

HUMAN RESOURCES

Workforce Focus: Nationwide shortage challenging for operators

By Nellie Day · Oct 7, 2024 8:00am



The hotel industry is suffering from a lack of demand, but not in the way one might think. U.S. hotel RevPAR is up 4 percent while ADR has experienced a 2.4 percent year-over-year increase from this past May, according to STR.

The demand that isn't pouring in is from workers. A February 2024 survey from the American Hotel & Lodging Association revealed that 67 percent of participating hotels reported staffing shortages. A full 12 percent of that group considered their properties "severely understaffed."

Kevin Carey, AHLA's interim president and CEO, believes the broader labor market challenges have significantly impacted his industry. As of August, there were 8 million job openings in the United States and only 7.1 million unemployed people to fill those jobs, according to the Bureau of Labor Statistics.

“This nationwide workforce shortage is preventing hotels from hiring and retaining the talent they need to reach their full economic potential,” Carey said.

Timing is Everything

A lack of labor may be a challenge for many hotel operators, but Carey thinks it could be a boon for potential employees.

“Staffing challenges are resulting in historic career opportunities,” he continued. “On average, hotel wages are at a record high for the first seven months of 2024, and benefits and workplace flexibility are better than ever.”

The survey notes 82 percent of hotel respondents have increased their wages, with the AHLA projecting record pay for employees this year. Despite this 4 percent increase from 2023—and 20 percent increase over 2019—the shortage continues.

This, of course, means the incentives must continue. Rachel McHugh, global head of talent acquisition for Sonesta, believes this is only fair.

“It’s no secret that our industry can be demanding at times,” she said. “Some of the key hurdles are the variability of shifts and hours worked, the seasonality of work, the hands-on nature of the activities and, of course, the stress of customer-facing roles.”

Many hotel companies hope to attract more workers by offering greater flexibility, same-day pay, transportation stipends, free in-shift meals, and sign-on and retention bonuses. Some are even providing discounts on hotel stays and access to property amenities, including fitness centers and pools.

These perks can certainly appeal to some would-be workers...but only if they’re aware of them. That’s why McHugh believes a strong emphasis on marketing and social media is crucial.

“Social media is a huge tool in highlighting the unique benefits of working at your hotel,” she said. “These platforms invite people into your world and create a swirl of interest. Having a clear narrative to highlight ‘what’s in it for me’ to prospective employees is key. Showcasing specific properties, employees and roles in a genuine way can really win hearts and minds.”

Mindful Employment

Speaking of minds, the goals and aspirations of potential employees shouldn't be overlooked, particularly where advanced education is concerned.

First Hospitality is appealing to the minds of workers through its Future Leaders program, which provides a pathway for aspiring assistant general managers and directors of sales that includes experiential learning and a hands-on approach. The national hotel operating, management, and development company also leverages its First Path program, which offers developmental training and growth opportunities to its frontline leaders.

"Our frontline leaders play the most crucial role in shaping the environment for our hourly team members," said Christine Andrews, the company's vice president of people. "By empowering young leaders through professional growth programs like these, we create a pathway for employees to succeed, fostering a positive environment for our associates, driving both personal achievement and overall company success."

It seems to be working. First Hospitality cites a 5 percent higher retention rate than the Awardco-reported industry average for 2023. It also awarded 102 internal promotions over the past 12 months.

One way to increase retention rate, McHugh added, is by catering to new employees.

"We all know that the first three months in a new role are critical," she said. "Your new employee will likely make a decision about their future at your organization during this time."

With that in mind, Sonesta recently relaunched its employee onboarding experience, which now includes a welcome kit, engaging activities, frequent check-ins and a personal touch.

"We're making sure our employees are informed, valued and, most importantly, excited about their new role," McHugh continued. "As employers, we don't necessarily have to overcomplicate things to really make a difference."

Carey believes the government can supplement the efforts of individual hotel groups by permanently expanding the H-2B cap, which currently only allows 66,000 non-citizens to obtain the visa per fiscal year. He'd also like to see Congress pass the Asylum Seeker Work Authorization Act, the H-2 Improvements to Relieve Employers (HIRE) Act and the Closing the Workforce Gap Act.

Until that happens, however, McHugh's advice rings true: keep it simple.

"Make it easy to apply, and your hiring process meaningful," she added.

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