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What effect do formalised human resource procedures such as contracts and appraisals have on employee motivation in the hospitality industry

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WHAT EFFECT DO FORMALISED HUMAN
RESOURCE PROCEDURES SUCH AS CONTRACTS
AND APPRAISALS HAVE ON EMPLOYEE
MOTIVATION IN THE HOSPITALITY INDUSTRY?

VICTORIA POWELL

A dissertation in partial fulfilment of the requirements of the University of
Chester for the degree of Masters of Business Administration

CHESTER BUSINESS SCHOOL

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Abstract

This paper examines the effects of formalised HR procedures on employee motivation in the hospitality sector. It has long been accepted that staff turnover, the ultimate sign of poor employee motivation, is very high within the hospitality industry (Thomas, 2006). This research attempts to establish whether this is affected by the presence or absence of formalised HR procedures.

Rowley and Purcell (2001) and many others have discussed the possibility of ‘turnover culture’ within the industry and indeed whether it has been both borne from and reinforced by the industry itself, even to the point of it being accepted as ‘tradition’ for hospitality workers to develop their skills by moving between establishments.

Unfortunately there is still an overall perception that there is ignorance towards the importance of human resource development as a contributing factor to service provision within the industry (Baum et al 1997). Coupled with this, leadership within the hospitality industry has historically been based on the principles of bureaucratic management, considering employees as a resource like any other; cost driven to achieve the goals of the organization (Lucas & Deery, 2004). This does not fall in line with current thinking on “best practice HRM”.

An investigation was undertaken into the level of presence of formalised HR procedures such as appraisals, interviews, personal development plans and contracts and compared with levels of employee turnover within the industry to detect any positive or negative correlation between the two.

The report concludes and provides evidence that organisations within the industry would all benefit from implementing or improving HR procedures. The report also shows evidence that employee turnover positively correlates with increasing HR procedures cementing the recommendation that the hospitality industry should look to improve practices as a whole.

Declaration

This work is original and has not been submitted previously for any academic purpose. All secondary sources are acknowledged.

Signed: _____

Date: _____

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Introduction

1.1 Background to the research

Having spent 9 years working as a retail store manager and the last 3 years in the hospitality sector, it has become apparent that there is a wealth of contrast in the people management tactics of the two sectors. Whereas retail companies appear to have very standardised procedures in terms of contracts, appraisals, pay reviews and HR practices in general, the hospitality sector seems to lack any kind of standard or 'best practice'. The neglect of HR practices in the hospitality industry (HI) has led to a large number of employees working without even so much as a contract of employment.

It has been asserted that effective human resource management practices can have a profound effect, creating an environment which could encourage more customer-oriented behaviour from employees (Morrison, 1996). Therefore, this has to raise the question as to why any company, let alone an entire industry would willingly choose to neglect such procedures (Baum et. al, 1997).

In addition to this, high staff turnover is acknowledged as a long-standing problem within the hospitality industry (Thomas, 2006). These issues were considered from the perspective of an author with a very keen interest in people management and employee motivation, and a desire was borne to expand upon the already existing research and investigate further as to whether any correlation between these two factors exists.

1.2 Research Question

The research question for this project is posed as follows:

What effect do formalised human resource procedures such as contracts and appraisals have upon employee motivation in the hospitality sector?

Aims of the research:

- To understand contemporary thinking on the impact of performance appraisals and employee contracts on employee motivation.
- To understand contemporary thinking on employee motivation in the hospitality sector.
- To examine any links between the presences of formalised human resources procedures and employee motivation.
- To conclude whether hospitality sector employers should seek to implement contracts and performance appraisals as standard procedure.

1.3 Justification for the research

This performance of this research is necessary and undoubtedly justifiable; the pursuance of this project aims to provide workable solutions to a real and problematic issue within the hospitality sector. Even though it is generally accepted that high levels of staff turnover are somewhat inevitable within the hospitality sector, constant recruitment nevertheless costs employers dearly both financially and in terms of the continuity and quality of service they are able to provide.

Whilst recent literature does acknowledge the lack of standardised HR procedures within the industry, there is no real indication as to whether it has either a positive or a negative impact upon the levels of employee turnover in hospitality. This research will attempt to provide some indication with regards to the direct effects of HR procedures on employee turnover.

1.4 Methodology

As this investigation is reliant upon personal experiences and perceptions in addition to some initial quantitative data, gathering the methodology for the research is required to be approached from an interpretive stance. When considering the project from an epistemological perspective, the researcher is seen to be adopting a ‘feelings’ approach and reflecting an interpretive stance. This adoption of the interpretive paradigm is due to the necessarily social nature of the research and refers to “*the way we as humans attempt to make sense of the world around us*” (Saunders et. al., 2007, p.113). Initially, questionnaires were distributed widely across various establishments within the hospitality sector. Semi-structured interviews were then conducted with three time-served managers from different businesses within hospitality to gain a greater insight into the real issues within the area. As with any social science people-centred investigation, a great deal of empathy is required throughout the entire process to ensure opinion and meaning is fully understood.

1.5 Outline of the chapters

Literature Review

This chapter provides a review of existing literature within the subject area and details relevant research which has been previously performed. It serves to outline where there is room for further research to be undertaken and provide background and theories upon which to expand. Key themes identified by the literature review are employee motivation, the importance of standardised HR practices and the impact upon service and customer retention. Material used to compile the literature review ranges from older, ‘accepted’ theories to very recent articles on emerging theories regarding employee motivation and HR practices. Through the literature review the most relevant type of research can be determined and the methodology refined.

Methodology

The methodology chapter attempts to justify the approaches used in undertaking the research for this paper. It will describe the need for research to be undertaken in a strategic manner to ensure that the original aims are met and the questions are able to be answered. It also gives insight into the need for careful consideration when choosing methods to collect the data, converting the research question into a project (Robson, 2002).

Due to the nature of the topic being studied, the approach inevitably takes an interpretive stance at times as a good percentage of the information is gained through personal interviews, requiring interpretation of individual experiences and perceptions. At each stage of the research design, the methodology is considered so that the most appropriate tools are used to maximise the information gained. Following further thought and investigation a mixture of different methods are deemed to be suitable; some qualitative in the form of questionnaires and some quantitative in the form of personal face to face interviews. The aim of using two methods and a mixture of quantitative and qualitative research is to achieve a more rounded and overall picture of the situation with a realistic outcome of usable solutions.

Findings

Within this chapter the data gathered will be analysed and converted into usable information using accepted research and analytical methods. The quantitative data is entered into a simple spreadsheet and correlated into statistics. This will allow the information to be viewed and patterns to begin to emerge in terms of trends and feedback. The qualitative data from the interview transcripts will be approached differently and analysed through the adoption of a more thematic approach as suggested by Saunders, Lewis & Thornhill (2004), selecting recurring issues or common themes and compiling feedback from the different interviews to pinpoint the most important and relevant comments and ideas. Any information which is not considered to be relevant to this research paper will be discounted due to the time constraints put upon this project.

Conclusions

This chapter takes the most important themes from the findings and considers them in relation to theories discussed and highlighted in the literature review. Once these have been compared the research findings are be used in reply to the initial aims of the research as detailed at the start of this paper, shedding some light on how the issues tangibly affect behaviour and trends within the hospitality industry.

Recommendations

This chapter attempts to provide realistic suggestions for improvement in practices within the hospitality industry based upon the conclusions drawn from the research. The solutions offered should be of real use to managers within the hospitality industry and fit for implementation in answer to the issues addressed in the research question. Recommendations are also made here for further research opportunities within the subject matter, reflecting upon the limitations of the completed research project.

1.6 Definitions

The Hospitality Industry shall be referred to commonly as HI and Human Resource referred to as HR.

1.7 Summary

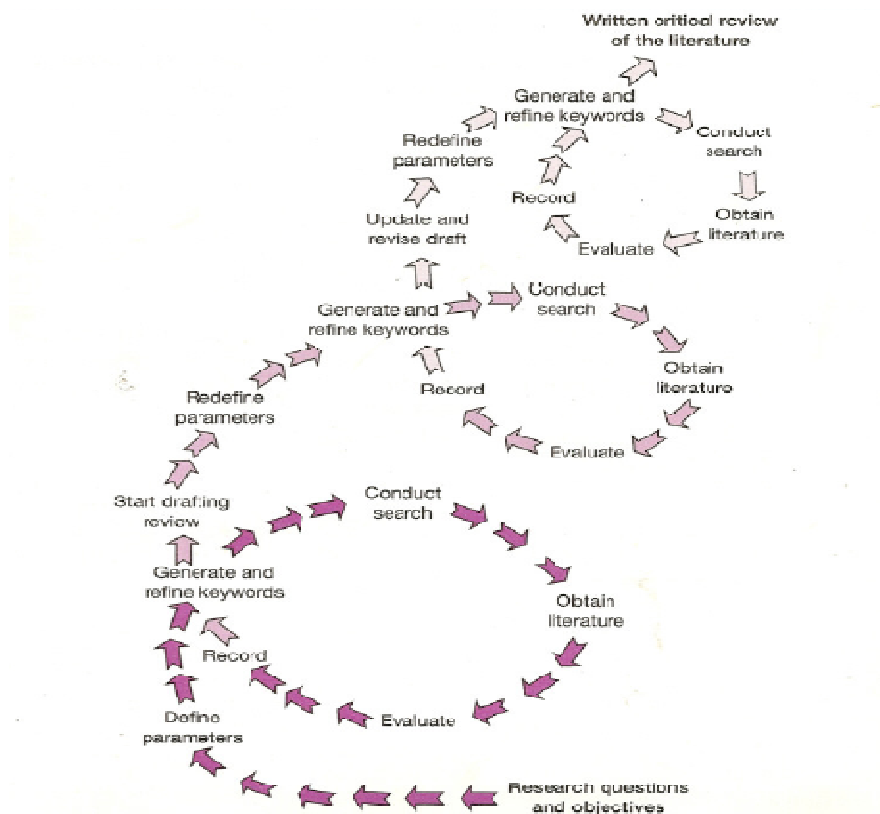
In conclusion, this chapter has attempted to outline the processes and contents of this research project; the research question and aims have been posed and the plans for extracting the information have been demonstrated. As such, the format for this research project has been described.

Literature Review

2.1 Introduction - The UK Hospitality Industry

This chapter provides a review of existing literature within the subject area and details relevant research which has been previously performed. Through carrying out this review, the foundations for this research project will be laid and further to this, the themes upon which to build the conceptual model and framework will be identified

Saunders, Lewis, Thornhill and Jenkins (2003) described the writing of a critical literature review as an ‘upward spiral’ as illustrated below. This is the approach has been chosen adopted for conduction of this literature review.



The Literature Review Process, Saunders, Lewis, Thornhill and Jenkins, 2003.

The literature review will take an inductive approach; without any preconceptions. Whatever is discovered will be taken and used to build theories rather than trying to deduce, prove or disprove existing theories.

The key themes to be thoroughly researched in the literature review are employee motivation, the importance of standardised HR practices and the impact upon service and customer retention. Material used to compile the literature review ranges from older, accepted theories to more recent articles on emerging theories regarding employee motivation and HR practices. Through the process of writing a critically analytical literature review, it will be determined which type of research is most likely to be deemed relevant and aid in refining the methodology to be used.

The hospitality industry in the UK employs in excess of 1.9m people across 180,000 venues. Not all of these are large scale employers: over two thirds of establishments employ less than 10 people (People1st, 2005). A career in the hospitality industry has no standard perception, being viewed in many different ways by the general public (Singh, Hu & Roehl, 2007).

2.2 Employee Turnover in the Hospitality Industry

Any organisation within the hospitality sector is required to be diverse due to the varying nature of the industry. Whilst this would seem to be complimented by the transient nature of the workforce, managing human resources within the industry is an undisputed challenge and one that many organisations have historically chosen to ignore (Baum et al 1997).

Research by Morrison in 1996 concluded that effective human resource management practices can have a profound impact upon an organisation, creating an environment which could encourage more customer-oriented behaviour from employees.

A statistical study by Thomas (2006) shows that half of all restaurant employees leave their jobs within the first 30 days and that growth within the industry can lead to fierce

competition for key employees. The hotel, restaurant and leisure industry showed an aggregate labour turnover of 41% in the CIPD's 2000 report. That is more than double the rate of the UK average and work by Lucas (2002) finds this to be the result of both resignations and dismissals. It is therefore unsurprising that staff turnover is the most heavily researched area of human resource management in the hospitality industry (Guerrier & Deery, 1998).

The high level of employee turnover has been attributed by Wildes (2005), at least in part, to the social stigma which is attached to working within the hospitality and service industry prompting employees to seek alternative employment. It is further suggested that those who work within the hospitality industry are a "*stigmatized group*" and members of an "*oppressed social category*" in the eyes of society in general (Crocker & Major, 1989, Wood, 1995).

This negative employment image, combined with the demanding working conditions of the industry, creates a huge challenge to recruit and retain well educated employees (Choy, 1995).

"These constraints of the hotel, catering and tourism industry – Long, antisocial working hours, low pay, unstable, seasonal employment, low job status – make employment within the industry seem unattractive to many".

Wildes, 2007

In addition to the obvious issues raised by Wildes' research another contributing factor to the high level of staff turnover is the acceptance of 'turnover culture'; staff departure is considered to be normal and appropriate by both subordinates and managers within the hospitality sector (Iverson & Deery, 1997).

Rowley and Purcell (2001) expand upon this theory creating the argument that this 'turnover culture' has been both borne from and reinforced by the industry itself, even to the point of it being accepted as 'tradition' for hospitality workers to develop their skills by moving between establishments.

A culture of turnover can be particularly damaging in the hospitality sector where the quality of service provision is the business' main source of competitive advantage. A transient workforce will obviously detract from the organisation's main objectives (Cooke & Rousseau, 1988) and undoubtedly upset the quality and consistency of products and services provided (Rowley & Purcell, 2001, Wildes, 2005).

Work by Martocchio (1994) declares a need to compare turnover culture with absence culture in terms of perpetuation; absence culture is proven to create absenteeism, whereas turnover culture as a similar theory has remained relatively untested. This overall acceptance of high labour turnover has led the situation to be described as somewhat of a self fulfilling prophecy within the hospitality industry as a whole (Wildes, 2005).

Blau and Boal's (1987) study documents organizational commitment and job involvement as having some interaction in the prediction of employee turnover. Huselid and Day further expand upon this theory in 1991, arguing that employees who are highly committed to the organisation and involved in their jobs are predictably less likely to leave than those who are 'apathetic'.

Research performed by Iverson and Deery (1997) suggests that, to some extent, gender and age do have some level of influence upon employees' propensity to leave, finding that females and older employees are somewhat less likely to leave their jobs than males or younger employees. In addition to these findings, and perhaps more telling, a more recent study of restaurant workers finds that only 27% of those surveyed considered their job to be a profession with only 30% having any plans to remain employed within hospitality in the future (Wildes, 2005).

This leads to the supposition that 70% of those employed within the industry are dissatisfied with their jobs to some extent. This does not altogether disagree with those authors who argue that job satisfaction and therefore labour turnover is very much within the control of the management (Rowley and Purcell, 2001).

"The key to employee commitment lies with job satisfactionincrease job satisfaction and therefore reduce employee turnover"

(Iverson and Deery, 1997)

A need to investigate the relationship between organizational climates and organizational performance has been highlighted in recent studies (Manning, Davidson, Manning, 2005).

2.3 Managers and HR Practices in the Hospitality Sector

Within any organisation managers have been shown to have great potential in positively affecting team turnover through effectively controlling their emotions, solving problems and the creation of a positive working environment (Langhorn, 2004).

Further research (Cho et al, 2006) on an international level shows that those companies choosing to implement HRM practices find that they have a positive impact on turnover levels for non-managerial employees.

Due to the numerous types and varying natures of the organisations within the hospitality industry, there is a lack of conformity in management practices and no real 'best practice' which businesses can use as a benchmark (Slattery, 2002). Baum, Amoah and Spivack (1997) detail the ongoing and very prominent attempt in current literature to educate the industry as to the importance of human resource management; not just for efficient functionality at operational level, but, more importantly on a strategic level to enhance the position of the organisation in the marketplace.

Poor HR practices and shortages of key skills are noticed throughout all employment levels and are identified within management positions in the hospitality sector. Historically this is blamed upon reluctance within the industry to invest in skills development (Baum et al 1997).

Contrary to managers claiming to consider HR as either 'important' or 'very important', only fifty percent carry out any non-obligatory training for non-managerial staff and only 35 percent perform any management training (Gonzalez, 2004).

Work by Langhorn (2004) investigates the relationship between management behaviour and its final impact upon the customer, describing it as highly complex to the point that it is even affected by the levels of emotional intelligence of the manager in question.

Several theories are considered by Olsen, Crawford-Welch and Tse (1990) in their conclusion that the combination of these issues in human resource management is the biggest challenge facing the hospitality industry. This is due somewhat to a neglect of even basic steps such as the three basic HRM processes; hiring, performance appraisal and reward systems.

Work by Cho, Woods and Jang (2006) considers the relevance of pre-employment testing, incentive plans and labour-participation in management showing them to be effective in decreasing rates of employee turnover on both a managerial and non-managerial level.

Much attention in the sources reviewed is paid to the role of management within the hospitality sector and their ability to impact upon employee motivation and retention, with many authors calling for greater attention to be paid to management development within the industry as a whole (Littlejohn and Watson, 1990). One of the most interesting points highlighted by Kovach (1987) is that in over 40 years of surveys trying to establish what motivates employees, perhaps the most relevant point of note is that historically, the opinions expressed by managers and their employees have always conflicted.

Employees' perceptions of managerial sincerity have also been shown to impact upon retention levels, further suggesting that it would be valuable and cost effective for managers to pay particular attention to supervisors' interpersonal communication skills (Paswan, Pelton & True, 2005).

When considering the work of Gilbert and Guerrier (1997), perhaps it is hardly surprising that there seems to be a lack of management skill within the industry, in contrast to the US and Japan, less than a quarter of all managers across in the UK possess a university degree in contrast to over twice that number the US and Japan (Gilbert & Guerrier, 1997). This lack of qualification when coupled with short-term experience within management roles could go some way to explain why employees and managers cite differing reasons in explanation of the high levels of staff turnover within the hospitality industry. Whilst employers generally cite the transient nature of the workforce, employees give reasons such as low pay, long hours and poor prospects for career progression (Olsen, 1999).

Research performed by Watson (2008) addresses the acknowledged poor relationship between UK Hospitality graduates and workers in the industry; a decreasing number of positions are made available on graduate schemes and there seems to be a mismatch between expectations of employers and the education levels with which graduates emerge. Baum (2006) then expands upon this theory proposing that if a graduate is placed in a management role, the responsibilities of which do not match the education received, they are more likely to feel ill-equipped if no further training is on offer, and seek alternative employment.

Several researchers (Rossiter, 2005, Spivack, 1997) advocate the great need for further ‘on the job’ training to be provided with ongoing support to bridge the skills gap between emerging graduates and managers. This reliance on experiential learning is pinpointed in a paper by Watson (2006) as a major distinguishing factor of hospitality management development in contrast to the majority of other industries

Leadership within the hospitality industry has historically been based on the principles of bureaucratic management, considering employees as a resource like any other; cost driven to achieve the goals of the organization (Lucas & Deery, 2004). This does not fall in line with current thinking on “best practice HRM”. It has been suggested that the industry spends too much time focusing on how it is perceived externally, neglecting how it is viewed by employees within the industry (Singh et al, 2007). For overall success, awareness and understanding of both internal and external perceptions are necessary.

HRM in the hospitality industry is heavily based on a combination of tangible products and intangible services (Fenkel, 2000) and should be of major concern to hospitality professionals (Korczynski, 2002).

It is commonly acknowledged that organisations choosing to provide feedback and training will reap the benefits; they will assist employees in overcoming shortfalls in performance, improve employee commitment and quality of service and decrease the prevalence of issues of turnover within the organization (Taylor, Davies & Savery, 2001).

Replacing an employee is estimated to cost in the region of £1,922 and an average of ten weeks training time (International Labour Organization, 2001). It is therefore fair to argue that it is in the financial interests of hospitality managers to improve employee motivation with a view to increasing job satisfaction and retention.

Gonzalez's 2004 study showed that managers' opinions towards the role of HR are generally very positive. However, it did also conclude that this perceived positivity is not sufficient without any investment into the development of proper procedures aligned with the overall company strategy.

The hospitality industry has been accused of practising poor employment tactics (Price, 1994). Many HI organisations hire a core staff (covered by employment rights) and surround them with more casual workers who are in a far less stable position (Head & Lucas, 2004). Just as a customer will judge the service they have received by how fairly they think they have been treated, HR practices within businesses need to be deemed by the employees as fair to have the desired effects. Bowen, Gilliland and Folger (1999) use the example of employee appraisals to highlight the benefits of 'fair practice', stating that during such an appraisal situation, even negative feedback is more likely to be well received if the employee thinks they have been reasonably treated.

Further studies, in particular the work of Ogaard, Marnburg and Larsen (2007) shows that this slow-emerging change in management behaviour could be improved, as management and employee perceptions differ significantly, with managers seeing a far more participatory workplace than employees perceive.

This leads researchers to call for willingness from managers to accept some of the responsibility for poor employee commitment and look beyond simply blaming high turnover on macro economic, social or political factors (Kazlauskaite, Buciuniene & Turauskas, 2006). This in turn, leads to an excuse for employers to justify not investing in the training part-time and casual staff.

The result of this failure to show any commitment beyond paying staff for hours worked serves only to perpetuate the issue of poor employee commitment further (Taylor, Davies & Savery, 2001).

“Being a service industry, it is the quality of the people recruited that give organizations a competitive edge, making research in human resource management extremely important for businesses. New or improved human resource management techniques can help them manage change with a diversified workforce in the global economy”.

(Singh et al, 2007, p.143)

In addition to the above issues, Taylor et al. (2001) highlight the ancillary issue that companies may well be spending money unnecessarily in providing training which could otherwise be sourced free from government initiatives.

A 2006 study by Cho et al adapted a 1995 study by Huselid to assess the overall effectiveness of HRM practices within the hospitality industry, measuring the effects on managerial and non-managerial turnover, labour productivity and return on assets (Huselid, 1995) which concurred with the view of Taylor et al, (2001).

2.4 The Importance and Positive Effects of HR

Strategic HRM and the concept of ‘fit’ are discussed in depth within the available literature. These issues have been suggested to be of particular importance in industries which are very competitive and labour-intensive such as tourism (Joliffe and Farnsworth, 2003). There is a long established school of thought that suggests that better reward systems, remuneration and incentive packages are required in order to find and keep employees which, in turn will maintain high levels of customer service (Linney & Teare, 1991). A 2005 study by Wildes goes on to provide evidence that those companies who consider employees to be more of an asset than a cost experience less levels of employee turnover.

Companies such as Marriott, Hilton and Hyatt have made significant changes to recognise their employees as a completely different type of resource, developing policies to improve job satisfaction (Gursoy, Maier and Chi, 2008). An IDS HR Study of Marriott hotels carried out in 2008 details how Marriott invest a great deal in their employees and boast a turnover about 15% lower than the industry average at 26%. These changes in management tactics have also been shown to affect employee

motivation both positively and negatively in terms of retention, morale and the overall company profitability (Gordon & Steele, 2005).

Research carried out by Singh and others in 2007 reveals the lack of attention paid to the issue of lacking HR procedures within the hospitality industry in addition to poor knowledge of government laws and legislation. This concurs with a 2002 paper by Lucas which observes that quite often the recruitment methods used to find new employees within the sector are fairly informal with very few personality tests or systematic assessments. This gives rise to employers instead relying more heavily on personal recommendations of existing workers.

Contrary to being good practice, a recent study performed by Cho et al (2006) identified grievance procedures and internal recommendation as the two practices within the industry that have been found to increase non-managerial staff turnover.

The 2002 study by Lucas interestingly also found that whilst performance appraisal was quite common for management within the hospitality industry, only 50% of non-managerial staff received an appraisal of any kind. These poor results were mirrored in a 2004 study, performed by Head and Lucas. This found that circa 75% of organisations issued contracts, though this ranged dependent upon the size of the business, and overall 75% of casual workers had no contracts of any kind.

In some effort to potentially address these issues, there has been much debate over recent years about HRM with universalism being suggested as the best way forward for the hospitality sector (Christensen Hughes, 2002). Appleby and Mavin (2000) effectively describe and advocate universal HRM as attempting to create a highly committed and motivated workforce through encouraging a high-trust culture. There is no evidence within the literature to suggest that this has caught on.

2.5 Employee Motivation, Job Satisfaction and Employee Commitment in the Hospitality Sector

Employee commitment has been described by McGunnigle and Jameson (2000) as being affected by organisational culture, training and development and the HRM practices of the business. They further suggest that employee commitment is considered to be a key indicator of whether HRM practices are working effectively. Other studies, for example the work of Janssen in 2004, have investigated the suggestion that employee empowerment improves organisational commitment, though the work of Kazlauskaite in 2006 disagrees that it is that straightforward and argues that there are several contributing factors to be taken into consideration.

A much-referenced 2004 paper written by Lashley and McGoldrick describes the concept of employee empowerment as an idea is growing in terms of importance, discussion and presence within literature. They expand upon this, stating that employee empowerment marries itself well to the growing school of thought arguing that HRM should be strategic in nature, contributing to overall organisational goals, encouraging a move away from delegation to the realms of trust and discretion between employees.

A 2004 study performed by Arthur presents a positive correlation between high commitment, HRM practices and organisational performance. Subsequent studies (Delaney and Huselid, 1996, Haynes and Fryer, 2000) have found results that support this research. Therefore it is now very widely acknowledged that the human resource practices adopted by an organisation play an important role in the overall success of an organisation (Nankervis & Yaw, 1995).

A 2007 paper written by Chiang and Jang discusses the issue of the hospitality industry always having experienced unusually high levels of staff turnover and concludes upon there being a need to investigate job satisfaction and employee motivation within the sector. They are not the first researchers to stress the importance of these issues: research by Kazlauskaite, Buciuniene, Turauskas in 2006 expresses that there is undoubtedly a link between turnover and poor employee organizational commitment.

Furthermore, employee performance and commitment to the organisation has been described by Langhorn (2004) as being reliant to some extent upon managerial ability to

identify with the work environment, community, brand and team of people they employ to set the scene for further development.

“Research has shown that by providing an adequate human resource support system, a commitment can be built towards an organisation, therefore resulting in better work place relations for both employees and the organisation”.

(Taylor et al, 2001).

Employee motivation is an extremely well theorised and heavily debated area of management. From the classic ‘Needs and Motives’ theories of Maslow (1954), Herzberg (1966) and Alderfer (1972), a great deal of new thinking has evolved.

“The study of motivation now forms an integral part of both industrial and vocational psychology. However, in both fields, concepts like need, motive, goal incentive and attitude are appearing with greater frequency than are the concepts of aptitude, ability and skill.”

Wiley, 1997, p.263

Early management techniques which focused solely on financial reward to improve employee performance, such as Frederick Taylor’s Scientific Management Theory are now seen as old-fashioned and an increase has been seen in behaviourism theory (Wiley, 1997).

Wiley (1997) identifies three assumptions upon which contemporary employee motivation research is based:

- *Motivation is inferred from a systematic analysis of how personal, task and environmental characteristics influence job behaviour and job performance.*
- *Motivation is not a fixed trait. It refers to a dynamic internal state resulting from the influence of personal and situational factors. As such, motivation may change with changes in personal, social or other factors.*
- *Motivation affects behaviour, rather than performance. Initiatives designed to enhance job performance by increasing employee motivation may not be successful if there is a weak link between job performance and an employee’s efforts.*

Contemporary research is further organised into three areas:

- *Personality based views*
- *Cognitive choice/ decision approaches*
- *Goal/self-regulation perspectives*

Wiley, 1997.p.263

The majority of contemporary research has clearly evolved to some extent from one of the 'classic' motivational theories. Maslow's Hierarchy of Needs (1954) is still considered to be very relevant due to the focus on motivating behaviour rather than performance. Limitations in Maslow's Hierarchy were somewhat addressed in Alderfer's work. Alderfer attempted to allow different needs to be pursued simultaneously and created just three categories of needs in his 1996 ERG Theory; existence, relatedness and growth.

In addition to 'satisfying needs' a notable percentage of more recent theories of motivation are borne from expectancy theory originally developed by Vroom (1964). A recent study of hotel employee motivation tested Vroom's theory using the following equation.

$$\text{Motivation force} = \text{expectancy} \times \text{instrumentality} \times \text{valence}$$

(Chiang & Jang, 2008)

This study led Chiang and Jang to develop a partially revised expectancy theory consisting of five components; expectancy, extrinsic instrumentality, extrinsic valence, intrinsic instrumentality and intrinsic valence.

Many of the sources reviewed describe motivation as particularly difficult in the hospitality sector due to the unpredictable nature of the work and situations which arise (Bitner, Booms & Mohr, 1994) and the successful recruitment, motivation and retention of employees in the service industry are well established as huge challenges for employers on a national scale, in spite of the fact that the industry remains relatively steady (Wildes, 2005).

Schlesinger and Zornitsky first established a positive correlation between job satisfaction and commitment to the organisation in 1991. Further research in 2001 by Testa concurred with these findings. It has also been suggested that both job satisfaction and employee commitment can be best achieved through sensitivity to employee needs such as training and development (Smith et al, 1996).

2.6 Work Values & Motivating Factors

From a 2007 study by Chen and Choi, four separate dimensions of work values in hospitality workers are identified: comfort and security, professional growth, personal growth and work environment. The levels of importance attached to each area varied throughout the generations surveyed but a common theory emerged, that *“satisfying the underlying dimensional needs of employees will provide an intangible benefit in the form of increased long-term employee retention”* (Chen & Choi, 2007).

Wildes 2005 study of restaurant workers finds that money is the main motivator for HI employees, closely followed by fun and flexible hours, though this did vary between ages and groups. A more recent study of employee motivation in hotel employees describes extrinsic factors to be more influential in motivation than intrinsic factors (Chiang & Jang, 2007).

These results were further enforced through the work of Chen and Choi (2007). This later study is broader in nature than its predecessors, including restaurant employees too. The results of this study show salary, benefits and job security to be of the highest importance, closely followed by social interaction. Both Chen and Choi, and Wildes' studies found work environment was of least importance to employee motivation across all generations.

2.7 Employee Motivation and Service Provision in the Hospitality Sector

Employee motivation in turn leads to employee satisfaction, which has been shown to have a positive correlation with improved customer service and satisfaction in the hospitality industry (Marriot, IDS HR Study, 2008). Tsaur and Lin in 2004 discuss the less tangible side-effects, describing an underlying connection between organizational

HRM practices and customers' perceptions of the quality of the service provided. Due to these customer 'Moments of Truth' it is especially important to treat service employees fairly (Bowen et al, 1999).

Employee empowerment should be considered when trying to increase moral involvement and commitment, emphasising the 'human' aspect of HRM (Lashley & McGoldrick, 1994). In encouraging commitment to the organisations goals employees will take more responsibility for their personal performance (Jones & Davies, 1991).

Paswan, Pelton and True in 2005 further advocate the need for content employees, accepting that there is an unbreakable connection between service providers and their customers. This connection and the corresponding relationship between the frontline employee and the consumer are described as being of paramount importance to the organisation's success.

“An investment in your employees is an investment in your restaurant's successful future”.

Thomas, 2006

Job satisfaction is not only important in improving employee retention but also it is vital for customer retention and the overall success of the establishment (Hancer & George, 2003, Pringle & Kroll, 1997). As representatives of the business of a whole, and in direct contact with the customers, front line hospitality employees are in a position to directly impact upon the success of the business, be that in producing positive or negative effects. Therefore, it is fair to say that levels of employee motivation, and ultimately the level of service they provide, have a direct effect upon the overall success of the business (Heskett, Jones, Loveman, Sasser & Schlesinger, 2004).

“Service workers are amongst the lowest paid and least experienced of all workers, yet they are probably the most important employee of the organization, having the first, and possibly only encounter with the customer”.

(Barbee and Bott, 1991)

2.8 Summary

This chapter has provided general reading around the subject area and details previous attempts at research into the subject. It has outlined where there is room for further research to be undertaken and provided foundations of theories upon which to expand. Key themes which have been presented in this critical literature review are employee motivation, the importance of standardised HR practices and the impact upon service and customer retention.

A wide range of material has been used to compile the literature review; from older, more 'accepted' theories to articles detailing emergent theories regarding employee motivation and HR practices.

There is still an overall ignorance towards the importance of human resource development as a contributing factor to service provision within the industry (Baum et al 1997).

The path to overall profitability can quite easily be traced, from improving employees' satisfaction and quality of service comes an improvement in customer satisfaction and retention. This leads to every organisations goal: profitability (Schlesinger & Heskett, 1991).

Even though there are a growing number of texts surrounding the issues of human resource management in the hospitality industry, very few combine new HR theory with hospitality management on an international level (D'Annunzio-Green, Maxwell & Watson, 2000).

Also, few studies have ever examined the impact of HRM on the overall performance of the organisation in terms of turnover, productivity and profit margin. A minority have ventured along this road, though those that have attempted to do this have focused on a sole practice within a single organisation (Cho et al, 2006).

Much of the research is 'isolationist' in its approach, considering the hospitality industry to function in some way differently from other types of organisations and it is

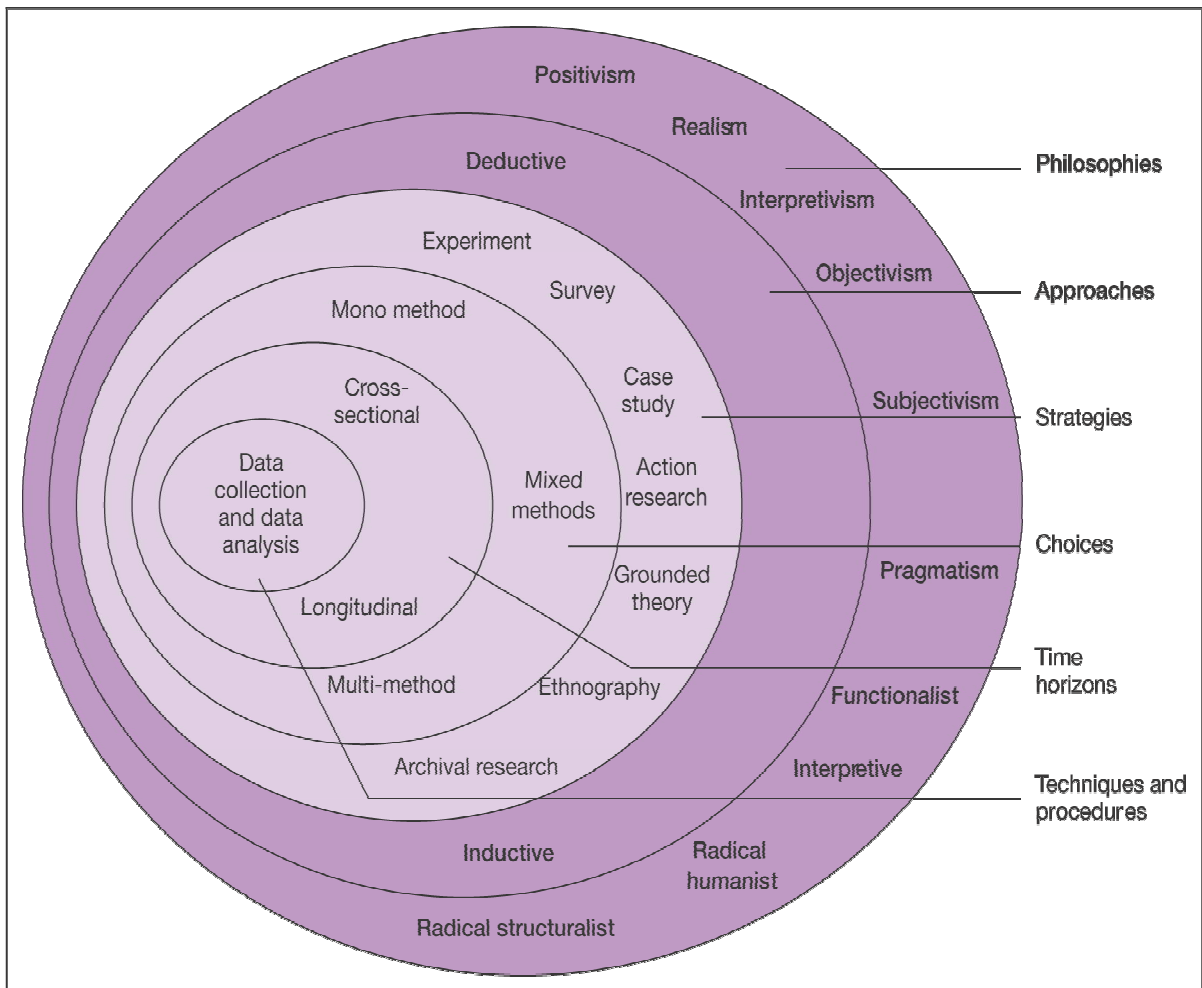
argued that research should be placed within a wider context (Jones & Lockwood, 1998).

Performing a literature review has determined the context in which further research is most likely to be relevant.

Methodology

3.1 Introduction

The research ‘onion’ below highlights the process of performing research systematically and as much as possible this project has attempted to adhere to this. This illustrates the need for research to be undertaken in a strategic manner to ensure that the original aims are met and the questions are able to be answered. It also gives insight into the need for careful consideration when choosing methods to collect the data, converting the research question into a project (Robson, 2002).



The research ‘onion’

Source: © Mark Saunders, Philip Lewis and Adrian Thornhill 2006

Having critically reviewed the literature available on the subject matter, the author has gained adequate insight into existing research relating to this research project. This has also placed the researcher in a position to formulate a plan for extracting the information needed to answer the research question and aims.

The aim of this chapter is to evaluate the best method or way in which to access the information needed for the purposes of the research and discard those methods which are not deemed to be suitable, justifying the reasoning behind these decisions at every stage. To ensure that the most effective methodology is employed, all alternatives must be considered.

3.2 Methodological considerations

The Research Philosophy

It is important to define the nature of the knowledge which is being gathered throughout the entire research process. When considering the project from an epistemological perspective, the researcher is seen to be adopting a ‘feelings’ approach and reflecting an interpretive stance. This adoption of the interpretive paradigm is due to the necessarily social nature of the research and refers to “*the way we as humans attempt to make sense of the world around us*” (Saunders et. al., 2007, p.113)

When attempting to gain and contextualise information from other human beings a need to be empathetic throughout the entire research is created and this must be taken in to account when designing the research instruments (Saunders et. al, 2007).

Coupled with a regulatory approach to the research overall, the design looks to reflect the urge to seek ways to suggest improvement within a situation rather than look to judge or criticise (Burrell & Morgan, 1979).

Using Burrell and Morgan’s “*four paradigms for the analysis of social theory*” proved to be most helpful in clarifying assumptions as a researcher and gaining insight into other researchers’ approaches.

The Research Question

The initial methodological consideration has to begin with the design of the research question.

“One of the key criteria of your research success will be whether you have a set of clear conclusions drawn from the data you have collected. The extent to which you can do that will be determined largely by the clarity with which you have posed your initial research questions”.

Saunders et. al, 2007, p.30

There are various methods which can be employed to make sure that the chosen question is suitable within the constraints of the project. The researcher in this project began the thought process with some general ideas and interests of what to write about and discussed them with a group of colleagues working within the hospitality sector. The process undertaken could be compared to the Delphi technique (Robson, 2002) though the final decision was reached solely by the researcher using feedback and ideas created from the discussion rather than by the group as a whole.

The researcher in this case considered several ‘final’ research questions and aims focused around a general research area before the research title was definitively written, similar to the ‘Russian Doll Principle’ (Clough & Nutbrown, 2002). This involves stripping away layers, and to some extent unnecessary padding around the real question being sought. The research question only changed slightly throughout the process of performing the literature review in response to emerging information and in light of existing research performed prior to this project.

Once the research question has been refined, its applicability is ready to be judged. The technique employed in doing this is one of the most popular and widely accepted; the “Goldilocks test”, advocated by Clough and Nutbrown (2002). This test helps to decide whether a subject is ‘too big’ or ‘too small’, ‘too hot’ or ‘just right’.

By using these methods of refinement the end result should be a research question which is relevant, poignant to the time, and most importantly, capable of being answered by the researcher within the constraints of the project timescale and resources available.

Through following a combination of these techniques, the aim was to avoid the most common danger in research projects; attempting to over-reach what the researcher is capable of within the constraints of the project (Saunders et. al, 2007, p.31)

Having decided on the question, the objectives must also be deemed to be SMART: specific, measurable, achievable, realistic, timely (Maylor & Blackman, 2005). This only serves to further emphasise the need for the researcher to be realistic in terms of what can actually be achieving within the constraints of this project. The methodology and timescale did change following unexpected changes in the researcher's career during the project though the researcher does maintain that the initial objectives were SMART.

3.2.1 Justification for the selected paradigm

The source of information in this research project has been defined from the outset through the 'human' aspect of the subject matter; it lies within the opinions and thoughts of those working within the hospitality sector.

Having critically reviewed the literature and refined both the research question and the objectives, instruments for conducting the primary research necessary must be designed. The researcher took the decision to design the instruments in accordance with guidance on research protocol from Fisher (2007).

It is accepted that the information collected for this research project is required to be qualitative at least in part due to the personable nature of the question posed and the aims set. The part descriptive, part explanatory nature of the research requires perceptions to be examined which cannot easily be examined just through quantitative methods alone; they do not probe far enough, or allow for expansion or further comment. This would undoubtedly hinder the level of insight gained into the topic as a whole and limit the comment of the research project as a whole.

Theory does state that some interpretive research projects can make use of the collection of quantitative data (Fisher, 2007). The survey strategy is normally only associated with the deductive approach, but can potentially serve a purpose within this project. Particularly in the initial stages of the research, it is hoped to assist in refining the issues which are to be investigated more thoroughly in the later stages of the research using a more qualitative method; it can establish the basic 'who, what, where' type questions. In addition to this, surveys and questionnaires are economical; providing a potentially large amount of data which is generally easy to understand, hopefully making the second stage of the easier to broach (Saunders et. al, 2007).

Taking all of these factors into consideration, the instruments eventually decided on were a widespread questionnaire to be completed by a variety of establishments within the hospitality sector followed by more in-depth semi-structured interviews with at least three time served managers within the industry. The semi-structured interviews follow guidelines for interpretive research detailed by Fisher (2007), leaving questions open-ended with room for expansion and the expression of opinions.

The decision to use a mixed method has been advocated a great deal in business management (Curran & Blackburn, 2001). This is similar to action research as interpreted by Eden and Huxham (1996, p.75): a collaboration between practitioners and researchers.

In any research project the greatest concerns are of validity, reliability and triangulation. Validity must be of prime consideration as it is "*the extent to which data collection method or methods accurately measure what they were intended to measure and the extent to which research findings are really about what they profess to be about*" (Saunders et. al. 2007 p.614)

Validity and reliability must be considered throughout the entire research project. Dochartaigh (2002) describes this process as assessing the reputation and authority of the source from whence the information came whenever secondary data is used. This was particularly important whilst performing the critical literature review and care was taken to ensure that any data included came only from reputable sources.

Triangulation is a type of verification of information gained from research best described below:

“The use of two or more independent sources of data or data collection methods within one study in order to help ensure that the data are telling you what you think they are telling you”

Saunders et. al, 2007, p.614

This is particularly important in this study where so much of the research gained is solely reliant upon the interpretation of individual opinions. The risk of misrepresentation was felt to be of greatest threat during the performance of the interviews. In an attempt to counteract this a non-biased third party was present during all of the interviews serving the extra purpose of recording the conversations in note form enabling the researcher’s full concentration whilst having a ‘double-check’ available.

3.2.2 Rejected methods

Whilst the chosen methods have been justified and refined, mention should be given to the other options for data collection which were available and discarded.

Several methods such as experiments are not feasible for the type of business management and people orientated studies such as this due to the un-natural environment in which they are conducted. Case studies were also discarded firstly, as they do not give a ‘scientific’ enough spectrum of opinion and fact and secondly due to problems with access and ethics being foreseen which should jeopardise the project.

Neither of these methods lends themselves well to the descriptive and explanatory nature of the research, and both are generally too restrictive in terms of the variables allowed. Grounded Theory, Ethnography and Archival Research all were deemed to be unsuitable due to the initial design of the research question conflicting with the methods necessary to adopt these approaches.

3.3 Research design

Having taken the decision to first send out questionnaires and then expand upon the feedback gained through performing a minimum of 3 semi-structured interviews, it was necessary to begin working on the questionnaire straight away due to the scale of the desired responses and the no doubt longer than anticipated response time. The bulk of the critical literature was well established, enabling the key points for investigation to be identified easily and formulated into questions to be put into the questionnaire. The literature review provided all of the leads for the questionnaire and was the sole source used in devising it.

At this stage, the same key ideas were predicted to be used to form the basis of the semi-structured interviews; however the overall formulation of this template was always going to be dependent upon the responses from the questionnaires so was not finalised until the results had been analysed.

Questions for the semi-structured interviews were undertaken with an open approach in accordance with guidelines laid out by Fisher (2007). This approach was decided upon due to the uncertainty regarding the kinds of answers that would come from respondents, allowing flexibility to seek further information.

The qualitative data that would be gained from this second stage of the research was intended to provide the greater social insight into the industry as a whole and generate more ‘workable’ information which could later be translated into recommendations for improvement.

3.4 Research procedures

The questionnaires were quickly formulated and further refined through running a test batch on colleagues within the researchers own organisation. Once ease of use was established the questionnaires could be distributed to external organisations within the hospitality sector. (Appendix A).

These were distributed through a combination of email, post and hand delivery. A total of 150 were printed and handed out over a period of 3 days February 10th – February 13th 2009. The response window was requested to be no longer than a week, though many of them were collected on the same day, several hours later. This was the preferred tactic as it was hoped it would maximise the response rate.

Following a period of analysing the questionnaires, the interviews took place within the time period 20th April 2009 – 15th May 2009 with three of the most willing questionnaire respondents. All of those approached had worked at a senior level in the hospitality industry for at least five years and were managers of different types of establishment. This spread was a further attempt to broaden the perspective which the research takes into consideration, therefore making the findings and recommendations applicable and relevant to different types of organisations.

All of the questions to be included in the semi-structured interview (Appendix B) are borne from the main themes which emerged from the critical literature review. As the nature of the research project itself is inductive, so will be the nature of the analytical procedure to examine the qualitative research. That is to say that there are no theories which the researcher is specifically attempting to either prove or disprove; merely to expand upon and explain and possibly see the emergence of a new theory. Any attempt to prove or disprove existing theory can restrict the interpretation of an individual's views and meanings (Bryman, 1988).

3.5 Ethical considerations

To ensure a bias-free result the results from the researchers own organisations shall be excluded from the overall findings for this study. This avoids the potential issue of 'insider research' being raised. Furthermore, the researcher has no links with any of the establishments used in this study and therefore hopes to achieve some greater level of objectivity, which is particularly important for the second stage of the research.

The second part of the primary research will take the form of semi-structured interviews which will explore management perceptions regarding the issues of employee turnover, motivation and customer service. It has been decided to interview managers only due to the time constraints of this project. It could be argued and was considered that a wider

understanding and insight into the overall issues could be gained through interviewing frontline staff in addition to managers; however the scope of doing so is far too great for this project to attempt to tackle.

The decision to interview only experienced managers was taken in the hope of gaining the widest and most balanced perspective possible within the capabilities of the researcher and the timescale and budget of the project.

3.6 Summary

This chapter has described the thought processes and procedures that were followed in predicting the most effective way to access the information needed to answer the research question and fulfil the objectives.

Wherever possible the research design has followed accepted theory to maximise the chances of success in providing real and useful information in the hope of being able to draw valid and balanced conclusions on the subject matter.

It is hoped that the selected balance of qualitative and quantitative data will put the researcher in the best overall position to look at the issue from different angles and perspectives enabling contextualisation of the information gained.

Findings

4.1 Introduction

This chapter will analyse the data gathered and turn it into usable information. Of the 150 questionnaires distributed, 40 were returned fully completed, a further 20 were incomplete or completed incorrectly and therefore discounted. The quantitative data can be correlated into numerical statistics whereas the interview conscripts can be analysed by adopting a thematic approach; selecting common themes and compiling feedback from the different interviews to define the most important and relevant comments and ideas. All interviews were carried out at the interviewee's place of work at a time which was most convenient for them.

4.2 Application of methodology

Of the 40 valid questionnaires returned to the researcher, 8 were from hotel managers, 20 from publicans or bar managers and the remaining 12 were from restaurant managers. The findings were able to be analysed through inputting in to a computer and using a simple spreadsheet.

The following observations were made from analysing the questionnaires only:

- The average number of staff employed in the establishments surveyed was 23.5.
- The number hired in the last 12 months was an average of 9.5.
- This results in a 44% staff turnover.
- 22 of those surveyed were independents, 18 were part of a chain.
- 22 employers do not issue contracts – 28% do.
- Of the 22 employers who did not issue contracts to all employees only 6 performed any kind of performance appraisal.
- Of the 52% of employers that do not issue contracts 15 of the businesses are bars, a further 9 of which provide no appraisals.

- 17 employers ranked pay as number one motivator 43%. This was followed by flexible working hours and sociability ranked fairly evenly at second and third importance.
- 80% of employers ranked career prospects of least or next to least importance.
- Only 2 employers ranked career as number one.
- The 22 who did not have formalised HR procedures had a staff turnover of 47.3%.
- Those who did have contracts (which in general led to appraisals too) showed as having a lower turnover of 40.9%.
- Hoteliers considered pay to be far more important – every single participant ranked pay as the number one motivator amongst their staff.
- Sociability as a factor in employee motivation was ranked far higher in pubs and bars whereas flexible working hours were more noticeably cited in restaurants and hotels.

Analysing the Interview Transcripts

Analysing the transcripts from the semi-structured interviews was never going to be as straight forward as it is naturally more diverse (Saunders et. al, 2007). Analysis occurs at all stages throughout the research project and can be interactive, particularly when following an inductive grounded approach as this project does. The researcher decided to follow the general procedures outlined by Saunders, Lewis and Thornhill, 2007:

- Categorisation
- ‘unitising’ data
- Recognising relationships and developing the categories you are using to facilitate this;
- Developing and testing theories to reach conclusions

(Saunders et al, 2007, p.479)

The categories used to classify data from the outset are derived from the critical literature review, following the key themes which have been discussed and developed. Category names will be derived from terms used in existing theory and literature because this has been deemed to be acceptable practice (Strauss and Corbin, 1998) providing that they go on to provide a structured framework from which to analyse further. The relevant information gained from the interviews should all 'fit' or attach itself somewhere, underneath one of the sub-headings/categories through the process mentioned earlier known as 'unitising'.

Categorising information in this way leads to the reorganisation of the 'data' from the interview transcripts. This is done in such a way that it becomes converted into more tangible information to be analysed and developed into theories. As the collation of data progressed some of the initial 'units' were separated as the theories within them proved to be too large. Similarly other theories which were initially considered to be separate eventually became combined.

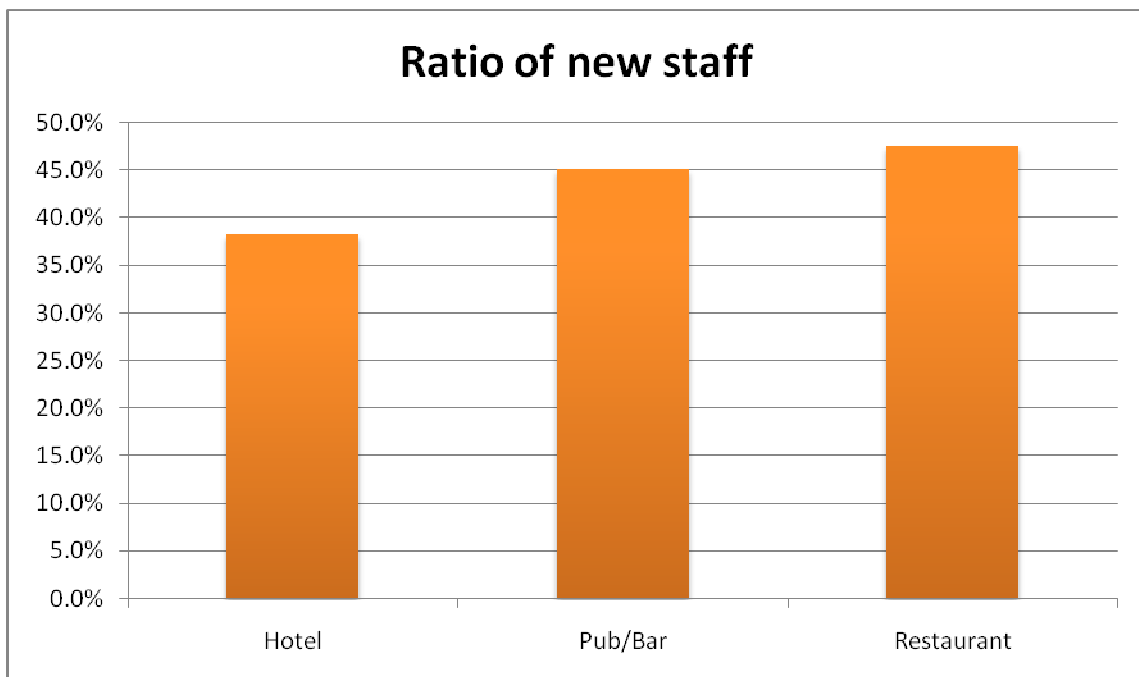
4.3 Findings in relation to the Main Themes

The information below is a combination of data gained from both the questionnaires and the transcripts from the semi structured interviews. The information was combined wherever relationships and common themes emerged.

4.3.1 Category 1: Employee Turnover in the Hospitality Industry

The questionnaires, though from a relatively small sample of the industry do concur with existing theory that the hospitality sector experiences unusually high turnover in comparison to the UK average at 45% of the total workforce in one year against a UK average of a little over 20% (CIPD, 2000).

The table below shows how the levels of turnover compare throughout the differing types of establishment surveyed. Staff churn (new staff ratio to total staff) is separated by establishment type, the lower the bar the better.



From the above chart it is evident that hotels have fewer new employees relative to their overall staff levels than bars or restaurants. This could be because hotels are marginally better at keeping staff, but it could also be because they don't expand as often as pubs or restaurants. It is not possible to draw a definitive conclusion on this as this was not investigated within this project.

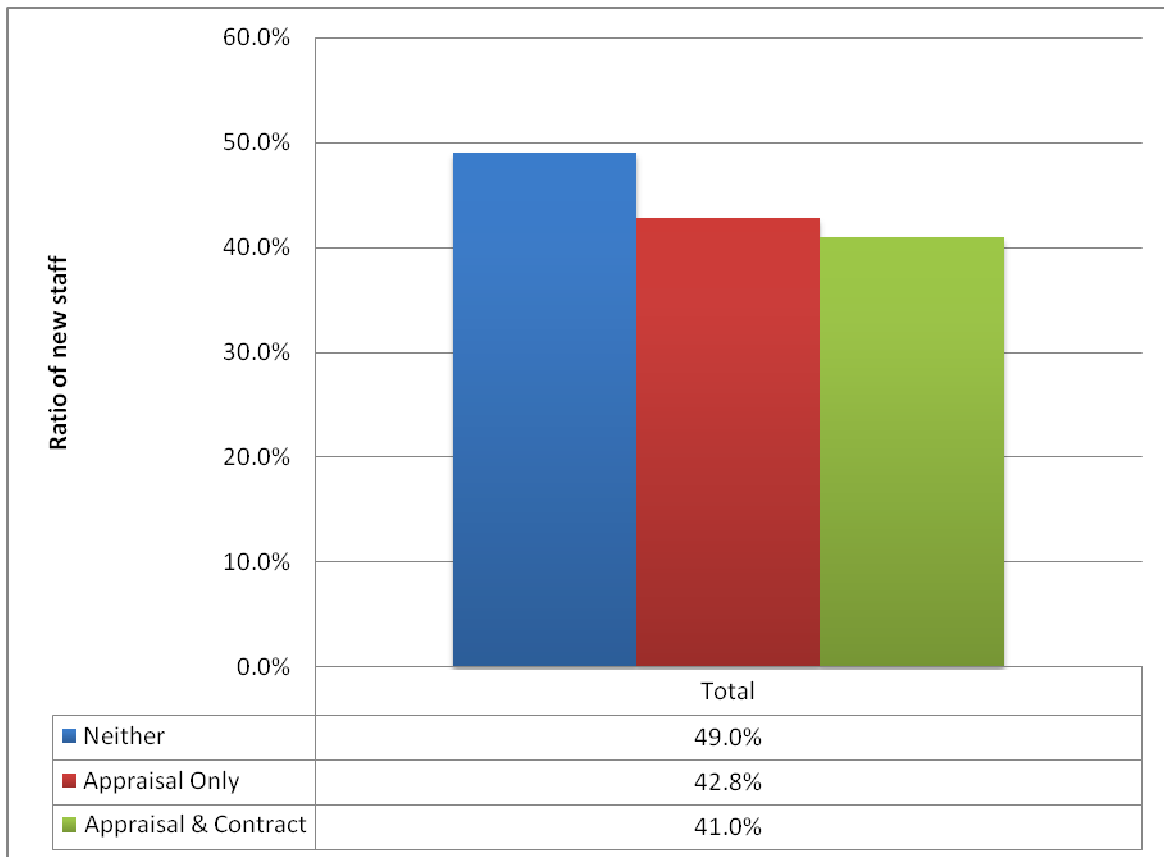
When discussing the issues in the interview situations, Managers X and Y are very much of the mind that high staff turnover ‘comes with the territory’ and much more to do with the transient nature of the workforce rather than the practices of the industry as such. It is necessary to point out at this time that the levels of staff turnover in these two establishments are 48% and 133% respectively over the last 12 months.

In contrast, Manager Z has experienced a relatively low staff churn of 16% in the last year and finds that staff retention has not been an issue, most of the turnover being attributed to the replacement and re-hiring of ‘seasonal’ workers. He further describes how he has maintained a core of full-time staff for the last two years. However, it was commented that this is a great contrast to the previous 2 establishments in which this manager had worked. He attributes this to the ‘different vibe’ of his current establishment in terms of the work involved and the type of employee it attracts making it difficult to be directly comparable to other ‘typical’ businesses within the hospitality industry.

4.3.2 Managers and HR Practices within the Hospitality Sector

It is evident from the questionnaires that there are no ‘standard’ procedures which are adhered to within the industry. 22 of the 40 employers do not issue contracts as standard to members of staff; only 48% of those surveyed were found to have these basic practices in place. Within the 22 establishments who do not provide contracts of employment for their staff, 16 do not provide any type of performance appraisal either. As such 40% of establishments surveyed do not provide any type of contract or performance appraisal for their staff and 15% provide appraisals only. Interestingly, whilst sometimes appraisals were in practice in the absence of there being any formal contract of employment, the same was not conversely true; no businesses had contracts without appraisals.

The chart below shows how the presence of these standardised HR procedures impacts upon the levels of staff turnover within that organisation, if at all.



From the chart it is evident that those organisations with both appraisals and contracts have the best retention, followed by those with just appraisals. Organisations that have neither contracts nor appraisals are proven to be noticeably worse at retaining staff.

When investigating this matter further in the semi-structured interviews, Manager X expresses their opinion on the ‘need for standardised HR procedures’ within a company, though is not convinced of the benefits it is bringing to that particular establishment at this time. There is a perception from Manager X that the introduction of standardised HR procedures would be ‘best practice’ for all organisations and that turnover is lower because of their existence.

Manager Y, who has turned over their staff to the tune of 133% in the last 12 months of trading, has no kind of HR procedures in place and doesn’t really attribute any value to their being in existence at all. When questioned further as to whether the lack of HR

practices in place might have any influence upon the high levels of staff turnover, Manager Y persisted that the two are not linked to any real extent.

Manager Z, who has experienced the lowest level of turnover at 16% 'generally' offers contracts to full-time staff and appraises all employees' performance, though is also not convinced of their worth within the industry as a whole in spite of them appearing to statistically work for this establishment.

There was a consensus amongst all three of the Managers interviewed that contracts are so often breached within the industry and 'not worth the paper they are written on'. That is to say, whenever employees decide to leave, very often in breach of contract, they are never pursued and made to adhere to the terms of their contract. Due to the unpredictable nature and very stressful environment in which employees are expected to work, it had been the experience of all of the managers that employees have been known to 'walk out' or 'not come back' after a particularly challenging shift. Furthermore it was the opinion expressed by all of the Managers interviewed that it was not deemed to be beneficial to the business to spend time and money pursuing an employee in an attempt to force them to work out their notice period when they will typically have a negative influence upon other member of staff, customers and the overall success of the business.

Upon further investigation, where contracts are stated as offered, this is only to full time, long term staff. All three managers seem familiar with the idea of hiring a core staff and surrounding them with casual workers (Lucas & Deery, 2004). The perception is that this was general practice within the industry and 'everywhere' does it.

There is a more positive reaction from all three of the Managers to the subject of performance appraisals. Whilst Managers X and Z have formalised procedures for carrying out their performance appraisals, Manager Y initially said they do not appraise their staff at all. However, following further discussion with Manager Y it became apparent that even though employees are not formally 'appraised' as such, performance is reviewed on an individual level for most members of staff.

It was felt by all that reviewing individuals' performance is a necessary and very valuable part of being a successful manager within the industry. All of the Managers

had had experiences in the past where there was a general lack of communication and consensus from staff. Furthermore in an industry which is so sociable by nature, there can be too many ‘confusing’ messages spread around within any workforce. Manager Z went on to speak particularly passionately about the difficulties of being a manager in the hospitality industry. Many of the problems experienced were borne from being a manager working a 40 hour week in an establishment which is open sometimes 15 hours per day; it is never clear what employees are doing during the manager’s absence and Manager Z is aware that there is a struggle for status within the current establishment and every previous one in which they have worked. To counteract this, they feel the most valuable way is to speak, and remain approachable, to every member of staff to send out a common message in a bid to develop a feeling of equality amongst their staff.

Whilst Managers X and Y did not expand in such great detail when prompted, they did feel that ‘one to one’ conversations with staff were a very valuable part of the job that they do, similarly to counteract power struggles and in-fighting.

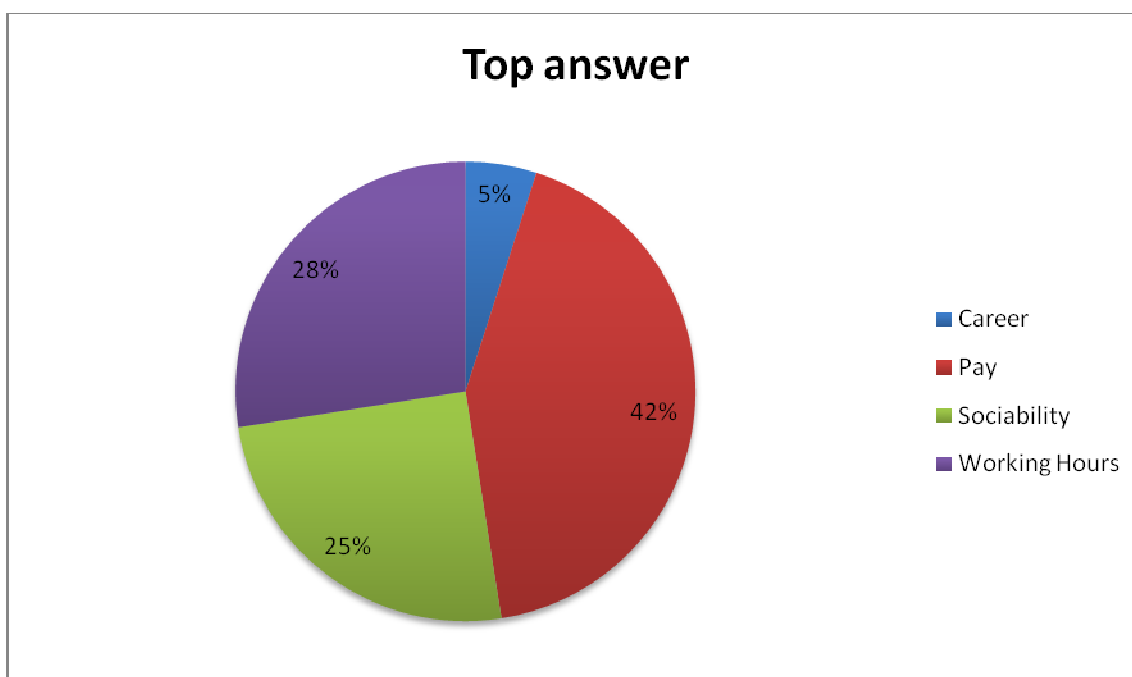
4.3.3 Employee Motivation, Job Satisfaction and Employee Commitment in the Hospitality Sector

Of the 40 managers from varying establishments in the hospitality industry who responded to the questionnaire, 17 employers ranked pay as the number one motivating factor for their employees. Flexible working hours and sociability were considered to be of similar secondary importance, ranking fairly evenly at second and third place respectively.

Of greatest interest to the researcher was that 80% of employers ranked career prospects as having least or next to least impact upon levels of employee motivation. Only 2 employers (5%) consider it to be the number one motivating factor for their employees.

These results only portray a management perspective on the situation, but they do marry themselves to recent research amongst restaurant workers which found that only 27% of employees considered their job to be a profession and 30% had any plans to stay within the industry (Wildes, 2005).

The chart below illustrates the answers given in terms of what was considered to be the ‘number one’ motivator for employees within the establishment.



When the issue was investigated further in the semi-structured interviews, all 3 managers mentioned that this was a very difficult question to answer due to the diverse nature of the workforces they employed. All managers felt that for every employee they employ who is motivated by money, there is another in the role because they needed to work the flexible hours, and another who works there because they enjoy the social side of the job. When questioned on the importance placed on pay as a major motivating factor, the reason cited for pay being represented as the number one motivator was ‘probably’ because, particularly in the experience of Manager X and Manager Y, this had been the main reason cited by leaving employees for taking alternative jobs.

The only other point worthy of note is that Manager Z, expanding upon the earlier point about being ‘atypical’ as a hospitality industry establishment considers that there is a certain kudos surrounding working in some bars (particularly his current establishment) which makes the issue of recruitment considerably easier.

4.3.4 Work Values, Motivating Factors and Service Provision within the Hospitality Industry

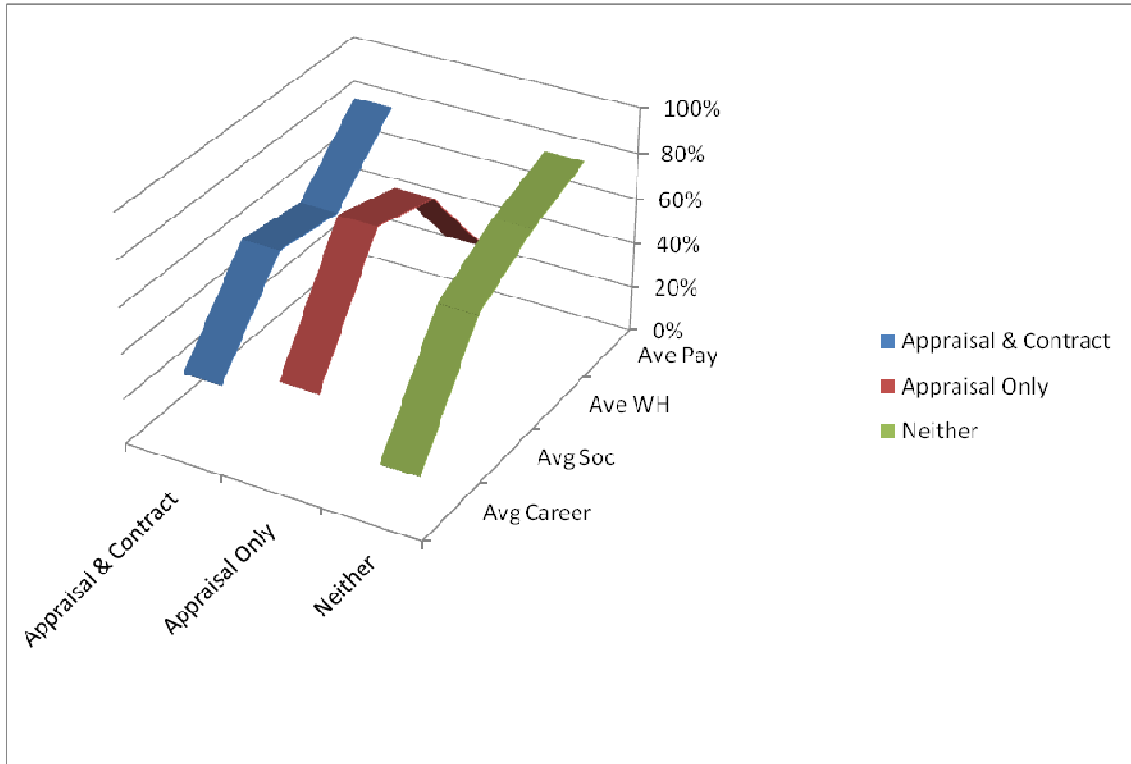
The question of how employee turnover impacts upon the levels of service provided to the customer was not raised within the questionnaire. After consideration it was decided that it was too complex an issue to gain any real insight from statistics.

When asked about the bureaucratic and cost-driven management style traditionally associated with the hospitality industry (Lucas and Deery, 2004) all three managers agree that this is very much still a necessary part of being an effective manager within the industry. The establishments represented by the interviewees all award increases in pay to longer-serving employees (as had all of their previous places of work) but it is felt by all that remuneration is and will always remain to be a contentious issue within the sector as a whole. There is a feeling of some unspoken agreement amongst establishments in the industry that basic pay will always be around that of the national minimum wage and topped up with gratuities rather than ever offering a higher basic wage to front-line service employees.

When questioned about the idea of improving remuneration and incentive packages as a tool to find and retain employees in a view to providing better service (Linney & Teare, 1991) all three managers seem to appreciate the idea as 'best practice' though counteract this, stating that the industry has worked itself into a self-perpetuating cycle of 'employee swapping'.

When explaining that the views of managers and employees have always differed and whilst employers generally cite the transient nature of the workforce, employees use low pay, long hours and poor prospects (Olsen, 1999), the interviewees were not particularly receptive to the idea. The managers responded that very often, employees leave to go to other jobs within the hospitality industry for similar pay and similar hours; those who leave do not do so in search of different hours or more money.

The diagram below shows a comparison of how the presence of HR procedures affects the rankings of the perceptions of the major motivating factors within the surveyed establishments.

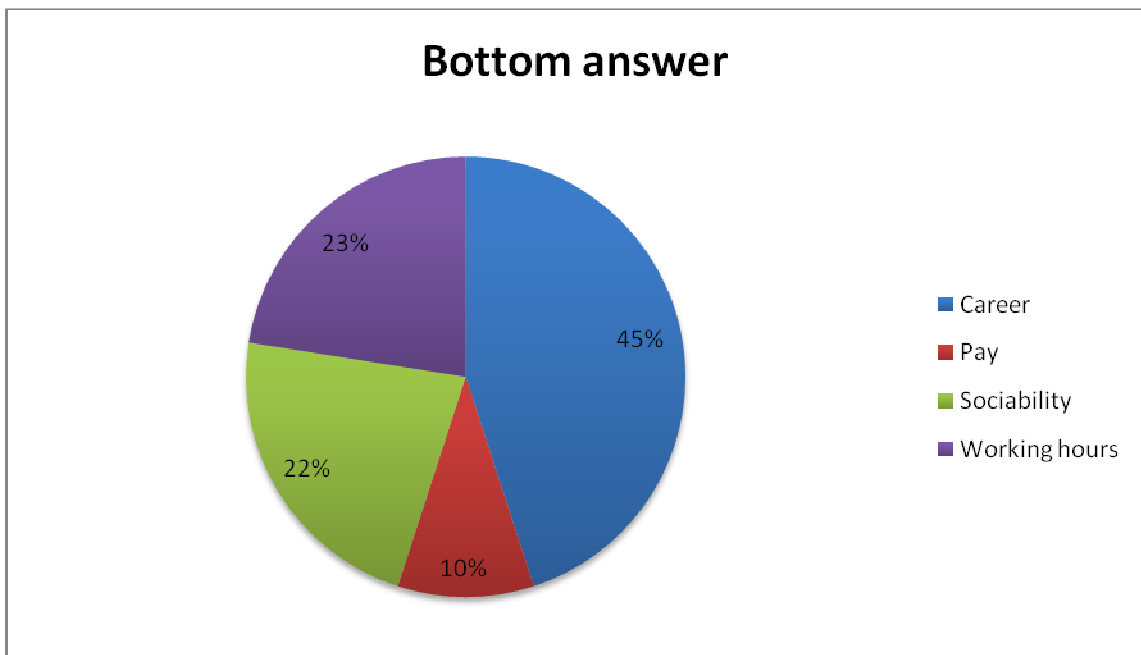


From the above diagram the vast majority of employers surveyed consider pay and flexibility of working hours to be the biggest motivators. However this is not true for those establishments with appraisals but no formal employment contracts in place; it is shown that they consider the sociability of the job to be a greater motivator of their employees than pay.

4.4 Summary

This chapter has analysed the data and converted it into usable information using accepted research and analytical methods. The data from the 40 fully completed questionnaires was entered into a simple spreadsheet which allowed the information to be viewed and patterns to begin to emerge in terms of trends and feedback. Having analysed the quantitative data and correlated it into numerical statistics, the interview transcripts were analysed through the adoption of a thematic approach as suggested by Saunders et al (2004); selecting common themes and compiling feedback from the different interviews to define the most important and relevant comments and ideas. Any information which was not considered to be relevant to this research paper has been discounted due to the time constraints put upon this project.

The researcher feels that the most revealing piece of information gained from the research is the assertion that only 2 of the 40 managers surveyed considered career prospects to be the main motivating factor for their employees.



The chart above reiterates the bottom answers which managers gave in response to the question of what motivates their employees to the greatest extent.

Conclusions and implications

5.1 Introduction

This chapter will take the most important themes that have emerged from the findings chapter and consider them in relation to theories discussed and highlighted in the initial critical literature review. Once these have been compared, the research findings shall be used in reply to the initial aims of the research which were described in some detail at the start of this paper. This is an attempt to shed some light on how the issues realistically affect behaviour and trends within the hospitality industry. In addition to these processes, the researcher will make suggestions for improvements that can be made by organisations within the industry wherever appropriate.

5.2 Critical evaluation of adopted methodology

It is necessary to consider how well the chosen methodology performed when it was tested. Overall, it is the opinion of the researcher that methodology chosen is still deemed to be the most effective when taking into consideration the conditions under which this research paper had to be written.

It was very useful to have both qualitative and quantitative data to present in the findings. It was felt, upon reflection, that this was a more balanced and ‘factual’ representation of the situation as a whole. Each type of research standing alone would have seemed slightly hollow. Deciding to perform only quantitative research would have ignored the complex people issues surrounding the subject area, leaving some of the main themes unaddressed. Similarly, qualitative research alone could be accused of being too open to personal interpretation, having no real meat or ‘facts’ to solidify the validity of the project.

When considering the results of both the qualitative and quantitative research more generally, the author concludes that it would have been beneficial to survey and interview both employees and employers. Had the researcher been in the position of having more time and resources to complete this project, interviewing both employees and managers would undoubtedly have been in the methodology to gain a more even

and overall view on the situation. The methodology would not have changed as such; the procedures used for managers could have been mirrored and used for the employees. However, it would not have been possible to expand much further within the both the time constraints or the financial constraints which were upon the researcher at the time; to do so would have been detrimental to the initial aims of the research question, jeopardising the chance of achieving any clear results at all.

5.3 Conclusions about each research objective

Research objectives were set early on the process of the research project, borne from the research question. Each aim shall be reviewed during this chapter to judge its relevance and how effective the research has actually served to achieve the objective.

To understand contemporary thinking on the impact of performance appraisals and employee contracts on employee motivation.

This objective was partially achieved through the performance of the critical literature review and partially through the information gained from the qualitative and quantitative primary research performed.

It has been proven by this research that the absence of performance appraisals and employee contracts in organisations correlates positively with high levels of staff turnover. Even though staff turnover and employee motivation could be argued to be separate issues, it cannot be disputed that highly motivated staff do not decide to terminate their employment. An employee taking the decision to leave a business is surely the ultimate sign of poor motivation?

In relation to the levels of employee turnover within the industry, the researcher can only concur with previous research and conclude that there is nonchalance amongst managers with regard to this issue in general. The findings from the interviews reiterate the findings of Iverson and Deery (1997); that there is an acceptance of ‘turnover culture’. It does seem that there has been little advancement since 1997 and the author would also conclude that this will continue to perpetuate and be a ‘self-fulfilling prophecy’ (Wildes, 2005) unless there is a very widespread change induced throughout the industry as a whole.

Of all of the objectives described at the outset this research project, this is undoubtedly the most incompletely answered. The questions posed by this objective can only really be clarified or at least further elaborated upon through performing more extensive research. It would be the author's suggestion to mirror the research methodology from this project, interviewing and surveying front-line staff rather than simply attempting to gain insight into the matter from a manager's perspective. In conclusion, this objective has been addressed, but arguably not answered to its full extent due to the time constraints upon this project.

To understand contemporary thinking on employee motivation in the hospitality sector.

This objective sought to gauge HI manager perceptions on what motivated their employees and compare the findings to existing theory.

In this study 45% of managers surveyed ranked pay as the number one factor in motivating their employees. This is not particularly surprising or revolutionary. All other recent studies have found money to be the main motivating factor for employees within the hospitality industry, closely followed by fun and flexible hours (Wildes, 2005) and also benefits and job security (Chen & Choi, 2007), coinciding with the findings of this research. In addition to this recent studies have found work environment to be of the least importance to employees. However, perhaps the most notable piece of information here is that career prospects were considered to be of little or no importance by all but a couple of the participating establishments, concurring with a recent study which stated that only 27% of hospitality sector workers considered their job to be a profession (Wildes, 2005).

From combining this research with that already in existence it is clear that whilst both employers and employees consider money to be a major motivator. However, from the discussions with managers in this research it has become apparent that employers have discounted the possibility of improving remuneration and benefits packages. Whilst managers cite employee involvement and motivation as a key part of their role, there is very little evidence of this is seen in practical terms. Being bureaucratic and cost-driven

within the hospitality are still deemed to be everyday practice and indeed necessary, agreeing with Lucas & Deery's 2004 findings.

In conclusion, when assessing previous findings with the results from this research project leads the author to conclude that contemporary thinking on motivation appears to be a long way from contemporary. The industry acknowledges that pay is the major motivator, yet fails to improve remuneration packages using what would seem to be an obvious tactic to improve employee motivation and potentially commitment. It shall also be concluded that employee management and motivation within the industry needs to improve. Management of employees in the hospitality industry has in the past been accused of being bureaucratic and cost-driven (Lucas & Deery, 2004) and it does not appear to have advanced much despite an industry-wide development of HR practices in general. Certainly, the advent of strategic Human Resource Management; "*the elevation of personnel management to a more strategic level*", (Mullins, 2002) seems to have passed this entire industry by.

Furthermore, very little advancement appears to have been made in recent years with regards to the perception of working in the hospitality industry as a potential career. It is the conclusion of the author that with so few managers advocating career progression as a motivating factor there must be a negative effect upon the employees, perhaps going some way to explain Wildes' 2005 research findings.

To examine any links between the presences of formalised human resources procedures and employee motivation.

Having reviewed the industry perceptions of the importance of standardised HR procedures and similarly the perceptions of the importance of employee motivation, this objective attempts to marry the two topics and provide some definitive answers. The hospitality industry has long been accused of practising poor employment tactics (Price, 1994). This research concurs with the belief that it is common practice for many HI organisations to hire a core staff, covered by employment rights and surround them with more casual workers who are in a far less stable position (Head & Lucas, 2004).

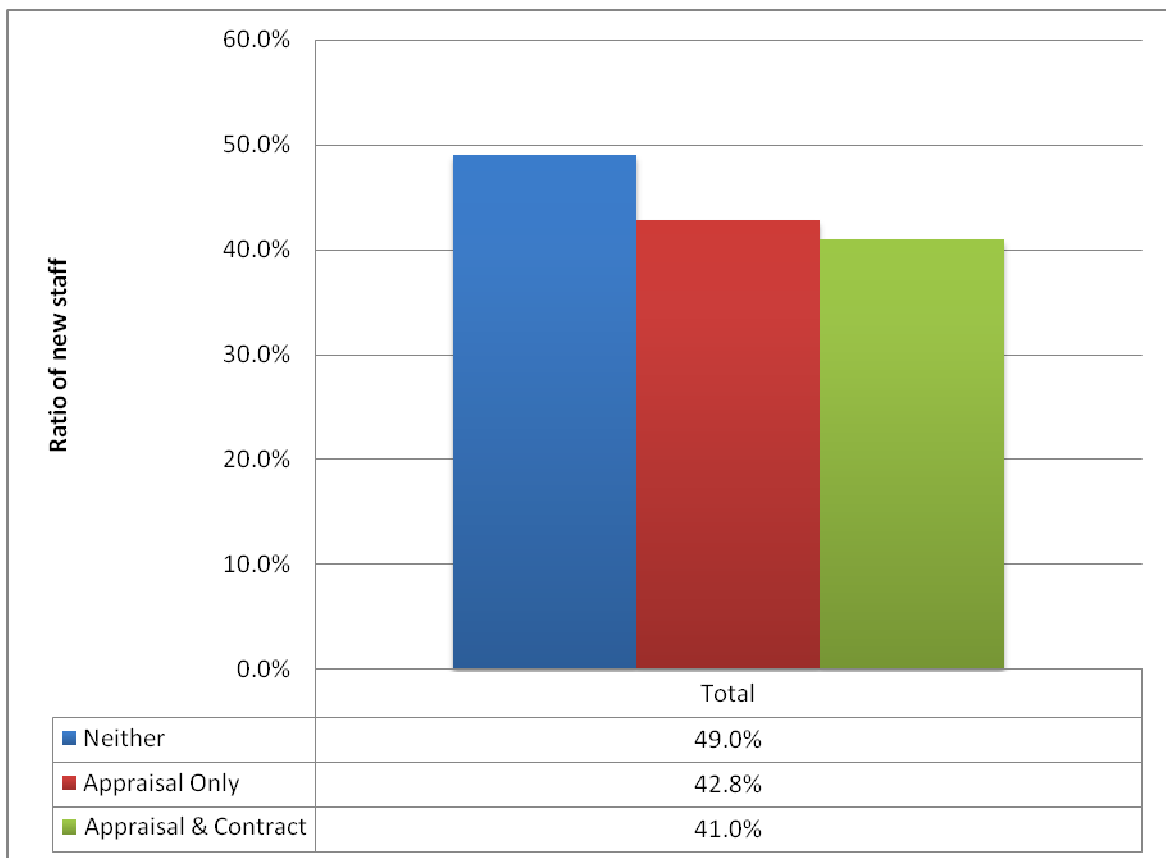
This, in particular, was the area in which the researcher struggled to find much writing in existence to directly compare the presence (or lack thereof) of HR practices to levels

of employee turnover within a business, and where this paper intended to be of most practical relevance.

This research project, when considered in relation to existing studies leads the author to conclude that there are no ‘standard’ procedures which are adhered to within the industry and no ‘best practice’ to benchmark against.

From the sample surveyed only 48% of those who responded were found to have even the basic practices of contracts of employment and performance appraisals in place. Within the 22 establishments who do not provide contracts of employment for their staff, 16 do not provide any type of performance appraisal either. No figures were found to compare these findings to, though 33% of an industry without and kind of basic HR practices in place does seem to be high.

The chart below leads the researcher to conclude that the presence of these standardised HR procedures does impact to some extent upon the levels of staff turnover.



It is evident from the results above that those organisations with both appraisals and contracts have the best levels of staff retention, closely followed by those with just

appraisal processes in place. The highest levels of staff turnover were seen in those organisations who failed to have any standardised HR procedures in place at all.

It has previously been proven that those companies who invest in their employees and consider them to be more of an asset than a cost experience less employee turnover (Wildes, 2005).

In conclusion it has been shown that increasing levels of HR procedures in practice leads to lower levels of staff turnover. This leads on to the discussion of the next objective.

To conclude whether hospitality sector employers should seek to implement contracts and performance appraisals as standard procedure

Having established that the presence of HR practices has a positive impact on lowering levels of employee turnover and reinforcing the link between employee motivation and turnover, the final research objective seeks to review this information and conclude as to whether change is necessary.

Replacing an employee is estimated to cost in the region of £1,922 and an average of ten weeks training time (International Labour Organization, 2001). It is therefore fair to conclude that it is in the financial interests of hospitality managers to improve employee motivation with a view to increasing job satisfaction and retention.

Aside from the financial gain in terms of money saved in recruitment and training costs, positive effects can be seen in the overall financial performance of the business. It has been commonly acknowledged, and it shall be the author's suggestion that organisations choosing to provide feedback and training will reap the benefits; they will assist employees in overcoming shortfalls in performance, improve employee commitment and quality of service and decrease the prevalence of issues of turnover within the organization (Taylor, Davies and Savery, 2001).

In addition to this, a transient workforce will obviously detract from the organisation's main objectives (Cooke and Rousseau, 1988) and undoubtedly upset the quality and

consistency of products and services provided (Rowley and Purcell, 2001, Wildes, 2005).

Just as a customer will judge the service they have received by how fairly they think they have been treated, HR practices within businesses need to be deemed by the employees as fair to have the desired effects. For example, during an employee appraisal, even negative feedback is more likely to be well received if the employee thinks they have been reasonably treated (Bowen et al, 1999).

There has been enough evidence unveiled throughout this research project to make an argument in favour of the implementation of standardised HR procedures. Having these procedures in place has shown to reduce employee turnover by approximately 6%. These figures only serve to compound the wealth of existing literature advocating the improvements that contemporary HR practices can bring to HI organisations. Based upon the costs of recruitment alone, employers should at least consider implementing the procedures.

5.4 Conclusions about the research question

The research question and aims have been answered sufficiently by the researcher within this project. The project focuses on the main ‘effect’ that the presence of standardised HR procedures has on staff turnover; does it have a direct impact on the percentage of employees hired within the last 12 months? However, the wording of question does allow scope for the researcher to elaborate upon the less tangible areas of the research topic which go some way to filling in the gaps that are left by the facts and figures alone.

Had the question been worded differently, restricting the possibility of covering the fringing issues, the relevance and fit of this paper would have been called into question.

5.5 Limitations of the study

The study was inevitably going to be limited due to the limited capabilities and resources available to the researcher within the timescale set. As much as this project has provided some insight into the hospitality sector and management attitudes towards

HR practices, one potential area for improvement is that conclusions are based entirely upon the perceptions and personal opinions of managers from within the industry. It could be justifiably argued that the research is therefore biased towards management opinion and does not take into consideration the perceptions and opinions of the frontline employee; doing so would undoubtedly make it a much more insightful study. Admittedly, if there had been further time or resources available to the researcher the ideal scenario would have been to perform the entire process again using front-line employees in the hospitality industry.

However, this is not to say that the study which has been undertaken is not viable or indeed worthwhile. Several of the papers considered in the critical literature review address the issue from a purely management perspective and it can be argued that attempting to enlarge the research group would have jeopardised the study in its entirety; stretching capabilities further than the constraints of the project allowed.

5.6 Opportunities for further research

The hospitality industry has always experienced unusually high levels of staff turnover, and this paper has addressed the effect only of the presence of standardised HR procedures upon this. There are many other aspects of HR and people management within the industry which are perhaps less tangible and measurable; there has been previously identified a need to investigate job satisfaction and employee motivation within the sector (Chiang & Jang, 2007). Further research is recommended to encapsulate the opinions of the employee regarding the issues raised in this project. The research methodology for this 'front-line' project could be applied again in the same way. Good balances of qualitative and quantitative data have been achieved and compliment each other well.

There would also be benefit to further investigating the reasons for employee turnover. This is an area in which this research failed to be able to provide definitive and detailed answers. As this paper has only addressed levels of turnover in relation to the presence of HR procedures, it would be useful to delve deeper into the reasons for employee turnover; is it solely due to employees leaving to seek alternative employment or are

there other issues? There is potential to better explain the reasons as to why employees choose to leave.

Summary of Conclusions

This chapter has considered the findings in relation to the original research question and the aims of the research. Conclusions have been drawn; many of which concur with existing literature and some which add to established theories.

There is evidence that those organisations implementing HR practices do experience lower levels of employee turnover. It is necessary for changes to be made for the hospitality industry to escape from this cycle of employee churn if, indeed that is the goal. This question is also raised by this research; there is somewhat of a defeatist vibe prevalent from the managers interviewed. It could just as easily be argued that the industry is apathetic and quite happy to perpetuate the problem. There would have to be a desire to change felt on a large scale throughout the industry.

“If you always do what you always did, you will always get what you always got”

Unknown

Recommendations

6.1 Implementation plan

It is the recommendation of the author that all organisations within the hospitality industry should look to implement basic HR procedures in the form of contracts of employment and employee appraisals. This research project has shown increasing amount of HR practices will correlate positively with decreasing levels of employee turnover and furthermore create a positive environment which could encourage more customer-oriented behaviour from employees (Morrison, 1996).

The opportunities to do this to at least some small degree are available to every organisation within the industry. Even performing appraisals with every member of staff can impact positively on employee performance, motivation and therefore commitment. Based upon the research completed by Thomas in 2006 which finds that half of all restaurant employees leave their jobs within the first 30 days, it will be the suggestion of this researcher that procedures are implemented ideally within the first week, certainly within the first fortnight of an employee commencing work with an organisation.

In an attempt to eradicate the perpetuating cycle of ‘turnover culture’ which currently surrounds the industry, employers should ideally look to implement long-term staff training and development plans. Showing some investment into the welfare and development of employees looks to reduce the level of turnover and end the ‘tradition’ of hospitality sector workers developing their skills by moving between establishments (Rowley & Purcell, 2001).

There is undoubtedly a link between turnover and poor employee organizational commitment (Kazlauskaite, Buciuniene, Turauskas, 2006). At the very least, employers should look to improve remuneration packages for longer serving members of staff as some incentive for employees to pursue a role within an organisation for longer periods of time. Whilst this appears to contradict the idea that all activity within the industry is bureaucratic and cost-driven (Lucas & Deery, 2004) if employers can appreciate the bigger picture, this will be appreciated as a very cost-driven activity. Expending a little more on improving experienced employees’ basic wages is evidently a better

investment than the £1,922 the International Labour Organisation states that it costs to recruit a new employee.

In conclusion, through implementing standardised HR procedures to any extent will produce tangible benefits for organisations. Obviously the extent of the reward is dependant upon the level to which the recommended procedures are adopted. The researcher agrees with the general consensus of literature on the subject, that levels of employee motivation, and ultimately the level of service they provide, have a direct effect upon the overall success of the business (Heskett, Jones, Loveman, Sasser & Schlesinger, 2004). Improvements will be noticed in employee motivation, morale and commitment which in turn will impact positively upon the levels of customer service provided. Improved customer service in turn improves customer retention which can only be a good thing for the financial performance of an organisation

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Appendices

Appendix A – Copy of the initial research questionnaire

1. What type of establishment do you manage? (Restaurant, Bar, Hotel)

2. Are you an Independent business/ part of a chain?
3. How many employees do you have?
4. How many employees have been hired within the last 12 months?
5. Are all of your employees issued with contracts of employment? (Yes/No)

6. Are performance appraisals regularly performed? (Yes/No)

7. Please rank the following motivating factors in terms of their impact upon employee motivation in your business (1 being most important, 4 least).
 - Pay
 - Flexible working hours
 - Sociability
 - Career prospects

Additional Comments:

Appendix B - Semi Structured Questionnaire

1. The issue of high staff turnover is well-established within the hospitality sector. Whilst employers generally cite the transient nature of the workforce, employees cite low pay, long hours and poor prospects (Olsen, 1999). What are your views on this?
2. People management within the hospitality sector has been described as old fashioned. The management of employees is bureaucratic in nature and predominantly cost-driven (Lucas & Deery, 2004). What are your views on how this affects employee motivation?
3. Many organisations in the hospitality industry are described as hiring a core staff that are more likely to have contracts and appraisals, and surrounding them with casual workers who are in a far more precarious position (Head & Lucas, 2004). Is this your experience within the industry? Should HR practices be standardised?

Within this dialogue.... *Do you think that your turnover is affected by the fact that you do/don't provide employees with contracts and perform appraisals?*

4. It has been argued that it would be best practice to improve remuneration and incentive packages for employees; that these are necessary the requirements to find and retain employees and therefore provide better service (Linney & Teare, 1991). What are your views on this?
5. It has been suggested that a transient workforce will impact upon customer retention, and therefore on the overall success of the business (Heskett, Jones, Loveman, Sasser, Schlesinger, 2004). Is this your experience within the industry?

Appendix C – Interview transcript form Interview with Manager X

Manager X is a restaurant manager. Her establishment has a staff of 25, 12 of which have been recruited in the last 12 months, resulting in an annual turnover of 48%. Her establishment is part of a chain and issues contracts of employment to all employees and performs appraisals on a regular basis. Below are the main comments which she made in the semi-structured interview.

The issue of high staff turnover is well-established within the hospitality sector. Whilst employers generally cite the transient nature of the workforce, employees cite low pay, long hours and poor prospects (Olsen, 1999). What are your views on this?

Manager X would agree that staff typically never last long in one job within the industry. They never have – not in any place she has ever worked. She describes the phenomenon as something that must be accepted. She adds that it is pointless to fight against it, take it personally or attempt to change it. She does not dispute the fact that employees typically do cite hours and low pay as reasons for leaving, though does observe that many employees who leave her establishment do so to go and work in the same role for a different employer. Sometimes these employees even come back to work for her establishment again. She reiterated that it is just the nature of the industry to be acceptant of this. She cited pay as the number one motivating factor because often employees leave in search of better remuneration even if they don't achieve what they think they have been promised.

People management within the hospitality sector has been described as old fashioned. The management of employees is bureaucratic in nature and predominantly cost-driven (Lucas & Deery, 2004). What are your views on how this affects employee motivation?

Manager X thinks that everybody in the industry is motivated by something different. This is what makes being a manager in this sector so hard. Manager X also believes that the industry is necessarily cost-driven. Again this is 'just the way it is'. Wages are basic and topped up by gratuities if good service is provided. She describes the pressure put on her by her head office to 'watch the bottom line' and is always being asked to cut costs. She also feels that bureaucratic management styles are necessary in the industry due to the lack of employee involvement. None of her employees 'care' enough to be

left to their own devices. She feels that employees must be controlled at all times as failing to do so in the past has caused her problems.

Many organisations in the hospitality industry are described as hiring a core staff that are more likely to have contracts and appraisals, and surrounding them with casual workers who are in a far more precarious position (Head & Lucas, 2004). Is this your experience within the industry? Should HR practices be standardised?

The contracting of full time employees only is very much the experience of manager X. She then talks about how she has always believed that HR practices should be standardised best practice within organisations in the HI. She does explain that whilst full time members of staff are given contracts whilst very often part-timers/casual workers are not, it doesn't mean they are particularly treated differently other than in the allocation of their hours (part-timers hours vary a great deal more). She questions the worth of the presence of contracts as very often full-time employees breach their contracts and experience no backlash.

Do you think that your turnover is affected by the fact that you provide employees with contracts and perform appraisals?

Manager X finds it is difficult to say exactly. She has worked in organisations in the past where there are no standardised HR procedures in place. She certainly feels more 'secure' for the fact they are in existence in her current establishment and thinks that they possibly provide some sort of pecking order to the workplace. She finds that the performance of appraisals is very worthwhile, her only negative point being that they can turn into an opportunity for staff to moan about their grievances which is not always deemed to be productive. She feels that her levels of turnover would 'probably' be higher if she didn't have these procedures in place but this was said with little or no conviction.

It has been argued that it would be best practice to improve remuneration and incentive packages for employees; that these are necessary the requirements to find and retain employees and therefore provide better service (Linney & Teare, 1991). What are your views on this?

Manager X agrees that this is 'a nice idea' and could see why it would work. However, in her experience of the industry it is not likely to change any time soon. She has not known an employer in the industry to take any active steps such as these yet. Again the pressure from head office regarding cost-cutting is mentioned here as a key reason for why she can't see her organisation improving remuneration packages. She is at liberty to give minor discretionary pay-rises and extra days paid holiday, though there is no sign of any standard and structured packages being introduced.

It has been suggested that a transient workforce will impact upon customer retention, and therefore on the overall success of the business (Heskett, Jones, Loveman, Sasser, Schlesinger, 2004). Is this your experience within the industry?

Manager X thinks that whilst it does impact upon the business to some extent, there are too many other factors influencing how successful her business is to definitively say. She has always maintained a few 'familiar faces' around the establishment which seem to reassure the customers and ensure a relatively consistent level of service is provided. She is not sure what would happen to her customer base if she had a big change in staff.

Appendix D – Interview transcript form Interview with Manager Y

Manager Y is a bar manager. His establishment has a staff of 15, and he has recruited 20 staff in the last 12 months, resulting in a massive annual turnover of 133%. His establishment is not part of a chain does not issue contracts of employment to his employees as standard or carry out performance appraisals on a regular basis. Below are the main comments which he made in the semi-structured interview.

The issue of high staff turnover is well-established within the hospitality sector. Whilst employers generally cite the transient nature of the workforce, employees cite low pay, long hours and poor prospects (Olsen, 1999). What are your views on this?

Manager Y gave a very similar response to Manager X with regards to this matter. When he started out as a manager he thought that he would somehow do a 'better job' at employee motivation than his previous managers and therefore, have more loyal staff. Employees regularly swap between different establishments, citing that the tips are better, or the hours are better, or they have friends working there etc. He claims to have heard all reasons for leaving; though does not take it personally. He believes that he pays wages which are higher than some of those paid by rival establishments in the area, though not drastically higher.

People management within the hospitality sector has been described as old fashioned. The management of employees is bureaucratic in nature and predominantly cost-driven (Lucas & Deery, 2004). What are your views on how this affects employee motivation?

Manager Y believes that it is necessary for management within the industry to be bureaucratic. He can't see this bureaucratic approach changing any time soon – especially not with a workforce as rapidly changing as his. It is not possible to leave his employees to their own devices – everything must be controlled and feels that sometimes this does de-motivate some of his employees but is unavoidable.

It is his perception that, even though he pays fractionally more than the average establishment for frontline staff, this is merely in an attempt to attract a higher calibre of staff, and is still necessarily strict on his expenditures.

He explains that any business in today's current economic climate must be looking to reduce costs wherever they can as they are not guaranteed the business that they have been in previous years.

He feels that employee motivation is very difficult to describe within the industry. Some of his employees work for him because they can only work in the evening, some because they hate office work, some because they like the sociable aspect to the work and some because they like the gratuities. It is not possible to find one best way to motivate all of your employees at once as they are such a wide mixture of characters.

Many organisations in the hospitality industry are described as hiring a core staff that are more likely to have contracts and appraisals, and surrounding them with casual workers who are in a far more precarious position (Head & Lucas, 2004). Is this your experience within the industry? Should HR practices be standardised?

Manager Y has found it to be the case in previous establishments that only full time employees are issued with contracts and periphery staff utilised as and when they are necessary. This fluctuates a lot – one week a part-timer may have 40 hours, the next 3. Manager Y thinks that contracts and appraisals in this industry are not worth the paper they are written on and doesn't think that employees within the industry place any great importance on whether they are issued with a contract or not.

Those who stay are protected to some level after 3 months anyway and those who leave would do so regardless of whether there was a contract in place or not. He certainly wouldn't waste money chasing frontline employees who are in breach of contract so does not see the point in all of the time and effort which goes along with the paperwork involved. His previous establishments have all issued contracts of employment and it has been his experience that they are very rarely adhered to.

Do you think that your turnover is affected by the fact that you do not provide employees with contracts and perform appraisals?

He does not think the two are related at all. Manager Y takes the opportunity here to establish that he does talk to all of his staff regularly on a one to one basis; he would not describe this as an appraisal in the traditional sense of the word, however, because there are not specific targets and points for improvement set.

He sees it more as a chance to ‘catch up’ every now and again and reiterate his position as manager and make himself seem approachable. As it is his own establishment, he has no plans to implement standardised HR procedures at any point in the near future.

It has been argued that it would be best practice to improve remuneration and incentive packages for employees; that these are necessary the requirements to find and retain employees and therefore provide better service (Linney & Teare, 1991). What are your views on this?

Manager Y thinks this is a marvellous idea, but one that doesn’t lend itself to the hospitality industry particularly well. Whilst he acknowledges that he is possibly undermining his own employees in saying so, he comments that employees within the industry would not appreciate long term planning or employment plans. They are very much a ‘here and now’ kind of workforce and will be somebody else’s employee sooner rather than later. He does appreciate that opinions such as his will only perpetuate the problem but he also adds that this perception comes from both inside and outside of the industry and is therefore almost impossible to change.

It has been suggested that a transient workforce will impact upon customer retention, and therefore on the overall success of the business (Heskett, Jones, Loveman, Sasser, Schlesinger, 2004). Is this your experience within the industry?

Manager Y agrees with this theory also. He does not have a steady client base of ‘regulars’ and does attribute this to some extent to the inconsistency in the levels of service which he provides. He explains how he is doubly hit by this at the moment. Not only do customers see different employees whenever they visit, but due to the number of new staff constantly in training, he does admit that the levels of service provided to the customer are not always consistent and to the standard that he would like.

Appendix E – Interview transcript form Interview with Manager Z

Manager Z is a pub/bar manager. His establishment has a staff of 30, only 5 of which have been recruited in the last 12 months, resulting in a (much lower than the industry average) annual turnover of 16%. His establishment is part of a chain and issues contracts of employment to all employees and performs appraisals on a regular basis. Below are the main comments which he made in the semi-structured interview.

The issue of high staff turnover is well-established within the hospitality sector. Whilst employers generally cite the transient nature of the workforce, employees cite low pay, long hours and poor prospects (Olsen, 1999). What are your views on this?

In all of his previous establishments, Manager Z would have totally agreed with that statement. In his current role however, he has managed to maintain a core staff of roughly 20 for the last 2 years. Many of those who have left have dropped their hours from full-time to part-time in pursuit of study or a different career but still having a desire to be part of the organisation. He believes that this is more to do with being lucky in having a team of people who work particularly well and socialise together rather than anything spectacular he himself does as a manager. In fact he himself seems quite surprised by the low turnover. He further attributes some of the success is maintaining staff to the fact that it is one of the more popular bars in the area, and it is ‘cool’ to be seen to work there. He does even admit that this is partly what motivated him to take the management role there too. He predicts that in most other establishments within the industry he would not have such success and thinks it is difficult to compare this establishment to the previous ones he has managed.

People management within the hospitality sector has been described as old fashioned. The management of employees is bureaucratic in nature and predominantly cost-driven (Lucas & Deery, 2004). What are your views on how this affects employee motivation?

Manager Z thinks there is a general acceptance of both of these aspects throughout the industry. This is an acceptance from employees and employers alike which means that he can't see it changing any time in the near future. Manager Z regularly benchmarks with other employers within the industry to ensure that his wages are neither too high nor too low. He sees that paying much more than average is not only a waste of money

but would make him unpopular with other local HI employers; something which could be far more costly to his business. He quite openly explains that if another organisation in the area did this and forced him to raise his wages he would not be best pleased. Costs are very important to any HI organisation.

Many organisations in the hospitality industry are described as hiring a core staff that are more likely to have contracts and appraisals, and surrounding them with casual workers who are in a far more precarious position (Head & Lucas, 2004). Is this your experience within the industry? Should HR practices be standardised?

This is found to be normal practice. Full-timers are given contracts to make them feel secure in their jobs and prevent them from seeking 'regular' hours elsewhere. Regular hours within the hospitality industry are described as somewhat of a golden chalice. Part-timers are 'used and abused' throughout the industry. They are there to mop up the hours left and for this reason are not always issued contracts. He sees contracts as being more for staff benefit than employer. If an employee was to walk out and quit after a bad shift then he would not bother prosecuting them and holding them in breach of contract; it is almost a one-way arrangement. He does go on to add that there is virtually no unionisation within the industry and as such practices do not need to be too carefully adhered to on either part.

Do you think that your turnover is affected by the fact that you provide employees with contracts and perform appraisals?

Undoubtedly; some of his more senior staff would not work unless they were guaranteed the hours. Many previous establishments in which Manager Z had worked had lost staff due to not adhering to contracted hours. Everywhere does this but they need to stick to the contracted hours for these more senior staff. He describes that all of his employees know that they can talk to him at any time but he does think that appraisals give his employees the impression that he is thinking about their future rather than just that of the business. The feeling of equality amongst staff created by appraisals is also important.

He thinks it is most interesting to find out what goes on when he is not there – also discovered through one to one chats. He puts in well over his 45 contracted hours but is

still absent a great deal of the time as his bar has a late license every night of the week. He quite often experiences bitching and back biting in his role and finds that by talking to the staff on an individual level, he can ‘nip most things in the bud’.

It has been argued that it would be best practice to improve remuneration and incentive packages for employees; that these are necessary the requirements to find and retain employees and therefore provide better service (Linney & Teare, 1991). What are your views on this?

Manager Z currently makes packages up for individuals as he goes. Whilst he does not promise them any kind of progression or pay rise he does insinuate that hard work will be rewarded. In reality he explains that this means an extra day’s paid holiday per year of service. He has no standard paths of progression for his staff.

He does think that if the industry were to ‘start all over again’ then best practice would be to implement these kinds of reward packages. However, he can’t see a way in which popular opinion from inside and outside the industry can be changed. For all but a few, employment in the hospitality industry is not a career.

It has been suggested that a transient workforce will impact upon customer retention, and therefore on the overall success of the business (Heskett, Jones, Loveman, Sasser, Schlesinger, 2004). Is this your experience within the industry?

Manager Z has found this to be very true. He describes it as the exception proving the rule and believes that his business is more successful for the fact that his customers do see familiar faces and can rely upon being provided with a consistent quality of service when they visit his establishment. In previous establishments, he has experienced issues of customer retention where employee turnover has been high. He does consider that any great change in his staff would impact upon his business negatively.