Championing retention in the hospitality industry – Leveraging the strengths of a multigenerational workforce

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Abstract

The hospitality and tourism industry has a long history of high turnover rates and businesses are constantly scrambling to fill vacancies. With four generations occupying the industry's workforce, leaders are further challenged with fostering harmony in an attempt to increase their retention rates. Despite the challenges in leading a generationally diverse team, given their unique values, businesses can realize strategic advantages. This opinion paper highlights the strengths of multigenerational teams and how they can be leveraged for competitive benefits.

Keywords: organizational commitment, turnover, generational diversity

The Problem of Retention – Who Has the *Power*?

The American Hotel and Lodging Association's May 2024 survey paints a dire picture: 76% of hotels report staffing shortage, and 79% are unable to fill open positions – an increase from 67% and 72%, respectively, from the previous January 2024 survey (American Hotel & Lodging Association, 2024). This is despite over three-quarters of the respondents (i.e., hotels) indicating they have increased wages and approximately half noting they are now offering greater scheduling flexibility (American Hotel & Lodging Association, 2024). In the latest turnover survey by the U.S. Bureau of Labor Statistics (2024), the leisure and hospitality industry has the highest quit rate, averaging 4.1%, compared to the other eight major industries over the past 12 months, from June 2023 to June 2024. Similarly, a July 2024 report from the U.S. Chamber of Commerce notes that their member companies "of every size and industry, across nearly every state" are grappling with difficulties in employee retention (Ferguson, 2024, para 1).

The hospitality and tourism industry has long been plagued by high turnover rates (Han, 2020), and this ongoing war on talent was exacerbated by the Great Resignation (Tatel & Wigert, 2024). While traditionally low wages and limited flexibility have been cited as primary factors for high turnover (Han, 2020), recent data reveals additional significant contributors. A 2024 Gallup study and a 2022 U.S. Chamber of Commerce report both highlight that poor management practices, toxic workplace cultures, and the rise of alternative sources of income, such as digital marketing, online freelancing, and the gig economy, are having a substantial impact (Ayala & Lucy, 2022; Tatel & Wigert, 2024).

Some argue that the Great Resignation has subsided (Ferguson & Hoover, 2024; Hyatt, 2023), however, since high quit rates persist but hiring rates are just outpacing them, a more appropriate term is the *Great Reshuffle* (Ferguson & Lucy, 2024). People are seeking positions with other employers or transitioning to other industries in search of better leadership, improved work conditions and company culture, and a more favorable work-life balance (Audrin, 2023; Ferguson & Hoover, 2024; Tatel & Wigert, 2024). The balance of power has shifted – the workforce is more empowered than ever (Hyatt, 2023) and job seekers are exercising their upper hand by choosing what they want.

On the contrary, high employee attrition can signal a robust or healthy labor market, reflecting workers' confidence in their ability to find better opportunities (Caceres-Santamaria, 2024; Gerhart, 1990). This suggests that the real challenge for hospitality businesses may not be a shrinking labor pool but rather their ability to keep pace with evolving workforce expectations. With all the changes in the labor market, the talent pool for the hospitality & tourism industry continues to change in shape, thereby necessitating all leaders, not just the human resources (HR) team, to get sharper at understanding their current associates and how best to prevent them from *reshuffling*. The demographics of today's workforce is more diverse than ever as it spans four (4) generations – Baby Boomers (1946-1964), Generation X (1965-1980), Generation Y or Millennials (1981-1996) and Generation Z (1997-2012) (Dimock, 2019). Though having a generationally diverse workforce presents challenges, it also offers significant advantages that can be leveraged for competitive benefit.

The Strengths of Multigenerational Teams

Here are five (5) main advantages to leverage if you have a multigenerational team:

1. **Increased creativity and enhanced productivity** from the synergy of the diverse skills, knowledge, perspectives, and experiences of everyone. Older individuals often have a wealth of experience and knowledge and are less prone to burnout, while younger counterparts are usually more tech-savvy, bring fresh perspectives, and tend to be more open to new ideas and change (Gursoy et al., 2008; Iqbal, 2024).
2. **Enhanced learning and development** garnered through collaboration. In addition to technical knowledge, associates learn soft skills, and stereotypes and conflicts are mitigated (Audrin, 2023; Iqbal, 2024).
3. **Enhanced organizational commitment**: Fostering collaboration and inclusivity among different age groups helps associates feel valued. In turn, they are more engaged, happy, and satisfied with their jobs (Iqbal, 2024; Shum et al., 2023).
4. **Enhanced decision-making**: If managed effectively, diverse, and complementary perspectives shaped by different experiences and insights can strengthen the decision-making process (Iqbal, 2024).
5. **Diversity in leadership styles**: Whilst expectations of leaders have generally shifted towards more ethical, trustworthy, and supportive approaches (Tatel & Wigert, 2024), businesses should develop their leaders accordingly, having a heterogeneous leadership cohort still has its advantages. Generally, Gen Z prefers inclusive leadership, Millennials work better when led by servant leaders, Gen Xers rather empowering leadership while Boomers prefer a direct leadership style (Gursoy et al., 2008; Shum et al., 2023).

Conclusion

Leveraging a multigenerational workforce can serve as a strategic advantage (Gursoy et al., 2008; Shum et al., 2023) offering a path to enhanced retention and reduced turnover. Understanding and addressing the distinct work values of different generational cohorts is crucial for fostering a productive and harmonious workplace. By embedding collaboration into the organizational culture and supporting intergenerational relationships, companies can strengthen their social fabric and improve employee satisfaction. Additionally, investing in continuous learning opportunities through mentorship, upskilling, and reskilling should engage and help to retain associates, mitigating the risk of them *reshuffling* to other employers or industries.

Future Research Considerations

Using employees from various generational cohorts as the sample:
1. Conduct longitudinal studies to test the effectiveness of offering continuous learning opportunities on turnover and retention.
2. Create case studies or focus groups to examine the impact of collaboration activities and team-building exercises on job satisfaction and organizational commitment.
3. Compare and contrast the results of questions 1 and 2 among organizations that (a) integrate all leaders championing retention versus (b) those who leave the responsibility solely to the HR team.
4. Conduct experiments on the mediating effect of various retention strategies (i.e., improved flexibility; team building exercises and other tailored sessions or seminars that aid in overcoming age bias; opportunities for better work-life balance) on generational characteristics (i.e., values, strengths, weaknesses). For example, the mediating effect of integrating team building exercises on attitudes toward authority across generations.
5. Assess the role that advanced technology (such as virtual or augmented reality) training tools can play in helping to enrich team building exercises and the result on organizational commitment and turnover rates.

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