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Developing an Effective Human Resource Strategy in the Spa Industry

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Introduction

The spa industry is facing a number of challenges linked to globalization, changing consumer preferences, new technologies, innovation, competition and more. As in any industry there is a time lag between cause and effect from the factors, but in the spa industry the lag within human resource management strategies and operational fit has been made more difficult due to the shortage of human capital available to the industry. A recent International Spa Association snapshot survey on recruitment (International Spa Association, 2014) found that it was often more 'difficult' or 'very difficult' to recruit qualified spa managers (52% of cases) and to recruit qualified therapists (58% of cases). In 2012 the McKinsey Company had produced a report on the state of human capital around the world. In it they identified that if there was one word that could describe the management of human capital, that word might be 'paralysis'. This paralysis can be attributed to "too much uncertainty, too many factors to manage, too many unfamiliar operating environments, too little support and too many risks". The report also identified that by 2020 a significant number of countries around the world would be confronted with a serious shortage of skilled labour and that both destinations and organisations needed to be developing strategies that would allow them to manage their global talent pools (McKinsey and Co., 2012).

The need for effective HR management

As highlighted by the Global Spa and Wellness Summit (GSWS) in their report on Spa Management Workforce and Education in 2012, the workforce is increasingly the most important factor when it comes to dealing with competition, but skilled and talented workers are increasingly difficult to recruit and retain. This challenge seems to be particularly prevalent at management level where demand far outstrips supply. However, in spite of the increasing awareness associated with the need for talent, it is also documented that few spa companies invest adequate attention and resources into human resources development and training in order to support their staff to progress within the company (Hunter, 2012). The spa industry is therefore adding further to the 'talent gap' that currently exists and subsequently storing up problems for the future.

The very personal nature of the spa experience from the customer perspective places a strong emphasis on service quality and consumer understanding. It is the employee that bridges the gap between the customer and the business, and has a direct influence on the customer's perceptions of service quality performance (Paulin *et al.* in Dedeoglu and Demirer, 2015). This is highlighted in Chapter 7 where service quality is seen to be linked to emotion.

The GSWS suggested that managing the talent gap for the future will require a much more proactive and partnership orientated approach to how the workforces is recruited and managed. This approach is shown in Figure 11.1 and highlights the key stakeholders involved in managing the workforce, and the need for training, knowledge retention, communication and talent management. This approach is unsurprising given that human capital (employee knowledge, experience, ability, personality, skills, internal and external relationships, attitudes and behaviours) turns out to be essential in the creation of specific competitive advantage for companies.

This chapter briefly introduces the current situation within generic HRM theory. But more importantly it looks at a model that uses the manager as the pivotal person managing human resources and assumes that all managers in the spa industry will understand the basics of managing cultural capital. The role for HRM is, therefore a much more strategic one with spa managers supporting and addressing the underlying people problems that are facing the industry. The focus is much more inward looking, something that managers in the service industry often struggle with, or in some instances choose not to deal with given that the care of employees is passed across to the human resources department and often 'dropped' on the way. We introduce the concept of the Employee Experience Journey (EEJ) and identify four stages where HR need to address the touch-points and ensure that managers are trained to deal with the emotional contagion that can lead to high employee turnover.

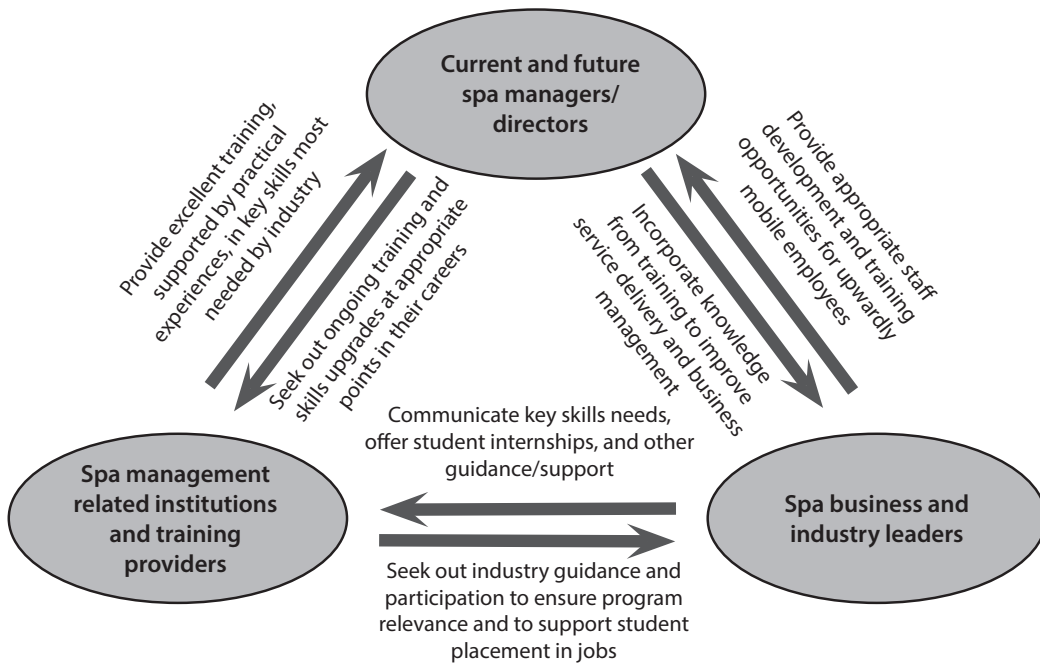


Figure 11.1: Stakeholder relationships in the management workforce system for the spa Industry. Source: Global Spa and Wellness Summit, Spa Management Workforce and Education: Addressing Market Gaps, prepared by SRI International, June 2012, pp iv

The role of HR management in spas

As services are intangible by nature, employees become part of the product, symbolizing the organization and helping to create and reinforce the company image (Bitner, 1990). Therefore employees, and the way in which they are managed, appear as determining factors for customer satisfaction, loyalty, service quality and performance (Tam, 2004; Saravan and Rao, 2007).

Human capital, according to Phillips and Phillips (2014) is the most critical part of an organization, yet the area often does not command proper respect and is considered administrative work in many organisations. HR's role and influence need to change relative to the environment, and for the spa industry change appears as a constant. The challenge of connecting important external changes to the human capital strategy is, therefore, made even more difficult. Unfortunately, the typical human capital strategy often has an operational focus on the administrative functions of acquiring, developing and managing talent in organisations. The changes facing the spa service sector requires a long term strategy and short term expediency, and a buy-in to both by managers in the organisation. If the HR function is relegated to purely an administrative role rather than a pro-active