Summer 2012

Non-Monetary Strategies to Retain Key Employees

Becky Rader
University of Nevada, Las Vegas

Non-Monetary Strategies to Retain Key Employees

by

Becky Rader

Bachelor of Science in Business Administration
Central Michigan University
2006

A professional paper submitted in partial fulfillment of the requirements for the

Masters of Hospitality Administration

William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
August 2012
Chair: Dr. Robert Woods

PART ONE

Introduction

Employee retention is a problem faced daily in the hospitality industry. In spite of the recession, turnover rates are still higher in hospitality than any other industry, according to the Bureau of Labor Statistics. It is well known that the costs associated with recruitment and hiring are much greater than those of engaging and retaining current employees (Chikwe, 2009). As the economy begins to show signs of improvement, it is important for companies to face this problem and find ways to retain employees in order to stay competitive and maintain a strong bottom line.

According to the Bureau of Labor Statistics Job Openings and Labor Turnover Report for January 2011, the hospitality and leisure industry had a total annual separation rate of 82.9% in 2006, almost 100 to 200% higher than any other industry. The national average for all industries was 46.1%. In 2010, when the economy in the U.S. was very turbulent the total annual separations were still a staggering 56.1%! As the economy begins to stabilize and jobs become more available it is predicted that nearly half of employees will leave their current jobs and 30% are actively looking already (Cepin, 2011). If this prediction comes to fruition, many companies will be faced with the reality of replacing employees that are essential to the success of the company.

Many reports show that the costs associated with employee turnover to be one to two times the salary of the vacated position. This figure accounts for loss of productivity while the position is vacant, all costs associated with recruiting and hiring, and the cost of reduced efficiency as the new employee learns the job (Deems,1998). As the job market begins to expand and employees begin to leave, companies will feel the financial burden of replacing employees. Costs associated with employee loss will then go up due to increased training and replacement expenses, perhaps very significantly higher than they already are today. If management makes an effort now to engage and retain their current employees, they will be able to reduce the turnover rate, thus saving the company time and money.

The next two sections in this paper are a literature review and a handbook on employee retention. Through a literature review, this paper will show some of the reasons for turnover, the costs associated with turnover, and the importance of retaining current employees. It will also provide nonmonetary strategies, that when implemented, will result in more engaged and satisfied employees and reduce the possibility of them leaving. A handbook will be presented to assist managers with the necessary actions required to retain their current talent while increasing job satisfaction and organizational commitment.

Purpose

The purpose of this paper is to provide a handbook that management can use to retain employees, especially top performers.

Companies within the hospitality industry are attempting to strengthen their bottom line during these tough economic times. Employees contribute significantly to the bottom line but are often overlooked as assets by the company. As a result, many employees become disengaged and unsatisfied. As this happens, employees begin to look for opportunities outside the company where they feel they will be more valued for their abilities. Unfortunately, for the company losing employees, the most likely losses are the most accomplished employees. This paper will provide a handbook for managers and the interactions needed to retain key employees.

Statement of Problem

Companies must face the reality that if they do not engage their top performers they will lose them. As the economy begins to turn around and more job positions become available, employees that are unhappy in their current position will begin to look for opportunities outside their current company. Therefore, managers should make every attempt to retain the top performers within the company in order to enhance company production and profitability.

Justification

With the highest rates in employee turnover, the hospitality industry must take steps to prevent the loss of top performers. When key employees become disengaged, they begin to search for opportunities with other companies, they provide a lower level of guest service, and their level of production decreases. But, by implementing managerial strategies that focus on retaining these employees companies can avoid the costs associated with the disengagement.

Constraints

The only constraint on this paper is that the retention strategies will only include nonmonetary strategies.

Glossary

Employee Retention- An effort by a business to maintain a working environment which supports current staff in remaining with the company (BusinessDictionary.com, 2010).

Employee Turnover- The replacement cycle each time a position is vacated either voluntary or involuntary (Woods, 2006).

Hospitality Industry- Consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, cruise lines, and additional fields within the tourism industry (BusinessDictionary.us, 2010).

Job Satisfaction- Contentment (or lack of it) arising out of interplay of employee's positive and negative feelings toward his or her work (BusinessDictionary.com, 2010).

Organizational Commitment- How a person identifies with the organization and the overall willingness to work for the company (Costen & Salazar, 2011).

Top Performers- Someone who is capable of, and interested in, driving the business results you need- (Corlett, 2011).

PART TWO

Literature Review

Introduction

Employee turnover has long plagued the hospitality industry (Tracey & Hinkin, 2008). Whether looking at the turnover rates from 2006, 2011, or reading the predicted rates for the future, companies must begin facing the issue and making retention a priority. It is possible that many hospitality companies have been lulled into inaction as a result of the lowered turnover rates during the recession, but that is starting to change and change fast.

The cost associated with employee turnover has been estimated at one to two times the salary of the employee leaving. In addition to the base costs of recruiting, hiring, and training, there are hidden costs such as loss of productivity, lower guest satisfaction levels, reduced morale, and added stress to other workers staying. Implementing strategies that focus on employee retention allows companies to save time and money helping to improve profitability.

This paper will focus on non-monetary strategies that managers can use to engage and retain their staff. These approaches are developed from the top reasons employees have stated for leaving a company. The best nonmonetary methods include making employees feel valued, making them feel connected and involved, providing opportunities for personal and professional growth, and promoting continuous learning (Singer & Goodrich, 2006). These practices can be accomplished through clear communication, providing feedback, offering training and development, providing employees with challenging assignments, and showing appreciation and recognition to employees for their work. Table 1 provides a summary of these topics. Unfortunately, many companies have cut back on such programs due to the recession. If employers are able to engage employees before the economy has fully recovered and the job market opens up, they will be able to focus on filling positions that were unfilled during the recession without having to hire for newly vacated positions as well.

Employee Turnover Rates

Employee turnover is the replacement cycle each time a position is vacated either voluntarily or involuntarily (Woods, 2006). Voluntary turnover is when an employee chooses to quit their job. When the company ends the working relationship through either layoff or discharge, this is an involuntary turnover. Not all employee turnover can be controlled by the company but the rate of voluntary turnover can and should be a priority for managers. According to Robison (2008), managers can influence at least 75% of the reasons for voluntary turnover. By implementing retention strategies companies can reduce and hold on to the key employees that are assets to their organization.

According to the Bureau of Labor Statistics Job Openings and Labor Turnover Report for January 2011, the hospitality and leisure industry had a total annual separation rate of 82.9% in 2006, almost 100 to 200% higher than any other industry. In 2010, when the economy in the U.S. was very turbulent the total annual separations were still a staggering 56.1%, the national separation average was 35.7%. As the economy begins to stabilize and jobs become more available it is estimated that nearly half of employees are thinking about leaving their current jobs and 30% are actively looking (Cepin, 2011).

The Bureau of Labor Statistics shows that voluntary "quits" in 2006 accounted for 57.1% of the 82.9% of total separations. In 2011, of the 56.1% total separations, 32.9% were voluntary. "Not all turnover is bad; new blood is healthy, and new employees can bring fresh ideas to their companies. But losing a valuable employee costs a business in time, money, and stress to other employees" (Robison, 2008, p.6). Understanding why people choose to leave can provide managers with the necessary information needed to develop strategies to retain employees.

Reasons for Turnover

According to Woods, some of the major causes for turnover in hospitality are quality of supervision, ineffective communication, quality of co-workers, lack of clear definition of responsibilities, and limited career opportunities (Woods, 2006). These reasons have been consistent in many studies prior to the recession and heading into the post-recession times.

Quality of Supervision

There is a saying that employees do not leave jobs, they leave their supervisors. In a poll conducted by Deloitte, "strong leadership" placed third as an effective retention strategy (2009), being topped only by compensation increases and bonus reinstatement. The lack of support from a reduced managerial workforce during the recession caused many employees with increased workloads due to employee cutbacks to become overwhelmed and the relationship with management becomes stressed.

Supervisors have become overworked as well leading to increased work stress and causing the manager-employee relationship to deteriorate. It is important for supervisors and managers to recognize the stresses placed on their employees and provide support when necessary. Employees remember how they are treated and they often tell others. The manager-employee relationship is critical in the retention of key employees. Employees are now starting to judge their companies by how they were treated during the recession (Morgan & Jay, 2011).

Employees need to know that their supervisors care about them. When employees feel that their supervisors care and understand them, they have higher level of job satisfaction and organizational commitment. Therefore, managers and supervisors who are not trained to accomplish these important goals must learn what employees need and be willing to provide it. Listening to employees and their concerns, taking the information, and finding a way to alleviate some of the stress they are experiencing increases the commitment of the employees, if for no other reason that simply those employees see the managers cares about them. According to Gibbons (as cited in Hughes & Rog, 2008), the personal relationship with a manager is one of the top drivers of engagement. The more involved a supervisor is with their employees the better the chance of the employee choosing to stay with the organization in the future.

Ineffective communication

Not supplying employees with important information causes them to become anxious and disengaged. All humans fear anxiety over the unknown. Employees want to know how the company is performing during these tough economic times. Informing employees of what measures will be taken to preserve the company, letting them know what to expect in the future, and how each employee can help to keep the company competitive are all communication that employee are looking for answers to (Katcher & Snyder, 2007). When employees are not supplied with information they will fill that void with rumors which causes productivity to go down and mistrust to go up (Branham, 2005). Managers should not hide bad news from their employees but embrace the chance to build loyalty and trust in the relationship by involving them in the discussion of how to address problems. Ineffective communication leads employees to become frustrated and disconnected from the organization. When communications are unclear, confusing, or dishonest they have a negative impact on job satisfaction and engagement.

Bai, Brewer, Sammons, and Swerdlow (2006) found that managers and employees held differing opinions on changes within the work environment, implying there is a lack of communication between the two levels. Remember, managers and employees have different things on their minds because of their training and experience, they are likely to see things differently. When changes occur, they must be communicated to employees in a way that they understand and a clear relation to their job must be made. Identifying how the change will affect them and what part they will play in the change allows employees to buy-in and accept the changes.

Ineffective communication does have an effect on turnover. Communicating with employees allows better service to be provided by instilling trust and honesty into the working relationship. Just as companies communicate with their external customers about their services and core values, it is important for these to be communicated to their internal customers as well. Internal marketing motivates employees and increases job satisfaction (Yang, Wan, & Fu, 2012).

Quality of co-workers

Employees that are not committed to quality can drive turnover (Robison, 2008). Valued employees know when the time has come for a non-performer to be let go long before a manager does, and when a manager fails to take action against non-performers it has an adverse effect on commitment (Branham, 2005). During the recession many people have become disengaged and less productive, which has in turn frustrated their co-workers and created a more stressful working relationship among employees and between employees and managers. This stress is a driver of turnover.

Managers must identify non-performers and intervene before they have a negative impact on those around them. If managers accept mediocrity as a standard of performance, every person around them will be dragged down to that standard (Egan, 2008). Requiring that employees to fulfill their job duties and holding them accountable for falling short shows other employees that the behavior is not acceptable and reinforces the company's commitment to excellence.

Another issue that arises under quality of co-workers is fairness and entitlement. When the economy nosedived and positions were eliminated to save money, some employees saw quality employees let go in order to save those that had personal bonds with their supervisors. With no outlet for these frustrations, employees become disengaged and unproductive. Supervisors must realize that any perceived unfairness will create dissention and have a negative impact on the work environment (Katcher & Snyder, 2007).

Not all employees are equal and it is important to foster the relationships of those that are the greatest assets to the company and can be the leaders in the future. Managers must focus on an employee's skills and abilities when making decisions and not on the type of friendship they have with them or a lack of perceived fairness will result in more turnover (Nadiri & Tanova, 2010).

Lack of clear definition of responsibilities

Failure to say exactly what is needed and expected of an employee can tire them out because it leads to role ambiguity (Harkins, 1998). If it is unclear to employees what is expected of them, they are less productive because they spend more time trying to figure it out on their own or they simply wait for a manager or supervisor to tell them what to do. Employees need clear direction and purpose to perform at their best. The recession has caused employees to take on new assignments that were never their responsibility in the past. Many have been given little direction on the tasks and the importance of the assignment never communicated as training budgets suffered significantly during the recession. Providing clear expectations can help focus an employee's efforts and increase engagement (Katcher & Snyder, 2007).

An employee wastes time and effort if their responsibilities are not clear. Providing clear direction and assignments allows employees to focus their efforts on the projects that they are responsible for undertaking. Supervisors must be clear and each role defined for employees to avoid duplicating assignments. Therefore, this is a good time to review and rewrite job descriptions, perhaps with the assistance of employees.

Limited career opportunities

"The opportunity to learn a new skill, or take on a new challenge for career development is one of the top reasons employees leave their job..." (Harder, 2007, p.1). Employees that want to move up in their careers need opportunities to learn and develop the skills they will require in order to do so. When an employee senses they have good advancement opportunities they develop a stronger bond to the organization because they know the company is preparing them for a more successful life (Costen &Salazar, 2011).

As the economy begins to recover it is important that employees know what opportunities are going to be available within the company for them. As the company begins to fill positions that were left empty during the recession, keeping the employees informed of advancement opportunities and possible moves within the company (Branham, 2000). Promoting from within can boost engagement and organizational commitment while reducing turnover after the recession. One of the worst actions a company could take at this time is to fail to promote from within. Doing so will send the clear message to those employees who stayed on and helped the company weather the storm--that their actions were not valued.

Managers must keep in mind that employees want to develop personally and professionally. When organizations focus on developing talent, they communicate a strong message that they value their employees and want to see them grow and thrive (Morgan & Jay, 2011).

Costs of Employee Turnover

Many reports show that the costs associated with employee turnover is one to two times the salary of the vacated position. This figure accounts for loss of productivity while the position is vacant, all costs associated with recruiting and hiring, and the cost of reduced efficiency as the new employee learns the job (Deems, 1998).

The following is an example of the costs companies incur from turnover; if a company with 1000 employees has a turnover rate of 10% and an average annual salary of $50,000; the turnover cost for one employee would be $75,000 and the cost to replace 100 employees would be $7.5 million. If companies were able to reduce turnover they could reduce the amount of financial resources required to fill vacant positions with trained and productive employees.

Companies will see a direct impact on the consistency and quality of customer service due to turnover, causing direct damage to revenue and profitability (Tracey & Hinkin, 2008). Employees that remain are left to fill the service gap. They must serve more customers, thus leaving them less time to interact with and provide a high level of service to each guest. This results in a lowered lack of attention to customer needs and more poorly trained employees (Casey & Warlin, 2001).

Retention Strategies

"Retention is not a Human Resource issue; it's a management issue" (Rowh, 2004, p. 33). By implementing strategies for employee retention, managers can reduce the amount of voluntary turnover and engage employees. Employee engagement has plunged since 2007 when companies began adjusting their strategies and curbing spending in response to the weakening economy (Martin, 2010). "Many studies on motivation and recognition have repeatedly found that managers thought employees valued good pay and job security, while employees themselves reported they most valued intangibles such as managers recognizing them, keeping them informed and being interested in their professional growth" (Branham, 2005, p.133). In other words, most employees want almost the same things from their jobs as their managers. This knowledge should serve as a guide for managers involved in increasing employee satisfaction and reducing turnover.

Clear communication

Withholding information makes employees feel like they are not important (Branham, 2005). Mangers need to communicate the company goals and explain the connection each employee has to the success of accomplishing these goals. Years ago, Jack Stack established this connection in his book, The Great Game of Business, which outlines how a division of International Harvester had invented a board game to help each employee understand how their contribution helped the entire organization (Stack, 1994). Shortly thereafter, many companies engaged in a new idea called "open book management" with employees, which Stack had effectively started. Flight of the Buffalo by James Belasco and Ralph Stayer tells the tale of similar success using a similar approach at Johnsonville Foods, at the time, a struggling company that today leads the sausage industry (Belasco & Stayer, 1994). Engaged employees feel their work has a direct impact on the company's success and keeping them informed strengthens this loyalty. Not only is it important for companywide communications to be clear but also communication between manager/supervisors and employees.

An organization's mission statement is a clear statement of objectives that motivates employees and keeps them focused on the purpose of the organization (Brown, Yoshioka, & Munoz, 2004). The alignment between company values and objectives which are revealed in a mission statement, result in a higher level of organization commitment, but only if the employees recognize these commonalities of purpose. Leaders of the company must be thorough and honest in all communication with employees otherwise the communication will fail.

Listening is an important aspect of management, when communicating with employees it is important to listen to what they are saying and respond honestly. Taking every opportunity to find out what employees are thinking can help manager identify problem areas. Managers must then take actions to correct the problems or lose the trust of their employees. Employees will stop communicating if they feel they are not being heard or taken seriously. As a result, reliable methods of "hearing" the employees voices must be established and well publicized among the staff. An employee suggestion box no longer accomplishes the intended goals.

Involving employees in the decision-making process shows that their opinions count and are taken seriously. This level of trust and respect creates a strong bond between the manager and the employee, and it decreases the likelihood of the employee leaving by developing organizational commitment if, for no other reason, the employee realizes that the same relationship is not going to be present, at least immediately, in another company.

Being clear in all communications requires managers/supervisors to follow-up with employees ensuring that the information communicated was understood and meaningful to the employee. Open communication creates a positive work environment (Maier, 2009). If employees are comfortable in their environment, they will communicate with their supervisors and be open to all communication from their direct supervisors/managers, and company leaders but this must be trained. Many employees are not, themselves, good communicators. As a result, communication training for both managers and employees is often required.

Providing Feedback

Providing employees with feedback is essential to retaining employees. Ken Blanchard, the famous management consultant and author of the One-Minute Manager series of books, calls feedback "the breakfast of champions" because of its effect on employees. Whether through performance evaluations or face-to-face meetings on a regular basis, it is important to let people know what they are doing well and where they can improve. "Giving good feedback and coaching is about more than having a series of meeting--it's about manager and employee building an open and trusting relationship"(Branham, 2005, p.75).

Feedback and coaching allows managers to address both those that are performing well and those that are underperforming. A manager must know when coaching and feedback is exhausted, and underperforming employees must be terminated. Keeping non-performers on board lowers the engagement of key employees around them because they see that working below expected levels is acceptable without consequences. Holding employees accountable for their performance breeds an environment of respect and trust.

Coaching and feedback are generally thought of as negative acts but they are important to the development of employees. Providing honest feedback is hard at times but the more feedback given, the easier it becomes for employees to accept. Once a relationship of trust and respect has been achieved, feedback and coaching are no longer seen as negative but a positive step in development. It is important to be specific, timely, and focused on the "what", not the "why" (Graham-Leviss, 2011).

As this is one form of communication, it is important for managers to be clear, honest, and respectful during the exchange. Opening these lines of communication shows employees that they are valued and appreciated creating increased engagement. If coaching and feedback are done poorly, they will lead to frustration and turnover.

Training and Development

Capable people opt for companies that allow them the flexibility of learning while employed (Kaliprsad, 2006). Providing development opportunities lets employees know that they are valued and it is one of the most desires traits in an employer. There are several ways to provide training and development to employees. Mentoring key employees and providing on-the-job-training are two easy ways to engage and retain the best people. Too often companies mentor managers and refer to management training as "management development programs" while training for employees is referred to simply as training. One denotes long-term improvement and opportunity, the other simply that employees are not doing things right. Thus, even the name of improvement programs can have a lasting impact on the desired outcomes.

Mentoring requires that a manger get to know their employees and create a bond of trust. They must find out what their employees are expecting from their job and where they hope to go in the future. A plan can then be developed for the employee and their progress monitored. It is important for the manager to stay in touch with each employee and follow their progress on a regular basis and to provide employees with a link of personal objectives to the company's plans for growth (Martin, 2010). Have the next step in the employee's career path identified, along with the skills they need to acquire (Hill, 2007) provides the employee with a sense of relief and an anticipation of better things in the future. Failure to do this results in the opposite, of course. Mentoring key performers allows management to groom them into the next generation of leaders for the company.

On- the-job training allows employees to acquire skills that can help them advance within the company, especially, perhaps, if the training is cross-functional designed to improve overall employee skills rather than simply how they do their current job. By promoting learning and development within the company in this way, managers are able to see how each employee can perform in different situations. One approach is to place stars in 'live-fire' roles where new capabilities can be acquired (Martin, 2010). This technique is used in college and in some workplaces under the name of "in-basket exercises". The same approach is sometimes used in job interviews to more accurately assess how an applicant might perform under pressure. "The knowledge, skills, and capacities that employees develop through on-the-job learning are less easily observable for other organizations as they are not expressed in diplomas and certificates"(Preene, De Peter, Van Vianen, &Keijzer, 2011, p.313). This will decrease the likelihood of competitors targeting your employees. When employees are given the chance to better themselves they become more loyal to the organization because they feel they are valued and viewed as an asset.

Challenging Assignments

Challenging assignments allow employees to broaden their skills. Giving employees more responsibility can empower and inspire them (Kaliprasad, 2006). As employees face these challenging assignments, they become more engaged as they develop new skills that can be used in the workplace.

Allowing employees to take on challenges creates a level of trust between the manager and employee. The opportunity to build a bond presents itself and if management takes advantage of this, they can enhance the level of engagement and retention by showing faith, trust, and confidence in the abilities of the employee. Employees that are given the opportunity to take part in interesting and challenging assignments are generally more satisfied with their job and less likely to leave the organization (Kim & Jogaratnam, 2011).

It is important that while the employee is learning and facing new challenges the manager/supervisor must be supportive and provide guidance when necessary to reinforce learning. Through proper feedback and coaching, the employee will learn not only a new skill or ability; they will have a greater confidence in themselves (Harris, 2012).

Praise and Acknowledgement

Praise and acknowledgement are the easiest ways for managers to engage employees and keep their productivity high. Simple things like saying "thanks for the hard work" or "great job" make employees feel important and valued. Forty percent of employees say that lack of recognition is a major reason for leaving their job (Gibson, 2008). Praising people doing a good job has a more lasting positive effect on staff than punishing employees for doing a bad job. When praising, other employees see and know about it. The same is true for punishment. One results in positive emotions among employees towards the organization, the other in a negative talk.

Managers find it hard to give this simplest recognition because they take the employee contributions for granted (Branham, 2005). Everyone likes to be acknowledged for their contributions whether its line-level employees, managers, or executives. The managers themselves want, expect, and often receive recognition. To expect that employees would not want the same is a serious error. An employee's efforts should be appreciated and they should be recognized when they do a good job (Nelson, 2005).

By providing simple praises and acknowledgements, a manager shows employees that they are valued members of the team and an asset to the company. This praise must be genuine and sincere and occur in a timely manner. If appreciation is shown and employees feel that it is not sincere, the value of the act is lost and future acknowledgments may then hold no meaning with the employee (Branham, 2005).

According to Maslow's Theory of Motivation, recognition is one of the esteem needs a person is trying to fulfill (Maslow, 1943). By providing employees with recognition and praise, supervisors will be fulfilling this need and motivating them to continue working hard and improving. As employees become more motivated, they have higher levels of engagement and organizational commitment, lowering the turnover rate.

Something as simple as following the "Golden Rule" and treating people the way we want to be treated has a tremendous effect on employee engagement. It is important for managers/supervisors to remember that their employees are not numbers; they are people. Treat them with respect and acknowledge their contribution and strong relationships will develop with no effort.

Organizational benefits

Job satisfaction has a direct impact on customer satisfaction. An employee that has a high level of job satisfaction provides better customer service (Chip, Zemke, &Zelinski, 2007). When an employee is satisfied with their working conditions and position it shows during their interactions with guests and other workers. They have a positive view of the company and are invested in its welfare, creating an environment of high service levels, thus increasing guest satisfaction.

Taking this to the next step of employee engagement, an employee that is engaged is not only satisfied with their job but they are connecting to the company through shared values and goals. An engaged employee will go beyond what is required of them at work. They take pride in the relationships they build with guests and co-workers. In order to engage employees, managers must continuously use retention strategies.

In the hospitality industry, where many job skills are easily transferred to another organization, the retention strategies are of the utmost importance. Creating a working environment that allows employees to become invested in the company by the use of non-monetary strategies allows companies to focus their financial resources on other areas of development by not having to worry about the high costs of turnover (Smith, 2001).

Conclusion

As the economy begins to rebound, the job market will expand. Employee retention is going to be a critical area for businesses to focus efforts. Looking at the staggering hospitality turnover statistics from the past and the predicted amount to come, companies must take action now to avoid losing their top performers. Following a few simple strategies can improve employee retention and engagement.

Managers and leaders must understand why their key employees are leaving and take corrective actions to increase retention. Poor supervisors, lack of communication, non-performing co-workers, unclear definition of responsibility, and limited career development are a few of the top reasons given by exiting employees. Managers must be honest with themselves and look at the level of engagement within their team. If the production level is lower than it was prior to the recession, they need to figure out why. If higher, they need to develop methods to maintain those levels. Accepting a mediocre performance will drive those key employees out, creating more positions to fill.

The cost associated with turnover is very high and can make a huge impact on the overall profitability of a company. Implementing non-monetary strategies can improve retention and allow the company to move out of the recession with minimal turnover while increasing guest satisfaction due to more engaged and committed employees. Strategies such as communicating clearly with employees, providing feedback, training and developing staff, assigning challenging assignments, and offering praise and acknowledgement will increase employee engagement and commitment while keeping the most important assets in place; the employees. These strategies will be further developed in a handbook created for Part Three of this paper.

Table 1

Topics and Sources Covered in Literature Review

Topic	Source
Best ways to make employees feel valued	Singer & Goodrich, 2006
Turnover caused by supervisors	Morgan & Jay, 2009
Importance of communication	Branham, 2005
Turnover caused by co-workers	Branham, 2005
Clear definition of responsibilities	Harkins, 1998
Opportunities for employee development	Harder, 2007
Employee advancement opportunities	Costen & Salazar, 2011
Turnover effects on customer service	Tracey & Hinkin, 2008
Involving employees in decision-making	Stack, 1994
Open communication for a positive work environment	Maier, 2009 Katcher & Snyder 2007
Building trust with coaching and feedback	Branham, 2005
Mentoring	Hazlett & Gibson, 2006
Challenging assignments to empower employees	Kaliprasad, 2006
Turnover from lack of recognition	Gibson, 2008
Recognition as a motivator	Maslow, 1943

PART THREE

Introduction

This portion of the paper contains a handbook explaining what strategies managers/ supervisors can implement that will help reduce employee turnover rate within their company. Managers and supervisors in the hospitality industry can use non-monetary strategies to engage and retain employees; they cost nothing but do require an investment of time and faith in order to be successful. All of the strategies that will be discussed are related to each other and overlap in places, making it easier to seamlessly implement them together. With turnover rates far exceeding any other industry, hospitality companies are allocating large amounts of money for recruiting and hiring when those funds can be used in other areas.

As the economy begins to stabilize, a competitive job market will soon follow. As opportunities become available, employees that are not engaged or committed to their companies will start looking for positions with other companies. It is estimated that nearly half of employees are thinking about leaving their current jobs and 30% are actively looking (Cepin, 2011). In order to retain employees that are top performers within the company these simple non-monetary strategies can be used: clear communication, provide feedback, offer training and development, present challenging assignments, and giving praise and acknowledgement.

Each strategy will create a bond of trust and respect between the manager/supervisor and the employee. With this bond in place, employees will become more confident in their position and realize the importance of their role in organizational success. As this happens, employees will become more engaged and committed to the company, resulting in lower turnover rates and a higher level of productivity.

Results

A Handbook of Non-Monetary Strategies to Improve Employee Retention

Mangers and supervisors have a direct impact on employee retention. Quality of supervision is a leading cause of turnover in the hospitality industry. By using a few simple strategies that cost no money, managers and supervisors can engage and retain their employees. The importance of each strategy will be discussed and examples will be provided on how to integrate each into the work environment.

Clear Communication

Clear communication is the first strategy that can be used to engage employees. Communicating with employees shows them that nothing is being hidden from them and that they are considered assets to the company. Managers and supervisors must communicate daily with employees. Withholding information makes employees feel like they are not important (Branham, 2005). From the company mission statement to daily interaction supervisor/managers must keep employees informed and involved. Listening is an important aspect of communication and a critical part of managing people. However, most people are poor listeners; therefore, listening training (for managers, supervisors, and employees) is a good idea. Encouraging employees to bring their ideas and concerns to management without fear of retribution or punishment and knowing that it will be acted on enhances the level of trust and respect in the workplace. Open communication creates a positive work environment (Maier, 2009) increasing engagement and productivity among employees.

Mission statements are a clear communication of company objectives; they motivate employees and keep them focused on the purpose of the organization (Brown, Yoshioka, & Munoz, 2004). Aligning employees with the goals of the company creates loyalty and commitment to the organization. According to the Southwest Airlines' website, they have a mission statement specifically for their employees:

> **To Our Employees:** We are committed to provide our Employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer. (http://www.southwest.com/html/about-southwest/index.html?int=GFOOTER-ABOUT-ABOUT)

The mission statement of Hilton Worldwide is, "To be the preeminent global hospitality company - the first choice of guests, team members, and owners alike" (http://hiltonworldwide.com/about/mission/). These statements allow employees to buy in to the company objective of providing the highest quality customer service. The clear understanding of what to expect from the company increases commitment, engagement, and loyalty.

Communications occur in many forms within companies. Face-to-face, electronic, and social media communications occur daily within every company. It is important to know which communication style should be used when providing employees with information. If the communication is personal or sensitive, a face-to face meeting is most appropriate. When relaying information to all employees about changes that are occurring that effect employees, a meeting should be held to clearly explain the change and answer any questions employees may have. When communicating positive information about the company that is focused at all employees a social media avenue can be used or an electronic message may created. Electronic communications should be used to transfer information that concerns only a few individuals.

Though it may be a challenge to communicate face-to-face with employees, it is the most effective form of communication. Employees feel that they are respected, cared about, and valued within the company when managers/supervisors communicate information to them personally. This adds to their level of engagement and commitment to the company.

Actions

- Keep information clear, concise, and honest. Make a point to ask if the information is understood before moving on. This ensures that information is clear and builds a trusting relationship.
- Listen to employees concerns and act on issues they may present. This action builds loyalty and trust between the manager/supervisor and the employee.
- Align your communications with the company mission statement. Explain how what you are communicating enhances the organization. By doing this employees can align their efforts to support the company goals.
- Do not hide bad news from employees. Be open and honest about company situations, be there to provide support if necessary. Honesty and support allow employee to build trust in the work place.
- Communicate changes when all information is available. Giving partial information can be confusing and cause anxiety in the work place. Providing all necessary information reduces the chance of confusion and allows employees to understand and accept their role in the changes that will occur.

Providing Feedback

Managers/supervisors that provide feedback to employees create a bond of trust and respect. Explaining what employees do well and in what areas they can improve allows employees to grow and flourish both personally and professionally. Both positive and negative feedback is required in order for a person to develop the skills they need to succeed. If there are issues that are never addressed, they will never improve.

Feedback is important for both good performers and underperformers. Taking the initiative to address underperformers is crucial to a positive work environment. If mediocre work is accepted from an employee, it will drag everyone around them down (Egan, 2006). When underperformers are held accountable for their work through coaching, all employees will benefit. A bond of trust and respect develops when feedback and coaching is performed correctly. Employees will feel that their manager/supervisor cares about them and is interested in helping them develop.

As this is a form of communication, it is important for it to be open and honest exchange. It is important for coaching and feedback to be timely, specific, and focused on the "what" not the "why" (Graham-Leviss, 2011). Showing employees that they are valued and respected increases their engagement and commitment to the company, reducing the likelihood of turnover.

Actions

- Provide feedback, both positive and negative in a timely fashion. Addressing employees in a timely manner shows them respect.
- Address both top performers and underperformers. Both need feedback to develop professionally. This action allows employees to learn what they are strong at and in what areas they can continue to develop.
- Focus on the "what" not the "why". When focusing on the "what" employees will feel less threatened and accept the feedback as constructive.

- Be clear, honest, and respectful when providing feedback and coaching. This builds a relationship of trust and respect.
- Be prepared with a development plan and ask for input on plan from those being coached. Getting employees involved in their plan shows that their opinions are valued and respected.

Training and Development

Training and development create high levels of engagement and commitment because they allow employees to build self-confidence by learning new skills and abilities. Capable people look for companies that allow them to learn while being employed (Kaliprsad, 2006). Mentoring and on-the-job training are two effective ways to build trust and respect that creates a positive environment.

Mentoring can be defined as a strong relationship where a more senior, experienced person (mentor) provides assistance and support to a less experienced, junior associate (mentee) (Hezlett & Gibson, 2007). Mentoring an employee is different from providing feedback. A long-term relationship is created with mentoring that carries on throughout the career of the mentee, whereas feedback is an immediate response to employees' actions. Mentoring employees allows managers to learn about their employees in order to help develop a career plan with them. Having a plan provides employees with a path to reach their professional goals. Aligning these goals with company objectives allows the employee to see how they fit within the organization. Managers/supervisors must monitor the development process to ensure that the employee is on the right track.

Mentoring can be formal or informal. If the mentoring relationship occurs naturally it is considered informal, if the organization is involved in developing the relationship it is considered a formal mentoring program. Both forms are beneficial to the company and create a high level of organizational commitment, which leads to a reduced rate of turnover.

Another source of training is on-the-job training. This allows employees to be exposed to new areas within the company that they have never experienced before. Competitors do not easily recognize the skills that are acquired through on-the-job training because they are not expressed in degrees or certificates (Preene, De Peter, Vianen, & Keijzer, 2011). Employees need encouragement and knowing that a manager/supervisor believes in them creates a high level of engagement, increasing the rate of employee retention.

Actions

- Become a mentor. Explain the path you have taken and develop a path for them. Respect and trust are built through this action.
- Be open, honest, and positive. Explain what skills need to be developed for advancement and find ways to help develop those skills. Showing employees that you are interested in their success builds a bond of loyalty.
- If the company offers development classes, such as management development, diversity training, or conflict resolution training, recommend mentees attend. Using all available resources demonstrates that the company is there to support their employees.
- Provide employees with the chance to learn something new with on-the-job training. Exposing them to new things can support engagement.
- Never discourage someone that wants to learn and develop. Always be positive and supportive. Allowing someone the opportunity to learn creates a high level of loyalty and commitment.

Challenging Assignments

Challenging assignments can improve employee retention by reinvigorating the job. Employees get bored at times and become disengaged; giving employees more responsibility can empower and inspire them (Kaliprsad, 2006). By showing employees that they are assets and that they are trusted, you create loyalty and commitment. By broadening their skills with challenging assignments employees can become more productive and increase their self-confidence.

Challenging assignments can be a new element of their job that they have not yet learned, a big project that will require extra effort on the employees' part, or working with another department. None of these will require any investment from the company but they do require that the manager/supervisor have faith and confidence in the employee. This alone will increase commitment and retention by showing employees they are trusted to expand their responsibilities.

Actions

- Assign big projects to employees. Empower them to learn and develop. By doing this employees will become more engaged and committed to their work.
- Teach employees a small but new task that they can take over. Actions like this show trust and confidence in their abilities. Boosting their self-confidence develops the bond of loyalty. Tasks could include working with new hires, assisting others in training, or learning a new computer program that will assist them in the future.
- Involve employees in new projects. Showing employees that their skills and abilities are recognized and appreciated will lead to higher levels of engagement.

- Ask employees what assignments they would be interested in taking on. Present them with opportunities. Asking for their input shows employees that their opinion counts, building trust, and respect in the relationship.

Praise and Acknowledgement

The final strategy that will be discussed is praise and acknowledgment. This is the simplest strategy to boost retention. Maslow's Theory of Motivation lists recognition as an esteem need that every person is trying to fulfill (Maslow, 1043). It is as simple as the golden rule; treat others the way you want to be treated. According to Gibson, 40% percent of employees say that lack of recognition is a major reason for leaving (2008).

Managers may find it hard to praise and acknowledge employees for many reasons: efforts can be taken for granted (Branham, 2006), they may not receive praise themselves, or they may just think employees know when they do a good job. None of these are acceptable reasons to not say "thank you" or "good job" to an employee. Supervisors and managers must lead by example and acknowledge those that have done a good job. This example will carry over in employees' attitudes and a positive work environment will be attained.

Letting employees know they are appreciated and their efforts are noticed builds a bond of trust and respect enhancing loyalty, commitment, and engagement. Employees will gain confidence and heightened self-esteem by receiving praise and acknowledgment. People want to work for a supervisor/manager that respects and appreciates them and the work they do for the company and they will want to remain with the company as long as this need is being fulfilled.

Actions

- Recognize those that put in the extra effort and say "thank you", or "I appreciate your effort". These small gestures build engagement and loyalty.

- Recognize the person in private first and ask if they are comfortable being recognized in front of their peers. Do not assume everyone wants public recognition. This action demonstrates respect for the employees' feelings and comfort.
- Do not be afraid of appearing unfair. If you always acknowledge good work, employees will strive to produce work that is recognized. Recognizing those that deserve it creates an environment of trust and respect.
- Timing is important; do not wait to give recognition. Employees want to know that they are important and valued.

Conclusion

The use of these non-monetary strategies- clear communication, providing feedback, offering training and development, presenting challenging assignments, and giving praise and acknowledgement -will boost employee engagement and commitment, leading to increased employee retention. They require a little bit of time and effort from the management team but the results will prove to be worth it.

These strategies can be used in any organization, in any industry. With turnover rates that exceed any other industry, hospitality companies could benefit the most from their implementation. In the guest service industry it is important to retain engaged and committed employees in order to provide customers with the highest level of service possible.

The impact of using these strategies will not only increase service levels and employee engagement levels, it will also have a positive impact on the company's bottom line. The reduction in turnover costs and the increased productivity leading to customer retention will increase overall profits. As the economy begins to come out of the recession, it is important that companies have a strong foundation in order to remain competitive. Employees are the greatest competitive advantage a company can have, and it is important to ensure they are proud and satisfied with the company they are currently work for.

Retention strategies need to be at the forefront of every company's consideration. The job market will soon open up and become competitive. If companies do not do something now to engage and retain their current employees they are going to be scrambling to fill the vacant positions, costing them valuable time and money. Every effort must be made to maintain an engaged staff that is focused on providing exceptional service to their guests. These strategies allow management to get involved with their employees and create relationships that will encourage employees to continue working hard and accomplish personal and professional goals.

Recommendations

The findings of this paper are aimed strictly at strategies that do not cost money. For this reason, companies should attempt to use this information to increase employee engagement and retention before looking to other alternatives. Money is often a motivator but it is not always the only motivator.

A recommendation for implementing these strategies at every level of the organization is to focus on the importance of employee retention. Focus groups can be formed before implementation to determine which strategies will be most effective. After implementation, another focus group should be assembled to determine if the strategies are being applied appropriately and if they are having the desired impact on employee engagement, commitment, and retention.

When employees believe in the company through the investments made in their personal and professional development, they become committed to the success of the company. From the CEO down to the front line employees, each person is an asset and must be treated as such. These strategies, individually, have consistently proven successful. Implemented together, the company will almost be guaranteed dedicated, committed employees.

The strength and backbone of every company is its employees and their commitment to the organization. This is particularly true in the hospitality industry where the only product sold is service. Outstanding guest service is the key to creating a loyal customer base. Without the dedication of a company's best assets - its employees - those service levels will suffer, and guests will go elsewhere resulting in loss of revenue. In order to get the best out of your employees, you must invest in and support their path to success.

References

Bai, B., Brewer, K.P., Sammons, G., Swerdlow, S. (2006). Job satisfaction, organizational commitment, and internal service quality: A case study of Las Vegas hotel/casino industry. *Journal of Human Resources in Hospitality & Tourism, 5*(2), 37-54. doi:10.1300/J171v05n02_03

Belasco, J., & Stayer, J. (1994). *Flight of the buffalo: Soaring to excellence, learning to let employees lead.* New York: Grand Central Publishing.

Branham, L. (2000). *Keeping the people who keep you in business: Twenty-four ways to hang on to your most valuable talent.* New York: AMACOM Books.

Branham, L. (2005). *The 7 hidden reasons employees leave*. New York: AMACOM Books.

Brown, W., Yoshioka, C., & Munoz, P. (2004). Organizational mission as a core dimension in employee retention. *Journal of Park & Recreation Administration, 22*(2), 28-43

Casey, T.F., & Warlin, K. (2001). Retention and Customer Satisfaction. *Compensation &Benefits Review, 33.* 27-31. doi: 10.1177/08863680122098388

Cepin, G. (2011). Retaining top performers. *CPA Practice Management Forum, 7*(1), 5-7.

Corlett, B. (2011, January 20). What exactly is a top performer? *Washington Business Journal.* Retrieved from http://www.bizjournals.com/washington/blog/2011/01/what-exactly-is-a-top-performer.html

Chikwe, A.C. (2009). The impact of employee turnover: The case of leisure, tourism, and hospitality industry. *Consortium Journal of Hospitality & Tourism, 14.*

Chip,R., Zemke, R., & Zelinski, D. (2007). *Managing knock your socks off service.* New York: AMACOM Books.

Costen, W., & Salazar, J. (2011). The impact of training and development on employee job satisfaction, loyalty, and intent to stay in the lodging industry. *Journal of Human Resources in Hospitality & Tourism, 10*(3), 273-284. doi:10.1080/15332845.2011.555734

Deems, R. (1998). Employee turnover costs. *Ivey Business Journal, 62*(4), 19.

Deloitte. (2009, September). Managing talent in a turbulent economy: Keeping your team intact. *Special Report on Talent Retention.* Retrieved from http://www.deloitte.com/view/en_US/us/Services/additional-services/talent-human-capital-hr/882be382ed8c3210VgnVCM100000ba42f00aRCRD.htm

Egan, M. (2008, November 1). Monkey see, monkey do. *Hospitality, 44*(11). 19.

Employee Retention. (n. d.) In *Business Dictionary.com. Retrieved from* http://www.businessdictionary.com/definition/employee-retention.html

Graham-Leviss, K. (2011, November, 1). Seven steps to coaching your employees to success. *Entrepreneur.* Retrieved from http://www.entrepeneur.com/article/220133

Gibson, C. (2008). Why 40 percent of employees leave. *Incentive, 182*(5), 38-39.

Hansen, F. (1997, September-October). What is the cost of employee turnover? *Compensation and Benefits Review, 29*(5), 17-18.

Harder, D. (2007,). Why employees leave. *Canadian HR Reporter, 20*(20), 1-7.

Harkins, P. J. (1998, October). Why Employees Stay--or Go. *Workforce. 77*(10), 74-78.

Harris, K. (2012). Survey reveals training value. *Hospitality, 48*(3), 46.

Hazlett, S.A., & Gibson, S.K. (2007). Linking mentoring and social capital: Implications for career and organization development. *Advances in Developing Human Resources, 9*(3), 384-412.

Hill, J. (207, June). Human Capital. *Credit Union Management. 30*(6). 40-41.

Hilton Worldwide. (n.d.). Company mission statement. Retrieved from (http://hiltonworldwide.com/about/mission/

Hospitality Industry. (n.d.) In *BusinessDictionary.us.* Retrieved from http://www.businessdictionary.us/

Hughes, J.C., & Rog, E. (2008). Talent management: A strategy for improving employee recruitment, retention, and engagement within hospitality organizations. *International Journal of Contemporary Hospitality Management. 20*(7), 743-757. doi:10.1108/09596110810899086

Job satisfaction. (n. d.). In *Businessdictionary.com.* Retrieved from http://www.businessdictionary.com/definition/job-satisfaction.html

Kaliprasad, M. (2006, June). The Human Factor I: Attracting, Retaining, and Motivating Capable People. *Cost Engineering 48*(6). 20-26.

Katcher, B. L, & Snyder, A. (2007). *30 Reasons Employees Hate Their Managers: What Your People May Be Thinking and What You Can Do about It*. Saranac Lake, NY: AMACOM Books

Kim, K. & Jogaratnam, G. (2010) Effects of individual and organizational factors on job satisfaction and intent to stay in the hotel and restaurant industry. *Journal of Human Resources in Hospitality & Tourism, 9,* 318-339. doi:10.1080/15332845.2010.487043

Maier, T. (2006). Appreciative inquiry and hospitality leadership. *Journal of Human Resources in Hospitality & Tourism, 8,*106-117. doi: 10.1080/15332840840822744 96

Martin, J. (2010, May). How to keep your top talent. *Harvard Business Review, 88*(5), 54-61.

Maslow, A. H. (1943) A theory of human motivation. *Psychological Review, 50*(4), 370-396. doi:10.1037/h0054346

Morgan, H., & Jay, J. K. (2011). Preparing for the talent exodus ahead. *Leader to Leader, 2011*(62), 33-38. doi:10.1002/ltl.490

Nadiri, H., & Tanova, C. (2010). An investigation of the role of justice in turnover intentions, job satisfaction, and organizational citizenship behavior in hospitality industry. *International Journal of Hospitality Management. 29.* 33-41. doi:10.1016/j.ijhm.2009.05.001

Nelson, B. (2005, July). Bob Nelson's hierarchy of wants. *Corporate Meetings & Incentives. 24*(7). 24.

Preenen, P., De Pater, I., Van Vianen, A, & Keijzer, L. (2011). Managing Voluntary Turnover Through Challenging Assignments. *Group & Organization Management*, *36*(3), 308-344.

Robison, J. (2008, May 8). Turning Around Employee Turnover. *Gallup Brain*. Retrieved from http://institution.gallup.com.ezproxy.library.unlv.edu/gmj/106912/Turning-Around-Your-Turnover-Problem.aspx#1

Rowh, M. (2004 January/February). Retaining Top Talent. *Office Solutions, 21*(1). 32-34.

Singer, P. & Goodrich, J. (2006). Retaining and Motivating high-performing employees. *Public Libraries, 45*(1), 58.

Smith, G. P. (2001). *Here Today, Here Tomorrow: Transforming Your Workforce from High-Turnover to High-Retention*. Chicago, IL: Dearborn Trade Publishing.

Southwest Airlines. (n.d.). Company mission statement. Retrieved from http://www.southwest.com/html/about-southwest/index.html?int=GFOOTER-ABOUT-ABOUT

Stack, J. (1994). *The great game of business*. New York: Doubleday.

Tracey, J.B. & Hinkin, T. R. (2008). Contextual Factors and Costs Profiles Associated with Employee Turnover. *Cornell Hospitality Quarterly, 49*, 12-27. doi:10.1177/0010880407310191

U.S. Department of Labor. Bureau of Labor Statistics. (2011, March 11). *Job Openings And Labor Turnover-January 2011*. Retrieved from http://wwwbls.gov/news.release/archives/jolts_05112011.htm

Woods, R. (2006). Turnover, Discipline, and Exits. In P. Woods (Eds). *Managing Hospitality Human Resources* (4th ed.) (pp. 431). Lansing, MI. American Hotel & Lodging Educational Institute.

Yang, J.T., Wan, C.S., & Fu, Y.J. (2012). Qualitative examination of employee turnover and retention strategies in international tourist hotels in Taiwan. *International Journal of Hospitality Management. 31*. 837-848. doi:10.1016/j.ijhm.2011.10.001