

11-2009

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Recommended Citation

Enz, C. A. (2009). Human resource management: A troubling issue for the global hotel industry [Electronic version]. *Cornell Hospitality Quarterly*, 50(4), 578-583. Retrieved [insert date], from Cornell University, School of Hospitality Administration site: <http://scholarship.sha.cornell.edu/articles/202/>

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Human Resource Management: A Troubling Issue for the Global Hotel Industry

Abstract

Although economic issues cast a long shadow, a survey of 243 hotel managers and executives has identified human resources as the most persistent problem they face. Different aspects of the HR issue are more salient in various parts of the globe. For instance, managers in North American and Middle Eastern hotels were most concerned with attracting talented workers, but those in Europe cited retention as their top issue. In South America, training and morale surfaced as top issues. Hoteliers in Africa were more likely to cite labor shortages as a key concern. The findings of this study reinforce those of an earlier survey, which also found human resources to be a top concern of hotel managers.

Keywords

hotel management concerns, human resources, international hotel management

Disciplines

Hospitality Administration and Management | Human Resources Management | International Business

Comments

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Human Resource Management

A Troubling Issue for the Global Hotel Industry

by CATHY A. ENZ

Although economic issues cast a long shadow, a survey of 243 hotel managers and executives has identified human resources as the most persistent problem they face. Different aspects of the HR issue are more salient in various parts of the globe. For instance, managers in North American and Middle Eastern hotels were most concerned with attracting talented workers, but those in Europe cited retention as their top issue. In South America, training and morale surfaced as top issues. Hoteliers in Africa were more likely to cite labor shortages as a key concern. The findings of this study reinforce those of an earlier survey, which also found human resources to be a top concern of hotel managers.

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Persistent problems are often the source of worry and lost sleep for managers in the highly competitive lodging industry. In a recent survey of 243 managers, human resource management issues were identified as the most troubling for both property-level general managers and corporate executives alike. The study, administered in cooperation with the Center for Hospitality Research (CHR) at Cornell University, identified a common set of shared problems that impede the ability of industry leaders to manage effectively.

In 2001, a similar study of hotel managers also found human resources issues to top the list of most important issues (Enz 2001). In both surveys, managers were asked to think about issues, problems, or concerns that worried them or that they wished they

had a better way of handling. The open-ended question was, “What one or two problems or concerns are most troubling to you as a manager?”

The purpose of this study was to again identify the most troubling issues or concerns expressed by managers and industry leaders and to determine whether the problems identified in the earlier survey of what keeps managers up at night have changed. The results of this updated survey suggest that issues such as using information technology and valuing brands are no longer of major concern, and new issues regarding economic and environmental challenges have emerged (for a detailed discussion of the new issues of concern, see Enz 2009).

While economic, environmental, customer need, and operating cost issues surfaced in the open-ended questions on the survey, 64 percent of respondents from six different regions of the world reported that the human resource issues of attraction, retention, training, and morale were their key areas of concern. It is interesting that these issues remain after eight years at the top of the list. We now turn to a more detailed discussion of the human resource issues.

The Sample

A total of 243 individuals from more than sixty countries responded to the web-based survey. Responses were solicited through a press release, newsletter, and electronic e-mail communication. Participants in 2008 Cornell executive programs in the United States, Europe, and Asia were also contacted. General managers attending the summer General Managers Program at Cornell’s School of Hotel Administration in 2008 received hard-copy versions of the survey, and all other respondents were directed to the web survey.

Exhibit 1:

Respondent Profile

Gender	
Female	30%
Male	70%
Age and experience	
Average age	40 years
Average years in business	16 years
Positions	
General manager	36%
Regional manager	6%
Owner/operator	5%
Middle manager	28%
Senior manager/partner (e.g., president)	20%
Specialist/technical expert	3%
Other	2%
Work location	
Corporate headquarters	26%
Property	68%
Regional office	5%
Other	1%

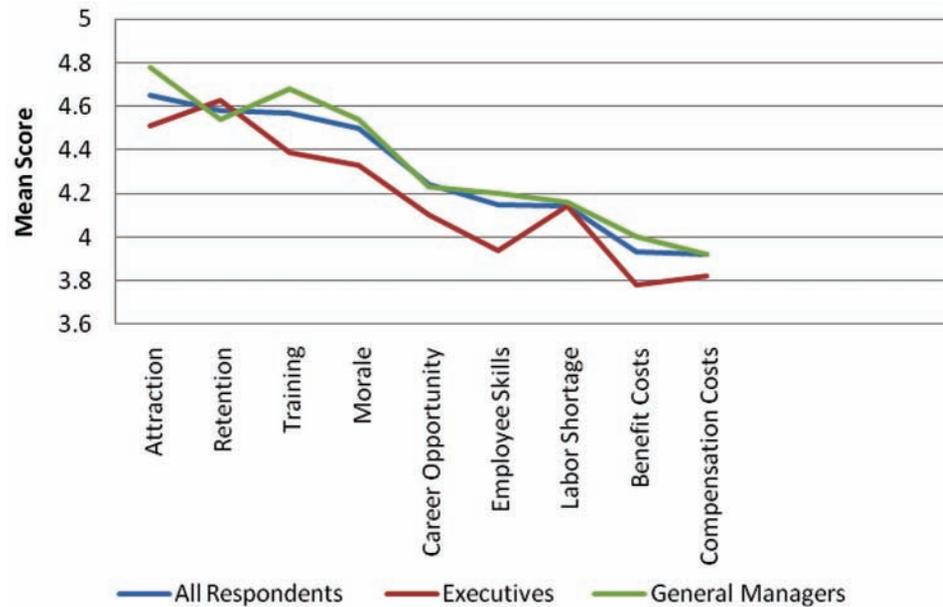
The typical manager who responded was a forty-year-old man in the position of general manager at the hotel property level (see Exhibit 1). Senior managers, such as company presidents or senior vice presidents (20 percent), and middle managers (28 percent) also responded in sizable numbers. Respondents from corporate headquarters represented one-quarter (26 percent) of all managers surveyed. Senior managers were older (average age forty-three) men (80 percent) and reported on average having nineteen years of experience in their business.

Attracting and Retaining Talented People

Exhibit 2 provides mean importance scores on the key human resource issues, using a scale of 1 = *very unimportant concern* to 5 = *very important concern*. As the survey data show, the general managers in

Exhibit 2:

Importance of Human Resource Concerns (Means) by Position



Concern	All Respondents	Executives	General Managers
Attraction	4.65	4.51	4.78
Retention	4.58	4.63	4.54
Training	4.57	4.39	4.68
Morale	4.50	4.33	4.54
Career opportunity	4.24	4.10	4.23
Employee skills	4.15	3.94	4.20
Labor shortage	4.14	4.14	4.16
Benefit costs	3.93	3.78	4.00
Compensation costs	3.92	3.82	3.92

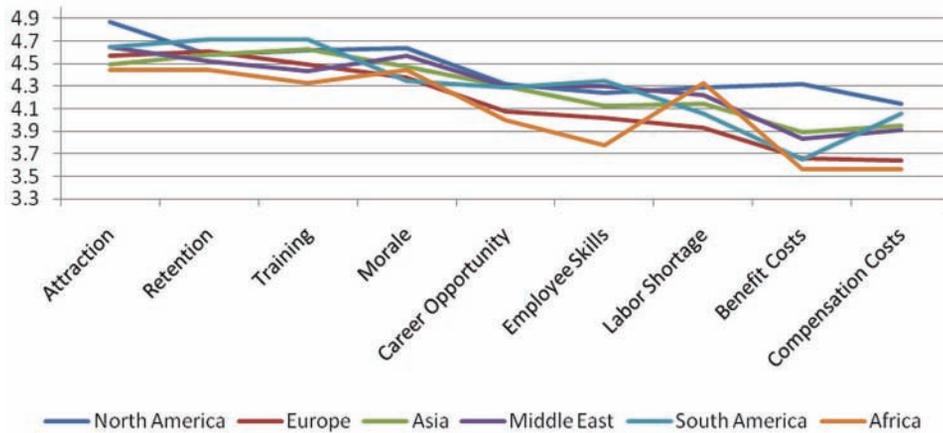
the study were more concerned with attracting talent, while executives expressed more concern with retaining people over time. Executives and general managers alike agreed that the next two important areas of concern were the quality and consistency of training and employee morale. Finding time to train was a challenge expressed by many hotel managers, while executives noted that finding top talent for general manager positions was becoming more difficult. Competitive pressures were often mentioned as impediments to devoting time and resources to training staff properly.

Training, Employee Morale, and Skill Levels

General managers placed greater importance on employee morale and the lack of employee skills than did executives, who worried more about labor shortages. Unmotivated staff and the lack of experience were noted as common hurdles to providing quality service. Balancing skilled and inexperienced employees were viewed as operational challenges that often created morale problems. The stress of the work was noted by many and linked to few rewards as an explanation for why

Exhibit 3:

Importance of Human Resource Concerns (Means) by Region



Concern	North America	Europe	Asia	Middle East	South America	Africa
Attraction	4.87	4.57	4.49	4.65	4.65	4.44
Retention	4.58	4.61	4.58	4.52	4.71	4.44
Training	4.62	4.49	4.63	4.43	4.71	4.33
Morale	4.64	4.38	4.47	4.57	4.35	4.44
Career opportunity	4.32	4.08	4.30	4.30	4.29	4.00
Employee skills	4.24	4.02	4.12	4.30	4.35	3.78
Labor shortage	4.29	3.93	4.14	4.22	4.06	4.33
Benefit costs	4.32	3.66	3.89	3.83	3.65	3.56
Compensation costs	4.14	3.64	3.95	3.91	4.06	3.56

employee morale is low. Aligning employees and company objectives to get staff to go the extra mile was viewed as a challenge, and morale issues were often linked to ongoing turnover problems that affected the ability of staff to deliver effectively on service standards. With falling occupancies and staff layoffs, the concern for labor shortages may have receded in recent months, but new human resource challenges are likely to emerge.

HR Management Worldwide

To refine this analysis of the most important HR concerns, Exhibit 3 shows the mean importance scores on the HR issues of concern broken down by six

different regions of the world. As the data show, attraction, retention, training, and morale are the top four issues of concern on managers' minds from every part of the world. Attraction is most important for managers in North America and the Middle East, while retention tops the list for European respondents, and training worries Asian respondents. Attraction, retention, and morale are tied for most important in Africa, while retention and training are tied for the top rating by respondents from South America.

Comparing mean scores within the nine HR categories but across regions, labor shortages were most worrisome for managers from Africa, career opportunities for

Exhibit 4:

Most Important Concerns by Region and Position

<i>Region—Mean Importance</i>	<i>Attraction</i>	<i>Training</i>	<i>Morale</i>	<i>Retention</i>
North America				
General managers (GMs)	4.92	4.76	4.68	4.45
Executives	4.73	4.36	4.36	4.64
Europe				
GMs	4.57	4.48	4.14	4.57
Executives	4.73	4.53	4.47	4.80
Asia				
GMs	5.00	4.82	4.73	4.91
Executives	3.92	4.08	4.00	4.17
South America				
GMs	4.50	4.83	4.83	4.67
Executives	4.50	4.50	4.25	4.75
Middle East				
GMs	5.00	4.43	4.71	4.57
Executives	4.60	4.60	4.60	5.00
Africa				
GMs	4.00	4.75	4.00	4.00
Executives	5.00	4.50	4.50	5.00
Total				
GMs	4.78	4.68	4.54	4.54
Executives	4.51	4.39	4.33	4.63

those in North America, and employee skills for managers from South America. Benefit and compensation costs were more important to managers in North America and Asia and least important to those respondents from Africa. Examining respondents' views by position and region revealed that attraction and retention are clearly the most important concerns as shown in Exhibit 4, except in South America, where training and morale are of greater concern for general managers. Property-level general managers in Africa are also more concerned with training than with attraction or retention.

A final series of analyses were conducted to determine whether significant differences exist for executives and general managers across different regions of the world. The results of several analysis

of variance *F*-tests for significant differences revealed that executives from various regions of the world did not significantly differ on the importance they attached to the various HR issues of concern. In contrast, general managers are not in agreement on the importance of attraction ($F = 3.00, p < .05$), compensation ($F = 4.83, p < .01$), benefit costs ($F = 3.37, p < .01$), or the lack of employee skills ($F = 3.36, p < .01$). What is worthy of note is that regardless of where these managers work around the world, they have concerns regarding retention, training, morale, career opportunities, and labor shortages.

Fixing the Problems: A Call to Action

This study confirms suspicions that a common set of shared problem impede the

ability of hospitality leaders to manage as effectively as they might. Like the previous study (Enz 2001), the most critical and puzzling problem continues to be human resource management, with attraction, retention, training, and morale topping the list of specific issues. The human resource challenges mentioned in this study, while effectively handled by some companies (Enz and Siguaw 2000), should be given serious attention by more industry leaders, and their resolution should be viewed as an opportunity to think differently about how to address these problems. What HR issues will the industry face when it emerges from the current economic slowdown? What will be the consequences to the overall attractiveness of the industry to employees of HR decisions made during difficult times?

Rather than view key HR issues as an “unchangeable fixture” of the industry landscape, or unimportant in difficult economic times, now is the time to explore new solutions. To gain a sustainable competitive advantage in an increasingly challenging business environment, innovation in human resource management is needed. While

some have come to accept the reality of such issues as low skills, high turnover, and low morale, others (like those in this study) identify those problems as a first step for considering how to improve their circumstances. Perhaps it is time for the industry to work together to make the jobs more attractive, the career paths clearer, and investments in training more impactful. Nothing short of an organized and cooperative industry and worldwide effort to improve our approach to human resource management may solve this perennial problem.

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