAINING THE STAFF**

This is the strategy where learning becomes earning. In today's climatic conditions the means of productivity is changed to brain power than brute power. With the change in technology the intellectual capital wants to develop their skills. Once they are trained, they will get a positive feedback from internal as well as external customers which will act as a motivator.

### **5 WORK AND LIFE BALANCE**

Work and life balance is one of the important elements in retention strategies. Some organisations try to integrate outside personal life with work life of their employees. Pull from both sides i.e. too much or too less of this balance affects in lower productivity. That is the main reason why these organisations want to balance life of their employees. Through this life balancing these companies further loyalty and performance of start employees. This is the strategy which has to be applied carefully outhewise it will turn into imbalance situation affecting productivity.

### **6 OPEN LINES OF COMMUNICATION**

When the lines of communication are open then employees feel recognised. This will then act as a motivator. Employees feel strong connection with the company. These connected employees generate ideas and freely contribute in achieving company goals. Then they are more willing to work and will take responsibility on their own. This will boost their morale as they will be recognised more, and it will make them feel their importance to the organisation.

## **7 PRIOROTISE PERFORMANCE METRICS**

Points are assigned to each category of performance outcome and hotel driver. This point based system shows the top level managers how the hotel is showing and how each employee is performing. This will also help employees in improving performance which will finally relate to rewards.

## **8 FLEXIBLE WORKING HOURS**

This strategy is to prevent employees to leave organisation with the reason of workload. The longer hours in the past are matched by shift-free days. Or block holidays can be made possible, but this can be done at resorts where it travels from peak and slack seasons in year (Connok, 1991). This will also benefit staff from getting more time with outside life and to balance their social life. This strategy also helps organisation to keep cost lower in off peaks.

## **CONCLUSION**

Importance of retention, problems and strategies used to retaining quality performers are being discussed in the report. This can be seen that extrinsic and intrinsic requirements of individual shall be considered in case of retaining the employee. These strategies are designed to compensate the services rendered by employees. The aim of these strategies is to retain start performers and reduce employee turnover rate. To implement this managers have to develop a specific objective, provide procedures, set standards. This will lead to accomplish the goal of organisation by the way of reducing employee turnover in today's economic condition.

## **RECOMMENDATIONS**

Following are the recommendations made to reduce the employee turnover and to retain quality/start performers which are based on the strategies given.

## **1 INCENTIVES AND REWARD**

The incentives or the rewards given to employees should be based on their performance. If rewards are not based on performance then it might have opposite effect on organisational objective. Performance should be measured and then the rewards/incentives should be given

## **2 WORK-LIFE BALANCE**

In ongoing climatic conditions this strategy is important especially in hospitality industry. Social life of employees should be balanced with workload. The workload is increasing now a days, in this situation it is difficult to have social life then this turns out to be a reason for employee to leave organisation. If work and social life of employees is balanced then employees will feel satisfied. This can be done by strategies where people get some time out of work or free shifts etc.

## **3 RECOGNITION**

Recognition is also important factor in retaining quality performance. If the employees are recognised then they take proud in job and give their best. It will help to boost their performance and will help to create positive relation between employee and organisation which will finally lower the turnover rate. So, star performers should be frame to make them recognisable.

## **4 TRAINING**

When the technology in the hotel changes then staff should be trained to handle the technology. By training staff can give positive results. Otherwise lack of training might become a point of conflict and might hamper employee turnover.

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