The Hospitality Industry

The State of Staffing
2022 Survey (2023 Edition)

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EXECUTIVE SUMMARY

The U.S. hospitality industry (recreation, lodging, entertainment, food, and beverage) continued to recover in 2022, with many significant gains. Overall, restaurant sales reached $898 billion in 2022, up $166.5 billion from 2021. Hotel sales grew to $48.6 billion for the year – the second-highest annual sales ever recorded. Airbnb revenues went up by 76.6% from 2020 rates.

Several trends drove sales growth, including more people traveling for leisure and vacations. Business owners also added simplified menus, self-serve, and delivery options to increase buyer convenience. Plus, there were more special prices and deals to offset rising interest rates.

But some barriers remained for business owners to overcome, like issues with their supply chain and food supply. Worker shortages also continued to hinder recovery. According to a January 2023 American Hotel & Lodging Association survey of more than 500 member hoteliers, 79 percent of U.S. hotels are experiencing staffing shortages, with 22 percent saying severely so. The most critical shortage is in housekeeping, with 43 percent tagging it as their top hiring need.

It is a situation that gives hospitality industry job seekers the advantage over small to midsize businesses (SMBs). Many employers are offering flexible schedules, competitive pay, opportunities for advancement, wage increases, bonuses, and generous benefits packages. Plus, perks like discounts, gym memberships, employee events, and more.

Strategies To Combat Labor Shortages

To move the labor shortage situation from unmanageable to manageable is a hard challenge. SMBs that want to make it happen should look beyond traditional talent solutions. It is time to consider more unconventional approaches and put them into action. They can provide unique differentiating and enticing benefits to draw in more recruits.

One strategy is to create rescue teams for times when business unexpectedly booms. A fast surge in business can quickly overwhelm a new employees and lead to leaving an SMB before a person's career even gets going. It can also cause burnout. Cross-trained rescue teams can be quickly brought in, handle the overflow, defuse the stressful sink or swim environment, and take the pressure off.

Another strategy is to expand recruiting beyond traditional channels of paid advertisement and general job boards like Indeed. Try new sources for candidates, including:

- Industry-specific websites like hospitalityjobs.com
- Occupation-specific websites
- Social media posts
- Customer referrals

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- Professional organization websites and publications
- E-newsletters for the company and trade journals
- Industry events like trade shows or conferences

It is also important to continue selling the company as a great place to work with candidates beyond an initial offer. Your focus should be on not just hiring employees but retaining them as well. Therefore, it needs to be an ongoing process based on strategy.

FOREWORD

Our survey is conducted annually as part of our small to midsize businesses' support efforts at hospitalityjobs.com. Its purpose is to help Human Resources Departments and professionals in these challenging times with successful recruiting and retention in the Hospitality industry. It also provides data for gauging your situation compared to others in the industry.

DATA COLLECTION

Charmaine Rose, Ph.D. of Rose Consulting, collected the information presented in this eBook. It is a hospitality industry and human resources-based survey of 34 questions. The survey was distributed to professionals of small to midsize businesses in the industry, and 1,200 people responded.

RESPONDENTS PROFILE

The first few questions collected information for creating a profile of survey respondents. The questions concerned their industry sector, recruiting team size, and efforts.

Area of Hospitality/Tourism

Survey participants were broken into four groups. The largest was a tie between Hotel/Lodging/Cruise Lines and Other (please specify).
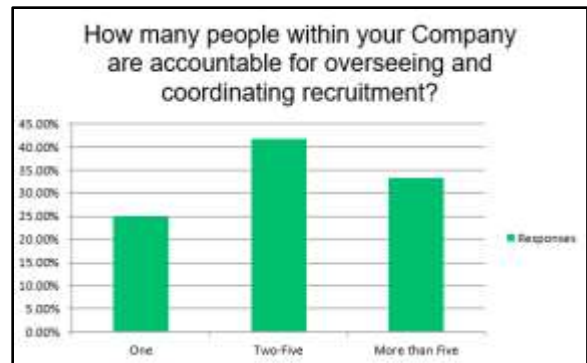
The other categories were:

- Hotel/Lodging/Cruise Lines
- Other (please specify)
- Event Planning - 25%
- Restaurant/Bar/Catering (8%).

What area of Hospitality/Tourism are you in
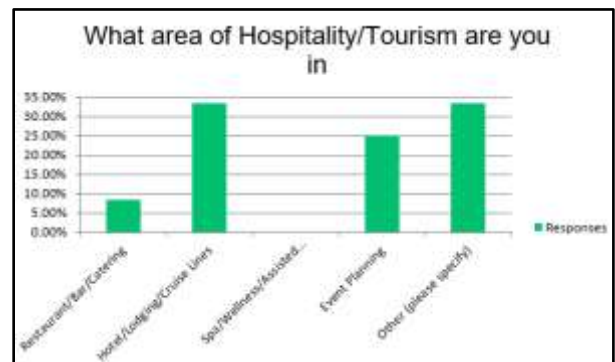
Recruitment Team Size

Respondents were asked to indicate the number of people in their company involved in recruitment. The responses were as follows.

- One - 25%
- Two-Five - 41%
- More Than Five - 33%

Locations Represented

People who completed the survey were located throughout the United States.

How many people within your Company are accountable for overseeing and coordinating recruitment?

KEY INSIGHTS

The following section highlights key insights gained from the Hospitality Industry, The State of Staffing 2022 Survey.

Before recruiting begins, only half SMBs consider first internal candidates, which leaves many opportunities behind.

Half of all respondents (50%) indicated they frequently consider internal candidates first before recruiting externally. The SMB eliminates many options and related benefits by electing not to leverage internal candidates. For example, hiring an internal candidate reduces hiring time, saving time and money. Other benefits include the following:

Does your Organization recruit for all positions from just one source (just job boards, or a combination of job boards, social media, etc)?

- It saves on costs from not having to complete expensive background checks.
- Risk is reduced since you already known of what to expect from the individual's past performance.
- Time to productivity is shortened because an employee already knows the fundamentals of your organization.
- It boosts employee morale and retention.
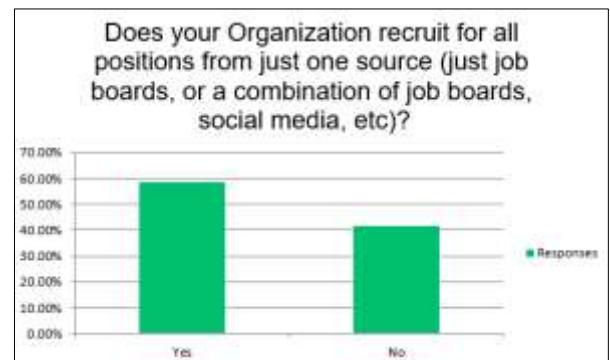
Recruiting is commonly done by SMB Human Resources professionals using only one source.

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More than half (58%) of respondents indicated 'yes' when asked if their organization recruits for all positions from one source (job boards or a combination of job boards, social media, etc.).

It is important to focus on finding quality candidates rather than gaining high response numbers from job boards.

➡ *Measuring recruiting effectiveness is a standard practice used by SMBs.*

The majority (81%) of respondents indicated their SMB measures recruiting effectiveness. Tracking quality of hire and source effectiveness are important. This is especially the case for SMBs who have neither the staff nor budgets to overcome high employee turnover. By continuously measuring quality of hire, you can maintain a pulse on the health of your employee base and restructure your recruiting process as needed.
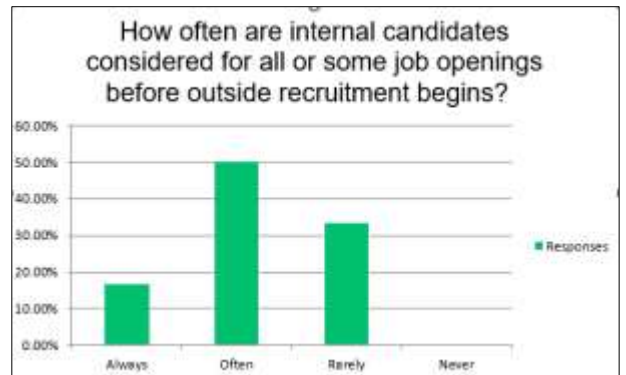
➡ *Measuring recruiting costs is a crucial element of a recruiting strategy.*

Three-fourths (75%) of respondents indicated 'yes' when asked if their organization measures recruiting costs. The cost-per-hire is a crucial measure for evaluating the effectiveness and efficiency of your hiring process. Tracking all costs provides detailed data essential for better future decisions for more effective recruiting. It is calculated with the formula below:


$$\frac{\text{Total Amount Spend on Recruitment Annually}}{\text{Number of hires for the year}} = \text{Years Average Cost Per Hire}$$
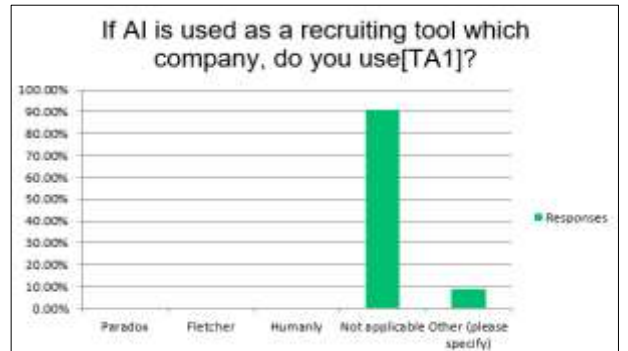
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Job boards, company websites, and walk-ins are the most frequently used sources for recruiting employees.

For recruiting sources, there was a three-way tie with job boards, company websites, and walk-ins, each indicated by 75% of respondents. Referrals followed with 66%, and then Classified Sites at 25%.

Which of the following channels does your company use for recruiting? Choose all that apply.
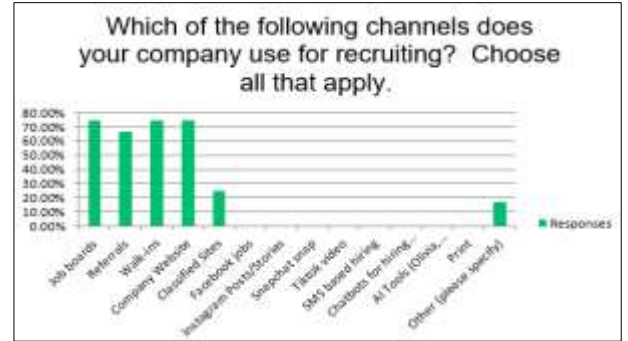
Artificial Intelligence (AI) is not considered as a candidate recruiting tool by SMBs.

Over 90% of respondents selected 'non-applicable' when asked if their organization used AI as a recruiting tool.

If AI is used as a recruiting tool which company, do you use[TA1]?

SMBs are most likely to use Indeed if job boards are used for recruiting.

Indeed is the most often used job board with 75%. The others selected were as follows.

- 66% LinkedIn.com
- 41% Hospitalityjobs.com
- 33% ZipRecruiter
- 8% Hcareers.com

If a job board is used which one does your company use most frequently?

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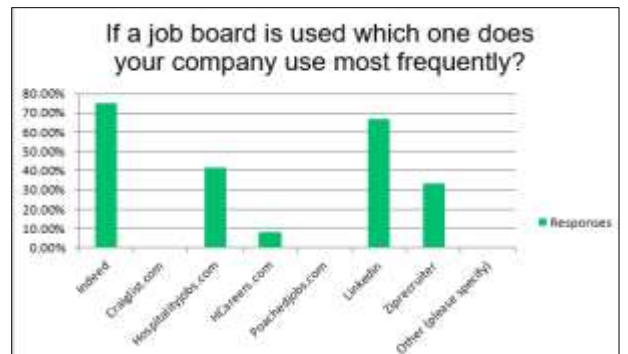
Open positions are of frequently promoted with social media ads.

Social media ads are not frequently used for the recruitment of new employees. When provided a list of the most popular websites like Facebook, 63% of respondents indicated 'None of the above'.

For those that use advertisements, 18% indicated print, 9% Google, 9% Facebook, 9% Instagram and 9% 'other'.

On which of the following do you advertise for open positions? (choose all that apply)
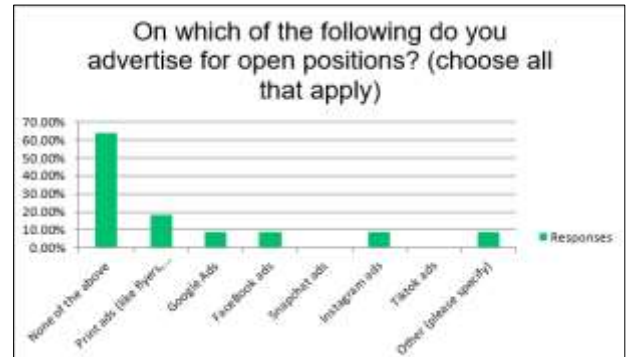
One to three candidates, on average, are typically interviewed to fill a position.

Fifty-eight percent of survey responses indicated a typical number of candidates interviewed was one to three people, followed by four to seven candidates at 25% and eight plus with 16%.

Nationally, the average corporate job opening gets 250 resumes, according to the U.S. Bureau of Labor and Statistics. Candidates often go through 2-3 interviews before receiving an offer.

How many candidates are typically interviewed before filling a position?
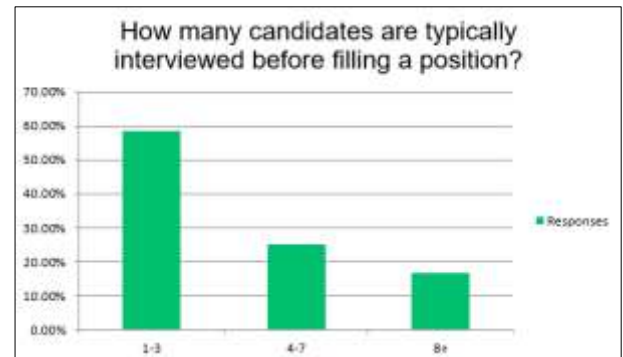
Extending an offer to one candidate is the most frequently used practice.

Regarding extending job offers, making an offer to one candidate was done most frequently by 83%. Some respondents did indicate extending offers for the same job to multiple candidates. The totals were:

- 83% One candidate
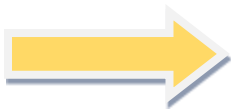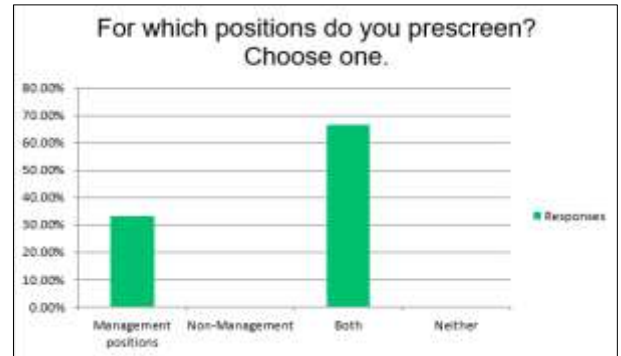- 8% Two candidates
- 8% Three candidates.

How many offers are extended to candidates before an employee is hired for a position?
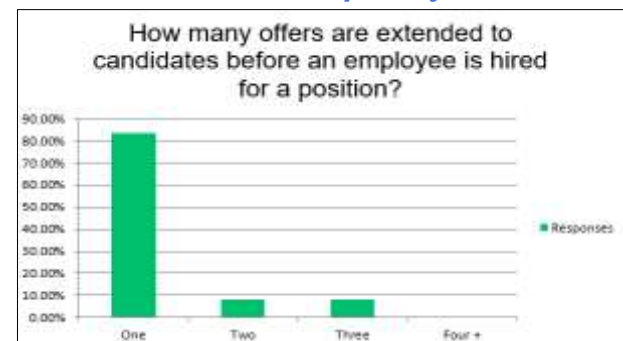
➡️ *Some SMBs use prescreening for both managerial and non-managerial candidates.*

Sixty-six percent of respondents used prescreening for both managerial and non-managerial candidates. Prescreening for managerial employees only was indicated by 33% of respondents.

Prescreening is used to save on time and costs, determine candidate trustworthiness, and if the person is a good fit for the company and its culture.


➡️ *Over half of SMBs offer candidates either an on-site or remote interview.*

The hiring process continues to accommodate candidates, as 58% of respondents reported offering both a remote and in-person interview option.

The remote option benefits include the following.
- Reduces time-to-hire
- Adds greater flexibility
- Fewer delays and cancellations
- Easy to include team members
- It saves time and money
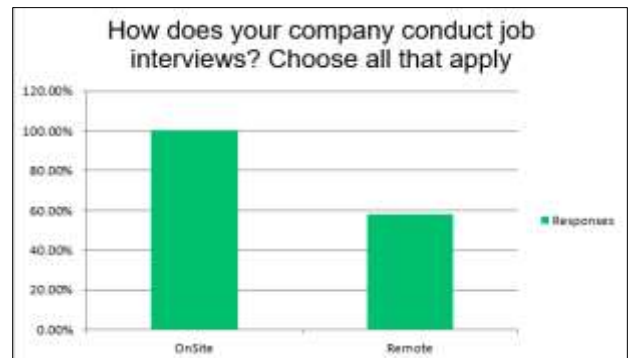
➡️ *Certifications are not a factor in the hospitality industry.*

In some industries, certifications are a necessity. But in hospitality, 58% of respondents indicated they do not have to follow any certification requirements. For those that do, requirements were related to food handling, and alcohol.
- 33% Food handling certification for food service workers
- 33% Alcohol Server Certification (state-based)
- 8% Other industry certifications

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Only a small portion of respondents worked with second-chance organizations to hire formerly incarcerated workers.

Over sixty percent (63%) of respondents reported they do not work with a second-chance organization to hire formerly incarcerated workers.

The Bureau of Justice Statistics claims that approximately 60% of formerly incarcerated individuals struggle with unemployment (Wang & Bertram, 2022), compared to the low unemployment rate of 3.7% for the general population (U.S. Bureau of Labor Statistics, 2022).

Are any of the following certifications required for prospective employees? Choose all that apply

Nearly three out of four SMBs screen candidates on work authorization.

Confirming work authorization has been a U.S. law since 1986, when the U.S. federal immigration law was passed. Nearly all respondents indicated it was part of their process, with 72% reporting it was always done. Plus, another 18% selected sometimes, and 9% chose usually.

How often do you screen prospective employees on work authorization?
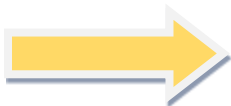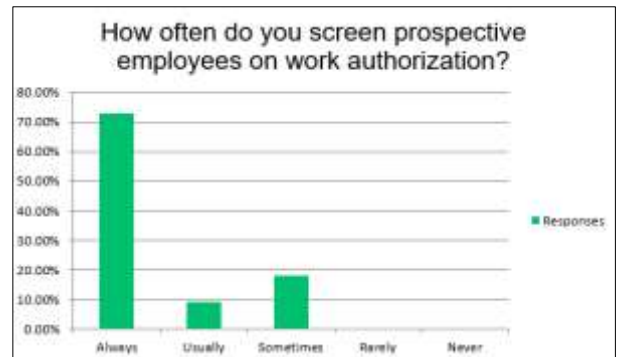
The final decision on who is hired usually resides with the posted position supervisor.

Deciding which candidate to hire can be the responsibility of several different people. Most often, it is the Supervisor indicated by 41% of respondents in the survey. In second place was the Human Resource Manager and Department Manager, each with 25%, followed by 'other' at 8%.

Who makes the final hiring decision?

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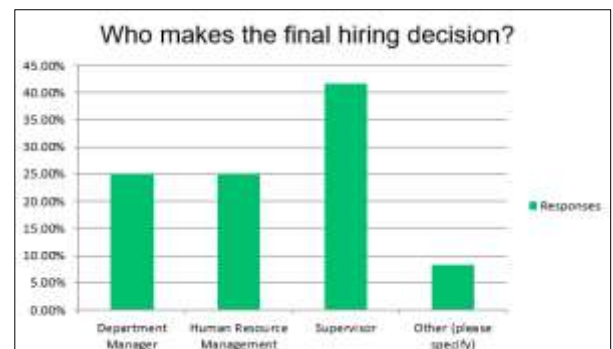
For hiring new employees, the biggest challenge overall is finding qualified candidates.

Human Resources professionals have several challenges in recruiting new employees. The hardest is finding qualified candidates. The main areas indicated in the survey and percentages are below.

What are the main challenges in hiring new employees? Choose all that apply

- 75% Qualified candidates applying for the job
- 66% Number of job applications received
- 50% Prospective employee attending the interview
- 33% Hired candidates quitting during the training period for higher wages
- 16% Hired candidates showing up for work on the first day of the job
- 16% Prospective employees actively responding to scheduling interview
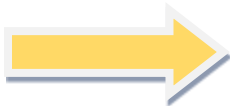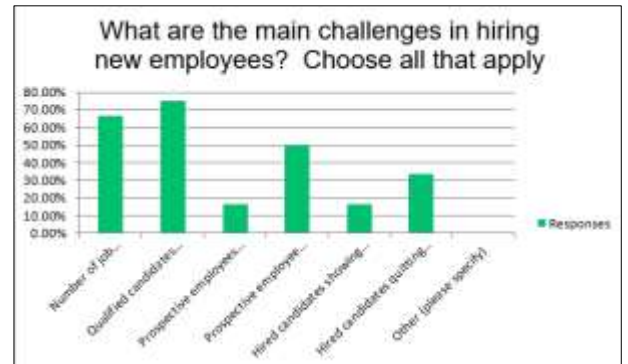
For most respondents, it is standard practice to run background checks on non-managerial candidates.

When asked if they run background checks on non-managerial job candidates, 83% replied they do it 'always', followed by 'usually' 8% and 'sometimes' at 8%.

Background checks are common since they provide a more complete picture of a candidate.

How often do you perform background checks on candidates for non-management positions?
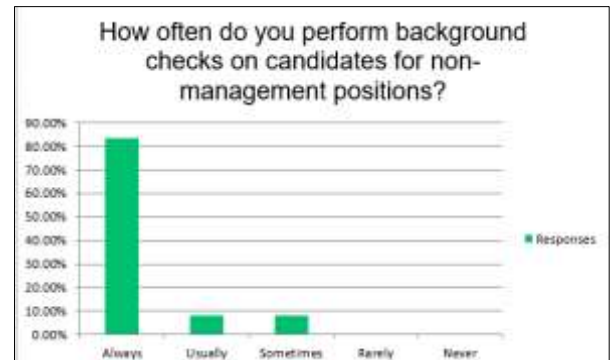
Nearly all survey respondents used an E-Verify program as a tool.

Most respondents (90+ percent) had an E-Verify program for confirming candidate eligibility and employment history. Having the free webservice available saves time and money in the recruiting process.

Is your company enrolled in an E-Verify program?

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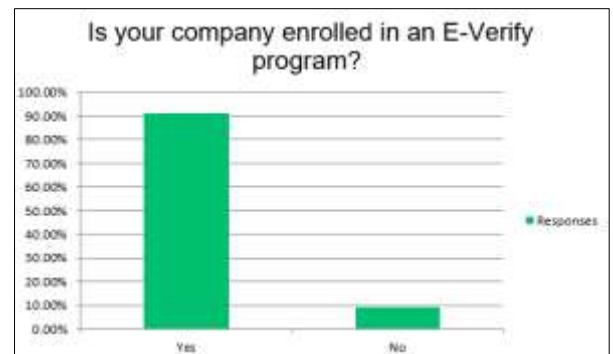
The average time it takes to go from interviewing to onboarding for new non-managerial employees was varied from one to three weeks.

When it comes to how long it took to progress from interviewing to onboarding 75% fell within the to three weeks range. The groups broke out as follows.

- 41% 1 week
- 33% 2-3 weeks
- 25% 4+ weeks

***It was not common for SMB Human Resources professionals to use an onboarding system or software.***

When it comes to using an onboarding systems or software most (72%) indicated they did not use. Of those that do, 27% could provide the brand name.
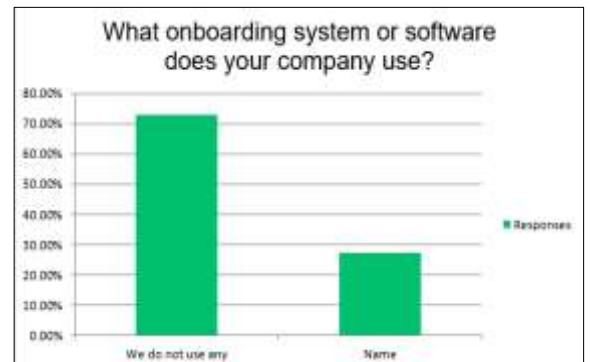
After an employee is hired and onboarded, slightly more than half of SMBs had a program or strategy for retention.

When respondents were asked if they had a retention program or strategy in place, 58% replied 'yes', and 41% indicated 'no'.

When executed, employee retention strategies can boost productivity and promote higher levels of engagement, which ultimately increases revenue. The main goal of any retention strategy is to keep turnover as low as possible. To do this it has to improve the employee experience.

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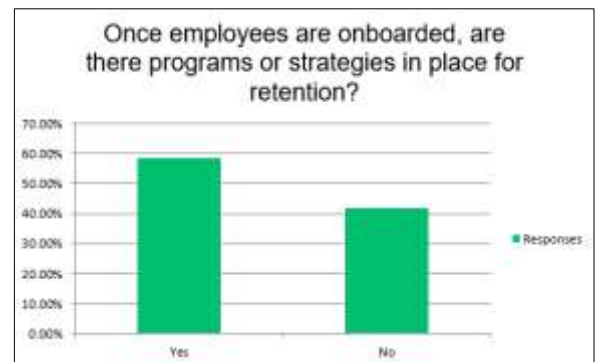
Once a person is hired, the majority of SMBs deliver training in person.

When respondents were asked how they completed new employee training, 75% reported they completed it in person, and 25% indicated they offered training online.

Responses were the same for on-the-job training, with 75% completed in person.

The onboarding process typically includes an employee handbook with company policies along with job training.

The typical first steps of an onboarding process for new employees that were indicated by respondents are the following.

- 91% Employee handbook with company policies along with job training
- 58% Orientation and on-job training with a senior employee
- 33% Video Training with third-party training companies
- 16% Manager handles all the training
- 8% Other (please specify)
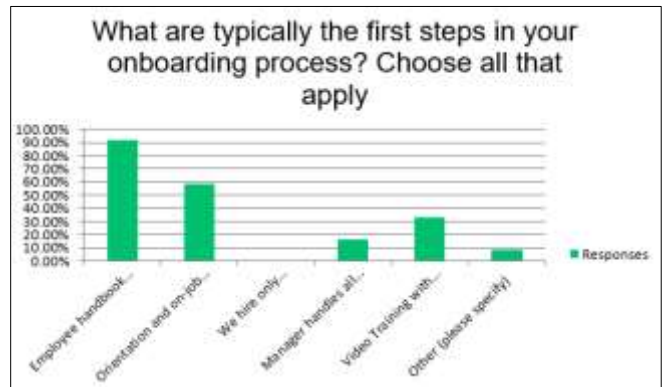
**Testing programs are used by some SMBs, but it was less than 50%.**

When asked if they utilized any testing programs for new employee's system training like POS, 58% responded 'no' and 41% indicated 'yes'.
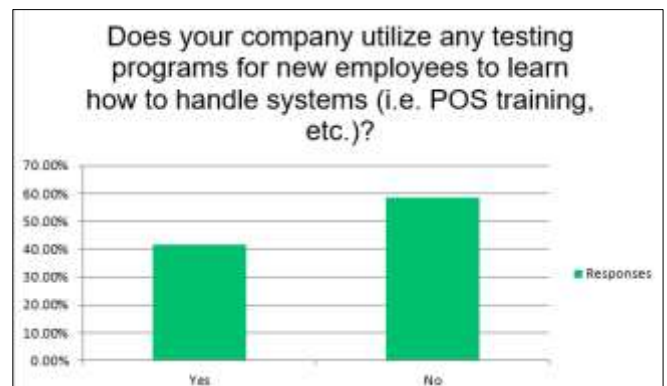
Career paths are not always clearly defined for new employees.

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Clearly defined career paths increase team motivation, job satisfaction, engagement, and retention rates. But the survey responses indicated that less than half are confident their career paths are clearly defined.

- 41% Yes always
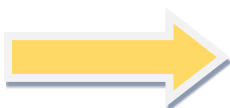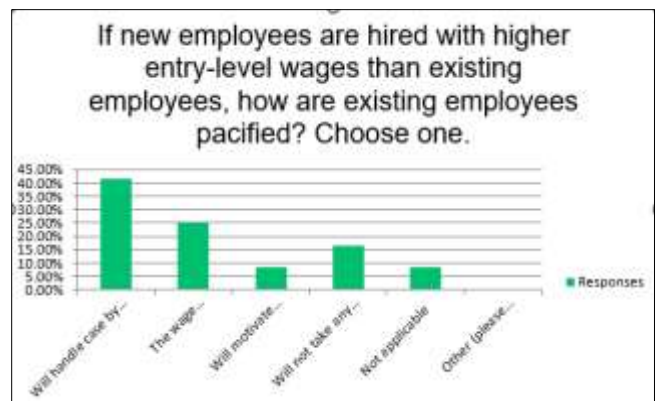- 33% Yes sometimes
- 25% No never

Are career paths clearly defined for new employees?
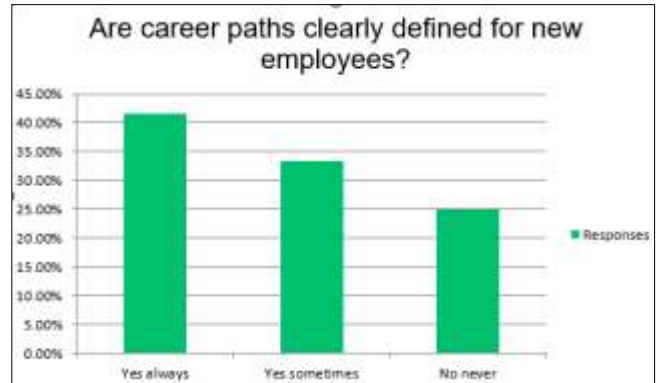
> **SMBs are not always prepared to pacify employee dissatisfaction when a new employee is hired at a higher wage.**

Hiring new employees at higher out-earned rates can lead to issues with current employees who are earning lower pay for the same job. The unhappy employes can compromise retention, work environment, and company culture.

Yet according to the survey data, less than half of those who responded were concerned or prepared to deal with this type of situation.

If new employees are hired with higher entry-level wages than existing employees, how are existing employees pacified? Choose one.

- 41% Will handle case by case
- 25% The wage information is confidential, so no one will know.
- 16% Will not take any action
- 8% Will motivate existing employees that will be offered better shifts and workloads

> **Retention strategies, plans, and actions fall short when it comes to responding to counteroffers received by employees from outside companies.**

At best, half of SMBs 'sometimes' respond to counteroffers. It is indicated in the following data from the survey.

- 58% sometimes respond
- 33% never respond
- 8% always respond

If an employee is offered a new job with another company, do you try to match the job offer to retain the employee?

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When an employee receives an outside company job offer, a lack of employer response puts an employee in the driver's seat. The outcome is driven by what the employee decides, not what the company wants. Therefore, CMBs must quickly decide what is in the best interest of their company and promptly respond.

When handled properly, counteroffer events can lead to stronger employee loyalty, build a base of expertise, and enhance a company's culture which benefits the SMB and its employees.

Nearly all SMBs offer career development training for employees that are interested.

When respondents were asked if they offered training and development to employees interested in career development the majority said 'yes' (90%).

Do you offer training and development to employees interested in career development to help with their careers?

The survey indicated there is confusion on types of career development to offer employees.

When respondents were asked to indicate all types of career development the offered, the responses   were diverse as seen in the data below.

What type of career development do you offer employees to help with their careers? Choose all that apply.

- 33% We have well-defined career paths and training programs which will kick off automatically.
- 33% My employees get more from their job and are happy with their roles.
- 33% Not applicable
- 25% Will fast-track the non-management positions but wait out the management roles

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The majority of SMBs offer benefit packages that include a 401K.

When it comes to benefits, many SMBs offer packages that cover multiple areas. The packages include:

- 83% 401k, Medial and/or Dental Health benefits, Vacations, Company Discounts
- 41% Rewards (Financial and non-financial)
- 33% Bonus
- 25% Cash incentives
- 25% Mental health benefits
- 8% Other (please specify)

CONCLUSION

The good news is survey results show many SMBs are doing the basics like tracking, prescreening, work authorizations, and background checks. These best practices save you, employees, candidates, and the company time. Plus, they reduce costs and improve outcomes.

Another area that needs improvement is addressing new employee out-earning instances. Less than 50% of respondents indicated they were prepared for such a situation. Hiring a new employee at a higher than entry-level and current employee pay rate always has the potential of producing disgruntled employees. Rather than ignore the situation and let it grow into a big problem, address it right away before it does any damage. Put you and your company in the driver's seat.

Clear career paths are also crucial for retaining talented high-performers and achievers. Employees need a roadmap and structure to follow. This information also needs to be readily available and easy to follow. It enables team members to know what skills and experience they need to gain, what roles they need to fill, and what qualifications they need to obtain. Fewer employees will leave out of frustration because they know how and can reach their career goals.

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Counteroffers also desperately need attention. It was indicated clearly when only 58% of respondents reported they 'sometimes respond' to counteroffers. There are many good reasons to become more proactive in addressing counteroffers. One is it enables an SMB to keep good people.

Counteroffers are also typically less expensive than turnover. Revising compensation can help you stay competitive. Plus, most importantly, it makes an employee feel valued. An alternative would be a mid-year compensation review or to offer career progressions.

Whatever you choose, it is always more advantageous to be proactive and ready rather than behind the eight ball. Also, remember you are the main link between management and the general workforce.