



Is the external challenge a good or a bad? Analyse the impact of external environment on employee recruitment and retention.

Personal Resourcing and development BMHI5005

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Table of Contents

Introduction	2
Aim	2
Objectives	2
Questions	2
Rationale of the research project	3
Background of the hotel.....	3
Discussion.....	5
Identifying the external challenges such as Automatic Intelligence (AI), retirement tide and other issues hotels face that affect employee retention	5
Critically analysing the external factors that affect the internal affairs of the hotel..	6
Potential solutions to reshape employee recruitment and retention in the hospitality industry.....	9
Evaluation and Conclusion.....	9
Recommendations	10
References.....	11

Introduction

The report is going to shed light on the external challenges of the hotel industry based on the impact of the external environment on employee recruitment and retention. The proposal will examine the current challenges of the Royal National Hotel in terms of retaining employees. The impact of Brexit, COVID-19, Inflation, Global Retirement tide, Economic Situations and others on employee retention have been demonstrated as well.

Aim

The study project's desired outcome is focused on investigating how the external environment affects job candidate recruitment and ongoing employment.

Objectives

Those are the objectives of the research project.

- To identify the external challenges such as Automatic Intelligence (AI), retirement tide and other issues hotels face that affect employee retention.
- To critically analyse the external factors that affect the internal affairs of the hotel.
- To discuss potential strategies to change the way the hospitality business approaches the process of recruiting and keeping staff members.

Questions

The questions of the research project are as follows.

- What are the external challenges such as Automatic Intelligence (AI), retirement tide and other issues hotels face that affect employee retention?
- How do the internal affairs of the hotel get affected by external factors?
- How might growing retention among workers in the hospitality industry influence finding and keeping staff?

Rationale of the research project

The rationale of the research project is to highlight the alternatives to the external struggles in the hospitality sector by presenting this project proposal to the General Manager. The impact of the use of Automatic Intelligence (AI), retirement tide and others on retention rates in a large hotel like the Royal National Hotel has been discussed in this proposal. The rationale of the project proposal is to reshape employee recruitment and retention. in a hotel while dealing with the challenges.

Background of the hotel

The Royal National Hotel has been situated in London since 1837 (Imperial London, 2023). In 1904, Harold Waldhck reconstituted almost 10 hotels handling almost 3500 guests. The existing staff of the hotel are happy with the friendly coworkers. The company is dedicated to reducing environmental impact by working with sustainable waste companies and laundry technology and installing solar panels for maximising sustainable practices (Imperial London 2023). However, long working hours, stressful environments and highly demanding schedules are the key reasons behind employee job turnover in the hotels. Higher loss of employees mostly happens in the hotel industry when workers feel burnt out from fatigue.

Factors that might impact retention at Royal National Hotel

The significant factors of employee retention are related to culture and people, availability of meaningful benefits, acknowledgement of work, workplace environment, ongoing training, value alignment and company mission and vision. Based on the culture of the organisation, employees decide to stay in a company for a longer period as it supports career development, emphasises the purpose or mission and offers recognition (Houssein *et al.*, 2020). Lack of strong leadership may cause issues in employee retention in the Royal National Hotel in London. Huge workloads and long working hours are very common in hotels like the Royal National Hotel.

As a result, these factors may also lead to employees becoming overtired which often leads to employee turnover. At Royal National Hotel, lack of recognition, lack of flexibility and a toxic environment have huge possibilities which certainly may affect employee retention. Apart from these, there are immense consequences of the COVID-19 pandemic and Brexit on the workers in hospitality which results in employee

turnover as well (Dowell *et al.*, 2023). Retention rates of Royal National Hotel can be impacted by poor management and lack of training. As a result, labour shortages may certainly impact customer dealing and yearly turnover rate as well.

Internal Analysis: SWOT Analysis

Strengths	Weaknesses
• The workplace of the Royal National Hotel is diverse and eclectic. • The company has achieved gold in the 2020 Green Apple Awards for having the top ecotourism strategies (Imperial London, 2023).	• As the Royal National Hotel is one of the largest hotels in the UK, lack of recognition is the biggest issue. • Huge workplaces often lead to employee burnout which results in huge employee turnover.
Opportunities	Threats
• Based on the Zero Carbon Forum, the Royal National Hotel can follow the expertise of sustainable hospitality advisers (Imperial London, 2023). • Diversity in the workplace can help in achieving employee engagement as well as employee retention.	• As career development gets hampered by a lack of recognition, employee turnover is higher in the Royal National Hotel.

Table 2: SWOT Analysis

(Created by the author, 2023).

Analysis: Employee engagement and retention are highly dependent on workplace and organisational culture to some extent. It has been found that the workplace of the

Royal National Hotel is eclectic and diverse which attracts employees from worldwide. However, as the Royal National Hotel is known as one of the largest hotels in London, it has to deal with a broad number of customers. The workload is high in the Royal National Hotel which often causes employee burnout. Due to the huge workload, employees have to work on flexible working hours where work-life balance is rare. As a result, lack of recognition is very common in large hotels like Royal National Hotel, which results in low wages, low-performance bonuses and other career development opportunities. Certainly, employee retention has become a weakness in the Royal National Hotel in London. Even though the company has many weaknesses that act as barriers to employee retention, the company offers higher wages (UK Indeed, 2023). If the employees leave the company, clearly it is not related to pay, but the workplace culture, lack of recognition or even huge workload.

Based on the strengths and weaknesses, Royal National Hotel can take advantage of its diverse culture in terms of retaining employees by establishing a cross-cultural workplace. Sustainable practices in the hospitality sector can also attract new employees at this age when Generation Z employees are mostly attracted to sustainable practices (Goh and Okumus, 2020). However, due to a lack of recognition and a huge workload, huge employee turnover may act like a threat.

Discussion

Identifying the external challenges such as Automatic Intelligence (AI), retirement tide and other issues hotels face that affect employee retention.

After technological development, the rapid use of Automatic Intelligence (AI) in the hospitality industry resulted in employee turnover. In addition, Marriott International has achieved approximately 20.77 billion US dollars in 2022 while having an excellent workplace. The HR of Marriott focuses on training and development of each employee so that they can make maximum use of Automatic Intelligence and retirement tide in future. It is also argued by Healys (2023) that the impact of external factors like Brexit has also created issues in employee management due to changes in legislation in the UK labour market.

External factors like the rapid use of Automatic Intelligence have affected human capital in the hospitality sector. If a hotel fails to balance the use of AI and employees,

employee retention may be affected. As stated by Abbas *et al.* (2021), employees often feel increased financial pressure after inflation when they seek new employment. After the Brexit and COVID-19 pandemic, the economic situation of the Royal National Hotel was affected as well. The global retirement tide in the hospitality industry has hampered retention rates in recent years.

Critically analysing the external factors that affect the internal affairs of the hotel

In order to understand how the external environment affects internal affairs in the hospitality industry, external analysis using PESTEL can be conducted below.

External Analysis: PESTLE Analysis

<i>Factors</i>	<i>Description</i>
<i>Political</i>	• The most recent assessment of the United Kingdom's political stability has reached almost 0.54 points in 2021 (The Global Economy, 2023).
<i>Economic</i>	• As reported by Statista (2023), the hospitality industry has contributed approximately 237 billion British Pounds to the GDP of the UK in 2022. • For instance, Marriott has generated revenue of almost 20.77 billion U.S dollars in 2022 (Statista, 2023).
<i>Social</i>	• As reported by the Office of National Statistics (ONS), almost 132,000 unfilled roles are in the hospitality sector as employees leave jobs due to huge workloads (Cheshire, 2023).
<i>Technological</i>	As reported by Mathews (2023), AI cannot replace human capital in the hospitality industry, instead, it can complement human capital by increasing employee retention.
<i>Legal</i>	• The fateful decision of Brexit has led to the withdrawal of the UK from the EU which has also resulted in significant consequences for the labour market of the hospitality industry (Healys, 2023). • As reported by Caterer Licensee Hotelier News (2021), the hospitality sector must focus on encouraging employees to rethink their lifestyle goals and retire retirement.
<i>Environmenta l</i>	• As stated by Coxall and Souter (2021), The Environment Act 2021 is applicable to the hospitality industry in terms of

fulfilling long-term environmental improvement plans in the UK.

Table 1: PESTLE Analysis

(Created by the author, 2023).

Analysis: Looking the above table, it has been found that external factors have a huge influence on the hospitality sector in the UK. Such external factors often affect the internal affairs of large hotels in the UK. Higher political stability indicates the strength of a company due to a low political impact on internal affairs.

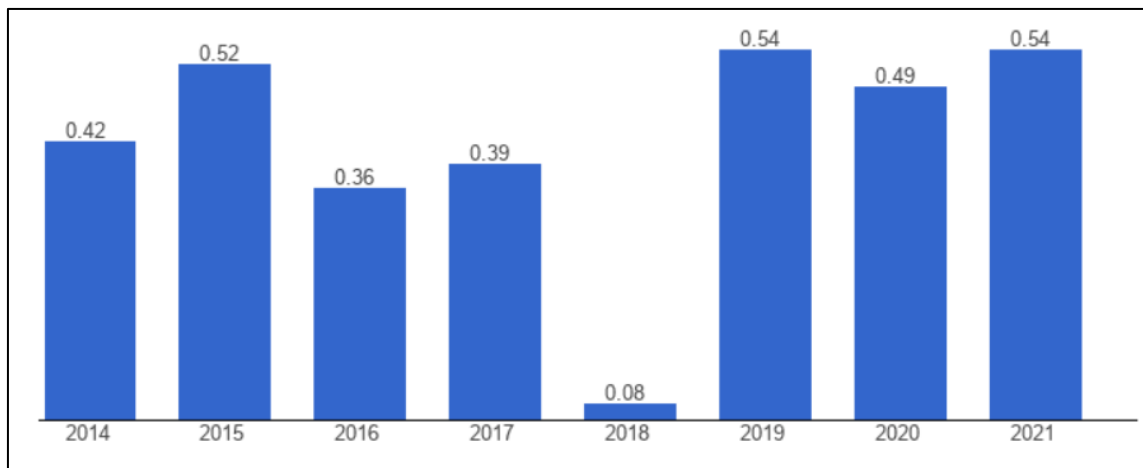


Figure 1: Political Stability of the UK

(The Global Economy, 2023)

Higher employee engagement is significant for increasing yearly revenue as employees act like the pile for customer satisfaction and financial development.

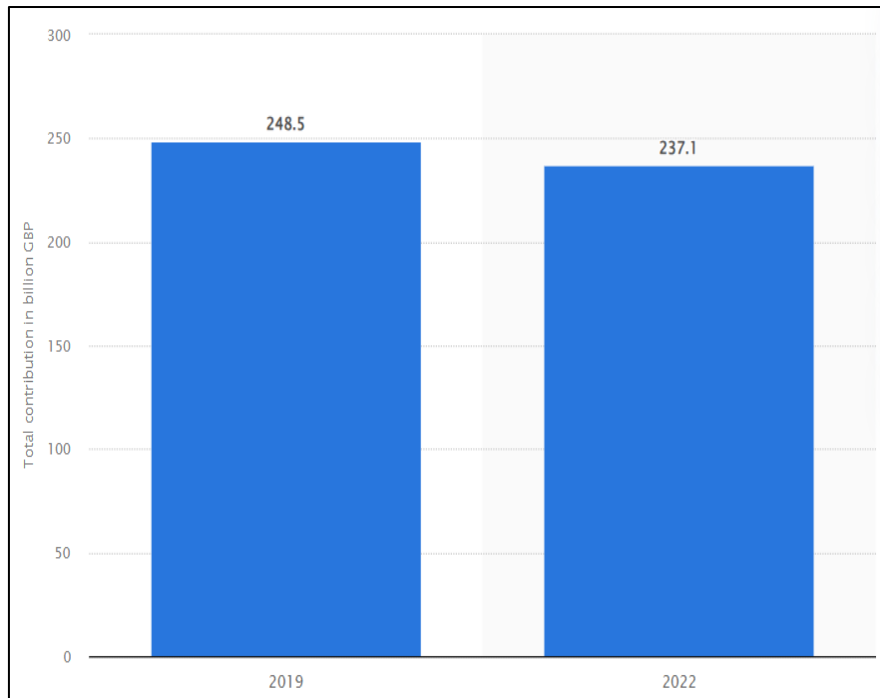


Figure 2: Financial Contribution of the Hospitality Industry to GDP in the UK

(Statista, 2023)

From the above figure, the UK GDP was enriched by almost 237 billion British pounds from the hospitality industry.

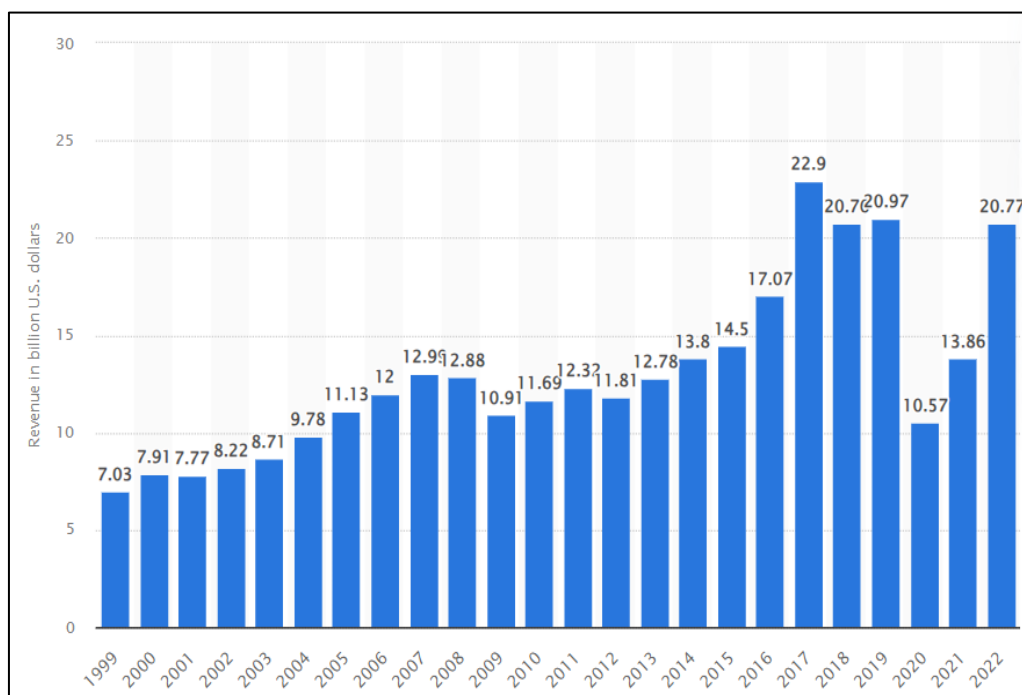


Figure 3: Revenue of Marriott International worldwide by 2022

(Statista, 2023)

If the hotels fail to focus on sustainable practices, employees also lose interest in working in the hospitality industry.

Potential solutions to reshape employee recruitment and retention in the hospitality industry.

IHG has focused on operating an Employee Share Ownership Trust (EAOT) for the sake of former employees as well as existing employees. As ESOT receives treasury shares from IHG while purchasing ordinary shares, former and current employees benefit by satisfaction of share awards (IHG Employee Engagement Statement, 2021). Hotels can also invest in such ownership trust. Radisson Hotel Group operates an annual engagement survey named 'Radisson Listens' (Sharma, 2023).

Through such anonymous feedback, Radisson HR management often offers required benefits or improvements. Hotels can also operate such a formal process while allowing employees to provide feedback based on their personal experience. Building an attractive hospitality organisational culture is also proposed for ensuring employee satisfaction and retention (Ognjanović and Slavković, 2019). If the HR department must focus on providing good leadership, it can also help in increasing employee retention while improving the economic situation. In this context, it is also recommended to effectively manage employee attraction efforts by maintaining clear and consistent communication and leadership. Recognising and valuing employees can also act as a motivating factor for employee retention (Nguyen, 2020).

Evaluation and Conclusion

From the above discussion, employee engagement and retention at the Royal National Hotel are hampered by the external environment. It has been also found that Automatic Intelligence and retirement tide often impact increasing retention rates if there is a proper balance of using technology and human capital. Brexit has resulted in the withdrawal of the UK from the EU while causing significant consequences for the labour market of the hospitality industry. As Royal National Hotel has achieved gold in the 2020 Green Apple Awards, employee retention can be easier as sustainable practices attract Generation Z employees. In this context, it can be also concluded that employees have to deal with increased financial pressure due to increased inflation in

the UK. Employees who seek new employment in the hospitality sector, often dealt with issues, especially after the COVID-19 pandemic and Brexit. In order to ensure the implication of employee engagement strategies in the Royal National Hotel, potential solutions are recommended as well.

Recommendations

In terms of increasing employee retention in the hospitality industry, Royal National Hotel can use benefits for incentivising long-term employment. Royal National Hotel can also establish expectations and policies for the benefit of employees. It is also suggested to effectively communicate with staff personal development plans (PDP). Having a positive onboarding experience is also significant for retaining the best employees based on the offset. Royal National Hotel can also offer a career development programme for enhancing employee recognition among the former as well as the current employees.

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