

The Imminent Hotel Labor Crunch

October 11, 2018



Not necessarily specific to the hospitality industry and certainly not applicable to every geographic territory, but there appears to be a rising labor shortage that will come to affect all manner of jobs in a hotel workplace.

With such a diverse array of back-of-house ranks for both university-educated individuals as well as those without a college-level diploma, we must now fight to keep every team member lest we suffer from the long-term consequences associated with increasing onboarding costs, guest service gaps and lack of proper succession planning.

Especially in major Western markets, a shortage of free and available labor can mean significant increases in turnover and indirect expenses when all is considered.

Illustrating the Situation Through an Example

Suppose you run a midscale flagged property in a major urban territory in North America with 500 rooms. This means that there will be a recurrent need to fill frontline staff and supervisory

positions. The process for which can be a hefty burden on the human resources department as they are required to promote these job openings, interview candidates, verify employment records and initiate onboarding of new hires, all while managing every other ongoing project.

While every hotel's turnover rate will be different, some may even reach above 50% annually for non-manager positions. If there are, by a conservative ballpark figure, only ten open positions, this still adds up to a full business week out of the calendar month when all parts of the hiring process are factored in.

Moreover, while being in a dense population center gives this hotel access to a larger labor pool, it also increases its 'ephemeralness'. That is, a city has a myriad of other job opportunities and organizations vying to attract the best and brightest from the labor pool, thereby luring away passionate candidates from applying for a job at your property or from applying for a job in the hotel industry in the first place.

Indeed, I've heard hoteliers remark to me that it's becoming more common than before to interview and qualify a candidate to the point where a job offer is made, only for said individual to reply that he or she has already accepted a position elsewhere. Now that's frustrating!

Another factor to add to the mix is the ever-shifting policy on immigration, which has a direct impact on frontline staffing prospects as migrants typically gravitate towards urban communities and represent a disproportionately larger percentage of the candidates for entry-level hotel positions that are too often viewed as inferior for legitimate citizens.

Attracting the Best Young Talent

One issue related to this is that the hospitality industry is not generally viewed by the younger generations as a viable career path. The common understanding is that the best paying jobs are in the finance sector or in STEM (science, technology, engineering, mathematics), so that is where the talent is going with service-related fields like ours left to pick up the scraps.

This shouldn't be the case, and the onus is on us to improve our image amongst the millennials and centennials so that we can mentor the next generation of hoteliers who will have the intelligence and drive necessary to innovate the hotels of the future.

Where the word 'imminent' comes into play is that if we don't act fast, the perception of hospitality as a 'second tier line of work' may be too hard to reverse as members of these younger generations start to choose their college majors and apply for their first serious jobs.

Saving Costs Through Employee Retention

Outside of supporting your local hotel association and implementing a robust internship program, what can you do on a property level to prevent a labor crunch from seriously affecting your operations and causing a sizeable uptick in onboarding costs? The answer is employee retention by any and all means!

Given how tight the margins are on running a hotel, it's unlikely that our compensation structures will ever be able to compete with the salaries and bonus packages in other industries like those mentioned above. However, we can imbue our workplaces with programs that make our hotels the best places for team growth and personal development.

For this, hospitality has a few clear advantages that I don't see stressed enough. As a start, everyone can benefit from working a service-oriented job because effectively interacting with guests is an insurmountable skill that can translate near-universally for any future career path. I've personally seen hoteliers to go on to become great salespersons, primarily as a result of their ingrained ability to attentively listen to the customer's needs then respond diligently and anticipate the next request.

Related to this, as a people business, hoteliers are constantly interacting with a cast of characters and have keen insights about different cultural norms far above what you will be exposed to in other industries. Such a multitude of interactions makes for a lively workplace and a more fulfilling experience when all is said and done.

Next, and aside from emphasizing these guest-facing advantages, we need to promote employee retention by inspiring our teams through ongoing training and engagement activities – any initiative that encourages the development of a familial dynamic and gives an explicit path of upward trajectory as a reward for hard work.

Such actions will help to transform hospitality from just a job into an actual career, and my hope is that you are able to set up programs that will encourage the current generation as well as the next to view us with an open mind so that hospitality isn't left behind as the overall labor pool diminishes.

Originally published at: <https://www.hotelmogel.com/>