



Staffing issues among small hospitality businesses: A college town case

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ABSTRACT

Many studies have reported on the operational challenges that hospitality businesses face, including shortage of skilled labor and high turnover. To date, however, little attention has been paid to whether these challenges differ for small hospitality enterprises (SHEs). In particular, little is known about SHEs located in college towns, where plentiful labor supply of job-ready applicants is available on a constant basis. The present study explores labor issues with 21 small and medium hospitality owners and managers. The findings not only demonstrate that attracting labor is a daunting undertaking among participating businesses, but also that both turnover and other staffing related problems are on top of their list of challenges. These problems are of such nature that other issues, including getting the word out about their businesses or facing competition appear to be rather minor in comparison. Furthermore, only the least participants seem to understand the value of keeping staff for as long as possible; accordingly, these few operators have developed basic yet critical initiatives to promote employee retention. The importance of retaining valuable employees becomes paramount as it may reflect on several areas of the operation, including consistency and quality of service. However, despite its importance, the employee retention component appears to be missing.

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1. Introduction

In college towns across the United States, large numbers of students come and go on a continuous basis creating a sense of seasonality that hospitality businesses (restaurants, bars, cafes) may use to their advantage, both to cater to and employ students. These situations also provide local restaurateurs with opportunities to rejuvenate and re-flourish amidst the potential arrival of new talent. At the other end, seasonality and constant student transience may also create openings that may otherwise remain unfilled and lead to negative impacts, including lack of a consistent service culture, or even in terms of quality food/beverage provision.

Contemporary hospitality research has extensively addressed many of the problems hospitality businesses face, including food providers such as restaurants that live in a constant state of uncertainty due to labor costs (Nelson, 2001), low profit margins (Standard and Poors, 1998, in Nelson, 2001), competition, rising food costs and economic downturn. To add to their woes, restaurateurs also have to deal with the problem of high turnover

(Sunley, 2006), due to a failure by operators to recognize the importance of investing in their most valued employees (Enz, 2004).

While there is an extensive body of literature pertaining to the many problems hospitality businesses face, very few studies have addressed these issues among small hospitality operations in college towns and in particular among owner operated restaurants. Against this background, this paper seeks to answer the following questions:

- To what extent, if any, is shortage of labor an issue?
- To what extent, if any, is employee turnover an issue?
- What are additional challenges small restaurant operators face in a college town?

The limited extant literature surrounding these questions has implications not only for the research community, but also the hospitality industry itself and its many stakeholders; not least owner-operators. For example, while a number of challenges entrepreneurs face in college towns may be viewed as similar to those faced by the wider hospitality industry; a scarcity of literature may be preventing managers from zoning in on potential solutions to these problems. The main objective of the present study is to explore the challenges these operators face in an attempt to answer the questions previously posed.

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2. Literature review

2.1. Challenges among hospitality operations and consequences

For some time now researchers have concluded that among all the problems facing the hospitality industry, employee retention and turnover constitute fundamental concerns. Studies have also provided different reasons suggesting challenges the industry is up against to attract, retain or motivate hospitality workers (Barron, 2008; Aziz et al., 2007). For example, an argument has repeatedly been made that because of its antisocial working hours, seasonal employment, low job status, its unstable nature or low pay, the hospitality industry has made itself unattractive to many, contributing to its negative image in the process (Wildes, 2007).

At the other end, evidence from contemporary hospitality research illustrates the importance of 'environmental issues,' or critical aspects that relate to atmosphere or work environments; these issues are reasons restaurateurs have cited as being barriers to employee retention (Dermody, 2002). Furthermore, there is a view that self-fulfillment and working conditions are critical attributes valued among employees, even more so than monetary rewards leading to their retention (Milman, 2003; Ricci and Milman, 2003). Clearly, the consequences of having a stable work force can have benefits in the form of employee satisfaction, motivation, self-esteem, and lifting employees' morale. Studies have concluded that being proactive and developing training programs, or nurturing empowerment and autonomy can lead to more benefits for the employees (Ross, 1997; Lashley, 1995; Ashness and Lashley, 1995) and ultimately reflect back on the hospitality operation, including consistency and quality of customer service provision.

So why do restaurateurs not do more to provide a nurturing working atmosphere or non-monetary rewards and thus avoid in many circumstances the danger of losing valuable staff? After all, management's involvement plays a fundamental role in achieving financial success: "Leadership skills may help organizations to utilize the available human resources more effectively and to deal successfully with environmental pressures ... Leadership is at the heart of effective management" (Erkutlu and Chafra, 2006, p. 285, p. 295).

The "tension between enhancing customer satisfaction by investing in employees" (Enz, 2004, p. 329) versus the concerns of cost control in the form of higher wages and salaries appears to be behind restaurateurs' lack of resolution to act in light of human resource problems (Enz, 2004). Such tension or conflict in balancing investment and cost is a demonstration of weak leadership skills. To a great extent, restaurateurs' lack of firm action may be based on monetary concerns, as well as to the perception that part-time, casual staff will remain in the firm for a short time (Taylor et al., 2001). Many hospitality operators thus remain content in an impasse that irremediably will lead to their failure to retain employees, as their lack of commitment to support staff is reciprocated by their employees (Taylor et al., 2001), thereby affecting the business' quality of service provided and consequently its customer base. This "cycle of failure", according to Schlesinger and Heskett (1991, p. 17), is self-perpetuating and is attributable to management's absence of response: "High turnover reinforces the wisdom of decisions to minimize efforts in selection, training, and commitment-building activities" (Schlesinger and Heskett, 1991, p. 17). Employee turnover can also have an effect on organizational culture (Deery and Shaw, 1999).

Hinkin and Tracey (2000) conclude that poor supervision and limited responsibility or authority in the work employees perform is one of the main reasons why they leave their jobs; in contrast, if addressed satisfactorily, employee retention can lead to competitive advantage (Hinkin and Tracey, 2000). Success also entails

and requires education, employment training and development programs (DeMicco and Parks, 1989), all these significant elements in the accomplishment of the firm's objectives.

In an industry that, as in the case of the United States' restaurant businesses expanded rapidly in the last decades, the large number of operations going out of business (Gu, 2002) is a clear reminder of the great challenges operators face. Thus, management's contribution can and should be to identify critical aspects that negatively impact their operations, and in becoming involved in practical strategies that minimize problems and contribute to the business's well-being. For one, restaurateurs could provide more training for staff in different areas of the operation, including skills that like stock control are in demand, and while time constraints can be an issue in conducting on-site training sessions (Barrows, 2000), more knowledge can lead to more retention in the industry (Pratten and O'Leary, 2007).

Having satisfied customers is one of the best strategies to increase restaurants' chances of success. In these situations, the importance of staff is paramount as for restaurants this process is based on the entire consumption experience and not on a few factors (Pratten, 2003). Management should not underestimate the importance that restaurant staff play prior, during and after the consumption experience: "Perfectly cooked food could be badly received because it was badly served" (Pratten, 2003, p. 826). Surprisingly, while one of the greatest challenges for restaurateurs is that many waiting staff are young, do not remain long in their post and do not see themselves as making a career in the food service industry, restaurateurs still seem to pay little attention to the needs of waiting staff even though they meet customers on a regular basis (Pratten, 2003). Moreover, such a lack of vision may be resulting in precious opportunities being lost and eventual business failure, particularly as, once again, human resource "outcomes influence organizational effectiveness" (Koy, 2001, p. 112).

At the other end, there is also an argument that despite many researchers arguing for restaurateurs' need to address training, "Yet none of these writers provides a cost-benefit analysis of the training programme or advises managers how to obtain training dollars from reluctant owners" (Clements and Josiam, 1995, p. 10). Also, because its costs are complex to quantify, "it is difficult to develop specific turnover-cost numbers" (Simons and Hinkin, 2001, p. 65).

In contrast to many different hospitality environments, those businesses operating in college towns may in some regards have an advantage. For example, regardless of economic realities, the student population in college towns stands out and represents a ready-to-go labor contingent. Clearly, there are also downsides of a fluctuating, changing student population for employers: lack of experience, the intention of staying short-term in the industry as a simple way to earning pocket- or bill-paying money, lack of genuine passion for the hospitality industry and therefore a different attitudinal approach.

Much academic research to date has been conducted among medium or large hospitality enterprises. Not surprisingly, Morrison and Thomas (1999) argue that "... until recently, those engaged in hospitality management research had all but ignored small enterprises..." (p. 148). Similarly, limited research has been conducted on small hospitality businesses in college towns. This study sets out to explore this area from entrepreneurs' perspective.

3. Methodology

3.1. Sample and data collection

During the month of November 2008, 41 small hospitality business operators were initially contacted in and around a college town in the Southern United States. The geographical proximity of

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