Management Project

Retain or Regret: Unlocking the secret recipe for employee retention in the hospitality sector of Friesland.

Topic / Research area: HRM

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Abstract

This study investigates the factors influencing employee retention within the hotel and catering industry in the urban areas of Friesland. Currently, the hospitality sector is facing the challenge of high turnover. Therefore, several hospitality companies see the need to retain their employees. Qualitative research explores four critical dimensions: recruitment and selection process, motivational factors, growth opportunities, and effective communication strategies. This study aims to reveal the best ways to retain employees. In-depth interviews have been held with employees and employers. These interviews are analysed by using a thematic analysis.

Findings reveal a shift toward more selective hiring practices, emphasizing the importance of building committed and loyal teams. The onboarding process emerges as an essential element often overlooked by organisations. Intrinsic motivators, such as personal interactions and the dynamic industry nature, contribute to employee satisfaction. However, extrinsic motivators, including acknowledgement and appreciation, remain essential for staff retention.

Limited growth opportunities within the industry and the need for structured career advancement plans are highlighted. Effective communication, although important, often relies on informal channels like WhatsApp, which comes with challenges.

These results suggest that addressing onboarding processes, offering structured career advancement plans, and implementing a communication and onboarding platform could contribute to increased employee retention within the Frisian hospitality industry.

Keywords: Employee Retention, Hospitality Industry, Recruitment Practices, Communication Strategies, motivational factors

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Chapter 1 Introduction

1.1 Topic Description/Context

In the following paragraph, the context and background of the study are described. Firstly, the cause and the need for the study are described, followed by the relevance of the placement company. Secondly, the literature review shows the current information about the problem. After the literature review, the key themes are schematically viewed in a conceptual model. Lastly, the problem statement and the research questions are presented.

1.1.1 Context and rationale for the study

The Toerisme Alliantie Friesland (TAF) is an organisation that stimulates the Frisian hospitality sector. The TAF has around 45 members. These members are from the educational field, entrepreneurs and politicians related to the sector. Based on these members' input, the TAF's direction is decided. Because the TAF is working with problems in the wider sector, there is an external view.

The relevance of this research project was significant for the hospitality industry as high staff turnover is a prevalent issue. According to a study done by ABN Amro (2019), there is a yearly turnover of 40%, which is more than other sectors. High employee turnover costs the sector around 1.4 billion per year. Therefore, the problem has consequences for organisational productivity, service quality, and financial performance. Another study supports the results of ABN Amro. ABF Research (2022) shows in their labour market study that 38% of the employees are inflow in the sector on average.

The labour market study that ABF Research did on behalf of Koninklijke Horeca Nederland (2023) shows that the Hospitality industry has growth potential. However, the study showed that it is hard to make this happen due to the high employee turnover. Koninklijke Horeca Nederland (KHN) stated that investing in an attractive image of the hospitality industry as an employer became more critical. Also, the hospitality industry needs to focus more on lateral entry and retaining and engaging employees for more extended periods. They can do this through good employer practices, investing in education and training, and creating a good work environment. The study of ABF Research (2022) supports the statement, which showed that only 60% of the employees worked in the same company the previous year. On average, employees work around 2.5 years for the same company.

To determine the root causes of employee turnover, employers can transform these causes into targeted strategies for improving employee retention.

1.1.2 Problem description

According to several TAF members, Friesland's hospitality sector is facing a persistent challenge of high turnover. The members stated that in Corona times, many employees left the company and sector due to the Covid-19 restrictions. Since the restrictions were lifted, it has been challenging to attract new ones since then. The overall job market tension has made it even harder for the hospitality sector. Data from Centraal Bureau voor de Statistiek (2022) shows that there have been more vacancies than job seekers since the 4th quarter of 2021. In the 4th quarter of 2022, there were 123 vacancies against 100 job seekers. Therefore, several hospitality companies see the need to retain their employees.

While some companies do not face the problem of high turnover, The TAF wanted to have more background information on the root causes of turnover and successful retention techniques. The research aimed to identify the root causes of high turnover and determine whether there are company-related or external factors that influenced these factors. By gaining a deeper understanding of the root

causes of turnover, the TAF can determine whether there is a need to start projects to address this specific area. The study's outcomes can help the TAF strengthen the hospitality sector in Friesland.

The key actors in this problem include the management and the staff of the hotels and catering companies within Friesland. Customers are also affected by the high turnover rate, as it can negatively impact service quality.

1.1.3 Purpose and relevance of the study

The internal goal is to gain a deeper understanding of the root causes of high turnover and the factors that influence employee retention in the hospitality sector in Friesland. This involves identifying the key turnover factors, for example, job satisfaction, compensation, work-life balance, and career development opportunities. Furthermore, successful retention strategies and best practices in the industry will be identified. With the outcomes, the TAF can determine if a project in this specific area is needed for the sector.

The first external goal is that the results could be used by businesses in the industry to develop targeted strategies for improving employee retention. If the research determines why some businesses can hold their staff and others cannot, this could be a good insight into the problem.

Secondly, the results could inform future research on this topic. If the research identifies gaps in understanding or areas that require further investigation, it could serve as a foundation for future research efforts.

Finally, the results could also be used to educate the wider public and raise awareness of the challenges faced by the hospitality industry in Friesland. It could help to increase understanding of the issue and promote potential solutions.

1.2 Literature review

This chapter provides an examination of employee satisfaction, motivation and retention. The objective of this literature review is to identify the key factors that influence employee retention. By exploring relevant studies, the review aims to gain a comprehensive understanding of employee satisfaction and its connection to retaining staff, as well as the contributing factors involved.

1.2.1   Employee satisfaction and motivation

Employee satisfaction and motivation are two important factors that influence the performance and productivity of an organisation. Several studies have investigated the relationship between employee satisfaction, motivation, and organisational outcomes.

Employee satisfaction is an important aspect of the success of an organisation because satisfied employees are more likely to be productive, engaged, and committed to their work. According to Judge et al. (2001), a positive relationship exists between employee satisfaction and job performance. Meier and Spector (2015) describe job satisfaction as the emotional experience and the feeling an employee has by the execution of their job.

According to a study conducted by Heimerl et al. (2020), a low level of job satisfaction is why the turnover numbers are so high in the hospitality industry. The study showed that leadership style is important to employees in companies that are employee-oriented. Also, the study concluded that employees like to follow their work schedule and have the opportunity to grow personally. These factors appear to be the most important for job satisfaction. A study conducted by O'Neill and Davis (2011) showed that interpersonal tensions cause lower job satisfaction and, ultimately, higher turnover intentions. Managing employees in the hospitality sector seems to be a challenge in the hospitality industry because different generations are working together and mostly managed in the same way. The difference in preferred management styles for the generations could be solved by open communication. Open communication is a key factor in making these generations work together. By assessing the communication style and regularly improving it, employees are more likely to feel that something is done with their contribution. Therefore, it increases their motivation and lowers turnover intention (Tanković et al., 2022).

1.2.1.1 Motivation theories

Motivation is a key driver of employee performance and productivity. Motivated employees are likelier to be engaged in their work and committed to achieving organisational goals. Therefore, it is essential to look at the personal needs of the employees.

Motivation and satisfaction are closely linked because job satisfaction can be seen as intrinsic motivation (Armstrong & Taylor, 2014). Motivation can be divided into two types: intrinsic and extrinsic motivation. Intrinsic motivation comes from the job itself, such as the work they do matters, the job is challenging and interesting, and the employees are able to develop themselves. Extrinsic motivation comes from the outside and not from the work they do. For example, the salary, promotion and secondary labour conditions. These motivators have an immediate effect but do not mean they work infinitely.

There are various theories to explain motivation, which include Maslow's hierarchy of needs (Maslow, 1943), Herzberg's two-factor theory (Herzberg et al., 1959), and the self-determination theory (Deci and Ryan, 1985). According to Maslow's hierarchy of needs, individuals have a set of needs that are prioritised in a hierarchy. They feel encouraged to pursue higher-level requirements when their fundamental needs are fulfilled. On the other hand, Herzberg's two-factor theory emphasises two

different factors that impact motivation-hygiene factors, which need to be met to avoid dissatisfaction, and motivators, which lead to satisfaction and motivation. Lastly, the self-determination theory of Deci and Ryan suggests that people are motivated when they have autonomy, competence, and relatedness.

1.2.2   Retention techniques

Employee retention is the goal of keeping employees within the company for a longer period and keeping them engaged and productive (BasuMallick, 2021).
Retention techniques are an essential aspect of managing employee turnover. Organisations have developed various employee retention strategies in the hospitality industry, where turnover rates are often high.

In 2019, Misset Horeca conducted research among employees and employers about the reasons why employees choose to leave a company. According to a study that combined 48 research papers results, retention appears to be based on four factors. The study showed that the four factors are as follows: a positive work environment, opportunities for growth, good communication and an effective recruitment and selection process (Ghani et al., 2022). This research also concluded the abovementioned four factors (Bluiminck, 2019). Therefore, these factors will be used as the fundaments for the following paragraphs.

1.2.2.1 Work environment

A good work environment influences the perception of an employee about an organisation. Employees who have a positive perception of an organisation perform better.

Several studies showed that the work environment is a key factor for an employee to determine if they stay or leave the organisation (Ghani et al., 2022). In 2019, Misset Horeca investigated the reason for employees leaving a company. This research also concluded that the work environment is the most important factor for employees (Bluiminck, 2019). According to Arnold (2005), managers need to communicate effectively to maintain a good work culture in the end. When managers cannot show interpersonal skills, turnover rates increase, contributing to a bad work environment.
Additionally, Ghanit et al. (2022) stated that an insufficient work/life balance contributes to a negative work environment. Various factors can disrupt the balance between work and personal life, for example, inadequate working hours, insufficient leave policies, a heavy workload, and a lack of support systems in the workplace. Usually, organisations develop policies to deal with these challenges. However, in the hospitality industry, employees commonly have no say in their working hours, benefits, or shifts. On the other hand, Job rotation, job enrichment, and employee empowerment can add variety and flexibility to employees' daily responsibilities and working hours. Ghanit concluded that the hospitality industry does not focus much on these strategies, which negatively influences the work environment.

In conclusion, a good work environment plays a crucial role in shaping an employee's perception of an organisation. Studies have shown that the work environment is the most important factor for employees when deciding to stay or leave a company. A good work/life balance is necessary for a healthy work environment, and organisations need to develop policies and strategies to ensure that employees can maintain this balance. It is important for organisations, especially in the hospitality industry, to prioritise employee empowerment, job enrichment, and job rotation to add variety and flexibility to employees' daily responsibilities and working hours. By creating a positive work environment, organisations can retain their employees and enhance their productivity and success.

1.2.2.2 Growth opportunities

The hospitality industry is a vital sector of the economy, with many career opportunities. However, despite the potential for career growth and development, the industry has not yet implemented modern HR practices to provide employees with adequate growth opportunities.

Career development and growth opportunities are essential for a vital hospitality industry. Ghanit et al. (2022) define growth opportunities as the ability to grow financially, make promotions and develop on a career and personal level. However, it seems that the hospitality industry has not yet implemented modern HR practices. The industry is not focusing on talent, leadership development and career growth. Therefore, many employees work only for a short time in the industry and do not see it as a real career.

According to Arnold et al. (2005), career development is crucial for employees as it allows them to enhance their skills and knowledge, leading to better job performance, increased job satisfaction, and improved job security. Career development programs can help employees identify their strengths and weaknesses, set achievable goals, and develop strategies to achieve them. By participating in training programs, employees can also develop new skills and gain new knowledge, which can help them to progress in their careers.

On the other hand, career development is also beneficial for organisations in the hospitality industry. By investing in career development programs, organisations can improve employee retention rates and reduce turnover costs (Arnold et al., 2005). A study done by ABN Amro (2019) about turnover in The Netherlands confirms the statement that almost 31% of the interviewed employees do not see enough growth opportunities, and almost 23% answered neutrally. They state that international employees see more growth opportunities than Dutch employees. International employees often work in bigger hotels where more growth opportunities are offered.

In conclusion, career growth and development opportunities are crucial for the hospitality industry. The industry needs to focus on talent, leadership development, and career growth to attract and retain talented employees who see the hospitality industry as a real career. By investing in career development programs, organisations can improve employee retention rates, reduce turnover costs, and ensure employees are satisfied with their jobs.

1.2.2.3 Effective communication

According to Ghanit et al. (2022), it is important to have a good communication strategy. A good strategy can help create an open environment where employees feel confident about being open and speaking up. A good way of doing this is by building relationships between the employees and the managers. Effective communication can be done by lowering the distance between employees and managers, providing regular feedback, implementing appraisals and encouraging teamwork. An effective strategy will contribute to retaining employees. An organisation need to make sure that employees feel part of the company. This could be done by involving them in the decision-making process in the company. In this way, employees feel they are part of the company, resulting in a lower turnover level. Another study done by Mustamil et al. (2014) also concluded that good communication could decrease involuntary turnover within a company. This study showed that feedback given one by one has the strongest correlation with turnover intention.

Please, an organisation that helps entrepreneurs be a better employer did an employer monitor in 2022. This organisation interviewed 608 employees from 5 different sectors in The Netherlands. The research showed that communication is an improvement point for a lot of employers. 61% of the employees who gave their employers an insufficient in general mentioned communication as an

improvement point. 40% of the employees who gave their employer a 6 or 7 mentioned communication. Please mentioned that employers should focus more on the soft skills of good employership. Organisations must know what is happening among employees (Berkers, 2022). However, this research did not measure the correlation between communication and turnover intentions. However, It is clear that communication plays an important role.

To conclude, effective communication is crucial to creating a positive work environment and retaining employees. The employers monitor conducted in 2022 in The Netherlands indicates that communication remains an improvement point for many employers, highlighting the need for organisations to focus on developing soft skills and staying aware of their employees' needs.

1.2.2.4 Recruitment and selection process

According to Bonn and Forbringer (1992), the hospitality industry is hiring almost everyone who looks suitable for the job and is interested. This definitely results in higher levels of turnover. This is still the case because the employer's monitor executed by Please in 2022 shows employers go far by attracting new employees. They advise selectively recruiting to build a loyal team instead of hiring flex workers. Most of the time, hospitality companies compete on a salary level. However, The research stated that this is a high risk because if the labour market is less tensed, it could result in high labour costs for the companies. Additionally, selective hiring will reduce turnover levels (Berkers, 2022).

The recruitment and selection process does not stop when someone is hired. The onboarding process is important to retain the hired employees. Organisations often overlook this. Organisations implementing a good onboarding process improve new hire retention by 82% (Laurano, 2015). A study conducted by Nenadic (2022) shows a positive relationship between the onboarding process and the intention to make a career out of hospitality, which is important to lower the turnover rate in the industry.

Employers should be more selective in hiring to build a loyal team instead of hiring everyone interested. Organisations must not overlook the importance of an effective onboarding process to retain new hires. The work environment, effective communication and growth opportunities seem to be also important factors in retaining employees. By taking action on these factors, it can improve (new hire) retention and increase the likelihood of employees making a career in the hospitality industry, ultimately reducing turnover rates.
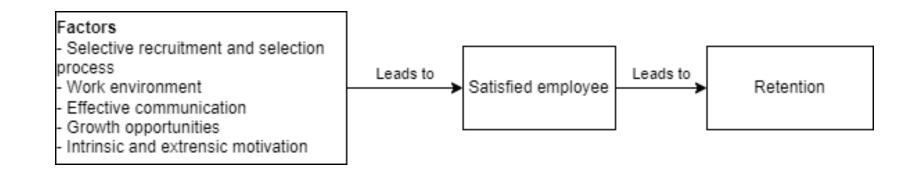
1.3 Conceptual model

Figure 1 Conceptual model describes the factors that leads to retention

In Figure 1, the conceptual model is visualised to understand the factors that influence retention.

The independent variables include selection/recruitment, work environment, communication, growth opportunities, and intrinsic and extrinsic motivation. These factors are identified by the literature review as crucial determinants that contribute to the overall satisfaction of an employee.

Employee satisfaction serves as the dependent variable, acting as an intermediary between the independent variables and the ultimate goal of employee retention. When the five factors are met, employees likely become satisfied, which leads to increased retention rates.

Overall, the model proposes that a combination of the different independent variables can lead to satisfaction, which results in higher retention rates.

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1.4 Project definition

Problem statement:
'How can the hotel and catering industry in urban areas of Friesland increase the retention rate?

The problem statement aims to investigate effective strategies and solutions to improve employee retention within the hotel and catering industry. This study seeks to understand the factors that contribute to employee retention and identify the root causes of high turnover. The findings of this study will support the TAF in developing initiatives and implementing measures that will ultimately enhance the sustainability and growth of the industry in Friesland.

RQ 1: How do the hotel and catering companies approach the selection and recruitment process?

This research question is assessing how companies approach the selection and recruitment process. It seeks to investigate whether the companies use a selective method or randomly hire staff.

RQ 2: In what specific ways are employees being motivated and engaged in their work environment, and how do these motivational practices influence employee retention?

This research question will explore how employees are motivated and engaged and how these motivational practices influence employee retention.

RQ 3: How do growth opportunities provided by companies contribute to employee motivation and, ultimately, employee retention?

This research question aims to investigate what kind of growth opportunities are offered by companies and if they influence employees to stay within the company.

RQ 4: How do companies use effective communication to increase employee motivation?

This research question investigates how companies use effective communication strategies within their organization to enhance employee motivation.

Chapter 2: Method

This chapter outlines the research method, starting with the research design and the instrument used. Furthermore, the population, sample, and sampling method are described. The analytical method and ethical considerations are also presented.

2.1 The research design
The case study research design was used to investigate the problem statement: *"How can the hotel and catering industry in urban areas of Friesland increase the retention rate?"* This qualitative approach aimed to gain an in-depth understanding of the perspectives and experiences of employees and employers in the industry. According to Creswell and Poth (2017), qualitative research allows for an in-depth exploration of complex phenomena and contexts, allowing to investigate participants' underlying reasons, motivations, and perceptions. This level of understanding is often not possible through quantitative research because it primarily focuses on numerical data.
Additionally, the literature review has already provided an overview of the factors influencing retention, making a qualitative approach more suitable for going deeper into these factors. Without a qualitative approach, the same information would be repetitively gathered as in the literature review.

While prior literature has identified some factors, this case study will provide further insights into the retention and motivation factors. As stated by Thomas (2011), a case study is a method that allows for an in-depth investigation of a single case without seeking to control variables. It is a detailed research approach that seeks to gain deeper knowledge about a specific subject. Retention in Friesland serves as the case where additional information was discovered, making it the most appropriate approach for this study.

2.2 Instrument
The data collection instrument for this study was a semi-structured interview. There was chosen for semi-structured interviews, so there was a possibility to go more in-depth and ask follow-up questions when needed (George, 2022). This method provided some flexibility and a deeper insight into employee retention as the researcher was not bound to a specific set of questions. Furthermore, this method provided the opportunity to gather different perspectives from employees and employers. The interview questions were developed based on the research questions and literature review. Thomas (2011) stated that it is useful to test the interview questions to ensure that they are clear, relevant, and appropriate; therefore, this was done. No revision was needed.

Overall, semi-structured interviews were a good choice for this research because they allowed the researcher to have flexibility, in-depth exploration, and capture diverse perspectives. This method gathered a comprehensive understanding of employee retention in the hotel and catering industry.

2.3 Population, sample and sampling method
The population of this study were employees and employers in the hotel and catering industry in urban areas of Friesland. The interview sample consisted of a purposive sample of three employers and four employees active in the hospitality and catering industry. The sample was selected based on the inclusion criteria, which included (1) working in the hotel and catering industry in urban areas of Friesland, (2) working or managing a hospitality company with a minimum of 10 employees, and (3) being willing to participate in an interview (Nikolopoulou, 2022).

The sample for this study was selected using a purposive sampling method, a non-probability sampling method that allowed the researcher to select participants who were most likely to provide rich and relevant data (Patton, 2002). The expertise of the employees working at TAF was used, as this organisation is often in direct contact with the industry. The sampling strategy involved a

combination of maximum variation sampling. Maximum variation sampling was used to select participants representing a wide range of demographic and contextual factors (Patton, 2002).

2.4 Procedure/Data Collection

Data was collected through in-person interviews with the participants. The interviews were conducted in Dutch and in a private room, so privacy was guaranteed. However, the questions were made in Dutch and English so the translation could be checked. The questions are found in appendix A and B. The interviews were audio-recorded and transcribed for analysis. The transcription of the interviews was done in Dutch. The interviews were guided by the interview guide, which consisted of open-ended questions that explored the participants' experiences, perceptions, and attitudes regarding staff turnover and retention strategies in the hotel and catering industry (Patton, 2015).

2.5 Data Analysis

The interview data was analysed using thematic analysis, a method of identifying, analysing, and reporting themes or patterns within the data. The analysis process involved several steps. Firstly, open coding was the initial step, wherein the researcher familiarised with the data by transcribing and repeatedly reading the interviews. During this phase, initial codes were generated to label and annotate meaningful units of data (Braun & Clarke, 2006; Dingemanse, 2021).

After the open coding, the analysis progressed to axial coding. In this phase, there is looked for connections and patterns between the codes and the codes were organised into broader categories or themes. Axial coding facilitated the exploration of relationships and associations between different codes. This allowed the researcher to understand better the data (Braun & Clarke, 2006; Dingemanse, 2021).

Lastly, the analysis progressed to selective coding. In this phase, the goal was to select and prioritize the most significant and relevant themes that best represented the data and aligned with the research objectives. This process involved defining and naming the themes based on their content and importance within the context of the study (Braun & Clarke, 2006; Dingemanse, 2021). In total, there were eight codes developed, and a colour was attached. All the steps were captured in a handmade code book, which can be found in appendix K. In Appendix D to J, the transcripts of the interviews can be found. The marked yellow text is transferred and translated to the code book. Every number in the code book represents the participant number so that the original Dutch text can be looked up.

When the coding procedure was done, the data was understood well, and the research report was produced.

2.6 Ethical Considerations

The data was handled confidentially and anonymously. Participants were informed about the study's purpose and asked for their consent before participating. The consent form provided by NHL Stenden was used. Participants participated voluntarily in the research. They also had the right to withdraw from the study at any time.

3. Results

In the following paragraphs, the outcomes of the study will be provided. To have a clear overview of where the data comes from, every quote or supportive argument is provided with two numbers referring to Appendix K's codebook. The first number represents the question number, and the second represents the participant number. The original transcriptions are given the same colours as the codebook so the translations from the interview to the codebook can be checked.

3.1 Recruitment channels

In this section, we explore the various recruitment channels organisations use to attract and select new employees. Participants in the study provided insights into the strategies employed within their workplaces.

One common theme that emerged was the reliance on word-of-mouth referrals. One participant stated, *"Well, it wasn't easy to get in. They relied heavily on word-of-mouth referrals and posting job vacancies on their website"(1-3).* This participant emphasized the significance of employee referrals and the trust associated with them. Another participant states, *"And also through our current employees who often refer people to us"(1-6).*

Online platforms also play an essential role in recruitment strategies. One employer mentioned, *"Currently, we primarily use Instagram and Indeed for recruitment. I've tried other methods, but I've found that most people reach out to us through these platforms"(1-5).* Social media platforms like Instagram and job-specific websites like Indeed were considered effective channels for reaching a wider audience, especially among younger generations, as a lot of participants mentioned.

Some organizations adopted a multifaceted approach to recruitment. Another employer explained, *"...to target them more directly, we take additional steps. We also rely on word-of-mouth referrals, distribute flyers in the restaurant, and promote job openings on social media platforms like Facebook and Instagram."(1-7).* This approach aimed to engage potential candidates through multiple channels.

The data suggests that organizations use various recruitment channels, including word-of-mouth referrals, online job postings, and a combination. However, social media platforms and Indeed seem to be the most effective.

3.2 Selection, interview and onboarding process

Employers and employees described a well-defined process for selecting, interviewing, and onboarding new employees. This vital journey consists of several key steps.

The process typically commences with an initial interview, as explained by one participant: *"We usually start with an initial interview, and if that goes well, we schedule a trial day"* (1-5). Another participant outlined a similar approach: *"Then they come for an interview, which is conducted by the store manager. Well if that goes well, we usually do a trial day to see if they like it"* (1-6).

Once selected, practical learning takes precedence, with employers and employees emphasizing that hospitality is best learned on the job. This sentiment was echoed by multiple participants, including one employer, who emphasized, *"We believe that hospitality is something best learned on the job. We try to schedule your first day on a quieter day"* (3-7). One employee underscored the importance of the onboarding process, noting, *"I think it's mainly about how people start off It's a lot about starting and succeeding now. The onboarding process is crucial, and I think that's often overlooked"* (15-1).

In conclusion, these organisations' selection and interview processes are well-structured and comprehensive. The onboarding process could be improved. The aim is to ensure that new employees have the necessary skills and knowledge to execute their roles.

3.3 Retention strategies and fringe benefits

Retaining employees is a multifaceted effort within the organisations studied, including various strategies and fringe benefits. Participants shared insights into both aspects of employee retention.

3.3.1 Retention Strategies
The strategies for retaining employees encompass a range of activities and events. However, most of the employees see things as an expectation and not an extra. Team-building activities and gatherings were commonly mentioned as the most used methods. For instance, one employee noted, *"Well, occasionally there's a staff party" (1-3),* and another emphasized, *"Additionally, we're trying to do more fun activities with the employees now. We've just started with that. We want to keep it up because you can also see that after work when everyone is together, it's very enjoyable"* (1-6).

Team dinners and post-work drinks were also part of the retention efforts. A participant explained, *"As I mentioned earlier, we arrange team dinners regularly. Additionally, we allow our employees to have a drink together after closing" (3-7).* These activities contribute to fostering a sense of friendship among the team.

3.3.2 Fringe Benefits
Fringe benefits are an integral part of the retention strategy and include various perks and rewards offered to employees. These benefits are designed to enhance the overall work experience and job satisfaction.

For example, the organizations organise staff parties where employees can gather and reflect on their experiences. One participant described the value of these gatherings: *"The staff party. We can all sit together and discuss how things are going, how the year has been. We think about it and decide if anyone wants to continue next year. Then in the evening, after work, you can sit down with the colleague you worked with. That's also nice" (4-1).*

Team-building activities, such as outings and closing drinks, were mentioned as important components of the retention strategy. However, according to employers and employees, closing drinks is more a rule than a benefit. A participant highlighted the significance of these activities: *"I think team-building activities, like team outings where you get to sit with your colleagues after work. In the hospitality industry, it's quite common to have a closing drink with the team, and I've noticed that it helps maintain the atmosphere. So, this sense of teamwork is important because if you don't have good colleagues, you're more likely to leave. To get to know your colleagues, it's important to do things together after work" (4-2).*

Additional fringe benefits include reduced-price meals, referral bonuses, and employee lunches.

In summary, employee retention strategies within these organizations involve activities, team-building events, and fringe benefits. These efforts aim to create a positive work environment, foster friendship and ultimately retain valuable employees.

3.4 Working conditions

Working conditions were a significant consideration amongst participants, highlighting various aspects of this sub-theme.

The atmosphere within the workplace emerged as a crucial element for employees. One employee emphasized, *"Primarily the atmosphere and the opportunity to do something different occasionally" (2-1*). This underscores the importance of creating a positive and dynamic work environment.

Fair compensation and discussions about work schedules were identified as important factors in maintaining favourable working conditions. Offering a slightly higher salary than the standard collective labour agreement (CAO) was considered beneficial by some employees. Furthermore, employees mentioned that hospitality requires much flexibility, and they always have to work every weekend.

Effective communication played a vital role in addressing concerns related to working conditions. Participants stressed the importance of regular check-ins and after-work chats. As one participant mentioned*, "It's more about regular check-ins. When you're on the floor, there's often no time to discuss how things are going. After-work chats could be helpful, where you take ten minutes to sit down and talk about how things are going. I haven't really had that in any of the companies I've worked for" (2-2).*

The adherence to industry collective labour agreements (CAO) and wage standards was another aspect of working conditions. All employers mentioned that they follow the hospitality industry CAO guidelines, with employers asserting that it provided sufficient compensation. One employer stated*: " I think it's a decent salary for a part-time job" (15-5).* However, employees had a different perspective, often expressing dissatisfaction with their pay. One employee noted, *"the pay isn't always very attractive compared to other sectors"*(15-1), and another employee mentioned, " *The wages in the hospitality sector are extremely low for the roles you perform in such a business*.."(15-4).

In summary, working conditions encompassed a range of factors, including the workplace atmosphere, fair compensation, adherence to industry standards, and the differing perspectives of employers and employees regarding pay. These aspects collectively contribute to the overall experience of employees within the organizations.

3.5 Communication

Employers and employees identified effective communication within the organizations as a vital element. Participants shared their perspectives on various aspects of communication.

From an employee's standpoint, clear communication was really important. They highlighted the need for knowing where they stand and having well-organised systems to enhance the team spirit as things run more smoothly. One employee mentioned, *"It's always nice to know where you stand. Especially with schedules on time, that can be a bit of an issue" (12-1).*

However, employees also noted challenges in the current communication methods. It seems that almost every company is primarily using WhatsApp for general communication. They suggested that while WhatsApp was commonly used, it might not be the most effective standard communication method. Some employees stated that important updates might not always reach everyone, leading to miscommunication. One employee noted, *"I've often noticed that after a day off, they might have made some changes, but if it wasn't communicated through the group chat, I might still be doing things the old way" (12-2).* Another employee stated, "*A group chat can be effective, but it can also get out of hand with off-topic messages or spam" (13-4).* Several employees mentioned this.

Employers also emphasized the importance of effective communication within their organisations. They shared their approaches and insights into maintaining clear communication. One employer expressed confidence in their approach, stating, *"I do believe that clear communication and our approach of staying close to the employees as management contribute to the perception that we work together as a team, rather than employees feeling puppeteered" (12-7).*

Both employers and employees discussed their perspectives on effective communication methods and tools. Employees suggested that easily accessible and dedicated platforms for communication and scheduling would enhance communication. One employee suggests that effective communication is, *"..Easily accessible for everyone at a fixed point. So, you never have to search" (13-1).*

In summary, communication was considered a critical factor in the workplace, and both employers and employees shared their perspectives on its importance and the methods they found effective. It appeared that WhatsApp is primarily used; however, almost every employee stated that WhatsApp is not the best for effective communication and that a general platform could solve the problems that could arise.

3.6 Professional Development and Career Advancement

Professional development and career advancement appeared to be critical factors for employee retention. The perspectives of both employees and employers shed light on the challenges and opportunities in this aspect of the workplace.

3.6.1 Employee Views
For some employees, the organizations seemed to offer limited growth opportunities, leaving them unsure about a clear career path. As one employee expressed, *"There aren't many growth opportunities, so it's not really a career" (9-1)*. However, there were some contrasting perspectives, with employees acknowledging the potential for some small advancement, especially if they began at a lower position. One employee remarked, *"I do believe that if you start at a lower position, there are good opportunities to grow here" (9-2).*

While informal growth paths were occasionally recognized, employees also expressed the need for more structured career advancement guidelines. The absence of formal procedures and clear job descriptions was a common concern (9-4). Some employees highlighted the absence of formal discussions or performance reviews related to career development (10-1, 10-2). However, the consensus was that more structured career advancement plans would be appreciated (10-3, 10-4).

3.6.2 Employer Insights

Employers shared their approach to professional development and career progression within the organizations. They highlighted opportunities for employees to assume greater responsibilities as they gained experience. *"As employees gain more experience, they can become shift leaders,* explained one employer (10-5). Almost all employers acknowledged limitations in available career paths within their organisations. One employer stated: *"But ultimately, not everyone can progress, but they definitely express their interest" (10-6).*

Employers use a flexible approach to career advancement, suggesting that it was not necessarily a predetermined path but rather based on employees expressing their desire for higher roles and potential recognized by management.

3.6.3 Challenges and Opportunities

The interviews highlighted the need for more structured and regular career development and advancement discussions. While natural growth did occur, the absence of formal procedures and clear job descriptions raised questions about facilitating career progression. Employees desired clearer guidelines and more career opportunities to ensure a career.

In summary, professional development and career advancement within these organizations presents a mix of perspectives. However, there are not many opportunities.

3.7 Work environment

The work environment plays an important role in shaping employee satisfaction and operational efficiency within these organizations. Employees and employers acknowledge the impact on the workplace experience.

An organized and tidy work environment is highly valued from the employee's perspective. One employee noted, *"I appreciate a neat and organized work environment" (7-2).* Labour technical considerations, such as non-slip floors behind the bar and well-designed kitchen workbenches, were deemed essential for smooth operations (7-3).

Temperature control, including amenities like air conditioning, was seen as crucial to ensuring employees could work comfortably, according to one employer (7-5). Equally important was managing the workload effectively, which directly influenced the perceived intensity of work (7-5).

According to an employer, employees also appreciated facilities that contributed to their comfort, such as a staff changing room with lockers and a designated staff restroom (7-6). To maintain open lines of communication regarding the work environment, one organisation implemented a regular monthly survey to gauge employee satisfaction and promptly address any concerns (7-7).

Employees mentioned that creating an optimal work environment is important for employee satisfaction and retention. One employee mentioned, *"… I've noticed that it's not done very well because sometimes the right people aren't in the right positions" (9-4).* Another employee acknowledged that a negative workplace atmosphere could influence the intention to stay (15-1).

Both employees and employers concurred that the work environment had a significant bearing on employees' intentions to stay. One employee stated, *"In terms of the atmosphere, it has a significant impact on the intention to stay. Many factors can contribute, such as the people, the managers, and the guests" (15-2).*

In conclusion, the work environment emerged as a central factor influencing employee satisfaction and retention. A well-maintained, organized, and comfortable work environment was seen as a key element in creating a positive workplace experience.

3.8 Motivational factors

Motivation is a dynamic interplay of factors that influence both employees and employers. Understanding what drives individuals to excel and remain committed to their roles is integral to retaining staff. However, there appears to be a difference in perception between employees and employers regarding the extent of appreciation and recognition.

For employees, the allure of their roles often lies in their personal interactions and the ever-changing dynamics they experience. One employee noted, *"The work is the same, but interacting with different people and experiencing different seasons makes it interesting" (4-1).* The ability to engage with guests provides satisfaction and is a source of energy and motivation.

Recognition and appreciation seems to be a motivator for employees. When they receive acknowledgement for their hard work and dedication, it acts as a powerful morale booster. This recognition could be as simple as a moment of management's appreciation or celebrating achievements with a quick drink (4-4). Feeling valued and appreciated amplifies their motivation to stay committed to their roles.

However, some employees also expressed concerns about a perceived lack of appreciation, which influences motivation. One employee stated, *"I think it's the pressure in the hospitality industry, combined with the lack of appreciation" (15-2).* Another employee also states this: *"I believe it's the appreciation you receive and the guest interactions you have"(4-4).*

Employers recognize the importance of keeping their staff members motivated. They try to use various strategies to achieve this, for example, providing opportunities for employees to experience different aspects of their roles, switching between locations to prevent monotony and providing compliments.

Acknowledgement of employees' efforts is a recurring theme among employers as well. They understand the value of recognizing when things go well and giving compliments. One organisation goes a step further by selecting an Employee of the Month and rewarding them with a voucher for a free dinner at their restaurant. Employers emphasize how they treat their staff and the overall work environment. The owners believe that they can significantly impact the team's motivation and productivity by showing good employership.

While employers emphasize their efforts to appreciate and recognize their employees, many employees still mention a lack of appreciation.

In summary, motivational factors in these organizations are driven by personal interactions, appreciation, and effective leadership. Both employees and employers recognize the importance of maintaining motivation.

Chapter 4: Discussion

4.1 Discussion

This chapter contains a discussion about the four research questions, the limitations, and the conclusion will be provided. Also, there will be a reflection on the process.

4.1.1 Recruitment strategies
This subchapter delves into the research question: "How do hotel and catering companies approach the selection and recruitment process?" Within the hospitality industry, an ever-present challenge revolves around identifying, attracting, and retaining individuals who have the necessary skills and fit into the team and organisation.

All the employers mentioned that there are many word-of-mouth referrals when it comes to recruitment. Additionally, organisations use platforms like Indeed and social media to cast a wider net for potential candidates.

The study's findings are in harmony with the existing literature, emphasizing the significance of selective hiring instead of randomly hiring everyone (Berkers, 2022). Participants stated that recruitment strategies should prioritise assembling a loyal and committed team. For employers, this often entails starting with a trial day to evaluate the suitability. A trial day tests whether a new employee fits into the existing team and aligns with the organisational culture.

In summary, employers emphasize the importance of selective hiring. They make use of word-of-mouth referrals and online platforms. The focus on assembling a loyal and compatible team through methods like trial days is in line with the literature to test the suitability of the new employees.

4.1.2 Motivational practices
In this sub-heading, we address the research question: "In what specific ways are employees being motivated and engaged in their work environment, and how do these motivational practices influence employee retention?"

Keeping employees motivated in the ever-changing world of hospitality is essential for retaining talent. The study reveals how organizations motivate and engage their teams to enhance employee retention.

It seems that the onboarding process is important to motivate and engage employees. Laurano's research (2015) underscores the impact of a robust onboarding process that elevates new hire retention rates by 82%. Managers and employers acknowledge the pivotal role of on-the-job learning in the hospitality industry. Thus, they structure their onboarding processes accordingly, emphasizing that hospitality is best learned on the job. This could involve the use of checklists or dedicated platforms.

Nevertheless, the study revealed that sometimes employees think the onboarding process is overlooked. This observation highlights the potential for improvement in ensuring that new hires receive a comprehensive introduction to their roles and the company's culture.

Nenadic's study in 2022 echoes the positive correlation between the onboarding process and employees' intentions to stay for the long term. This alignment underscores the critical role of onboarding in reducing turnover and nurturing employees' aspirations for long-term commitment within the industry.

Furthermore, the simple things that motivate employees involve personal interactions with colleagues and the dynamic nature of their roles. They find the ever-changing work environment and the chance to engage with guests energizing. However, organizations also use rewards and recognition to keep staff loyal.

Being appreciated is a powerful motivator for employees. They want to feel that their hard work does not go unnoticed. This appreciation can take many forms, from a simple "thank you" to staff parties and gatherings. However, some employees see these perks as part of the job, not as an extra. The significance of these practices aligns with Maslow's Hierarchy of Needs (1943), stating that creating a positive atmosphere within the company is crucial to fulfilling employees' needs for belonging and love. Recognition and appreciation will lead to esteem needs and a sense of accomplishment. Only when these needs are met employees can reach the level of self-actualization.

In response to the research question, this study highlights two key factors. Firstly, a well-structured onboarding process has been found to motivate and engage employees. Secondly, it is important to acknowledge that while many employees experience a sense of appreciation, some have expressed concerns about a perceived lack of acknowledgement. Therefore, focusing on these two motivational practices could increase the retention rate.

4.1.3 Impact of Growth Opportunities

This sub-heading addresses the research question: "How do growth opportunities provided by companies contribute to employee motivation and, ultimately, employee retention?"

The hospitality industry is vital for the economy and offers many career opportunities. However, the industry has been relatively slow to adopt modern HR practices that outline clear paths for growth and advancement. Ghanit et al. (2022) define growth opportunities as the capacity for financial growth, promotions, and personal and career development.

The study revealed some employee perspectives regarding the availability of growth opportunities within the hospitality industry. Some employees perceive limited opportunities and do not consider the hospitality industry a real career. Many employees mentioned the lack of structured career advancement. A common concern among employees was the absence of formal procedures and clear job descriptions concerning career development. They would like to see more structured career advancement guidelines, underscoring the need for transparent career growth paths within their organizations. This aligns with the literature as Arnold et al. (2005) stated that career development is crucial for employees to progress in their careers. Furthermore, the study of ABN Amro (2019) suggested that 31% of employees do not see enough growth opportunities, which confirms the outcomes of the interviewed employees.

Employers recognized the significance of professional development and career progression. They emphasized the importance of employees gaining experience and getting greater responsibilities over time. However, most employers mentioned the lack of available career paths within their organisations. Instead of following predetermined paths, employers often consider career advancement based on employees expressing their desire for higher roles and potential recognized by management.

The interviews revealed that while informal growth paths are present, the lack of formal career development and advancement appraisals raises concerns about facilitating career progression. This could be demotivating for employees. The absence of clear job descriptions and the acknowledgement

of employers that not everyone can progress does not contribute to employee retention. However, employers expressed an interest in implementing more structured appraisals. This indicates potential for improved alignment between growth opportunities and employee retention.

4.1.4 Communication strategies

In this section, we explore the role of effective communication in increasing employee motivation, addressing the research question: "How do companies use effective communication to increase employee motivation?"

Effective communication is important to create a positive work environment, fostering trust, openness, and collaboration among employees. Ghanit et al. (2022) emphasize that a well-executed communication strategy creates an atmosphere where employees are comfortable expressing their thoughts and opinions. Building strong relationships between employees and managers, reducing hierarchical distance, providing regular feedback, conducting appraisals, and promoting teamwork are important to communicate effectively. It significantly contributes to employee retention by making employees feel valued within the organization. When employees are involved in the decision-making process, they develop a sense of belonging and ownership, which often results in reduced turnover rates.

However, the 2022 employer monitor by Please stated that communication remains an area requiring improvement among many employers. This underscores the importance of organizations focusing on developing soft skills associated with effective communication and maintaining awareness of their employees' needs (Berkers, 2022).

The outcomes of this study support the literature's emphasis on the crucial role of effective communication. Both employers and employees recognized its significance within the organizations. Employees mentioned the importance of clear communication, giving them direction and ensuring smooth team dynamics. They expressed the need for well-organized systems.

However, it appeared that the employees also pointed out challenges in the current communication methods. WhatsApp emerged as the primary mode of communication in almost every company. While it was commonly used, employees mentioned concerns about its effectiveness for standard communication. Critical updates sometimes fail to reach everyone, leading to misunderstandings. Some employees mentioned that it is ineffective as it is used for off-topic messages or spam.

Employers also acknowledged the significance of effective communication within their organisations. They shared their approaches and insights into maintaining clear communication, often highlighting the importance of staying closely connected to employees as a management team. They believed that their management style fostered a sense of teamwork among employees.

Both employers and employees discussed what they considered to be effective communication methods and tools. Employees suggested that easily accessible and dedicated platforms for communication and scheduling would enhance overall communication effectiveness. While WhatsApp served as a common communication tool, it was often considered suboptimal for addressing the diverse communication needs of the organizations. Therefore, employers could make some improvements in communication to increase employee motivation.

4.2 Limitations

The study had a few limitations. Firstly, the research was conducted among a few employees and employers. In the conducted interviews, there was a saturation reached. However, the small sample size limited the generalizability of the findings. More interviews could have provided different outcomes.

One notable observation was that employees appeared more open during interviews than employers. This difference in openness may have impacted the overall findings. Furthermore, the study employed a qualitative research approach, which is valuable for in-depth exploration. However, this may have limitations in terms of generalization. Combining these qualitative findings with quantitative data in future research could help address this limitation.

Temporal factors also played a role, as the interviews were conducted during the summer holiday season. This is the busiest season for the organisations, and staff members were on vacation. This may have influenced the experiences and perceptions of the study participants, as the high-season workload and staffing challenges could have affected their responses.

4.3 Conclusion

With the findings revealed by the study, the problem statement can be answered, "How can the hotel and catering industry in urban areas of Friesland increase the retention rate?" The study found the key factors influencing employee retention in Friesland's hotel and catering sector.

Employers have shifted toward more selective hiring practices, often involving trial days to assess an employee's suitability for the company. Additionally, word-of-mouth referrals have a high value for employers and employees.

Motivational factors play an essential role in retaining staff. Firstly, it is vital to have a well-structured onboarding process. This process helps to motivate and engage employees and improves new hire retention. Furthermore, the intrinsic motivators, such as personal interactions and the industry's dynamic nature, contribute to employee satisfaction. However, extrinsic motivators, such as acknowledgement and appreciation, are crucial for employees. Employers acknowledged this need for appreciation, but there appears to be a gap that highlights the challenge of providing consistent recognition within the industry. While wages are essential, they are often constrained by the collective labour agreement. Nevertheless, after-work gatherings and staff parties are highly appreciated, though they are often considered standard rather than extra benefits.

Growth opportunities, or the lack thereof, also significantly impact retention rates. The study highlighted that employees have limited growth opportunities within the industry. Also, the need for more structured career advancement plans appeared. Employers acknowledged the importance of professional development but often stated that there is a challenge in providing clear paths for growth within their organizations. Commonly, natural growth appears in the industry, resulting in employees not seeing the hospitality industry as a real career.

Lastly, effective communication emerged as a critical factor contributing to employee motivation. Both employees and employers value clear, open, and well-organized communication channels. However, the use of WhatsApp as the primary communication tool raised concerns about its effectiveness for standard communication. Employees stated that a separate platform for all communication would be useful.

The findings answer the problem statement of how the industry can increase the retention rate. The industry should focus more on acknowledgement and appreciation to lower the gap between employees and employers. Employers should not overlook onboarding as this process is important to

motivate employees and improve new hire retention. Also, growth opportunities seem to be a key to retaining employees; therefore, employers need to invest in more structured career advancement plans. Lastly, effective communication remains critical for creating a positive work environment and retaining valuable talent. Therefore, employers should investigate other communication methods rather than WhatsApp, for example, one platform. By addressing these aspects, Friesland's hotel and catering industry can move towards increasing its retention rates.

Chapter 5: Recommendations

Recommendations for Business Practice:
In light of the research findings, it is evident that there are several areas where the industry can improve employee retention and overall workforce satisfaction:

1. **Structured Onboarding:** Consider reevaluating the onboarding process to make it more structured and comprehensive. This could involve the creation of onboarding checklists, formal training modules, and clear guidelines for new employees and their supervisors. Even a general platform could be one of the possibilities. A robust onboarding process can significantly contribute to higher retention rates.
2. **Improve acknowledgement and appreciation:** Employers should investigate how they can improve their appreciation towards their employees. This could be as simple as creating more time and expressing their appreciation.
3. **Career Pathways:** Explore the possibility of establishing transparent career advancement plans within the organization. This would provide employees with a more precise professional growth and development roadmap.
4. **Communication Platform:** Improve internal communication by introducing a general platform. While WhatsApp is widely used, it may not be the most effective tool for official communication. Implementing a platform can enhance information flow, reduce miscommunication, and ensure essential updates reach all employees. Communication seems to be an important factor in maintaining the work atmosphere, influencing retention rates.

Recommendations for Further Research:
In addition to recommendations for practical improvements, there are opportunities for further research that can expand on the insights gained from this study:

1. **In-Depth Career Development Study:** Conduct a more extensive investigation into career development opportunities within the Frisian hospitality industry. Explore the types of career paths available, the requisite skills for advancement, and employee perceptions of their growth potential within the industry.
2. **Construct a survey to validate the outcomes:** A comprehensive survey that directly addresses the outcomes of this study could validate the outcomes. Such a survey should encompass all the key dimensions explored in this research, including recruitment and selection practices, motivational factors, growth opportunities, and communication strategies. By designing a survey that directly aligns with the findings of this study, the industry can determine if the outcomes are valid and that the placement company could start projects on these subjects.

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Appendices
A. Interview scheme English

Introduction:
- Can you provide some background information about your current role/experience in the hotel and catering industry?

Recruitment and selection
- 1. How does your organization approach the recruitment and selection processes to attract and retain employees? (Employer perspective)
- 2. From your experience, what factors contribute to employee retention in the hotel and catering industry? (Employee perspective)
- 3. Can you share any specific initiatives that your organization has implemented to retain employees and create a supportive work environment? (Both perspectives)

Motivational Practices:
- 4. What are the intrinsic factors that motivate employees in the hotel and catering industry? How do these factors impact employee retention? (Employee perspective)
- 5. How does your organization incorporate extrinsic motivators, such as rewards, recognition, or growth opportunities, to enhance employee motivation and retention? (Employer perspective)
- 6. Can you provide examples of specific motivational practices that have been implemented in your organization and their impact on employee retention? (Both perspectives)

Work Environment
- 7. How does the work environment in your organization contribute to employee satisfaction and retention? (Both perspectives)
- 8. As an employer, what measures have you taken to create a positive work environment that promotes employee satisfaction and retention? (Employer perspective)

Growth opportunities:
- 9. How do growth opportunities provided by your company motivates you to stay within the company? (Employee perspective)
- 10. What kind of growth opportunities does your company offer to employees? (employer perspective)
- 11. How does your organization prioritize and facilitate the growth and advancement of employees? (Both perspectives)

Effective communication
- 12. How does effective communication within the organization play a role in employee motivation and retention? (Both perspectives)
- 13. According to you, what is effective communication? (Both perspectives)
- 14. Can you share any initiatives or practices related to work environment and communication that have been successful to retain employees? (Both perspectives)

Overall Perspective:
- 15. In your opinion, what are the key factors that influence employee turnover in the hotel and catering industry? (Both perspectives)
- 16. Do you believe there are differences between the perceptions of employers and employees regarding the causes of turnover? (Both perspectives)

- 17. Based on your experience, what actions or measures have employers taken to address employee turnover? (Both perspectives)