

case study

Retaining Management Talent

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Management and Retention Factors

In every hotel, there are key individuals on a management team that stand out and assume leadership positions. These individuals are valued highly by organizations but need to be courted and retained. The focus of this discussion is on management team members (in this case applied to the lodging industry). A manager is defined as "An individual who is in charge of a certain group of tasks, or a certain subset of a company" and generally these individuals have team members who report directly to them (BusinessDictionary.com, 2016).

The field of management, so devoted to progress and change, has for more than half a century not seriously addressed the basic question, "What do managers do?" Mintzberg (1975) defines three basic roles for managers: interpersonal, informational, and decision-making. For example, within the interpersonal role, a manager must assume the role of figurehead and act in a ceremonial manner. He or she must also function as a leader within this role, assuming responsibility for the work of individuals in a specific unit. Additionally, a manager assumes the role of liaison for the organization with anyone with whom he or she might make contact. As the keeper of information, a manager must act as a monitor, scanning information constantly to select the bits and pieces really needed. He must also disseminate the right information to the right people. Finally, in the information role, the manager will act as spokesperson, informing and satisfying the people who control the organization. In the decisional role; Mintzberg, also categorizes management behaviors as entrepreneurial, disturbance handling, resource allocating, and negotiation. The entrepreneur is constantly seeking new opportunities, perhaps discovered in monitoring behavior. As disturbance handler, the manager must react to the many situations that could occur on a day-to-day basis, almost an uncontrolled crisis management. As resource allocator, the manager will continually face tougher and tougher challenges. Often in this behavior, he must balance competing needs for too few resources. Finally, as a negotiator, the manager must use all of his/her skills on a day-to-day basis to maintain his/her present status. Management is comprehensive and no role can be pulled out of the framework and leave the job intact. Mintzberg's basic premise is that a manager's effectiveness is significantly influenced by his/her own insight into his/her own work Mintzberg (1975).

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The retention of long term managers is important in the hospitality industry because the lodging industry is built on service and experience. Having the ability to influence followers through experience is a powerful characteristic of a great leader. Retaining managers on a long term basis provides lasting value to the property and facility, as they define long term, will be able to pass down knowledge about a company, a location, and how it operates. Past experiences are lost when a manager leaves and begins a new job. Given the growth of the travel industry in general and the lodging industry in particular, i.e. by the year 2020, there will be approximately 1.6 billion worldwide travelers that managers will need to be prepared to engage successfully (Cultrona, 2016). Retaining talented and experienced managers should be a key organizational goal.

Individuals no longer put their careers in the hands of one employer (Hall and Mirvis, 1996; Hall and Moss, 1998; Roehling et al, 2000; Sullivan, 1999; Tansky and Cohen, 2001) and management employees in particular proactively manage their careers. So, retention and turnover are two sides of the same coin. Organizations must actively engage in retention programs that are a strategic part of a business. To actively engage in retention management, an organization must focus on talent management. This is comprised of a collection of typical human resource department practices such as recruiting, selection, development, and career and succession management (p. 140) Lewis and Heckman (2006), In Hughes and Rog, (2008). Talent is defined as individuals who have the capability to make a significant difference to the current and future performance of the company. Morton, (2004 in Hughes) and Rog (2008), Deloitte (2005) found that the ability to attract and retain new talent was perceived as being the two most critical people management issues facing their organizations today. They also note that a growing number of hospitality organizations are very much committed to providing their employees with a positive experience and, to strengthening their employee brand in the process, employee engagement and organizational outcomes.

Retention

Retaining employees for long durations of time is known as retention. Employee retention is a challenging task for the organizations of today's scenario of competitive business environments. Proper human resources initiatives should be adopted by the organizations in order to decrease employee turnover (Sandhya & Kumar, 2014). Retention strategies should be formulated in such a way that the organizations

grow with greater efficiency and innovation and achieve long lasting strategic business objectives. Employee retention is also defined as a “systematic effort by employers to create and foster an environment that encourages current employees to remain with the organization (Sandhya & Kumar, 2014). Sandhya and Kumar (2014) note that recognition, communication, work place diversity, employee engagement, health and safety, flexible work arrangements, work-life balance, formal wellness programs , inclusion and employee development are examples of approaches that become a part of the mix when evolving retention strategies. Another study listed factors that affect an organization’s ability to retain. These include culture of the organization, pay, compensation, and growth in the organization (Fitz-enz, 1997).

As Generation Y continues to mature, they are beginning to make up a large portion of management within the hospitality industry. Traditionally, the Millennial generation was leaning heavily towards areas of employment that involved consistent excitement and change, but research shows that more commonly now the Y Generation is looking at the big picture and aiming for long term employment (Brown, Thomas, & Bosselman, 2015) In Quarter 2 of 2015, there were 1,197,000 employee separations alone (United States Department of Labor, Bureau of Labor Statistics, 2015). There are many factors associated with turnover in the hospitality industry. Goff (2013) noted there is a lack of an internal labor market, along with long hours, emotional labor, physical demand which comes with some positions, and role ambiguity of employee positions. Additionally, it is important to compensate employees for their work and dedication. The hospitality industry has been historically known for paying low wages. On average, a traditional Guest Service Agent at the Front Desk of a hotel will make somewhere around \$10.00 an hour depending on location, company size, industry standards, etc. (PayScale Inc., 2016). Because of the lack of internal advancement opportunities, these employees often do not receive valuable raises, other compensation, or benefits. As Sturman (2001) pointed out, compared to other industries, the service and hospitality industries employ a greater proportion of low-skill and part time employees (Sturman, 2001).

Human capital is equivalent to another term for the knowledge, skills and abilities for a particular job (Sturman, 2001). Human capital data supports the assertion that hospitality jobs on average require individuals with lower levels of human capital than that found in people hired in other industries. Economic theory suggests that needed Knowledge Skills and Abilities (KSAs) can be rented out to employers and that the value of human capital (one’s pay) is derived from how much those KSAs can earn in the labor market (Sturman,2001). Organizations can attract and retain individuals with specific levels of human capital by offering differential pay for particular positions, thus acquiring the desired KSAs. Reasoning development, mathematical development and language development are all regarded as general educational development for occupations (Sturman, 2001).

A Cornell University management retention study indicated that career opportunities are among the top factors an employee stays with a company. Their key findings include that challenging work ranked higher than compensation. Work that offers growth opportunities, competent leadership, and fair compensation is a necessity. Challenging work is needed to gain career growth because management employees want personal and career growth and that, to the degree those desired job features are in place, hospitality managers’ commitment to their companies and the industry will rise (Anonymous, 2005). More recent theory and research have focused less on the direct costs of replacement, directing their attention instead to the loss of human capital caused by turnover. This includes both “general” human capital that can readily be transferred across jobs or organizations and “specific” human capital, which includes formal training as well as tacit knowledge that is more or less unique to a particular setting (Rosse, 2015).

Strategy to Retain

Retaining good managers begins in the recruiting, hiring and promoting phases (Jameison, 2003). Nurturing managers is a day to day activity and leadership should regularly meet with managers, and utilize rewards and recognition as powerful tools. Organizations should also design jobs that are challenging, set high standards, and provide the tools necessary to achieve them. Additionally, extensively sharing financial and performance information, offering extensive training and engaging in career pathing will also open up the process (Jameison, 2003). In an article from the Wall Street Journal (2009) recommendations were made to reduce employee turnover. The recommendations begin with hiring the right people from the start, setting the right compensation and benefits, and reviewing compensation and benefits annually. Paying attention to employee personal needs and offering flexibility when possible, bolster employee engagement to create a positive work environment and outline challenging and clear career paths. Krell (2012) notes that talented employees who stayed put during a challenging economy are more likely to accept better offers from other organizations now. He suggests that best practices may include nailing down the numbers; rate and cost to the business, integrating hiring into business forecasting and paying attention to fit are all important. To the degree job features like those listed in this discussion are in place, hospitality managers’ commitment levels will rise (Walsh & Taylor, 2007).

Giambatista and colleagues (2005) note that the study of organizational succession has long been guided by three competing perspectives, commonly referred to as “common sense,” “vicious cycle,” and “ritual scapegoating:” Employee retention efforts should manage employee mobility by targeting voluntary turnover that is dysfunctional and avoidable. Simultaneously, these programs should be designed so as not to inadvertently encourage retention of employees—including executives—who are not contributing positively to

the organization. The goal should be a talent management program that simultaneously targets retention of high performing and hard to replace employees and either performance improvement or dismissal of poorly performing employees (Levin and Rosse, 2001). Retention of talent, in this case leaders, may be essential when those individuals are the right person for that job and that organization, not only today but also for the near-term future. But it may be the wrong strategy when those criteria are not met, or when the costs of retaining the individual exceed the benefits. In their study, Levin and Rosse (2001), stated “having made that point—we hope emphatically—we will now proceed to evaluate what is known about how to retain executives when that has been determined to be the correct course of action”.

Research has traditionally placed primary emphasis on the relationship between employees and the firm as the key to retention. This can be seen in theories of turnover dating back to the classical view that turnover is a function of two basic forces: the employee’s perceived ease of movement (affected primarily by macro-economic conditions, but also by the quality—as well as visibility—of the employee’s performance) and the desirability of movement (March & Simon, 1958). Particularly in “push” theories of turnover that emphasize factors that drive employees away from their current employers, desirability of movement is described in terms of employees’ job satisfaction and commitment to the organization. Even for “pull” theories (addressing factors that entice employees to a new organization), an underlying assumption is that something about the alternative job made it more desirable than continuing in the current job. Jameison (2003) notes that the key elements of a retention strategy include: an “employee first” reputation and that employees can identify, share pride, and be willing to commit. Additionally, an organization’s vision and mission needs to engage the heart to let employees know their jobs are important in order to have a sound retention program. Retention should be a constant, ongoing process in an organization.

To help recruit the top talent, an organizational brand and reputation for a focus on employees is beneficial. The development of an employee value proposition can be an important component of an employer brand (Dell and Hickey, 2002). Most organizations will need to attract and retain employees quite different from the people they replace, and they will need to adjust their targeting, their channels and their overall strategies (Dell and Hickey, 2002).

Business Dilemma

Consider the following scenario by putting yourself in the role of a HR management professional. The situation described below involves a student and his experiences at a local hotel. The main character, Daniel must balance his studies and progress to graduation and also work an increasing number of hours as he obtains additional responsibilities at his place of employment.

The Embassy Suites is a lodging property located in Greenville, North Carolina, (Pitt County) and appropriately located in the heart of the city. Greenville is most notably known for the local university that brings a lot of culture and pride to this community. The population is made up of about 54% females and 46% males (US Census Bureau, 2016). East Carolina University is located in Greenville and has approximately 29,000 students paying tuition and adding to the overall population of the city (U.S. News & World Report, 2016; updated fall 2016). The composition of the community creates seasons of demand for room nights. In addition to the Embassy Suites, Greenville is the host of approximately 24 other hotels and lodging operations ranging in size, quality, and services provided. The competition for management level employees is especially rigorous. At the Embassy Suites, one pivotal position is the Front Office Manager (FOM). At the Embassy Suites there is only one FOM. The FOM position is summarized as: “Directly supervises all front office personnel and ensures proper completion of all front office duties. Directs and coordinates the activities of the front desk, reservations, guest services, and telephone areas. Prepares monthly reports and budget for the front office department.” Some of the more common duties associated with the position also includes the following: handles hiring and training of new personnel, develops schedule for team members, supervises both task oriented work and guest relations, ensures hotel policies are implemented and followed accordingly, conducts and leads meetings, prepares necessary reports, works within a designated budget, and any other tasks that an upper manager may request (Setup My Hotel, 2016).

Daniel Lee began working at the Embassy Suites of Greenville, NC during the summer of 2013. His initial position with the hotel was that of a Guest Service Agent, an entry level position, where he handled tasks such as checking guests in, handling reservations, solving guest issues, answering phones. An entry level position “refers to the entry point into a specific chosen profession” (CollegeGrad, 2016). In this situation, “A Guest Service Supervisor supervises the Front Office Team to ensure that our Guests receive an exceptional experience from check-in through check-out” (Hilton Worldwide, 2016).HjkjgnHiltonjkbkjrj While being welcomed to the Front Desk team he was introduced to his supervisors by the Human Resources Director. Daniel noticed that there was no Front Desk Manager listed. Rather there were two shift supervisors split between morning and evening shifts. Because he did not have prior hotel experience or knowledge of job structure, Daniel thought nothing of it. Note: At this time Daniel was also a full time student at the local university pursuing his bachelor’s degree.

After a few months behind the front desk, Daniel was getting useful experience and developing a rapport with other employees. He had come to learn that there had not been a manager at the front desk for some time because the hotel could not seem to find the right person and the position was consistently turning over each time someone was hired.

He also noted that one of the supervisors was transferring to another hotel property in Raleigh, North Carolina, leaving a position at supervisor vacant. A new supervisor with previous hotel experience was brought in as a replacement and things at the desk returned to normal after only a few weeks. Daniel continued to work as a Guest Service Agent and gained experience in the hotel. Through the work experience he was beginning to develop a passion for the lodging industry and guest service.

A new FOM was hired and immediately began making operational changes to Front Office procedures. He made operational changes based on his own authority without input from the management leadership team. Front office employees found the new manager's management techniques somewhat tyrannical and complained to the general manager's office. A hotel manager decision was made to let the new FOM go after less than two months. The Front Office operation returned to a one supervisor team per shift. In the fall of that year personnel changes began to impact the front office. Both supervisors, AM and PM, were leaving the front office and one was leaving the hotel. The remaining supervisor continued to operate the desk until at least one replacement was found. Upper management decided to promote from within, making Daniel, the sole Guest Service Supervisor. This change was abrupt and a bit overwhelming for Daniel but something he ultimately knew he wanted. Over the next 90 days he engaged in numerous training programs and eventually completed his probationary period making his promotion official. Though Daniel was extremely excited, he remained surprised that a FOM was not recruited and hired. He was also nervous because he now needed to optimally balance his academic studies with the demands of his new position. A full time work schedule and a full load of courses leaves little room for anything else.

Things continued to go well for Daniel and after a few months another supervisor was hired to work with him and to spread the workload out. Daniel was given the responsibility for front office hiring and, since there had been no turnover in the department for over 10 months, things were going very well. Customer satisfaction scores for the Front Office were high and the strong team at the Front Office was raising the standard of service for the hotel.

As time progressed Daniel was promoted to Front Office Manager. He was placed on salary along with benefits such as health and dental insurance plans, PTO (Paid Time Off), and holiday pay. As a student, Daniel was extremely pleased with this promotion and it came at an appropriate time as he was moving closer to graduation from college. As previously noted he struggled to keep up with his senior level courses and fulfill his duties as the FOM. He juggled his work demands and college requirements and worked a lot of hours. His salary was in the low 30's. Daniel considered that he would soon be able to combine his education with the experience he had gained to seek out an entry level management position in the lodging industry. Daniel conducted some research on industry salaries and found that the average salary for entry

level management in the customer service field was somewhere around \$45,000 depending on position and geographic location (PayScale, 2016). He considered his marketability and his willingness to re-locate in order to get the best position he could. He informed the hotel manager at the Embassy Suites that he was graduating in May and that he was looking for his first post-graduation position.

The management team at the Embassy Suites wants to retain Daniel but also sees this as a bigger issue than just one employee. They have asked you as the new director of human resources at the Embassy Suites to develop retention options. One, a short term plan for Daniel and then two, to flesh out an outline for the possible development of a Strategic Retention Plan for hotel employees (equally focused on management and staff). The management team sees that such a plan could include existing human resource action steps such as recruitment, selection, hiring, retention and career path planning.

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