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Internships and Placements in the Talent Management Process

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Learning objectives

By the end of this chapter, readers should be able to:

- Understand the challenges relating to recruitment and retention in the tourism and hospitality industry;
- Identify the need for talent in the industry and the impacts on business performance;
- Identify the characteristics of Millennials and changing attitudes and expectations in the workplace;
- Understand the purpose of work placements and the benefits to both students and employers;
- Discuss the utilisation of placements in the talent management process;
- Recognise the impacts of the quality of placements on the attraction and retention of graduates in the industry.

Introduction

Organisations require a constant influx of talent that may be trained up for future management roles. Many businesses source this talent from the yearly output of university graduates, but attracting the best from this pool of potential candidates can be a very demanding process and, if done ineffectively, can impact on an organisation's performance and future (Venkataraman, 2014). Recent changes in higher education, and the mismatch between graduates' expectations and the

'realities of the working world' (Venkataraman, 2014:11), have given rise to challenges in both talent acquisition and retention. As Robinson *et al.* (2015:1) explain, in an *'era characterised by uncertainty, constant change and increasing global mobility of employees, the tourism and hospitality [...] industries are frequently challenged with the problem of attracting and retaining quality employees who possess cross-domain abilities, as well as knowledge and competencies that match industrial trends and demands.'*

The competition for talent is further impacted by the characteristics of the so-called Generation Y, or Millennials, who *'possess a particular set of attitudes and characteristics that hospitality educators and the hospitality and tourism industry are struggling to cope with'* (Barron, 2008:74). The increased number of graduate opportunities, reported by High Fliers Research (2015) (up by 7.9% in Britain in 2014, and a further 8.1% in 2015), and the growth of the global tourism and hospitality industry (Fong *et al.*, 2014), is likely to intensify this problem.

Implementation, and effective management, of work placement opportunities for students can however, provide a solution (Yiu and Law, 2012; Fong *et al.*, 2014), and this chapter examines the role these may play in talent acquisition, development and retention in tourism and hospitality organisations. The chapter begins by focusing on the nature of the tourism and hospitality industry, and the challenges in recruitment and retention. This is followed by an outline of work placements, and how these may address attraction and retention problems, and includes an overview of the changing attitudes and behaviour of the current generation of students (referred to as Generation Y or Millennials). Recommendations and conclusions relating to best practice in the utilisation of placements in the talent management process are then provided.

The nature of the tourism and hospitality industry

Human resources are one of the most important assets of tourism and hospitality organisations. As noted by Kusluvan *et al.* (2010:171), *'the human element...is critical for service quality, customer satisfaction and loyalty, competitive advantage, and organisational performance.'* One of the greatest challenges faced by tourism and hospitality organisations however, lies in attracting and retaining employees. According to Chang *et al.* (2014:1), *'despite increasing demand, a substantial proportion of college-educated professionals are not attracted to careers in hospitality'*. In an industry that is characterised by low-pay, poor status, high staff turnover, and poor conditions (Nickson, 2013), tourism and hospitality jobs can be viewed as demeaning. Attitudes towards the nature of the work are often negative; thus challenges exist in recruitment, which in turn, threatens sustainability (Fong *et al.*, 2014).

Failure to address these issues can result in poor productivity and efficiency, and constraints in both innovation and the ability of organisations to meet customer demands (Christensen Hughes and Rog, 2008). The industry is already

reportedly facing a productivity crisis, resulting from high employee turnover, which is currently around 30% (People 1st, 2015a), but can be as high as 300% (Barron, 2008), and a skills gap which has led to businesses being 58% less productive than those in other sectors (People 1st, 2015a). According to People 1st (2015b:2), *'21% of tourism and hospitality businesses report that their existing staff lack essential skills compared to only 15% across the UK economy as a whole'*, and high employee turnover is costing the industry £274m a year. The loss of talented individuals, *'is a significant cost for every organisation'* (Lawler, 2008:21), and challenges in hiring for higher skilled and more professional roles is a particular issue in the sector (World Travel and Tourism Council, 2015).

The so called *'war for talent'*, identified in the 1990s (Chambers *et al.*, 1998), was driven by the *'presumed scarcity of talent and the assumption that talented individuals have an extraordinary impact on the firm's performance'* (Eriksen, 2012:3). Talent is still viewed as a *'critical resource'* in shaping performance (Eriksen, 2012:3), and Amadeus (2010:8) stresses, *'the ability to attract, motivate, develop and retain sufficient talent will be a key success factor'*. It is therefore essential for the tourism and hospitality industry to consider their approaches to these processes. However, Rangan and Natarajarathinam (2014) note, in the current economic climate, finding and retaining a quality workforce, that's loyal to the organisation, is becoming increasingly difficult. People 1st (2015b) concur there two key challenges facing tourism and hospitality organisations: insufficient numbers of applicants and a shortage of applicants with the right skills. This has led to increased workloads for other staff, low morale, difficulties in meeting service objectives and standards, increased operating costs, and the loss of business to competitors (World Travel and Tourism Council, 2015).

As Raybould and Wilkins (2005:203) point out however, vocational degree programmes are *'intended to satisfy industry need for skilled future employees.'* Thus, many organisations source their talent from the pool of students graduating from universities, and promote opportunities through specialist recruitment websites such as Milkround and Prospects, or through university careers services. Higher education institutes (HEIs) have a *'pivotal role to play in the future of the industry'* (Barron, 2008:731). Robinson *et al.* (2015) agree, noting industry issues such as globalisation, rapid shifts in the market and environmental turbulence requires critical thinkers, such as those developed through university education. However, around a quarter of the UK's leading organisations increased their budgets for the 2014-2015 graduate recruitment period and there were more graduate positions available in 2015 than at any time in the previous decade (High Fliers Research, 2015). Coupled with record salaries on offer to graduates in other sectors (High Fliers Research, 2015), tourism and hospitality organisations face significant competition in graduate recruitment, but, as Chambers *et al.* (1998:1-2) argue, *'better talent is worth fighting for ...[as]... superior talent will be tomorrow's prime source of competitive advantage.'*

Scott and Revis (2008) identify a strong connection between 'graduateness' (the degree to which a student is prepared for the working environment), and the qualities an individual requires to be recognised as talent. Although the curriculum is often designed to meet industry needs, tourism and hospitality employers often complain that graduates lack the transferable skills required (Scott and Revis, 2008), thereby providing a rationale for work based learning. Work placement programmes, can provide organisations with an opportunity to identify suitable talent as they offer employers '*access to a pool of workers who are usually enthusiastic and dedicated to the industry*' (Yiu and Law, 2012:383).

High Fliers Research (2015:23) reports a '*noticeable change in the purpose and aims of placement programmes.*' Whereas previously, there were few direct links between placements and the graduate recruitment process, today, placements have become an '*integral part of recruiting new graduates.*' Indeed, up to a third of new graduates are now recruited directly through employers' work placement programmes (High Fliers Research, 2015). As noted by Scott and Revis (2008), the growing need for professional, career-driven employees in the industry, requires a strategy to identify, nurture and retain talent. David Cowsill (President and CEO of the World Travel & Tourism Council), notes, '*in the years to come, progress in developing and retaining talent will require a much stronger and more co-ordinated effort between the private sector, educational establishments and government*' (Cowsill, 2015:7). Talent management can however be initiated through a work placement programme, which '*provides undergraduates with a gateway into the industry*' (Kim and Park, 2013:70).

Work placements

A period of employment, as part of a university degree programme, is traditionally known in the UK as a sandwich placement, and sometimes as work experience, practicum, co-operative education or internship (Aggett and Busby, 2011). Placements range in duration, but students on a traditional sandwich placement are normally placed for 30-52 weeks (ASET, 2013). The purpose of a placement, from the students' perspective, is to enrich theoretical learning with some practical experience, with the expectation of enhancing their employability on graduation. Indeed, a number of students' expectations are met with the option to return to the placement provider on graduation (Aggett and Busby, 2011), as highlighted by Rate My Placement (2015), which reports that 60% of placement students will be offered a full-time role with the company. As well as practical experience and enhanced employment prospects, placement students also gain an insight into career opportunities, improve self-confidence and develop maturity (Robinson *et al.*, 2015).

From the employers' perspective, hiring placement students can lead to competitive advantage. They may benefit an organisation as a source of new ideas and perspectives from their studies (Maertz *et al.*, 2014a), improve company image