

# How to Resolve the Current State of Emergency in Hospitality Employment

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All tides ebb and flow, and since the COVID-19 pandemic changed the way most of the world works, we're seeing a distinct turning of the tide from being in favor of the employer to holding firm for the employee. This situation is especially apparent in the hospitality industry, where historical talent shortages are being exacerbated by staff quitting in droves as the world returns to work. At the same time, recruiting new talent is becoming even more challenging, just as the industry is trying to recover and reopen.

## Why Hospitality Workers Are Quitting

For many people employed in hospitality, what started out as a "dream job" had become a whirlwind of long hours, demanding customers, and insufficient sleep long before the pandemic. Already disillusioned with the status quo and work/life balance, when COVID-19 came along and they were furloughed or laid off, they had plenty of time to rethink their futures.

- Low pay, inadequate employee benefits, and a stressful workplace are preventing former restaurant and hotel staff from going back to their jobs, according to a recent **Joblist**<sup>[1]</sup> survey.
- **Burnout**<sup>[2]</sup> is a big reason for the expected spike in resignations, with August 2020 research showing that 58% of employees were burnt out (58%), compared with 45% in the early days of the pandemic. Complaints include heavy workloads during the pandemic, balancing work and personal lives, and a lack of communication, feedback, and support from employers.
- The perception of leadership has changed. Younger people don't respond well to dictatorial management styles. They want to know the "why" behind an instruction or policy, and it has to make sense.
- Values are front and center. If doing a job requires actions workers disagree with, they're more likely to question a directive and refuse it. This applies to issues such as fair-trade practices, environmental protections, and issues of perceived fairness.
- With other industries now offering higher compensation to entice people, many former restaurant and hotel workers are quitting in favor of jobs that pay even slightly more.
- Remote / flexible working is now crucial for many jobseekers. Employees want flexible workplace options to allow for remote working and caring responsibilities, and they're willing to quit to get them<sup>[3]</sup>.
- Most casual and part-time restaurant and hotel workers aren't eligible for health insurance or other benefits. Many of those who found work in other industries have discovered the health insurance alone is worth making a move.

Above all, safety<sup>[4]</sup> is one of the primary concerns voiced by workers because even as the economy reopens, the risk of COVID-19 variants continues to rise. Most jobs in hospitality have a high possibility of exposure simply by virtue of contact with the public. The lack of reassurance about vaccine efficacy and long-term protection means there are no guarantees workers can protect themselves.

### Summary

The hospitality industry has seen a decrease in staff as many people have found alternate career paths as a result of the impacts of COVID-19. The hospitality industry needs to re-focus their efforts to meet future staffing requirements in order to see an increase in demand for hospitality industry seekers.

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## The Industry Shifts Needed to Meet Future Staffing Requirements

Companies get more out of human capital than any other type, but they are increasingly competing for talent in the current strong job seeker market. At HVS, we're seeing signs that hospitality leaders will have to change their traditional thinking to find a solution to the current staffing shortage and get the numbers and talent they need. Some ways to do this include:

### Having Greater Flexibility

Flexible work models are one of the most popular options, including working from home part or full-time. Sourcing talent from other geographical areas might also be a solution, if companies offer candidates help relocate to where they need them.

### Supplying Better Safety & Security

To attract the staff they want, companies will need to offer better employee safety and security options. These include support against aggressive guests, protections against COVID-19 infection<sup>[5]</sup>, and some form of security against future workplace disruptions caused by pandemics, natural or other disasters.

### Offering a Simpler Application Process

Staff application processes need to be simplified. Research shows if a job seeker faces a cumbersome online application process that includes filling out multiple form fields, they're likely to leave and look elsewhere. With the high number of open jobs right now, there's little inducement to go through a complex process on one site when another simply requires you to email a resume.

### Providing Higher Pay and Incentives

Companies paying minimum wage or slightly higher are realizing they have to offer fair compensation if they want to attract quality staff. Wage growth is accelerating for leisure and hospitality. Average hourly earnings fell during the pandemic but have grown at a fast clip in 2021.

Chains like McDonald's and Disney are offering sign-on bonuses to draw the workers they need. The challenge with sign-on bonuses is that most are taxable, which means workers lose a big chunk of the money.

### Improving Healthcare and Benefits

Hospitality employees across the board are demanding better healthcare options<sup>[6]</sup> and other benefits, such as paid time off, study assistance, and wellness programs. Companies that offer additional benefits such as a 401(K) or long-term disability might well start seeing these as game-changers.

### Increasing Staffing Inclusivity

This facet of staffing is essential at middle and upper-management levels, where so many companies still fall down on their inclusivity targets. Recruiters need to measure and track their sources of candidates to make sure they eliminate unfair bias related to where (and when) they advertise, and work to increase the inclusivity of the workforce.

## Developing Collaborative Cultures

Today's employees, especially millennials and Generation Z-ers<sup>[7]</sup>, want a stronger voice in their positions. They want to feel like they're a part of something and have value, not just a worker or a number. By developing a collaborative culture, hospitality companies can circumvent many issues that could arise.

## Conclusion

The hospitality industry is currently a jobseeker's market and likely to stay that way for the next year or two. Industry leaders will need to adapt to survive. The onus is on companies to show employees why they should apply for jobs or stay in their current positions. Successful recovery from the pandemic will depend on revising every aspect of sourcing, attracting, compensating, incentivizing, and retaining workers

<sup>[1]</sup> Hospitality Technology, **Joblist Survey Finds 50% of Former Hospitality Workers Refuse to Return to the Industry**, Retrieved Jul 15 2021.

<sup>[2]</sup> Human Resource Executive, **Most of us are burned out; what more can HR do to help?**, Retrieved Jul 15 2021.

<sup>[3]</sup> Bloomberg, **Workers are Quitting Hotel and Restaurant Jobs at the Highest Rate on Record**, Retrieved Jul 15 2021.

<sup>[4]</sup> Human Resource Executive, **Nearly half of workers might leave their jobs post-pandemic**, Retrieved Jul 15 2021.

<sup>[5]</sup> New York Times, **How Do They Say Economic Recovery? 'I Quit.'**, Retrieved Jul 15 2021.

<sup>[6]</sup> Bloomberg, **Half of U.S. Hospitality Workers Won't Return in Job Crunch**, Retrieved Jul 15 2021.

<sup>[7]</sup> Cision, **Failure Drives Innovation, According to EY Survey on Gen Z**, Retrieved Jul 15 2021.

### About Court Williams



**Court Williams** is Chief Executive Officer of HVS Executive Search based in New York and has over 33 years of retained Hospitality Executive Search experience within the Hotel, Restaurant, and Travel/Leisure industries. He also leads the global growth strategy for HVS Executive Search. Court directs his team in senior hospitality executive searches across all functional areas including Operations, Human Resources, Sales/Marketing, Finance, Real Estate, Franchise Development, Technology, and Supply Chain/Logistics, working with clients in the private equity, hotel management, restaurant, hotel investment/REITS, and leisure venue industries. Court is on the Advisory Board of Shift One and remains an active Cornell alumnus through student coaching with Cornell University's Hospitality Leadership Development Institute. Court began his career in the restaurant industry after graduating from Cornell's Hotel School gaining multi-unit operational experience prior to launching a career in Human Resources/Recruiting. Having gained experience in executive recruitment from the brand side, the desire to work with a broader range of hospitality clients led Court to a career in retained executive search beginning in 1990. Court and his wife reside in both Connecticut and Vermont and have two young adult children. He enjoys boating, skiing, and fly-fishing in Vermont, travelling, and food/wine.