

The Mental Shift to Generation Y, For Hoteliers That is....

By Christopher Mumford and Thomas Mielke.

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The hospitality market is ever evolving, but hoteliers seem to struggle to adapt to recent changes in the work environment. Can they beat the constant labour shortage by embracing the values of the latest generation of hotel school graduates?

In a recent report, HVS Dubai analysed the development of the tourism industry in the Middle East ("Middle East Hotel Survey", published May 2008) and highlighted the staggering growth this region is experiencing in both supply and demand. However, the publication also revealed that regional hoteliers, nowadays and even more so in the near future, will find themselves struggling to attract the right personnel.

Yet, this labour shortage is by no means a problem exclusive to the Middle Eastern tourism markets. It is a global trend, which has already been addressed by numerous industry experts and organisations (e.g. IH&RA, ISHC, PATA). In addition, it appears that qualified personnel are increasingly inclined to leave the industry after a couple of years employment in the hotel sector, which further fosters the so-called "war for talent". The issue, therefore, lies not only in the attraction, but also in the retention of the right personnel.

Finding and attracting staff is generally influenced by the labour market and the level of competition in the respective hotel markets. Clearly, management is also a decisive factor and hotel guests have their final saying by setting the minimum expected service levels.

Retention is a slightly more complex topic and could cover several areas, such as remuneration and benefits, succession planning or talent management. This article, however, looks at the labour shortage problem from the perspective of today's labour force - Generation Y. We will concentrate on the changing work environment and the misunderstood Generation Y, as well as non-hospitality employers' increasing appreciation of hotel school graduates' skill sets.

Changing Work Environment and the Misunderstood Generation Y

Undoubtedly, the workforce of today is changing. Generations X and Y are gradually replacing the retiring Baby Boomers and thereby automatically altering the conditions in the work environment.

Generation Y in particular is living a different lifestyle: family structures no longer mirror traditional patterns and conventional gender roles are no longer valid. A recent study by Deloitte has examined the peculiarities of this generation ("Generation Y – Moving With The Times", August 2007) and states that it is primarily the values that have changed; work-life balance and communication have become particularly important and personal fulfilment has evolved into a main driver of motivation.

Furthermore, Generation Y is characterised by its determination and ambition and consequently wants to advance as quickly as possible in professional life, seeking to become more skilled and knowledgeable. Accordingly, job security is not as important as it used to be to other generations.

A lack of understanding of these values, clearly different from the attitudes of previous generations, has created an erroneous image of the Generation Y as that of being arrogant, impatient and disloyal. The study "Generation Y: Unlocking the Talent of Young Managers" (Chartered Management Institute, June 2008) has proven those prejudices to be wrong. It revealed that Generation Y primarily chooses an employer based upon long-term career development opportunities and only about 20% of the interviewees stated that salary levels were "very important" to them.

Additionally, for the great majority of respondents, company values played a major role in their decision

to join a company or not. The study also pinpointed the fact that more than one third worked extra hours on evenings or weekends and hence showed commitment by being flexible. The previously mentioned study by Deloitte adds to this and highlights the ethical and environmental awareness of Generation Y, concluding that job satisfaction is a key retention factor.

In consideration of all of the above, it becomes apparent that employers have to adapt to the changes in the work environment and adjust to the needs and expectations of today's workforce – those of Generation Y. Bruce Harkness, Vice President Learning & Development at Moevenpick Hotels & Resorts, stated in an interview with HVS Executive Search that the primary problem of the hotel industry is that it constantly underestimates its employees.

The industry is stuck in its rather conventional approach towards career development, in which employees have to work their way up the career ladder through various levels of hierarchy. However, by doing so, hotels might lose employees with great – but unrealised – potential. Harkness points out the necessity to educate current management and decision makers (most likely being part of the Baby Boomer generation) on the needs and expectations of Generation Y.

For the hospitality industry this means that offering trainee-programmes as entry-level positions may not always help to retain or even attract hotel school graduates. Mostly, they do not see great potential to enhance and develop their professional skills in such programmes. After all, what is a trainee-programme, if not a mere extension of what was already learned during the studies and internships?

Of course, there is nothing wrong with acquainting a new joiner with the procedures and standards of the company, but wouldn't a junior management position in Marketing & Sales, Revenue Management or the Finance department, for example, better capitalise on the knowledge and capabilities of the hotel school graduates? Unfortunately, it is still the minority of graduates that enjoys such encouraging and motivating positions. Therefore, hoteliers might want to reconsider their trainee-programmes and tailor entry-level positions to the qualifications of the graduates, in order to increase attraction.

As we have also seen, communication and personal development is a vital part of the value-system of Generation Y; employers should therefore create a work environment which reflects this. Next to providing regular feedback, coaching sessions and on-the-job development opportunities, it is the empowerment of the workforce that should be the buzz word in today's HR-departments. Harkness points out that often tangible project tasks provide the development opportunity graduates are looking for, by allowing them to apply theoretical and practical knowledge, take on responsibilities and to work independently.

By identifying the personal objectives of each employee, hoteliers should also establish a tailored career development programme and determine whether, and by when, personal goals can be reached. In the opinion of Harkness, it is therefore important to adapt a mentoring approach instead of an overly formalised and training-orientated methodology. Additionally, keeping the organisational structure as flat as possible would allow for more contact with senior management and areas of greater responsibility. Ultimately then, this could help to reduce turnover rates and increase employee retention, which should positively influence the cost structure of the HR department.

Non-Hospitality Employers' Increased Appreciation of Hotel School Graduates' Skill Sets.

After observing the changing work environment and considering that employers still fail to respond to the values and expectations of Generation Y, one might wonder whether this could be linked to the fact that an increasing number of recent hotel school graduates work in industries other than the hotel sector.

Surely, some of the graduates are driven by these circumstances into other industry areas. However, one should also bear in mind that, in light of the increasing number of educational programmes available,

hotel schools include more and more managerial, strategic and financial courses in the otherwise specialised curriculum. By doing so, they provide their students with skills that are valuable in a multitude of industries.

Some may also say that apart from such generic courses, it is the service-orientated attitude and well-developed communication and presentation skills of hotel school graduates which is appreciated by employers from the consulting or banking industry, for example. Both sectors are traditionally very reliant on strong customer relationships and personalised services. Others highlight the fact that an increasing number of institutions outside of the hospitality sector invest in hotel properties, given the attractive returns.

Such investors (including investment banks, institutional and/ or private investors), often do not have the knowledge to evaluate if a hotel runs smoothly and provides the returns that can be expected. Hence, hotel school graduates who know the business are increasingly hired by such companies to provide their input in acquisitions and asset management of hotel properties.

In the end, however, it does not matter who is poaching the hotel graduates. What needs to be understood is that the new generation of hotel school graduates is determined and eager to advance quickly in their career. If they do not feel challenged or motivated, and are not offered the possibility to take on responsibilities matching their qualifications, frustration settles in rather quickly and they start looking for new opportunities which they often find in other industry sectors.

Many hotels are able to initially attract hotel school graduates, but lose them along the way to a more rapid path of career development. Part of this may be attributed to the fact that job requirements in the consulting or financial industry are similar to those in the hospitality sector (e.g. being flexible, willing to work long hours and travel frequently or change workplace), but working conditions and development opportunities are much better.

Whilst the development opportunities have already been addressed earlier in this article, Bruce Harkness points out that hotels also need to work on improving the working conditions. For employees working in corporate offices, this may entail something as simple as being able to work part of the time from home. For staff employed at property level, hoteliers should aim to offset the lack of work-life balance by creating a work environment with a strong social aspect.

Keeping in mind all of the above, hoteliers should ask themselves two questions: “What is it that is most vital to our business?” and “How can we control or influence our key assets?”. The answer to both of these questions is that employees are the most valuable asset of a hotel and it is the HR directors or general management who influence the career path of each employee by setting the basis and framework for personal and professional development.

Therefore, hoteliers should adapt to the mindset of today’s workforce and see this as a great chance: with the shift from the Baby Boomers to the Generation Y, the opportunity arises to make changes and be more innovative.

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