Attracting and Retaining Millennials in the Competitive Hospitality Sector
Introduction

Korn Ferry, the preeminent authority on leadership and talent, has partnered with the World Tourism Forum since its inception.

Each year, we shine a spotlight on the critical industry challenges and propose solutions. This year, in collaboration with Bridge.Over, we sought to understand in some depth the most effective ways to attract and retain Millennials.

Partnering with Bridge.Over Group, a specialist hospitality and tourism strategy consulting firm, Korn Ferry conducted surveys to explore this issue from the perspectives of Millennial (Gen Y) employees and Hospitality Chief Executive Officers. Korn Ferry surveyed Millennials on their work habits, what they look for in an employer, as well as the rewards and benefits they seek and value.

Bridge.Over Group interviewed CEOs of select hospitality companies to ascertain the importance they place on talent management. Questions included how their companies attract and retain talent, as well as their willingness to adapt the industry’s established practices to accommodate Millennials’ demands.

The results of both surveys reveal employees’ preferred working environments and motivations and the type of companies for whom they would like to work.

We include a series of recommendations on how the hospitality sector can evolve their techniques of attracting and retaining these critical employees.
Korn Ferry’s survey: Getting to know the Millennials.

Korn Ferry conducted an online survey of 1,036 individuals, born between the early 1980s-2000s, from 15 leading hospitality companies. Contributing companies varied in their size and maturity ranging from groups such as Onyx Hospitality and Virgin Holidays to IHG and Starwood Hotels and Resorts. This provided a broad participant sample picked at random by their employer. The participant sample was balanced and reflective of Generation Y in the industry: 88% of respondents were confirmed as Millennials, 55% were in non-managerial positions with 29% in Management roles, 53% respondents were female and 47% male.

One of the more topical and universal talent management issues, on which Korn Ferry’s has consulted is the attraction and retention of Millennials. This was the topic of the Korn Ferry survey conducted for the World Tourism Forum Lucerne 2015.

Questions were posed to identify the type of businesses Millennials would like to work for in terms of values, culture and environment. Secondly, questions were posed to identify how participants’ present employment experience compared with their identified preferences.
What Millennials Want. The results of the KF survey were similar to findings conducted on Millennial talent management issues across other industries, indicating clear generational preferences and work habits irrespective of chosen career path or sector.

It’s fair to conclude, Millennials differ from previous generations in their expectations, priorities and career ambitions. More than their predecessors, they require regular feedback, rapid career progression and a breadth of career experiences. Contrary to previous generations, particularly Gen X, who on the whole, were comfortable with hierarchy and patiently working their way up from junior operational to managerial roles, Millennials demand to be heard and expect a fast career trajectory. They want clear direction and clarity in terms of objectives and expectations.

Moreover, Millennials do not value job security as their predecessors did; they move jobs regularly if they see a clearer, more stimulating and rapid path to a senior managerial role with a better work/life balance.

Who Millennials Want to Work For. Across all sectors, Millennials expect a lot from their employers. Millennials want to work for companies that provide: a good work/life balance, encouragement and support, personal rewards for contribution, and finally, an environment which allows them to demonstrate and develop their technical skills.

Millennials are not interested in the long term strategy of a company. Their employer’s reputation for strategic growth, how effectively they make complex decisions and how the company deals with ambiguity are valued least by this generation.

A preference for companies to take a more radical and daring approach in their business strategy was expressed through the survey findings. Millennials want to work for more ‘unconventional’ companies. While Millennials voice a desire to be heard and for their careers and companies to progress quicker, they do also want the security, international exposure and career benefits offered by the larger International brands.
Innovators. Corporates with a Conscience: While Millennials still seek the security of a ‘vast and multinational’ organisation, they do not want to work for companies whom they perceived to focus primarily on profit levels and market share. They don’t want to work for “Profiteers” or “Empire Builders” but prefer working with “Innovators” - companies that are well-perceived for their innovation and the development of ground-breaking products and services that benefit a community or the consumer. “Innovators” are able to attract the most creative and energetic individuals who constantly strive to make a difference and an impact in their sector. An example of an ‘Innovator’ in the hospitality sector is Airbnb who have had a truly ‘disruptive’ influence industry wide, benefiting the consumer.

Millennials also want to work for companies considered “Champions” who are exceptionally people focused businesses known for their customer-centric approach and relationships. These companies attract Millennials wanting to learn, develop and grow.

Attracting Millennials. One of the problems for Hospitality companies is the ability to attract industry trained professionals at the outset of their careers. Only 30% of Millennials who enter Hospitality related post-secondary education join the industry, and only 15% join hotel operations. Losing over 70% of industry educated talent at the outset of their careers is further evidence of the gap between Millennials’ aspirations and how they negatively perceive their career development and opportunities within the hospitality industry.
Shifting Hospitality Industry’s Attitudes to Millennial Employees

- Korn Ferry, a leader in internal and external branding, recommends a number of key attitudinal shifts required by Hospitality Companies to help “bridge the gap” between Millennial talent’s preferences and the Hospitality Industry’s reputation as an Employer.

- Embrace the ‘Champion’ and ‘Innovator’ personality traits—continue to innovate and develop new brands and services; by attracting creative talent, fresh ideas will be generated.

- Be more radical and focus less on how things have been done in the past.

- Encourage Millennials to share their great ideas on how to improve the company and suggestions to effect change.

- Provide Millennials more varied career paths with greater opportunities to experience different brands, environments and locations.

- Empower talent to dream and share their ideas - ensure the Millennials are heard and feel validated.

- Ensure organic growth is communicated internally - whilst Millennials like being a part of big multinationals, growth should be a natural consequence of a thriving business rather than the primary driver.

- Reward customer-centric behaviour - refresh internal recognition programmes by adding creative rewards that speak to the Millennials’ preferences for better work/life balance and ‘enriching experiences’.
Bridge.Over Group’s survey: CEOs understand Millenials.

A New Challenge to Talent Management. Bridge.Over Group conducted a series of interviews of Hospitality CEOs to determine how aware they are of the current trends affecting the industry’s ability to attract and retain millennial talent.

An overwhelming 90% of top management acknowledged talent as a key strategic issue for the industry and 100% conceded that it is a bigger challenge than it was 5-10 years ago. This is a result of Millennials’ demands as well as significant changes in consumer behaviour affecting the industry, which in turn, requires new talent with different skill sets. For example, the growth of the internet and the hospitality industry’s reliance on cutting-edge customer focused technology, requires additional online and social media marketing expertise not envisaged 10 years ago.

Hospitality companies are aware of Millennial talent management challenges; 42% of CEOs mentioned their companies had recently conducted or commissioned research into the demands of this new generation. Nonetheless, Millennials are not always featured in the company’s top three strategic priorities for CEOs. The industry has to re-imagine its overall approach to talent management and change needs to happen within an organization from the top.

Change Needs to Happen From The Top. CEOs need to understand that Millennials are a generation that do not want what their parents did; happiness for this generation does not lie in a big car or a luxury hotel stay but rather in experiences and lifestyle. This is both an evolution and a revolution to which the industry must respond. The Bridge.Over Group survey identified five recurrent themes that CEOs believe are priority areas that matter most for the Millennials:

- A need for speed and faster career progression.
- Satisfaction comes from wholesome experiences.
- Recognition and happiness are not financially motivated.
- A need for constant feedback and appreciation.
- Social conscience and CSR is particularly important.
Setting a New HR Standard. CEOs appreciate the need to shift the industry’s HR approaches in order to retain millennial talent, and as such, need to work closely with HR teams to implement change. Together, they need to introduce seismic shifts in the way young talent is brought on board. They need to rethink and reframe a traditional career trajectory and readjust internal mobility in order to retain millennials.

Adapting to the generational expectations of Millennials, Hospitality companies need to provide Millennials more flexible working conditions and more regular feedback. For example, as Millennials transition between companies far more regularly than would be considered “reasonable” by HR departments or recruitment professionals. Attitudinal shifts to allow increased flexibility around working hours needs also need to be further adopted. Furthermore, companies need to relax certain outdated etiquette rules which would allow young talent to “be themselves”; a greater portion of talented Millennials have piercings and tattoos and the Hospitality Industry should shed its employee ban on displaying them. Employees crave self-expressing and a company who encourages this amongst its staff.
Action plan.

Without these fundamental shifts in attitude to attract, retain and develop great talent for the future, the hospitality sector is likely to remain a sector which will fail to secure the best and most sought after talent; it needs to adapt in order to avoid being seen by talent as a sector in which to gain work experience whilst they decide what to do “when they grow up”.

Millennials in the workforce and those that are now entering into employment will reshape the world of work. With businesses having to compete fiercely for the best available talent and with more and more of that talent to be attracted and recruited from the ranks of millennials, it is imperative that business leaders and HR teams revise their current strategies, namely their corporate culture, rewards and recognition programmes and HR practices. The particular characteristics of Millennials’ require focused responses from employers, which with guidance from Korn Ferry and Bridge.Over, can be addressed and changed.

CORPORATE CULTURE

- **Provide flexible work hours.** With the proliferation of mobile technology, young employees will appreciate the option of working remotely, on a part time basis or the ability to choose and flex their hours. Allowing millennial’s to decide when and where to do their work also helps companies have a distributed workforce and save on costs.

- **Embrace social media usage.** From LinkedIn and Facebook to YouTube and Instagram, your millennials are built in ambassadors for your company’s social media footprint and building your reputation. These social tools allow the millennial’s to connect and foster comradery, and they’re already using these channels regardless of your input.

- **Recognise cultural subtexts.** Millennials are as diverse as any other generation, so be careful about catering to what you think they want depending on geography and cultural subtexts. Millennial’s in US and Europe are different from those in Asia or Africa.

HR functions within the industry need to seize the initiative and implement change to manage and nurture this generation further.

Millennials in the workforce and those that are now entering into employment will reshape the world of work.
Creatively blend work and play. Televisions, games consoles, ping pong tables, gyms, free snacks and after hour parties or similar perks will help to attract and retain Gen Y employees.

Show off the culture. Millennials want to be associated with an aspirational brand not a faceless, cultureless organization. Build and rebuild employer branding to create and sustain employee engagement.

Appeal to the internal nomad. Millennials have ‘wanderlust’ perfectly catered to by the hospitality industry. Offer global exposure to diverse locations and travel opportunities with international secondments and job swap programmes.

REWARDS AND RECOGNITION

Display transparency about the job and its prospects. Millennials seek clarity on role expectations, progress, pay and benefits. Creating unrealistic expectations is a sure fire of having dissatisfied employees.

Promote faster. Millennials do not have the patience to wait for promotions so offer customised career graphs charted with special provision and stretch targets for standout performers.

Reward entrepreneurial attitudes. Satisfy millennials’ self-starting attitudes by handing them projects they can start and run on their own.

Constant feedback. Do away with the typical annual appraisals and reviews. To successfully manage the millennials you need to set clear targets and provide regular and structured feedback.

Focus on the non-monetary forms of compensation. Sense of purpose, development plans, a quality work culture and an aspirational brand are a more important driver for millennials than higher compensation.
HUMAN RESOURCES PRACTICES

- **Elevate HR to a higher status.** This means empowering the department, raising them to a higher status and giving them additional resources and power in any organisation.

- **Change how you train.** Millennials expect constant training and are digital natives. They look for tools and information online; learn online and through real life situation simulations.

- **Have mentors and coaches.** The young want to learn from those they respect. They do not want merely a boss to serve but a coach and mentor to emulate who will contribute to their personal development. Mentoring programmes can be particularly effective and also help to relieve tensions between generations.

- **Do the exit interviews right.** Have an institutionalised exit interviews process to cull out the appropriate reasons for employee exits. Learn from feedback.

- **Better engage with the Hospitality Schools.** Increase the dialogue with students with internships, training and eventual recruitment. Open your doors, share your work environment, culture and bring your employer value proposition to life.

- **Prepare for high attrition rates as the new normal.** Millennials transition between companies more frequently. Build this into your manpower planning rather than force fit loyalty.
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About Korn Ferry
At Korn Ferry, we design, build, attract and ignite talent. Since our inception, clients have trusted us to help recruit world-class leadership. Today, we are a single source for leadership and talent consulting services to empower businesses and leaders to reach their goals. Our solutions range from executive recruitment and leadership development programs, to enterprise learning, succession planning and recruitment processes outsourcing (RPO).

About The Korn Ferry Institute
The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth and success.

About Bridge.Over Group
Bridge.Over Group is a boutique strategy consulting firm dedicated to solving business challenges for hospitality visionaries across the globe. Sought after by hotel owners, investors and management companies alike for its entrepreneurial way of thinking, Bridge. Over Group is a partner of choice for companies seeking fresh ideas for change and improvement in the hospitality and tourism industries.

About World Tourism Forum Lucerne
World Tourism Forum Lucerne is a highly exclusive, independent and global platform where the top management of hospitality, tourism and leisure companies from around the globe can meet a selection of handpicked current and future leaders as Next Generation Participants. World Tourism Forum Lucerne is led by Prof Martin Barth and is unique in being the only global event in travel and tourism with a high priority and clear focus on the integration of tomorrow’s industry leaders with the existing top management.