

Managing Change and Workforce Challenges in Luxury Hotels: An HR Perspective

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Abstract

The hospitality industry is a dynamic environment characterised by constant shifting circumstances and change, which requires the commitment of staff. This paper explores the critical issues in change management in the luxury hotel sector. The purpose of this paper is to identify the organisational change management strategies that should be considered in change management in hotels to achieve successful operational performance. The focus is on how human resource management may contribute to implementing change and developing an accepting environment to reduce resistance. For the purpose of this paper, a qualitative research approach was used, as 12 in-depth semi-structured interviews were conducted with HR managers, departmental managers in a luxury hotel in London. The findings suggest that leaders sometimes struggle to deal with resistance to change in hotels, due to the labour-intensive culture in the sector. Although, leaders trust their teams, they prefer to have more autonomy in the decision-making. Poor communication, limited staff engagement and staff involvement in the decision-making were found to be key issues in implementing change. This paper proposes that HR practices such as leadership development (transformational leadership) programmes, staff rotation, staff rewards, appreciation schemes, and effective communication may lead to effective change management. Applications of these challenges may provide some strategies on addressing the psychological impact of organisational change and therefore knowledge of ways to empower managers to deal with change and resistance to change.

Keywords: Change management, luxury hotels, change management strategies, transformational leadership

Introduction

Change management has been identified as key success factor for the long-term survival of hotel companies. Hotels nowadays operate in a turbulent environment with fierce competition where changes in social attitudes, acquisitions, technological developments and other economic and political conditions force companies to change and adapt, to be flexible and responsive to change (Marinakou 2014; Prosci 2017). Most of the research on managing change is conducted in the manufacturing sector and has not addressed the issues associated with the services industries and more specifically with the hotel industry (Mukolwe 2016). Research suggests that ineffective management of change may have negative effects on the hotels' performance, therefore hotel managers should implement appropriate change management strategies to address current trends in the market as well as challenges that emerge from staff resistance to change, reduced performance and productivity and eventually to overall effect on the hotels' performance. The purpose of this paper is explore the change management practices in a luxury hotel setting with focus on human resource management practices used to deal with change and resistance to change, in order to identify the most effective strategies in the hotel sector.

Literature Review

Change Management (CM)

Organisations must change in order to remain competitive in the global arena, however research has found a reported 70% of change programmes fail (Balogun and Hailey 2008), meaning effective change management is vital for organisations fighting to remain competitive and survive. Mullins and Dosser (2013) describe rapid adaptability as a central feature for successful hospitality organisations, especially in industries particularly susceptible to the outside environment. Therefore, management of change must be determined by the context of

the change, and both the internal organisational environment, culture, capabilities, politics and broader external competitive context (Balogun and Hailey 2008; Quandt 2016). The aim of change management is to effectively guide those involved through the change with minimal friction, to achieve operational goals (Prosci 2017). The theory works to alter perception, so change is widely accepted, but not focused on altering those resisting change, this relates to the organisational fit of individuals and their values (Rashid et al. 2003; Prosci 2017).

Seen as a barrier to change, resistance can be an effective change management tool. Bringselius (2014) and Waddell and Sohal (1998) suggest providing opportunities for resisters to voice their concerns and opinions derived from the uncertainty of change, enabling the feeling of involvement and comprehension of the intentions of change, ultimately bringing acceptance. The change process is a slow and complex transition. Phillips (1983) indicated that it is not enough to create and execute a plan, when implementing change, companies should do this with the knowledge that results will not be immediately evident. Mukolwe (2016:64) defines organisational change management “as the management of change from the perspective of the manager....of ‘business leadership’ from the ‘top’ looking down into the organisation”. “Organisational change may involve financial and intangible transactions, but the human impact on change is immeasurable” (Lee 2008:5). This paper presents the departmental managers’ approach to change management in the hotel sector with focus on change management strategies.

The Hospitality Industry and Change Management

The hospitality industry itself has become renowned with the adverse working conditions associated with employment in the sector (Roberts 2015; Williams 2017). Research has

indicated how unpredictability of the working environment, emotional labour and difficult long working hours, may consequently assist in increasing stress and anxiety levels amongst employees (Hofmann and Stokburger-Sauer 2017). In accordance to this, inevitable change further intensifies conflict and stress levels amongst employees, resulting in fear of unfamiliarity and loss of routine, resulting in resistance to change (Paton and McCalman 2008).

Change Management Models

A selection of CM models were reviewed to provide an understanding of different change implementation processes. Lewin’s (1951) “Unfreeze, Change, Refreeze” model (Figure 1), simplifies the change process to three steps, creating a sense of urgency, establishing a need for change, creating a clear view of the new desirable state and establishing the change as the new normal.



Figure 1: Lewin Unfreeze, Change, Refreeze (adapted from Lewin 1951)

Based on Lewin’s (1951) model, Phillips (1983) developed the following five stages of change process (Figure 2).



Figure 2: Phillips 5 Stages of Change (adapted from Phillips 1983)

This model starts with creating awareness for the need to change; then developing a commitment through a strategic vision as a guide; followed by pushing for major change; finalised by reinforcing and consolidating the new course.

Finally, is Kotter's (1996) eight-step CM model (Figure 3), imagining change as a long on-going process with small achievements along the journey.

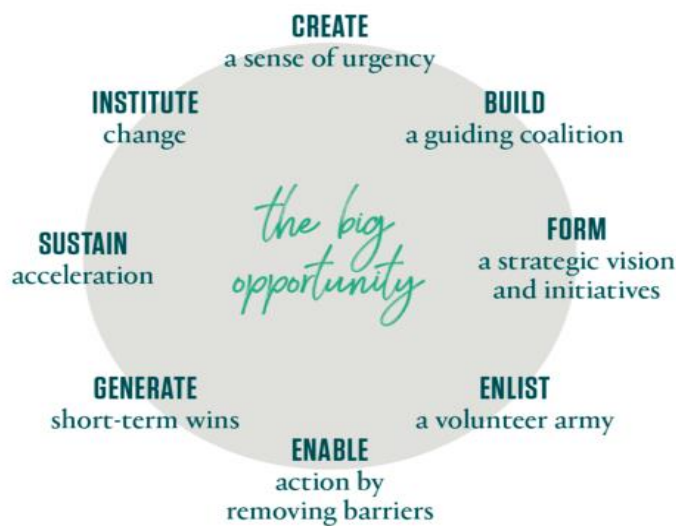


Figure 3: Kotter's Eight-Step Change Management Model (Kotter 2017)

Further developing upon the previous models, Kotter (1996) adds detail to the process through recognising the value of those involved, in addition to the importance of short-term wins for sustaining momentum. Though all models have similar elements, Lewin's (1951) appears to be ideal for designing and managing a change programme. The relative simplicity means it can be easily understood by the whole organisation and is adaptable for the basis of change management strategies. Lewin (1951) suggested that successful change should follow the unfreeze of current attitudes, systems and behaviours. At the first stage organisations should reduce the forces that maintain the status quo in order for improvement to take place. At the

second stage new attitudes and behaviours should be developed to transit to the new stage and finally at the third stage (refreezing) the change should be stabilized with evidence of supporting mechanisms in place.

Change Management Challenges

The goal of change management is to implement change quickly with reduced staff resistance to change, with the minimum effect on the hotel's productivity, staff turnover, loss of talent, and the adverse impact on customer experience. Executive leaders, managers and front-line employees should work together to successfully implement the change (Mukolwe 2016). Sustaining change requires reflection regarding the leadership qualities and skills necessary to reach the desired outcome. There is a difference between past and present leaders, as today's leaders may not have the positional power they used to, due to flattening of the hierarchy, however do possess the skills to encourage employees and lead change (Pryor et al. 2008). It is not possible to be a leading change agent without having leadership qualities, similarly, leaders without vision will be ineffective and short-lived (Caldwell 2005). Employee involvement is more likely to bring about positive and successful change. Bronstein (2017) recommended the change and growth of organisations rest on engaging and empowering employees with the right skills and opportunities to develop innovative solutions to advance both the business and themselves. If employee needs are not considered this may result in employees feeling unmotivated and disengaged, leading towards resistance (Buckingham and Seng 2009). It is evident that organisational change involves the people within the company. The established culture symbolises a collective identity comprising of the norms, values, principles and ideologies that the individuals of an organisation share (Martins and Terblanche 2003; Kummerow et al. 2014). The establishment of a strong employee-centric culture would be considered paramount, to combat the adverse working conditions associated within

hospitality (Wood 1995; Bharwani and Butt 2012). The unifying force of organisational cultures creates a challenge for operations to implement high scale operational changes; therefore, reliance is placed upon leaders to pave the way through aligning the organisation towards acceptance of change (Rye 2001).

During shifts in organisational structure, the pre-existing culture becomes directly affected and influenced, indicating a relationship between culture and change. Depending on the dominance, cultural values within organisations may cause potential barriers towards implementing change (Murthy 2007). Theorists have stated it is the responsibility of managers and leaders to cultivate organisational cultures adept to embracing and expecting change (Ogbonna and Harris 2002).

Change management is an essential capability of organisations (Lucey 2008). A successful CM strategy requires effective CM leadership (Binci et al. 2016) impacting the way employees accept change, while reducing resistance (Griffith-Cooper and King 2007; Fullan 2013). Success of change also relies on the abilities of change leaders (Al-Ali et al. 2017). Research suggests that leaders in hospitality must possess transformational leadership styles to achieve effective CM (Hamstra et al. 2011; Marinakou 2012, 2014) as they then are more likely to introduce change (Waldman et al. 2004) by encouraging employees to become problem solvers and through using inspirational motivation, create a sense of commitment between them and organisational vision (Bass 1985; Marinakou 2012, 2014). Research has shown internal change agents can enhance success of behavioural change through being role models for others (Eskerod et al. 2017). Hughes (2006) defines change agents as individuals or a group in an organisation with the ability to affect change, often those of lower or middle management

instead of senior manager, as they can bridge the gap between employees and the executive team (Caldwell 2003).

Studies suggest that effective change management in hotels increases the likelihood of success and performance (Mukolwe 2016; Prosci 2017). For example, Prosci's (2017) longitudinal studies suggest there is strong correlation between excellent change management and meeting the company's objectives. Focusing on the people increases the likelihood of being successful at the implementation of change (Mukolwe 2016; Prosci 2017). Hotels should undertake change in order to improve performance, to reduce costs, increase revenue with the use of processes and job roles that may impact on how people do their jobs. Effective change management strategies should be used to implement changes and reduce resistance to change.

Methodology

A qualitative research approach was used for this study. 12 in-depth semi-structured interviews were conducted with the human resources manager, the leadership and development manager and departmental managers at a luxury hotel in London. Interview schedules were used to collect qualitative data from managers in order to explore their views on the change and how change was managed in the specific organisation. The purpose was to gain insight into the previous organisational culture, along with the creation and implementation of the change strategy. The questions used were based on the literature review, on Lewin's change management model, as well as on details on the recent change implemented at the hotel, and on how leaders believed future changes could be implemented, without causing subsequent disengagement and friction with employees. The interviews were also striving to identify leader's opinions towards organisational changes and its impact on the teams and on

themselves as leaders of these teams. All recordings were transcribed and patterns were identified (Miles and Huberman 1994). Thematic analysis was performed to the data and key themes emerged as discussed in the following section.

Findings and Discussion

The key themes that emerged from the data analysis included the leader's initial perception and understanding of the change and their reaction toward increased autonomy. The main issues that were identified by participants after the implementation of the new strategy and change were communication, involvement and lack of trust.

Leader Perception and Understanding

The level of understanding each leader had regarding the change, and how they perceived they were coping with it was the first issue. These findings showed that when asked about their personal understanding of the organisational change, the majority of the interviewees understood the change that occurred in their organisation and that it was continuous. Mullins and Dosser (2013) state that there is a constant need for change, specifically within the hospitality industry, as it is vulnerable to environmental influences, subsequently meaning that it is imperative for the industry to be willing to adapt in order to survive and is a key aspect for a thriving hospitality business. Each of the participants agreed with the latter statement and claimed that they were willing to change and believed themselves to be adaptable, with Participant 2 stating that "*nothing stands still in these worlds and I've learnt if I don't move with it, I'm going to die*" and Participant 3 saying "*if you don't adapt to change, you will become like a dinosaur, extinct*". Chiang (2010) stated that managers can possibly comprehend the inevitability of change, however the change might be more than they can cope with. The interesting issues was that all departmental managers were not aware of the resistance to change

from their team members. As one stated “*not always your team members would tell you anything about their dissatisfaction with the change*”.

Multiple participants highlighted how the change in the organisation’s culture was focused on taking it back to how the hotel was when it reopened in 2010. They commented on how the change concentrated on returning to the five-star luxury brand name that the hotel should be known for and to not be relying on the reputation that the hotel name carries, with Participant 3 believing that there had not been much of cultural change, but with the appointment of the new Managing Director the culture had been reinforced to what it should be. Further to this, in agreement with Bringselius (2014), Participant 2 claimed that the culture was returning to be more guest oriented. In this case, managers admitted that criticisms from staff were helpful and these were further disseminated to senior management.

Leader Reaction

Another key finding was the understanding leaders had regarding the change and how they perceived they handled it. The majority of the leaders believed their departments had successfully implemented change, with general support towards increased autonomy. Although leaders said they trusted their teams to do their jobs properly, the Learning and Development manager perceived that “*They are very good at saying I trust you, but I’m still watching you*”, giving an impression leaders have confidence to a certain extent, believing this qualifies as ‘trust’. As stated by participant 5, leaders believed in their team’s ability to provide exceptional service, however, wished they were allowed to handle service recovery themselves. While clearly most leaders understand employees, autonomy was beneficial for guest experience and job satisfaction, there was hesitation from some with a need for control.

Lifeworks, an online engagement platform used by the hotel, was mentioned throughout the interviews in relation to organisational change acting as a facilitator to encourage recognition associated with employees' achievements of the new autonomy and increased workforce cohesion, resulting in greater acceptance amongst employees. In most cases, managers agreed that there was further need for clear communication, involvement at decision-making, at planning as well as for training. They all confirmed that the communication was top-down rather than a two-way approach. Moreover, staff were not involved in the decision-making and planning for change hence they resisted to changes. These strategies were proposed to be effective in the management of change as well as at dealing with resistance in accordance with other studies (Okumus and Hemmington 1998; Prosci 2017).

It was noted that overcoming all these barriers to change in this hotel required the support of the company, and of senior management to reduce resistance and to allow further autonomy to departmental managers to solve problems. They all relied on their personal experience as they were previously working for the department and were promoted to supervisory and/or managerial role without prior training. This could be a potential reason why they did not seem to be clearly aware of the issues in their department and that they were not using any analytical tools for decision-making. Appropriate training programmes such as transformational leadership development would assist managers in identifying, overcoming these barriers and in understanding their staff, in showing more trust. This leadership style is found to be effective in hospitality (Marinakou 2012, 2014).

Conclusions and Recommendations

This paper studies change management challenges in a luxury hotel from a human resources

management perspective. The findings suggest that the size of the hotel and the complexity of communicating to such a wide range of departments requires simplicity and clarity to be main factors in the strategies moving forward. The model chosen as the basis for the recommended strategies for 2018 is the “Unfreeze, Change, Refreeze” by Lewin (1951), due to its simplicity making it ideal as a clear process that everyone can understand. At the unfreeze stage and in order for the message of change to penetrate all levels of the operation, it is essential that all leaders understand and have the ability to explain the strategies. At the change stage, this paper suggests that leadership involvement is a crucial element in which each strategy is formulated on, ensuring that leaders are involved from the beginning to allow for full comprehension of the need, strategy and desired outcomes. As some leaders resist sometimes micro-management is required, however hotels may build upon the existing relationship and trust between leaders and team member with practices such as rotation and employees shadowing their managers-supervisors. To encourage leaders to endorse their team members problem- solving abilities, they may be asked in the monthly leader meetings to provide the managing director with examples of when a member of their team has independently recovered service. As a result, the managing directors support and recognition to the achievements, would positively encourage leaders to promote problem-solving and service recovery within their team, again focussing on building trust between the leaders and their teams, whilst also instilling a level of competitiveness between departments, to continuously improve upon exceeding five-star service. Transformational leadership training may enhance leadership skills and productivity as well as employee relations at the refreeze stage.

Although some very interesting conclusions and recommendations are provided with this paper there are some limitations to be considered. This study was conducted at one luxury hotel in

the UK and therefore the findings are bound to the culture and the context of this business. Due to limited time a small sample was used and only at managerial level. The findings concentrate on managers perception of change and their individual perspectives.

This study could be used as a starting point for further research into change management in hotels. Areas that further research could be conducted are as follows. Explore teams' perceptions and views on change and how they were influenced by the implementation of change. Further analysis could be provided on the ways the teams could work together to plan for change and to implementing successful changes.

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