Why Hoteliers Stay and Go: Future Oriented Thinking

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"Control your own destiny or someone else will."

~ Jack Welch

In many ways, companies in the hospitality industry thrive when they successfully deliver exceptional service experiences to their guests. As such, the human capital in the industry for forging positive relationships and fostering guest loyalty should be present at every successful firm. The ability to work with people and create a healthy service environment extends to employees as well, with Marriott International being on the Fortune list for top 50 most admired companies and three hotel companies landing on the Forbes best places to work list (Kimpton Hotels and Restaurants, Hilton Worldwide, and Hyatt Hotels) for 2018 (Fortune, 2018; Kauflin 2018). Paradoxically, the US Bureau of Labor (2018) reports that the hospitality industry has the highest rate of turnover of any economic segment in the United States. The United States is not the only market with high turnover, data from Australia estimates hotel managerial turnover at 39% (Davidson, Timo, & Wang, 2009), and in Taiwan more than half of hotel workers leave within one year of employment (Zheng, Lamond, & Kim, 2012). The questions then, becomes why are people--especially young manager--leaving the hotel industry and how can firms decrease turnover? Put simply, hotel workers, especially the managerial ranks, think of their future when making career decisions, not just their current state of affairs.

The Anticipatory Principle

Research has indicated that many factors may help explain why people engage in turnover. These factors include burn out from emotional labor (Xu, Martinez, & Lv, 2017), lack of managerial integrity (Simons, McLean Parks, & Tomlinson, 2017), poor ethics in leadership (Kim & Brymer, 2011), and work-life conflict (Hom & Kinicki, 2001). There have also been studies explaining why people stay in organizations, like their level of commitment to the organization (Jex & Britt, 2014) or a feeling of being embedded within the organizational system (Lee & Mitchell, 1994). However, even knowing that turnover in our industry remains the highest of any economic segment, within the United States and high across the world, our understanding of the reasons why people leave may be incomplete explanations for why people change companies. What these studies, theories, and data have in common is they explain how an individual feels about a situation in real time, or right now- what they do not tell us is how important future perceptions are to people working in the hotel industry. Essentially, people look beyond their going concern of what their current employment conditions are and consider their future circumstances when making decisions to progress their careers, be it at their current company, a competitor, or even in a different industry altogether--described here as the anticipatory principle.

In conversations and interviews conducted with hotel managers and former hotel managers, who have since changed careers, one constant always discussed is the future. Managers who have been able to overcome difficult schedules inherent in the hotel industry, the emotionally taxing work of the business, and so forth found success because they believed they had boundless opportunities to learn, grow, and develop their careers.

Those successful managers also felt with each career move they took, both horizontal and vertical, they would be in a better position with improving career circumstances. When discussing the same topics with managers who chose to leave the industry, they referenced poor outlooks for staying in hotel work, and they thought moving in the industry would not improve their prospects. Some even discussed how promotions would yield a great deal more work and marginal gains in pay as one interviewee stated that his boss had a poor "work to pay ratio" (McGinley, O'Neill, Damaske, & Matilla, 2014). Those who did leave the industry did so after changing companies (in my group of 13 they changed companies on average 2.6 times) and felt that regardless of company, the industry offered dim prospects for their careers and lowered the ability to balance their nonwork concerns with work. Additionally, even the perception that other people had room to grow their careers and progress reduced the likelihood that young entry-level hotel managers would harbor turnover intentions (McGinley & Martinez, 2016).

For Managerial Decisions

Knowing that people are using future-oriented thinking when deciding on how to progress their careers hotel managers can then use this sense making process to help with their retention and staffing efforts. For starters, creating a system in which managers have the opportunity to learn, grow, and develop their professional skills within a company is paramount to instilling a belief that they have a prosperous future within the organization. Creating a system where managers (especially those early in their careers) can take horizontal moves before they are promotion ready may help to keep them engaged and within the company. When individuals see that not only is their career progressing, but so too are the careers of their peers they would be expected to have longer tenures not only in the industry, but also within their companies.

In addition to just being able to progress a career, a system of rewarding and recognizing good work would also be important to fostering positive perceptions of the future. Companies could consider one-time bonuses for lateral moves or even substantial pay increases for climbing up the organizational hierarchy. Beyond monetary rewards companies should also plan to gamify career progression so that young managers can see how they stack up against organizational needs. A system where learning how to complete a departmental budget (a key step in becoming a department head) scores several points, whereas learning how to supervise all three shifts at the front desk scores less points, could help not only engagement, but help managers see what skills they have built and which ones they still need to learn. The organization could then set benchmarks and different levels of achievement for managers to hit before being given the opportunity to work in another department, get promoted, or work in another property, rather than tying these decisions to arbitrary tenures (like six months or a year). Table 1 outlines what a freshly hired college graduate might need to do (in a gamified system) as an assistant manager to move horizontally through the organization and what that same person might need to do in order to get promoted up the organization's hierarchy (naturally the system would change from company to company depending on needs and values).

Table 1. Point system for assistant managers.

Accomplishment	Points	Total Points Allowed per Accomplishment
Positive Guest Review (comment card, Trip Advisor, ect.)	1	3
Positive Employee Review (annual employee survey, or otherwise)	2	6
Supervise all of a department's shifts	3	3
Manage in More than One Department	5	5
Successfully Complete Project given by Department Head	2	6
Successfully Complete Self-Initiated Project	5	10
Nominated for Award	2	4
Winning Award	3	6
Complete HR led managerial development class	1	4
Complete external managerial development class (MBA course work, professional certification, ect.)	3	9
Learn How to complete department's budget	10	10

18 points required to apply for a transfer to a different department

35 points required to apply for a promotion

In addition, managers in the hotel industry can look to their counterparts in other industries that require their young educated entry-level professionals to work non-traditional schedules, in a fast-paced, high stress environment with high customer contact. One key industry that parallels the hotel industry's unique work requirements would be the medical industry, specifically hospital work with staff like nurses and doctors who work in environments like hotels that do not close. The medical industry, especially for nurses working in hospitals, use nontraditional scheduling to help their employees work a job with nontraditional scheduling needs. Many hospitals in the United States have nurses work four shifts a week at ten hours a day and staggering their start times to reduce the total number of people working in any given day. This allows many in the medical profession time off during the week to advance their skills outside of work to improve their career prospects by going back to school to get certificates in areas like radiation or anesthesiology. Some even use their time to take classes to advance their careers by becoming nurse practitioners or getting an MBA to manage the hospital or nurse operations. The same flexibility could be given to hotel managers, who seldom work only the eight hours they are scheduled for, but are required to be at work five-days a week. By altering the schedules of entry-level managers, they could have more time during the week to take classes like Smith Travel Research's CHIA (Certification in Hotel Industry Analytics) classes, take MBA courses at a local university (or online), or even come into work to take professional development classes with the HR department. Taking courses outside of the company should be incentivized through gamification in determining career progression opportunities. Additionally, hotels could work in "senior days" into their schedules on a quarterly basis that would give all entry-level managers the same day off for the purposes of managerial development training in a retreat style environment where young mangers can get together and learn things like the basics of departmental budgeting, increase their conflict resolution skills with a special focus on employees, or any other need the organization might have. All these strategies would benefit both the individual and the collective organization by developing the skills of entry-level managers and showing them a clear path to progression within the organization. The entry-level managers should become stronger benefiting the organization with better more competent staff, creating a deeper pool for general managers to promote from, and increasing retention within the organization reducing the costs associated with turnover. Additionally, by incentivizing entry-level managers to develop their skills externally to the organization they will bring in new knowledge, skills, and ideas to the company and will relieve some of the burden of teaching young managers from department heads and the HR staff.

Conversely, hotel managers should also recognize that not all turn over is a bad thing. In fact, underperforming managers may not necessarily be performing poorly enough to be fired, but still hold back the hotel from reaching its full potential. As such having them leave through attrition may benefit the organization by creating new promotional opportunities to existing employees or by allowing the organization to hire new blood from the outside. Poor perceptions of future outcomes helps to drive turnover; therefore, those who the organization does not wish to see remain, could be given few opportunities to progress their careers and learn, grow, and develop. If gamification is used to aid managers in progressing their careers, those who are performing poorly can see they are "losing the game" reinforcing their dim prospects with the company. As perceptions of the future become increasingly poor, the likelihood that people stay within an organization decrease as well. Simply put, managers who lose the game for career progression, should harbor poor future oriented beliefs for a career with the organization, and in turn leave creating opportunities for others.

Conclusions

The hotel industry is home to some of the best companies to work for in the world (Fortune, 2018; Kauflin, 2018), yet is burdened with high levels of turnover (US Bureau of Labor Statistics, 2018). One reason may be that our collective understanding of why people leave companies is incomplete and that we may need to explore the perceptions people have for their futures within a company or even an industry to better understand their decisions (McGinley et al., 2014; McGinley & Martinez, 2016). Using the anticipatory principle managers can help create systems to improve career outlooks and leverage positive perceptions of career progression to reduce turnover overall and help to keep the best performing managers within the company ranks. As Benjamin Franklin articulated, "an ounce of prevention is worth a pound of cure" and hotel companies can do the work of preventing turnover (and reducing the associated costs) by helping their managerial teams anticipate good things to come by sticking around.

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