#### Employees as a factor of success – Measures for the sustainable safeguarding of skilled workers in the hospitality industry as a counteraction to the skilled labor shortage

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## Abstract

The influence of employees or rather skilled workers on the success of service companies in the hospitality industry is confirmed by scientific researches as well as by the companies themselves. Nevertheless, the companies are facing the challenge of skilled labor shortage.

Within the framework of this research paper the situation in this industry is described and potential reasons for the negative image of the industry, like high workload, missing work-life-balance or a lack of training opportunities, are identified.

On the basis of these findings the most important measures for the sustainable safeguarding of skilled workers are constituted. These are divided in the increase of employer attraction by means of monetary and non-monetary incentives and the increase of employee satisfaction by implementing the strategy of corporate happiness and new organizational forms.

To point up the positive impacts of the implementation of these measures several examples of industry internal companies are mentioned.

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## List of Abbreviations

f.	following
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ed. edition

- n.d. not dated
- et al. et altera (lateinisch: und andere [AutorInnen])
- VUCA Volatility Uncertainty Complexity Ambiguity

BIBB Bundesinstitut für Berufsbildung

## 1. Introduction

Just like every other sector also companies in the hospitality industry have to face the challenges of the extremely dynamic VUCA (Volatility Uncertainty Complexity Ambiguity) world, where more and more changes have to be managed in a decreasing amount of time (Sauter, Sauter & Wolfig, 2018, p. 4 f.). Due to the fact that the quality and the speed of coping with the changes highly depends on the employees, the importance of a transition from the classic approach of Human Resource Management to a future focused Management of Human Potential is growing.

Therefore, companies need to innovatively rethink and rephrase their current business strategy to be able to persist within the increasing competition (Enz, 2009, p. 583).

### 1.1. Problem statement

For most of the companies the lack of quantity and quality of employees is one of their biggest problems. The skilled labor shortage and the absence of suitable staff is already the biggest challenge for the members of the hospitality industry (Enz, 2001, p. 39, 43 f.).

Additionally, the continuing trend of the demographic change, where the number of appropriate candidates for the job vacancies is declining, intensifies the shortage in the future (Kanning, 2017, p. V, 4).

## 1.2. Objective target

The purpose of this study is to describe the situation of skilled labor shortage in the hospitality industry and to show how businesses could improve the management of its employees' potential as a factor of success by applying measures to sustainably safeguard skilled workers.

Therefore, the following question is going to be answered: What measures can be implemented in the hospitality industry to sustainably safeguard skilled workers and to counteract the skilled labor shortage?

## 2. Skilled Workers

Employable people, who are able to provide an output in a company, are called workers (Obermeier, 2014). Within this group there are the skilled workers. This term describes workers with specific qualifications gained through an acknowledged academic education or an acknowledged apprenticeship (Bundesregierung, 2011), which enables them to manage more complex tasks (Kanning, 2017, p. 7).

#### 2.1. Skilled workers as a factor of success

To generate an output a company combines factors of production like capital, ground and manpower (Thommen, Achleitner, Gilbert, Hachmeister & Kaiser, 2017, p. 5).

According to Gutenberg there are on the one hand the elementary factors of operating resources, basic materials and the executing manpower. On the other hand, he describes the dispositive factors of manpower in regard to the management, development and organization of a business (Gutenberg, 1983, p. 3-8). In other words, the dispositive factors could be described as information and knowledge, which successfully organize the cooperation of the elementary factors (Thommen et al., 2017, p. 5).

This division shows the huge significance of the employees' manpower for a company. Referring to the dispositive factors the suitability of the employees regarding their qualification and motivation is decisive for the success of a company (Barsch & Trachsel, 2018, p. 3; Kannig, 2017, p. V; Thormann, 2006). At this point the qualification of skilled workers is tying in.

Due to the causal power of influence, these factors could wield positively as well as negatively on a company's success, they are also called strategic factors of success (Kreilkamp, 1987, p.176).

Beyond these generally applicable findings skilled workers are especially import for service industries like the hospitality industry, because there are multiple interactions between guests and employees (Dreyer & Dehner, 2003, p. 46). These interactions or relations have a significant influence on factors of success like customer loyalty and customer satisfaction (Thommen et al., 2017, p. 57 f.; Gardini, 2014, p. 59 f.), which are generated by meeting and exceeding the customers' expectations (Nerdinger & Neumann, 2007, p. 128 f.).

Additionally, the importance of the provided service quality within the increasing competitive environment is rising, because this is serving as a differentiating feature (Dreyer & Dehner, 2003, p. 33). Also, gastronomes agree about the decisive significance of service quality (Orderman GmbH, 2012).



Figure 1: Factors of success in the gastronomy

Resource: Own figure according to Orderman GmbH, 2012

#### 2.2. Skilled labor shortage

Although the term of skilled labor shortage strikingly appears at the beginning of the twenty-first century for the first time, the labor market occupies with the shortage of workers for a much longer time (Rahner, 2011).

#### 2.2.1. Explanation of terms

To describe the situation, where an insufficient amount of skilled workers is at a company's disposal, the term of "skilled labor shortage" is used the most. On the one hand, this term can refer to enduring and identifiable excess demand for skilled workers. On the other hand, it can be described through the number of unemployed in relation to the number of job vacancies, although this is not very meaningful (Kannig, 2017, p. 7).

Less often the term of "skilled labor bottleneck" is used to describe a short term and temporary excess demand. For example, an above-average salary development or rising vacancies can be an indicator for that (Obermeier, 2014).

In the following both terms are discussed synonymously.

#### 2.2.2. Situation in the hospitality industry

Big challenges for companies are the fluctuation, which describes the employee turnover (Thommen et al., 2017, p. 381) and the number of employees who switch from their actually learned occupational field into another.

Already in 2008, the BIBB determines, that more than 40% of the employed people in the hospitality and the cleaning industry switch into another occupational field (Helmrich, Zika, Kalinowski, Wolter, 2012, p. 6 f.).

A shortage research from 2015 concerns itself with the vacancies of different occupational groups and shows a 15% decline of new employees in the gastronomy. Thereby the period until the vacancy ends or rather the vacant position is successfully occupied gets longer (Bundesagentur für Arbeit, 2015).

One reason for the decline of new employees can be explained by the radical decline of new trainees for the different jobs within the industry.





Resource: Own figure according to Statistisches Bundesamt (Destatis), 2020

According to forecasts the lack of suitable workers will intensify even more in the future (Helmrich et al., 2012, p. 8; Gardini, 2014, p. 63).

#### 2.2.3. Reasons for the skilled labor shortage in this industry

The lack of skilled workers can be primarily explained by the inconvenient and challenging working conditions.

These are among other things caused by a high physical and mental workload (Vogt, 2004; Steurer & Huber, 2014), whereupon the intensity of pressure is liable to high deviations owing to seasonal circumstances or an alternating level of capacity (Gardini, 2014, p.61).

	Physical workload	Mental workload
	One sided workload	Working under the pressure of time
	Heavy physical stress	Irregular / alternating volume of work
	Standing activities / work under constrained posture	Constant customer contact (missing time and place for retreating)

Table 1: Types of physical/mental workload in the hospitality industry

Resource: Own figure according to Vogt, 2004 ; Steurer & Huber, 2014

Negative environmental conditions (e.g. heat /

artificial light)

Another challenge for most of the employees is that companies expect them to regularly work over time, to work without enough breaks and to work on weekends, nights and holidays.

Regularly working overtime

Additionally, the working times can change on short notice and about one-third of the employers request their employees to be contactable beyond their working time (Krüger & Guhlmann, 2018, p. 83-87; Gerstenberg & Wöhrmann, 2018, p. 6-11). These elements have a negative impact on the desired work-life-balance of the employees, that stands for a well-balanced relation between personal and job-related needs (Lucia-Casademunt, García-Cabrera & Cuellar-Molina, 2015, p. 63 f.). Furthermore, the lack of career and training opportunities in almost half of the companies (Christensen, Faißt, Messerschmidt & Steglich, 2016) and a substandard salary (Statistisches Bundesamt, 2020) cause dissatisfaction. Moreover, the partially incisive difference between the world of the guests and the employees could be another reason. Although lots of employees regard the customer contact at first as a positive factor, this difference could lead to a sense of inferiority towards the guests (Gardini, 2014, p. 62).

#### 3. Countermeasures for the skilled labor shortage

Even though politics try to counteract the skilled labor shortage (Rahner, 2011), companies are in the main responsibility for improving the industry's image and the working conditions in their own interest by themselves (Bundesregierung, 2019; Enz, 2001, p. 44). The shortage cannot only be solved by recruiting new employees but especially by safeguarding their skilled employees (Barsch et al., 2018, p. 115 f.). The identified measures tie in with the previously described reasons and cannot be looked at separately but as interrelated measures within a complex process.

#### 3.1. Increase of employer attraction

Fundamental for the increase of the employer attraction is the knowledge about the needs and motivation of the employees in order to identify possible incentives (Thommen et al., 2017, p. 400).



Figure 3: Types of incentive

Resource: Own figure according to Thommen et al. 2017, p. 400

An already frequently used starting point is the monetary incentive (quod vide 2.2.1 changes in salaries in times of shortage). Also, employee benefits, like a discount for cooperation partners or within the own company or free meals during the working time, which are more beneficial for the company than a salary increase, are offered (Thormann, 2006).

Non-monetary incentives of workplace design with ideal performance conditions regarding the work flow, equipment, workspace, work environment and occupational safety boost the motivation (Thommen et al., 2017, p. 395 f.) and reduce the occupational diseases and accidents (Vogt, 2004).

In this context an improvement of working time regulation is also a significant measure. However, it has to be considered that the working times in the hospitality industry highly depend on the guests (Gerstenberg et al., 2018, p. 7 f.) whereby an adjustable schedule of working times and places, like in the

course of the new work trend (Barsch et al., 2018, p. 109), cannot be implemented and assured completely. Overlong working times and frequent night work should be still avoided to improve the productivity and the work-life-balance (Thommen et al., 2017, p. 397 f.).

Furthermore, it is important to prevent a one-sided workload and a the occurring of monotony during the workflow. Efficient measures target the scope of action of the employees, which can be extended by an enlargement and enrichment of the area of responsibility and a job rotation (Thommen et al., 2017, p. 395 f.).

#### 3.2. Increase of employee satisfaction

It is not enough only to implement the above-mentioned improvements of external circumstances in work (Haas, 2015, p. 27; Barsch et al., 2018, p.122), because also the emotional condition of the employees is determining (Barsch et al., 2018, p. 119).

Happy and satisfied employees, which see a meaning in their work and feel valued, work more efficient, make less mistakes and increase the success (Haas, 2015, p. 24 f., 170; Schilling, 2013). The strategy of corporate happiness describes how to achieve a business culture with healthy, productive and motivated employees by means of collaboratively defined missions, visions and values (Haas, 2015, p. 155-188).





The implementation of this strategy requires a change in the organizational form. The hierarchy, which pretended to provide control and power for the managers, needs to be replaced by a new organizational form of cooperation, where entireness and relation is promoted (Laloux, 2014, p. 48-52). Like the new work trend shows, the so far used management styles change into a direction of employee-focused or rather transformational leadership (Kannig, 2016, p. 229 f.; Barsch et al., 2018, p. 109).

Resource: Own figure according to Schilling, 2013

It becomes apparent that strategies, where employees are involved in decisions or self-managed organizational forms with a high degree of trust towards the employees, increase the motivation and personal responsibility (Laloux, 2014, p. 59-82). In addition, the satisfaction of the individual self-worth and a strong identification to the employer provide long-lasting relations (Kannig, 2016, p. 202 f.).

# 3.3. Examples for the positive implementation of these measures in the hospitality industry

A prime example is the hotel chain Upstalsboom. The general manager Bodo Janssen realized the significance of appreciation and promoted the development of his employees by implementing the "Upstalsboom Weg" (Janssen, 2016). Thereby he not only increased the satisfaction and lowered the rate of sickness but he also increased the company's success (Upstalsboom Kultur & Entwicklung GmbH, n.d.).

Likewise, the luxury hotel chain Ritz Carlton uses its motto "We are Ladies and Gentlemen serving Ladies and Gentlemen" to center the employees for the company's success and to demonstrate appreciation. Additionally, the service values "I am proud to be Ritz Carlton" and the employee promise cause an identification with the company's vision (The Ritz-Carlton Hotel Company, n.d.).

Also, small privately managed hotels like the Schindlerhof in Nuremberg achieve self-dependent action of the employees by implementing clearly defined values and goals (Knoblauch, 2017). Furthermore, they honor courageous actions even if they are not successful with the award "Failing of the month" (Unternehmensführung heißt, 2009, p. 39 f.).

## 4. Summary

It can be stated that skilled workers are a decisive factor of success for companies in the hospitality industry. Nevertheless, there is a skilled labor shortage, that can be explained by inconvenient and challenging working conditions within the industry.

The purpose of this research was to identify countermeasures to sustainably safeguard skilled workers. It turns out that these measures can be divided into the increase of employer attraction and the increase of employee satisfaction. The relevance and the positive impacts of the implementation of these measures for the companies and their success is proved by several examples from the industry.

## 5. Suggestions for further research

Regarding the limit of characters for this research paper the focus was primarily to identify measures for company internal changes to safeguard skilled workers.

In future it will be also important for the success to be well prepared for the increasing challenges and environmental impacts (quod vide 1. VUCA world). A significant approach will be the introduction and development of emotional skills for employees as well as managers, because they determine a) if and b) how quality and quantity will be used. Exemplary for that is the resilience, that increases the resistance through mental agility, emotional toughness and physical health (Drath, 2014, p. 434-448).



Resource: Own figure according to Leapfrogging, n.d.

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