

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

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Hilton Newcastle Gateshead Hotel



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Executive Summary:

This report delves into the intricate dynamics of external challenges and their impact on employee recruitment and retention within the hospitality sector, with a specific focus on Hilton Newcastle-Gateshead. Through an in-depth examination using PESTLE and SWOT analyses, the report explores the effects of the Covid-19 pandemic, Brexit, geopolitical conflicts, and economic fluctuations on the hotel's operational landscape.

The report employs a nuanced approach, integrating the employee life cycle framework, to provide tailored recommendations for Hilton Newcastle-Gateshead. These recommendations include strategies such as employee recognition programs, continuous learning opportunities, diversity and inclusion initiatives, effective communication channels, technology integration, succession planning, and community engagement.

The proposed solutions are geared towards fortifying the hotel's resilience in the face of external challenges, with the goal of enhancing employee recruitment and retention. By strategically addressing identified challenges, the report envisions positioning Hilton Newcastle-Gateshead for sustained growth and success in the dynamic hospitality sector.

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1. Introduction:

Employee recruitment and retention have long been challenges in the hospitality industry, a topic extensively explored in numerous research studies and books. This report will specifically examine these challenges in the context of Hilton Newcastle-Gateshead. Conducting a PESTLE analysis reveals the external influences, including the Covid-19 pandemic, Brexit, and geopolitical conflicts. The internal strengths and weaknesses, along with external opportunities and threats, are explored through a SWOT analysis.

The report proposes tailored solutions, drawing from industry examples. From implementing employee recognition programs to fostering diversity and inclusion initiatives, the recommendations align strategically with the employee life cycle framework.

2.1 Background:

Hilton Newcastle-Gateshead, part of the Hilton Hotels & Resorts chain, is a prominent hotel situated on the south bank of the River Tyne in Gateshead, England. Despite its Gateshead location, the hotel aligns itself with nearby Newcastle, capitalising on the iconic landmarks of the city, including the renowned Tyne Bridge overlooking its premises. This strategic association is not uncommon, considering that Gateshead and Newcastle together form a continuous urban area, frequently referred to as Newcastle-Gateshead.

Newcastle-upon-Tyne, often referred to as Newcastle, is situated on the northern bank of the River Tyne and is connected Gateshead, by several iconic bridges, including the Tyne Bridge and the Millennium Bridge. This location serves as a hub for trade, industry, and culture. Newcastle is renowned for its world-class universities, including Newcastle University and Northumbria University, making it a significant educational centre. The Quayside area is a hub of activity, famous for its vibrant nightlife, with a wide array of bars, restaurants, and cultural venues. Moreover, Newcastle boasts a rich sporting culture, with St James' Park, home to Newcastle United Football Club. A little further afield are the beautiful coastline, sandy beaches, and rugged countryside, (Newcastle.gov.uk, 2023; Britannica, 2023).

Hilton Newcastle-Gateshead, with its contemporary design, offers a comfortable ambiance for business and leisure travellers. The hotel provides well-appointed rooms, modern amenities, fitness centres, and diverse dining options. With versatile meeting spaces overlooking the River Tyne, it is a preferred venue for events and conferences, including weddings and special occasions (Hilton Newcastle-Gateshead, 2023).

2.2 PESTLE analysis:

Political Factors:

The advent of the Covid-19 pandemic, as highlighted by Dube et al. (2020) and the Nigel Wright Group (2023), dealt a significant blow to the hospitality industry.

Brexit. The UK's departure from the European Union has led to a reduction in the number of visitors and potential employees, consequently impacting the hotel's revenues.

The ongoing conflict between Russia and Ukraine, resulting in a trade war between various countries, is continuing to affect hotel operations and profitability.

The recent conflict between Israel and Palestine has also had a major impact on the hotel industry, instilling fear and reducing travel due to protests and unrest.

Moreover, ongoing strikes across various industries, including trains, buses, flights, NHS, and teachers, have further disrupted travel plans for many.

Economic Factors:

Based on Census 2021 data. In Newcastle, the employment rate for individuals aged 16 and over experienced a marginal decline from 47.1% in 2011 to 46.6% in 2021, In Gateshead, the percentage of unemployed residents aged 16 years and over decreased from 4.5% in 2011 to 3.1% in 2021. Conversely, there was a slight increase in the percentage of retired residents, rising from 23.8% to 24.2% during the same period.

Social Factors:

Census data, as reported by The Guardian (2023), underscores significant regional disparities in educational qualifications between London, the South-East, and parts of the North in England. The Office for National Statistics' latest figures highlight the persistent North-South divide. In London, an impressive 46.7% of the population holds a degree or equivalent qualification (level 4 or above), in stark contrast to the North-East, where less than a third, specifically 28.6%, possess such qualifications.

Understanding the age groups and preferences of the local population.

Deprivation scale: "Gateshead is ranked 47th out of 317 local authorities in England", (Gateshead.gov.uk 2023) Newcastle is ranked the 53rd.

Technological Factors:

The adoption of new technologies during lockdowns has enabled remote work for many, sparking discussions in favour of a four-day working week, (Spencer 2022). The introduction of service robots is expected to enhance efficiency and productivity. However, potential challenges like elevated costs, skill gaps, and substantial alterations to organisational structures and cultures need to be acknowledged. Consequently, leaders overseeing the implementation of robotic technology must strike a balance between the functions of service robots and human employees in delivering a guest experience. (Xu, Stienmetz, and Ashton, 2020).

According to Gupta (2018), the primary challenges in the hospitality industry stem from the evolving customer profile and advancing technology. The industry is witnessing a shift in the demographic and psychographic characteristics of candidates, with the dominance of Millennials and Generation Z cohorts. In response to this, hoteliers, must invest in strategies that cater to the technological era, emphasising mobile-friendly and internet-driven approaches for visitor engagement and retention. Hilton's adoption of the RACE framework, akin to Bhargava's (2010) "Rules of Social Media Optimization," is evident in their active presence on digital platforms like Facebook, X(Twitter), and YouTube.

Legal Factors:

Adhere to any local labour laws and regulations that may differ from national or global standards, ensuring fair and legal employment practices. Compliance with health and safety laws specific to Newcastle-Gateshead is essential to maintain the hotel's operations and reputation.

Environmental Factors:

Recognising and mitigating potential environmental risks, such as flooding or storm damage, is crucial for maintaining operational continuity, (Beeton, 2021), and

Newcastle experienced its share of such challenges recently. These environmental factors further affected the movement of people around the country.

In response to growing environmental awareness, hotels must implement sustainable practices and waste management measures to align with the expectations of environmentally conscious employees and local pressure groups.

2.3 SWOT analysis:

Strengths:	Weaknesses:
Globally recognised brand, with over 7k properties worldwide (Hilton, 2023), which enhances its ability to attract employees in various markets. With over 112 million members registered worldwide, Hilton has a substantial customer base that contributes to its reputation and profitability (Hilton, 2023). Hilton is known for its employee satisfaction, making it a desirable place to work and ensuring a motivated workforce. In 2019 Hilton came out as no.1 in the Fortune list of the top 100 companies to work for, though have moved to second position since (Fortune, 2023). Great Place to Work (2023) confirms “95% of employees at Hilton say it is a great place to work compared”. Prime Location in Newcastle-Gateshead provides a picturesque setting and attracts tourists and business travellers.	Negative reviews on social media platforms can damage the brand's reputation. Recruiting and retaining skilled employees due to local competition for talent. The challenge of finding and retaining skilled employees is a global issue, evidenced by PwC's 26th Annual Global CEO Survey, where 52% of CEOs expressed concerns about employee retention and skill shortages.
Opportunities:	Threats:
As a leading brand, Hilton has potential to enhance its customer base and profit margins by pursuing mergers and acquisitions of small businesses. Establishing collaborations with local enterprises, event venues, and conference centres in Newcastle-Gateshead can expand its offerings to a	Legal procedures can negatively affect a brand's reputation, as seen with Hilton's lawsuit with Starwood. Legal challenges at the local level could also pose threats. Intense competition in the hotel industry, both globally and locally, can lead to price wars and lower profit margins.

diverse clientele, including event planners and business travellers.

Destination North-East England, a regional collaboration focused on unlocking the untapped potential of the North-East visitor economy, has engaged People 1st to conduct extensive research. This research aims to provide valuable insights into the intricate skills-related issues and emerging workforce challenges within the region (People 1st International 2023).

Geopolitical conflicts or developments that affect international travel or business ties can impact Hilton Newcastle-Gateshead clientele, especially if they have international guests or business travellers.

Economic challenges in the Newcastle-Gateshead area, such as a decline in tourism or business activities, can impact revenue.

2.4 Evaluation:

It is well known that the hotel industry faces several challenges related to recruitment and retention and has been the focus of extensive research in the hospitality industry, (Bonn and Forbringer, 1992; Cheng and Brown, 1998; Davidson and Timo, 2006; Lee, Huang, and Zhao, 2012).

Brien, Thomas, and Brown, (2017) discuss that while hotels are not inherently undesirable workplaces, they are not considered favourable either. When juxtaposed with other industries, working hours, and turnover rates, this internal perception contributes to an overall negative image of the industry. The hotel sector is characterised by a perception of a low-skilled workforce, inadequate pay, frequent employee turnover, limited career opportunities, and a perception of being a temporary job until a "real job" is found.

The evolving characteristics and demands of employees pose additional challenges in recruitment and retention. Kim, Jauhar, and Ghani, (2015) highlight factors like work-life balance, the meaningfulness of work, and competitive salaries, particularly for Generation Y employees who constitute a significant portion of the hotel workforce, (Ware, 2013; Solnet, Kralj, and Kandampully, 2012). Beyond financial compensation, studies indicate that employees, are seeking engaging and challenging roles with prospects for long-term career development, (Brown et al., 2015). In the contemporary globalised and technologically advanced environment, where remote work options have expanded, employees have huge employment choices, intensifying the struggle to attract and retain talent in the hotel sector.

Cribb (2023) notes substantial shifts in employment and retirement trends have transpired in recent decades on a global scale. He underscores the pivotal concern of policymakers regarding patterns of retirement and employment among older individuals. This interest stems from the overarching objective of promoting extended working lives as a partial remedy to the challenges posed by an aging population. People living longer and retirement age older means there are increasing multigeneration who are working together.

Moreover, the absence of comprehensive training programmes for both new and existing employees has impeded their ability to perform optimally and deliver high-quality service. Inadequate management practices and a perceived lack of opportunities for career growth further contribute to an unsatisfactory work environment, adversely affecting staff morale and retention. Addressing these multifaceted challenges becomes imperative for the hotel industry to foster a more positive and appealing workplace for its workforce. To enhance both employee productivity and customer service, hospitality leaders must grasp the variations in employees' learning styles, interpersonal approaches, and the expectations they bring to the workplace, (Gursoy, Maier, and Chi 2008).

In response to recent economic and political uncertainties, individuals in the UK are re-evaluating their priorities concerning time, energy, and social engagement. Turner



(2023) writes about Caitlin Duffy, a research director in HR who came up with "The Human Deal" outlining five components shaping employees' expectations. This includes a desire for deeper connections beyond work relationships, seeking understanding through family and community ties. Radical flexibility is emphasised, with a preference for autonomy in all aspects of work. Personal growth is not confined to professional development but extends to personal advancement. Holistic well-being is a priority.

Ghani et al. (2022) believe, the foundation of employee retention lies in interplay of factors that contribute to employee satisfaction. They identify four elements shaping this satisfaction: a sustainable and positive work environment, effective communication, growth opportunities that are both sustainable and meaningful, and recruitment and selection practices that are not only effective but also sustainable over time.

3. Conclusion:

In conclusion, the hospitality industry, grapples with multifaceted challenges related to recruitment and retention. Negative perceptions, inadequate training, and a perceived lack of career growth contribute to an overall unsatisfactory work environment. The evolving characteristics and demands of employees, coupled with global shifts in employment and retirement trends, further complicate recruitment and retention strategies. Addressing these challenges is imperative for fostering a positive workplace and enhancing both employee productivity and customer service.

Recent economic and political uncertainties prompt individuals in the UK to reassess their priorities. "The Human Deal" emphasises deeper connections, autonomy, personal growth, holistic well-being, and a shared purpose as key components shaping employees' expectations. Ghani et al. identified pivotal elements for employee satisfaction, a sustainable and positive work environment, effective communication, meaningful and sustainable growth opportunities, and effective and sustainable recruitment and selection practices, underscore the complex interplay of factors influencing employee retention.

In navigating these challenges, the hotel industry must adopt a holistic and adaptive approach that aligns with the evolving dynamics of the workforce and addresses the changing expectations and priorities of employees in today's socio-economic landscape.

4. Recommendations:

- Implement structured employee recognition programs at various stages of the employee life cycle to acknowledge and reward outstanding performance.
- Establish a culture of continuous learning by providing ongoing training and development opportunities for employees, encouraging participation in industry conferences, workshops, and online courses.
- Implement diversity and inclusion programs to create an inclusive work environment, promoting equal opportunities for career advancement and ensuring representation at all levels of the organisation.
- Establish regular feedback mechanisms to gather insights from employees about their experiences and challenges, enhancing communication channels for transparent and open communication between management and staff.
- Explore technology solutions to streamline HR processes, from recruitment to performance management, leveraging digital tools for employee engagement surveys and feedback collection to enhance operational efficiency.
- Engage in community initiatives activities to enhance the hotel's reputation as a socially responsible organisation, encouraging employee participation in volunteering and community outreach programs.

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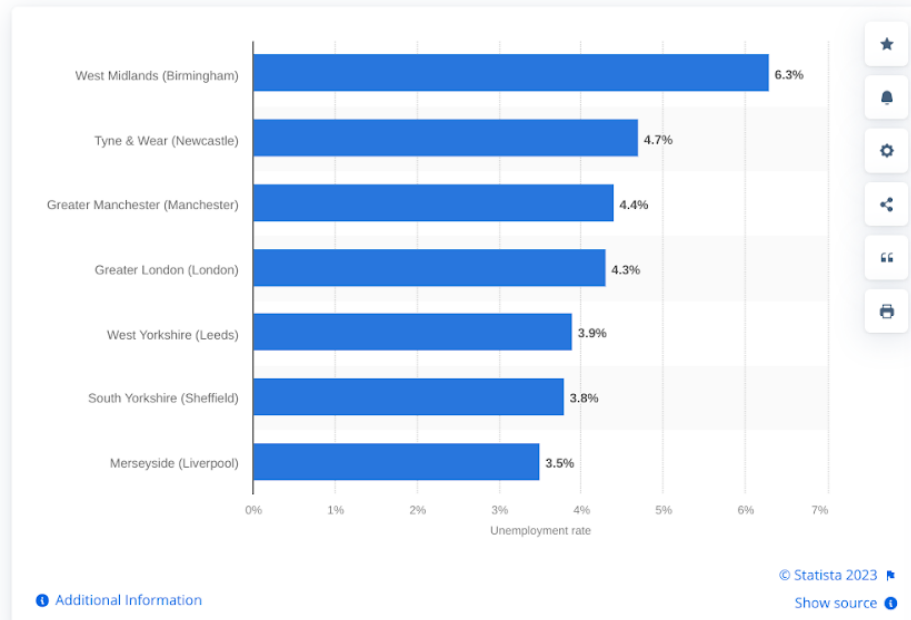
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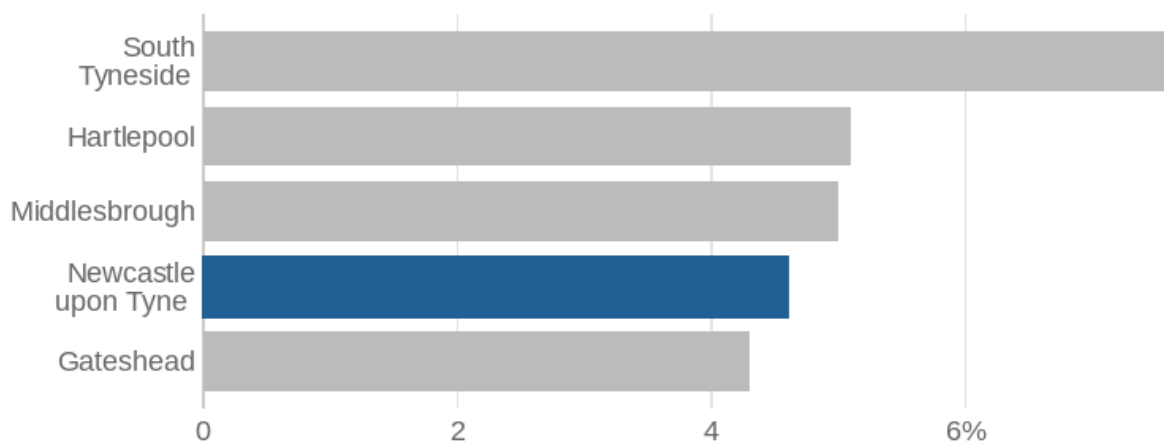
Appendices:

Unemployment rate of metropolitan counties and Greater London quarter of 2023



Highest unemployment rates (%) of areas in the North East

Among those aged 16 and over and active in the labour market, year ending March 2023



Source: Model-based estimates of unemployment from the Office for National Statistics

The Human Deal Framework



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