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Discussion paper

# Constraints to attracting new hotel workers: A study on industrial recruitment



Sean P. McGinley (Assistant Professor)\*, Lydia Hanks (Assistant Professor), Nathaniel D. Line (Assistant Professor)

Florida State University, Dedman School of Hospitality, 288 Champions Way, UCB 4111, Tallahassee, FL 32306, USA

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#### ABSTRACT

The global hospitality and tourism industry is not only burdened with high turnover rates but also may soon be in the throes of a labor shortage. As such, a better understanding of industry employment perceptions has become a critical issue for hospitality managers. Of particular concern are the perceptions of those potential employees that do not have prior employment experience in the hospitality industry. Accordingly, the purpose of this research is to consider perceptions of hotel employment among the segment of the potential employee population that has no current or past experience working in hotels. Per the tenets of Constraint Theory, perceptions of pay, promotion opportunities, work-to-life conflict, and workplace-induced isolation are proposed to significantly affect potential employees' attitudes toward hotel employment. In turn, these attitudes are proposed to affect both intention to apply for hotel work and the intention to recommend applying for hotel work to others.

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### 1. Introduction

Competition for talent is one of the primary ways in which hospitality companies compete (Barber, 1998). Recently, the hotel industry has experienced particularly fierce competition in the recruitment arena due to several factors, including high turnover rates (US Bureau of Labor Statistics, 2015) and global labor shortages (Zopiatis et al., 2014). Regarding turnover, the US Bureau of Labor Statistics (2015) reports that the turnover rate in the hospitality industry has increased from 58.1% in 2010 to 67.6% in 2014; and these trends are not isolated to the United States. For example, Davidson et al. (2009) observed a 39% turnover rate among hotel managers in Australia. Similarly, Taiwan has a 33% turnover rate with over 50% of hospitality workers leaving in the first year of their employment (Zheng et al., 2012). In Ireland, a majority of former hotel workers stated that it was unlikely they would return to the industry (O'Leary and Deegan, 2005). Such conditions have facilitated a "turnover culture" in the hospitality industry (Deery and Shaw, 1997; p. 377) that forces employers to replace staff through consistent (and costly) recruiting efforts.

In addition to the turnover issue, a global hospitality labor shortage is also looming (Zopiatis et al., 2014). For example, hospitality organizations in developed countries like Luxemburg and Switzerland must often hire large numbers of migrant workers due to acute labor shortages (OECD, 2012). In Australia, four and five star hotels are experiencing a labor and skills shortage as employers are struggling to find a sustainable labor pool from which they can recruit (Davidson and Wang, 2011). In the United States, the American Hotel and Lodging Association (2015) is actively lobbying to make migrants' journeys to the United States easier due to projections that an additional 1.3 million workers will need to be hired in the hospitality sector in in the next decade (US Department of Labor, 2013).

High turnover rates and an impending labor shortage in the hospitality industry have made the recruitment of new labor to the hotel industry a particularly important issue for hotel managers. However, while there has been much research on current (and past) hospitality workers' perceptions of the hospitality industry, there has been very little research of the rather large proportion of the overall workforce that has never worked in the hospitality industry. This is a notable gap in the literature, because in order to combat high turnover and labor shortages, managers and hiring personnel need to understand how to build new demand for the available jobs. As such, there is a need to understand how those with no previous employment experience in the hospitality industry perceive these jobs and how these perceptions affect their job seeking behavior.

<sup>\*</sup> Corresponding author.

E-mail addresses: smcginley@fsu.edu (S.P. McGinley), lhanks@fsu.edu
(L. Hanks), nline@fsu.edu (N.D. Line).

Accordingly, the purpose of this study is to consider perceptions of hotel employment among individuals with no current or past experience working in hotels. To these ends, the Hierarchical/Negotiation Model (HNM) of Constraint Theory (Crawford et al., 1991) is used to explore the factors that constrain potential new workers from entering the hotel industry. The HNM suggests that people form preferences for actions based on a combination of constraints and motivators which (1) lead to the compatibility and coordination of their actions and (2) subsequently determine their behavior. In accordance with this model, this study proposes and tests a conceptual framework of the constraints and motivations for applying for employment in the hotel industry among those without prior professional experience in this domain.

#### 2. Conceptual framework

#### 2.1. Constraint theory

Constraint theory was developed as a way to explain leisure participation and preferences (Crawford et al., 1991); however, it can also explain many other behaviors. Godbey et al. (2010) assert that "the theory, as it emerges, appears to be applicable to a variety of human behaviors. It could, for example, be used as a lens through which to understand choices about occupational preferences" (p. 111). Thus, while the Hierarchical/Negotiation Model (HNM) has a rich history of explaining leisure related outcomes (see Burns and Graefe, 2007), this study seeks to expand its scope by using it as a guiding framework for the development of occupational preference.

While the original model was proposed as hierarchical, Auster (2001) challenged the idea that constraints were strictly and separately negotiated in distinct stages, arguing that many intrapersonal and interpersonal constraints are influenced by society. Even some intrapersonal constraints, like the prioritization of carerelated activities over leisure, can lead to a lack of time for leisure activities - a structural constraint (Shaw and Henderson, 2005). Given the theoretical and empirical support for (and challenges to) the hierarchical nature of the model, Godbey et al. (2010) suggest that, "...the hierarchy proposition should not be interpreted too literally such that it is thought to prescribe the actual perceived importance or intensity of each constraint . . . " (p. 111). Thus, in different contexts, with different individuals, and for various social, cultural, and historical reasons, different constraints will likely become more or less important in explaining activity preferences (Godbey et al., 2010). In fact, the relative strength or importance of any one factor has been shown to vary significantly, as evidenced by several studies using the HNM as a guiding theoretical framework (e.g., Hultsman, 1993).

In the context of potential employee attraction to the hotel industry, this study proposes a series of constraints and motivators that are context dependent and salient for the population of interest. Jex and Britt (2008) suggest that recruiters and recruitment materials are not as important to workplace attraction as are job conditions like promotion opportunities and pay. In addition to job conditions, people also make decisions on where to work for personal reasons, such as the ability to balance their career with their non-work responsibilities, interests, and obligations. This study, therefore, proposes that (1) the industry conditions that impact work will function as structural constraints and (2) personal factors (e.g., the extent to which one's work life and non-work life can coexist) will function as interpersonal and intrapersonal constraints. Consistent with the HNM, the proposed constraints are suggested to affect attitudes toward working in the hotel industry and ultimately one's likelihood to apply to and/or recommend hotel jobs to others. The proposed framework is presented in Fig. 1.

#### 2.2. Motivations

One reason that applicants may be attracted to a company is the way the company engages with its stakeholders, through corporate social responsibility (CSR). CSR "takes as its premise that firms ought to justify their existence in terms of service to assorted stakeholders rather than mere profit, [and] has been a subject of much debate" (Bohdanowicz and Zientara, 2008; p. 271). Though CSR can be focused on several areas like ecology, ethics, and the economy (Bohdanowicz and Zientara, 2008) policies that are focused on employees are particularly salient in the labor market.

In the current employment environment it should come as no surprise that CSR initiatives help to foster a committed and engaged employee base (Zientara et al., 2015) and are related to employee retention (Lee et al., 2013). Two of the primary employee-centric CSR efforts associated with employment are pay and career opportunities. Under the tenets of HNM, pay and career progression opportunities act as motivators to attract people to the hotel industry. However, if perceptions of these two factors are low, they may act as structural constraints. The HNM suggests that people need a certain level of motivation to overcome their constraints to engage in a behavior. For example, pay and promotion opportunities attract people to certain professional employment avenues (Judge and Bretz, 1992). Using these tools, employers promote themselves inside and outside of the organization in order to signal a viable employment option (Wilden et al., 2010).

Fouarge et al. (2014) observed that the expected salary for a certain type of work influences one's occupational choice, not just a choice between competing firms. Because the hotel industry is generally perceived as a low paying industry (O'Leary and Deegan, 2005), low salaries are a concern for recruitment at an occupational level. Walker and Calvert (2015) suggest that "the top three areas of dissatisfaction are salary, status, and working conditions" (p. 8). As evidence, a recent study in Macau indicates pay as being a primary reason for leaving hospitality organizations (Chan and Kuok, 2011). Given the perceptions of low pay in the hospitality industry, it is possible that such perceptions will actually act as a structural constraint, thereby reducing attitudes toward work in the hotel industry. Conversely, if perceptions are that pay is competitive or even generous, perceived remuneration may be a motivating factor, allowing workers to overcome other constraints. Thus:

**Hypothesis 1.** For those without prior work experience in the hotel industry, perceptions of pay (perceived remuneration) will have a significant positive effect on potential employees' attitude toward working in a hotel.

In addition to pay, Kucherov and Zavyalova (2012) suggest that career development opportunities are an important component of job search decisions. Career progression opportunities are a particularly salient concern in the hotel industry where McGinley et al. (2014) found that a perceived lack of career progression is a key driving factor in the decision of hotel managers to leave the industry altogether. However, while this is true of managers, Sullivan and Baruch (2009) suggest that more work on career progression is needed to fully understand its effect in the labor market.

In the contemporary labor environment, workers tend to value freedom and growth, subjective career success, and mobility, over more traditional values such as security, pay raises, and titles (Hall, 2004). Feldman and Ng (2007) suggest that workers have lower overall organizational commitment levels than a generation ago and are more adaptable in their career orientations. The shift in career orientation leads to "...states such as agency (through self-direction) and clarity (though being values-driven) to guide job search activities, which are more specific states than having a global sense of confidence in self" (Waters, Briscoe, Hall, and Wang, 2014,p. 411).

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