
Motivation as a Source of Human Resource Risk in Hospitality Enterprises. Theoretical Approach

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Abstract

The aim of the article is to present opportunities and threats resulting from motivating personnel for the operation of hotel enterprises.

During the scientific process, the following research hypothesis was adopted in the study: enhancing the process of human capital management in terms of motivation enables reducing the human resource risk level in hotel enterprises, that is contributes to minimizing its negative effects (e.g. excessive employee turnover) and, simultaneously, generates more positive effects such as an increase of loyalty and commitment of the employed personnel.

In order to verify the theses formulated in the study, the following research methods were applied: a critical analysis of literature, an analysis of source documents (i.e. statistical studies, research agencies' reports), observation, interviews, survey research, and techniques of visual presentation of findings.

Keywords: Motivation, human resource risk, hospitality enterprises

Introduction

A hotel enterprise consists of a team of people, as well as tangible and financial assets that form a separate entity with its own economic, technical, spatial and legal nature, and is engaged in professional business activities of offering accommodation (rooms) against payment and providing services related to it. [1]. The increasing turbulence of the market environment makes it necessary for hotel businesses to be different from other parties involved in the market game and to consolidate their own unique position in public awareness. That is not provided by the financial or tangible resources, at the disposal of hotel businesses, because they are easy to imitate by competitors. The only organization subsystem, characterized by the uniqueness in both individual and team dimension is created by people. Giving the company their knowledge, skills, abilities, their own value systems, the people contribute to the creation of a specific culture and organizational climate, which determines the diversity of the whole system, which is the hotel business [2].

The work process in a hotel enterprise is of a different nature than the one found in production enterprises. This dissimilarity is mainly a result of the specific nature of hotel services as they cannot be made-to-stock, stored or delivered to clients' places of living [3]. The simultaneity of production and consumption of services is a factor that influences the employment structure and work organization in hotel enterprises. This characteristic means that work in the hotel industry is continuous, multi-shift and includes the whole week, with Sundays and holidays [4]. Thus, it is

hard to standardize the work time and limit it to 8 hours a day. Hotels must operate 24 hours a day and, additionally, the tourism movement is intensified during the tourism season, what increases the workload of operational staff. Despite the technological development, machines cannot replace humans in the process of providing hotel services. The essence of hotel work is still a direct contact of a staff member with a tourist and this entails the necessity of employing relatively large personnel.

Initiative, cooperation and commitment of the whole staff are needed for the survival and development of a hotel business in an increasingly more competitive environment. The way how the personnel treat their duties depends on motivational activities undertaken by a hotel enterprise.

The motivation process is connected with risk which may involve undermining the market position of a hotel enterprise caused by inappropriate employees' attitudes and behaviors and result in the provision of a product of a quality that does not meet customers' expectations.

Human resource risk is a type of micro-organizational and micro-social risk, that is risk connected with an organization's social system. It can be defined as involvement under conditions of uncertainty in activities concerning personnel [5]. Depending on speed and accuracy of the undertaken motivational activities it can pose a threat (loss for) to or be an opportunity for business activity.

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During the scientific process, the following research hypothesis was adopted in the study: enhancing the process of human capital management in terms of motivation enables reducing the human resource risk level in hotel enterprises, that is contributes to minimizing its negative effects (e.g. excessive employee turnover) and, simultaneously, generates more positive effects such as an increase of loyalty and commitment of the employed personnel.

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Motivational Activities in Hotel Enterprises in Poland

Motivation is a set of factors that cause, direct and sustain people's behaviors [6]. Motivating employees to work involves a range of individually personalized motivational instruments.

Compensation is considered to be one of the most important and often dominating motivator.

Employee compensation is one of the most neglected motivational functions in hotel businesses.

Salaries in the hotel industry in Poland are lower than the average ones in this economy. Median salary in the hotel industry in 2016 was PLN 2900 gross in comparison to PLN 3783 gross in the national economy [7]. In addition to the fact that salaries in the hotel industry are relatively low, one may find dysfunctional activities occurring in terms of compensation in hotel businesses. These are connected with not informing employees about the compensation methods. Other problems related to a pay policy are:

- delayed salary payment,
- disproportionately high compensation of relatives and their acquaintances in relation to workload;
- no payment for overtime.

Apart from direct compensation, the effectiveness of a motivation system is determined by offered perks and benefit packages. They may include such elements as a corporate mobile phone, laptop, private health insurance, additional life insurance, coupons for free lunch in a hotel restaurant, holiday vouchers, coupons for free stay at one of hotels of the chain. Nonfinancial motivating tools also include: intangible rewards (letters of commendation, diplomas, commemorative medals and cups), in-kind rewards (albums, books with dedications) etc. These instruments are most often less expensive than financial incentives and, under some conditions, they are more effective. Creating opportunities for employees to develop their qualifications is also part of efficient motivation. As a result, it is essential to develop a comprehensive training programme that is tailored to the expectations of workers and the goals of a hotel business.

Training can be defined as a process of expanding knowledge by employees and improving their skills and abilities necessary to accurately perform tasks in their current job and of creating the possibility to further develop their skills, knowledge and competence with a view to future promotion, relocation or organizational change [8].

From the point of view of shaping the market position of a given hospitality facility, having an appropriate training policy that produces well educated and trained personnel is essential.

Both grassroots and management personnel should be involved in the development process. The newly employed staff should be trained first as it is rare for a new employee to possess all the qualifications and skills necessary for the job. This is particularly true in the hotel industry, where virtually every facility is unique. Apart from the basic introductory job training, the continual so-called personnel reeducation is necessary. Systematic improvement of competence through continual training courses for employees in order for them to gain new skills and qualifications is standard practice in the international labor market.

There are many benefits to training employees of hospitality facilities, such as [9]:

- it shows the employees that they are important for the enterprise,
- it motivates the employees to deepen their knowledge and use their new skills,
- it increases commitment and devotion in the employees,
- it improves communication with employees, especially if there are joint workshops for the staff and the managers in order to develop methods of solving specific problems.

In practice, it is possible to distinguish between different types of training cultures:

- beginning with low training culture – where the board considers training to be a cost, not an investment, there is a lack of connection between the non-systematic and fragmentary training and the company's strategy,
- through moderate training culture, where the importance of training is higher,
- to strong training culture, characterized by a connection between the training and the strategy of the organization and permanent education of employees with the use of innovative forms of training, regarded as a method gaining competitive advantage.

Unfortunately, despite rising awareness of the importance of training for the development of an organization, low and moderate training cultures are prevalent in Polish hotel enterprises. The lack of sufficient financial resources is a significant factor limiting training. High costs are an obstacle to carrying out continual training for over fifty percent of entrepreneurs.

The basic aim of a motivation system is to stimulate people to fulfil their company missions and reach the company goals, while taking account of the needs and expectations of employees [10].

Wrong decisions in terms of motivation may lead to a high employment fluctuation rate.

Nature and Consequences of Staff Turnover in Hotel Businesses in Poland

A high staff turnover rate remains one of the fundamental problems of the hotel industry in Poland. It is partly caused by a high increase in numbers of hotel businesses and demand for experienced employees. However, the main reason behind this phenomenon is not competitive enough remuneration and motivational rules applied by hotel companies.

In 2016, an analysis of staff turnover in the hotel industry was conducted. The survey was aimed at hotel management staff in Poland. Managers from 350 hotels, across all sixteen voivodships in Poland, participated in this research. The largest group of survey respondents (85%) consisted of managers from three-star hotels. The next group size-wise (12%) managed four-star hotels. Other respondents represented one-, two- and five-star hotels. The rate at which employees resign from work varies depending on the position held (Fig. 1).

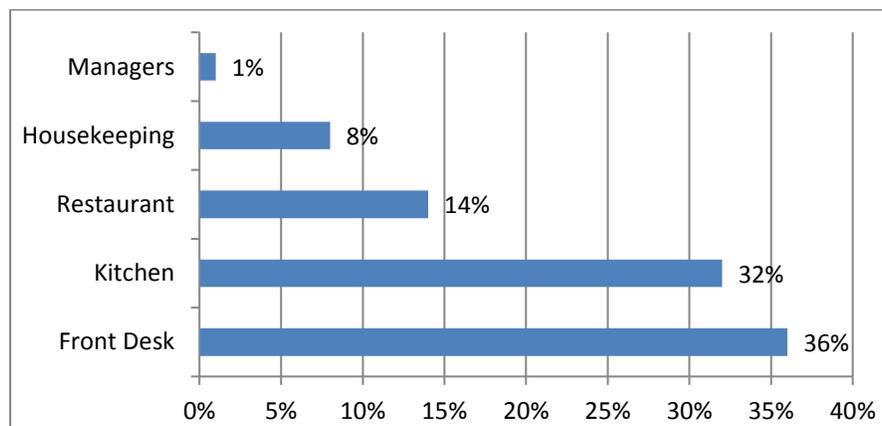


Fig. 1. Hotel departments in which the staff turnover rate is the highest

Source: own work

According to 36% respondents, a high turnover rate (over 50%) can be most often found at the Front Desk. Other hotel departments with high staff fluctuation rates are Kitchen and Restaurant (32% and 14% of responses, respectively). It is also quite common in hotels that housekeeping employees resign (8% of responses). A rather high retention rate is observed on the managerial positions, as only 1% of the researched businesses indicated a high turnover rate in that workforce group. None of the surveyed hotels registered voluntary turnover among the administration employees.

We may look at staff fluctuation as an involuntary phenomenon, which results from legal regulations or employer's will (e.g. contract expiration, reduction in force, retirement), or a voluntary one. There are much more reasons behind voluntary resignation and they mainly depend on an individual approach of an employee or may be a sign of mistakes in the motivation process (Fig. 2).

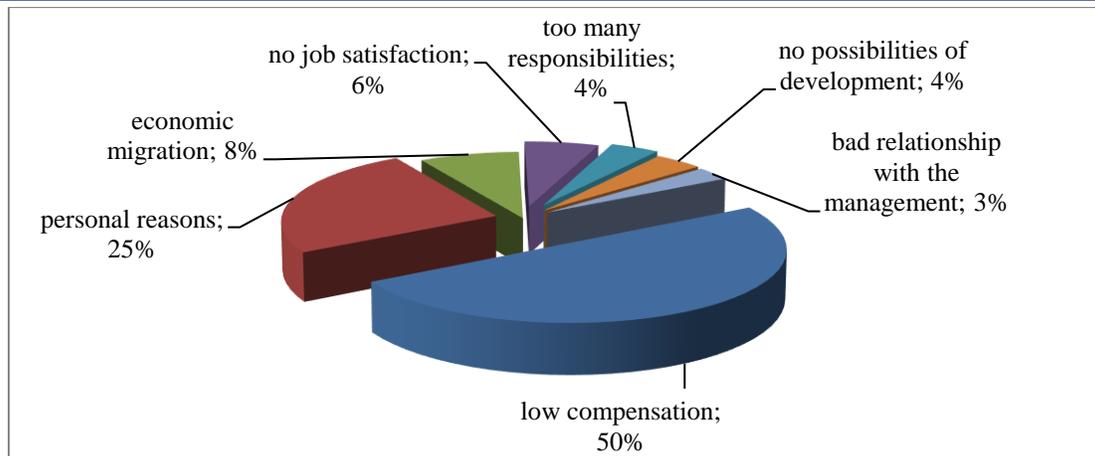


Fig. 2. The reasons for staff turnover
Source: own work

The research showed that the main reason behind resignation from work for 50% respondents is unsatisfactory compensation. Among other factors indicated by respondents were personal reasons, economic migration or lack of development possibilities.

Apart from low salaries, the research findings point to the limited promotion and career development opportunities as well as lack of respect and support from a superior as significant reasons for employees leaving a company. All of these factors demotivate and contribute to high staff fluctuation in hotel businesses.

A high staff fluctuation rate brings a range of negative consequences for a hotel business and its workforce [11], namely:

- additional responsibilities for remaining hotel personnel,
- costs of a new recruitment and selection process,
- loss of employee's knowledge and experience for the benefit of competition,
- negative image of a hotel as an employer,
- lower quality of service,
- loss of regular customers.

If an employee resigns from work, it reflects negatively on the hotel remaining personnel who have to deal with additional responsibilities while simultaneously carry out tasks planned earlier.

Some workers see this as an opportunity to stand out, but others cannot cope with the new situation and are unhappy. It is often the case that these employees are required, irrespective to their regular responsibilities, to help with training new staff. If this only happens occasionally, the necessity of taking up additional workload does not become a problem. However, if a staff turnover rate is too high and results in an almost permanent workforce deficiency than the morale of staff may go down and they might be less engaged in their work.

The staff fluctuation phenomenon involves the need to hire new employees and this in turn means additional costs for a business. Their largest component is most often expenses related to the recruitment process, which are fees and charges for placing job advertisements in the press or work agency fee. Another element is work time cost of managers involved in the recruitment and selection process for the replacement of a departing employee. It may turn out that several job interviews have to be conducted or the Assessment Centre method have to be used in order to fill some positions. There are also costs of induction to a position and proper training of a new employee, as well as administrative costs related to introducing a new person in the organization

(preparing a job contract, setting up personal files, etc.). While the abovementioned procedures are being executed, the position remains vacant. For a company, it means that productivity will be lower for a few weeks. Furthermore, workers need to be paid for overtime. That is why it is difficult to estimate a total cost of this process. The scale may vary a lot and depends on the position.

Besides generating direct costs, employment fluctuation causes loss of other resources, especially if an employee undergoes intensive training in a hotel and resigns from the position before the employer gets return on this investment. The situation is even worse when this employee resigns in order to be hired by the competition. In such a case, a hotel not only loses such resources as knowledge and experience, which an employee usually obtains at the hotel's expense, but it must also consider that they will be used by another employer to gain a competitive advantage.

A high staff turnover rate is also disadvantageous for a company because of the competition on the labour market. If a hotel cannot retain employees, it will quickly gain a reputation of a bad employer. As a result, job-seeking professionals will not consider a particular hotel as a viable option in their career plan.

It should be noted that employment fluctuation may be also negatively perceived by customers.

This aspect may be very important for positions which require from employees to know individual clients' needs and preferences as it has a key impact on the reputation of an organization.

If staff are dismissed or changed too often in a hotel company (e.g. front desk staff, waiters, kitchen staff, masseurs), in the best-case scenario, it will result in lower customer loyalty but, in the worst case, it will lead to a general opinion that the service levels are significantly lower, which in turn means a negative company image on the market.

Model of Motivating that Reduces the Level of Human Resource Risk

Usually, only some general human behavior patterns are taken into consideration when building a motivation system in a hotel company, while it is necessary to analyse many different conditions related to the characteristics of a person to whom various motivators are applied.

The multitude of factors that differentiate personal goals of each employee in a company requires that a company develops such a motivation system that enables all employees to fulfil their individual personal needs and simultaneously ensures that an organization reaches its own goals.

Figure 3. shows the synthetic model of motivating that reduces the level of human resource risk.

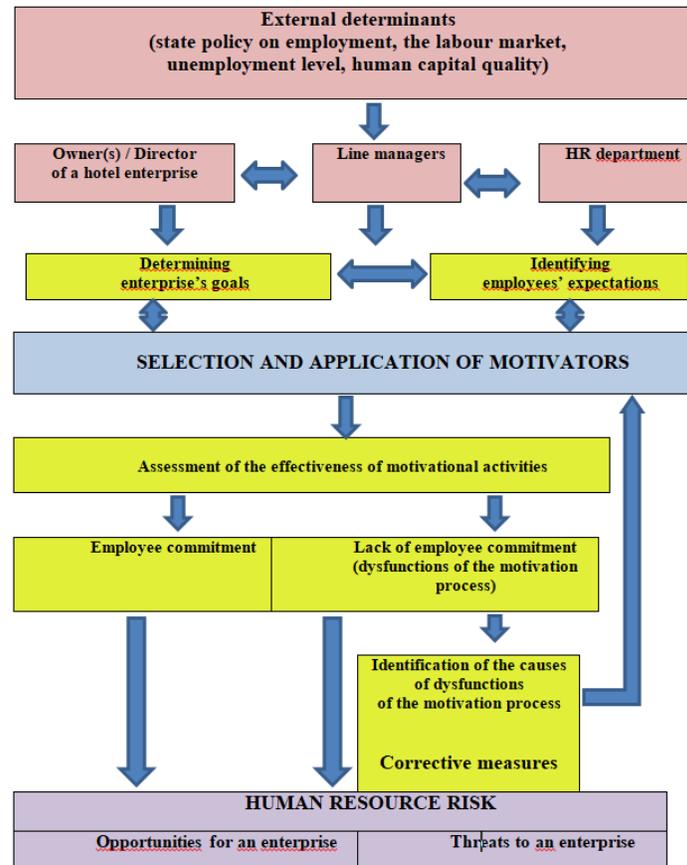


Fig. 3. The synthetic model of motivating that reduces the level of human resource risk
Source: own work

As Figure 3 shows, effective motivational activities in a hotel enterprise require commitment and cooperation of the top management representatives, line managers (immediate superiors) and human resource department employees. The role of the top management involves setting out a vision that concerns the functioning and directions of development of an enterprise as well as formulating its strategy. It is an important task as a company's strategy and goals resulting from it directly translate into particular tasks appointed to employees. The essence of tasks stipulated in the presented model of motivating also requires special activities from line managers and human resource department employees. Immediate superiors' participation in the motivation process includes many activities - from the delegation of tasks among employees, through the selection of motivators, to the identification of causes of dysfunctions in terms of motivating. The role of HR department employees involves undertaking activities strongly influencing the effectiveness of motivating employees (such as recognizing personnel's expectations and assessing the level of satisfaction from the work done). The original model of motivating shown figure 3 should contribute to increasing opportunities that result from human capital management in an enterprise and, simultaneously, affect reducing risks connected with it; therefore, it can contribute to the human resource risk reduction. Figure 4 shows in detail relations between motivational activities and human resource risk.

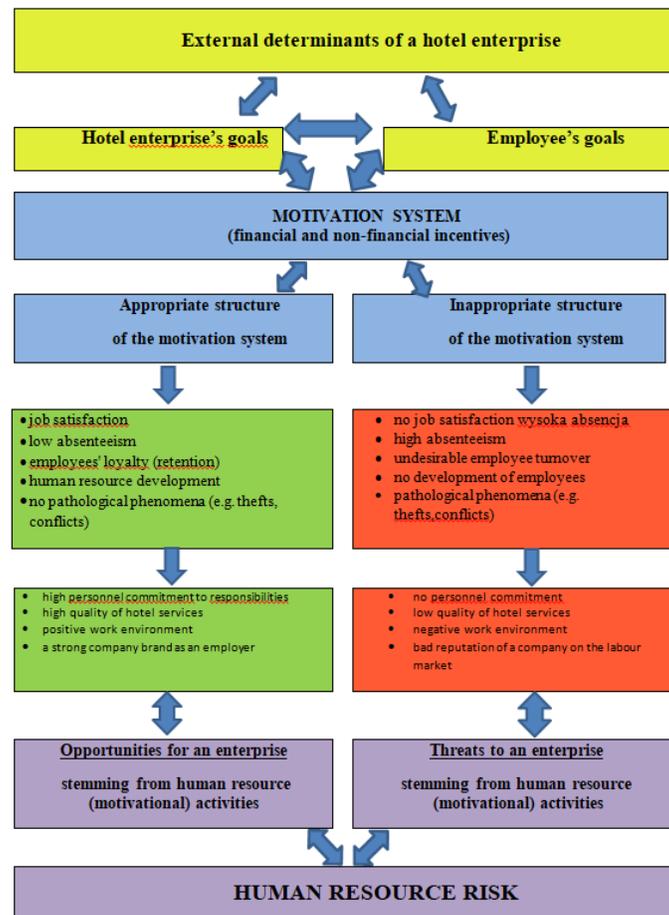


Fig. 4. The model of relations and connections between motivating and human resource risk in a hotel enterprise
Source: Own work

In the model of motivating presented in Fig 4, an employee having specific needs is a subject and employees' attitudes and professional activities desired by a hotel enterprise are an object.

There are two types of goals, formulated by an enterprise and an employee [12]. The model's fundamental assumption is the compatibility of goals of the motivated person and the motivating person. Due to the complexity of the issue of human resource risk and motivating employees, the devised theoretical model, which generalizes the research reality, requires that each hotel enterprise individually adapt detailed assumptions to the specificity of a given entity, especially the selection of appropriate motivational incentives.

It is important that they are accurately selected, tailored to the type of employee's tasks and value system and that cohesion of motivational activities is ensured, or even that they enhance each other. Employee motivation and engagement in achieving company goals is most efficient when employee and organization goals are identified [13].

Process of employee motivation in the hotel industry should consist of two stages. In the first one, the so-called hygiene factors should be provided, that is job security, appropriate pay and interpersonal relations. However, according to F. Herzberg's theory [14], these will only eliminate dissatisfaction. In order to achieve genuine employee commitment, internal factors should be used which lead to job satisfaction through improving job content, expressing recognition, creating prospects for professional development.

In order to increase the efficiency of a motivation system in a hotel company, it is necessary to regularly verify motivational activities connected with identifying irregularities. Therefore, hotel companies should:

- devise individual procedures for assessment of the efficiency of a motivation process,
- identify dysfunctionalities of a motivation process using the results of periodic employee evaluation,
- conduct a regular analysis of employees' expectations and aspirations.

It is obvious that employees' expectations are changing, while the principles of a motivation system are formal and are of a static nature. Therefore, the assessment of a motivation system should be conducted on a regular basis and its principles and enforcement should be adjusted by correlating them with the changing expectations of employees.

One should remember that there are differences between employees in terms of their qualifications and engagement within each company. That is why the repercussions of their resignation from work may vary. Some people can be easily and cheaply replaced, while others are difficult to replace, especially if the same level of efficiency is to be achieved. For that reason, each group of employees should be treated differently. Motivational activities should be focused on employees that possess extensive professional knowledge and whose resignation may cause most problems for an organization and generate high costs.

An innovative character of the research I conducted in this article mainly results from an attempt to transfer current knowledge of risk to the human resource field at the mesoeconomic level (in the hotel industry) and the micro-economic level (in a hotel enterprise), taking account of in particular types of risk generated as a result of motivational activities.

In terms of the presented approach, the issues of human resource risk in the hotel industry discussed in this article have not been subject to a scientific discussion in Polish and foreign literature. This monograph supplements a theoretical gap in terms of analysing relations between motivating and human resource risk at the micro-economic level. The study also fills out an empirical gap stemming from the poor recognition of human resource risk in service enterprises, especially from the hotel industry. The author's original method of human resource risk reduction through motivational activities proposed in this article can contribute to economy as a scientific discipline and serve as the basis for further research broadening knowledge of the character of human capital components and human resource risk in service companies.

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