

The Hotel Yearbook 2023
The Uncertainty New Normal



HYB



Tackling the Hotel Talent Shortage - A paradigm shift

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ACCELERATING PRE-EXISTING LABOR TRENDS: PERCEPTIONS MATTER

The writing was on the wall for the industry's labor supply problem even before COVID precipitated the phenomenon. In describing the backdrop for the recent acceleration of the labor supply crisis, a [2022 study](#) by HES-SO Wallis echoed a familiar sentiment: While hospitality's international exposure was seen favorably, respondents highlighted the industry's stressful working environment, frequent overtime and low salaries. More than 50% of respondents consider that hospitality work is "not valued in our society" and mention that working hours are "staggered and sometimes restrictive". Portrayals of the hotel industry in the news during the pandemic have also had a corrosive effect on its perception by younger generations, especially with respect to rigid and steep career progression models.

SOLUTIONS FROM FRANK CONVERSATIONS

In December 2021, the [World Travel & Tourism Council \(WTTC\)](#) published several strategic recommendations to make the industry more attractive to jobseekers, which included "facilitating labor mobility and remote working, providing safety nets, upskilling and reskilling the workforce and retaining talent, and creating and promoting education and apprenticeships."

Subsequent reflections on recruiting and retaining talent by such organizations as [McKinsey](#), and [BCG](#) have brought a needed granularity to the WTTC's broad (but sound) advice. These tend not to shy away from the thorny issue of compensation, with "wages and pay" ranked ahead of schedule flexibility, benefits, career growth and training.

In the same vein, in its "[2022 Guide to Employee Engagement](#)," Gallup highlights the attention given by employers to employee engagement through what it dubs "growth-oriented conversations," and "clear, ongoing communication." The adage has it that knowledge is power; at least this type of regular and open conversation will give hotel managers a better grasp of employees' specific motivators and stressors.

Perhaps that explains why Hilton has consistently ranked among the best workplaces in the world, capturing for the second year in a row the number two spot in the ranking – [the only hospitality company among the top 25](#). At the heart of its achievement, a remarkably high response rate (92%!) to its company team-member survey, which drives much of the internal conversation and programs around employee development and retention. As a result, Hilton devotes considerable resources to finding talent that matches the company values, and offers them growth opportunities, a wider array of upskilling and skills' portfolio expansion opportunities, along with recognitions, rewards, and a transparent career development track.

RETENTION STRATEGIES: TRANSPARENCY, FLEXIBILITY AND GROWTH

Transparency is crucial when it comes to communicating a company's strategy around talent retention and acquisition. This should be directed both internally, and outwardly, as evidenced by Accor's bold decision to confront the industry's global talent shortage head-on.

The company does so by outlining short-term fixes (making compensation market-competitive, introduce more flexibility into schedules, streamline and modernize certain tasks) and long-term projects (invest in technology-enabled automation and the upskilling that goes with it, redesign the workforce to allow for flexible external gig-like engagements, bring the employee value proposition into the modern age, and invest in non-traditional recruiting pipelines). To make sure employees and potential recruits are kept in the loop, Accor has launched several campaigns on social media and empowered regional divisions to focus on the programs that make the most sense for their geographies (e.g., a reimagined referral program and a [refugee recruitment program in North America](#); [Same-Day Hire Programs in the Pacific region](#)).

While many of its digital solutions are developed in-house, Accor has increasingly relied on innovation from startups. This [open-source strategy](#) of "co-development and co-creation" with HotelTech entrepreneurs "takes the form of commercial partnerships, pilot concepts in hotels and even acquisitions of equity stakes in some startups." Among such acquisitions: Wipolo, a booking mobile app, and FastBooking, a tool for independent hotels to develop direct sales.

Thanks to considerable resources, trust in its existing and future talents, and a digital-forward reengineering of its workforce and careers, Accor, like many of its peers, is embarking on an experiment at scale. This time next year, the results should show whether this approach yields better talent acquisition and retention.

Short of acquiring startups outright, hotels also have the option of incubating internal startups to be either integrated into the fold or spun off down the road. Whether they are "in-trepreneurs" or external tech providers contracted to develop digital solutions, the mutually beneficial relationship between them and hotels will generate considerable volumes of data from the users. Which include guests, but also employees current, past and prospective.

CONCLUSION: THE NEW 'BASIC VERSUS BALLER' PARADIGM

In TastemadeTV's short-lived *Basic Versus Baller: Travel at Any Cost* (2018–2019), each episode saw filmmaker brothers Alex and Marko Ayling draw lots upon arriving in a new destination. Who would receive a princely budget to stay and dine in the locale's finest establishments, and who would have to stretch a couple hundred dollars over three days, feasting on ramen in a youth hostel?

Both brothers managed to accomplish exactly what they had set out to do. One found smart solutions to explore a city's best cheap eats, free activities and sleep in budget-friendly yet safe and clean lodgings, while the other made a point to experience all the perks and services available in luxury hotels.

Likewise, the emerging hotel industry is one that takes into account the expectations of an emerging cohort of travelers who are tech-savvy, interested in sustainability and purposeful experiences, and weary of burdensome processes.

Contactless self-check-in and checkout are not necessarily seen as a hotel cutting corners if instead the premium-hotel guest is greeted by name by staff upon arrival, offered a welcome drink on a sofa and a personalized tour of the property. Similarly, the short-term-stay business traveler may see those same automated transactions – albeit in a very-lightly staffed budget property – as a time-saver, and the reason why they were able to find a modern shower, a Nespresso machine and a Bluetooth speaker in an \$80-a-night hotel.

In a highly differentiated luxury property, automating certain administrative processes such as reporting (which offers no discernable value added to the customer) and providing Gen Z employees with modern reservation management tools instead of slow legacy systems frees up resources to give a bespoke experience to guests. While capital-intensive in the beginning, investments in smart technology solutions eventually help reduce costs in the long run, thereby offering the possibility of reallocating spending on salaries, and making the working experience more attractive to a new generation of workers. This in turn reduces turnover.

At the other end of the spectrum, new budget hotel offerings emphasize efficiency and cost-leadership, especially with respect to staffing which represents the largest expense on any hotel's P&L. Labor management systems such as [Hotel Effectiveness](#) help allocate staff time more effectively. Simplifying the hotel's role by eliminating certain traditional F&B functions can also shape guests' expectations and reduce staffing costs. Case in point: replacing a middling hotel restaurant with a self-service market (e.g., IHG's EVEN hotels) or a co-working space (Mama Shelter hotels in Europe). This essentially reallocates value for the customer towards areas that may be of greater importance now than in previous generations.

While likely to boost the fortunes of hotels in both the premium and budget categories, these shifts in models certainly threaten the mid-section of the industry: three-star properties that cling to a more traditional, less specialized approach to hospitality, as well as independent hotels that are unable to make the needed capital investments in technology, facilities, new experiences – or new talent.

AT A GLANCE

WHAT CHANGES AT RECRUITMENT LEVEL WOULD HELP MOVE THE STAFFING SHORTAGE ALONG?

I quote our EHL Professor of Hotel Asset Management, Remy Rein, who advocates a more flexible working system based on a supply and demand basis. The idea is to pay staff extra when working the more unpopular shifts, e.g., Sunday evening, very early mornings or late nights, (not dissimilar how Uber operates). This should be communicated at recruitment level as an incentive when hiring.

WHAT'S THE ROLE OF AUTOMATION?

The role of automation and data analysis can play a major role in bringing down labor costs in the long run, despite the initial investment set-up. For the staff, it means replacing many repetitive tasks and creating more room for variety, e.g., flexible tasks that change every month, more customer interaction and a sense of empowerment in being encouraged to try out new roles.

WHAT ARE THE CONSTRAINTS TO THESE NEW MEASURES BEING APPLIED?

Mindset and money. Changes require an investment upfront and not many hospitality establishments have a generous budget margin post-Covid. New IT systems have to be installed to manage the new frameworks – this means budget plus a modern mindset. A traditional SME outlet run by the same owners for decades might not be so open embracing new tools, whereas young entrepreneurs with a startup mentality tend to dive into implementing innovative methods and harnessing the role of data.

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