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INSTITUTE OF HOSPITALITY MANAGEMENT



Cornell University



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HOSPITALITY HR LEADERS MAKE METRICS CENTRAL TO STRATEGIC PERFORMANCE MANAGEMENT

Leading HR Managers from the Asian hospitality industry discovered strategic commonalities over a roundtable discussion about the use of Human Resource Metrics in the delivery of strategic organizational aims

2 June 2008 (CNI) – Human Resource (HR) thought leaders from the hospitality industry, including senior representatives from Banyan Tree, Carlson, InterContinental, Marriott, Peninsula, Sentosa Leisure, Shangri-La, STB and Taj, gathered, by invitation from the Cornell-Nanyang Institute of Hospitality Management (CNI), to participate in the third annual CNI Thought Leaders in Human Resources Roundtable, held last Friday in Singapore. The Roundtable was hosted by the school's founding Dean, Dr. Judy Siguaw, and was led by Professor Joo-Seng Tan, who facilitated the open discussion. Debate centered on the industry wide talent shortfall and the use of metrics to establish opportunities in response to this issue. The experiences shared illustrated that HR metrics are widely used to recognize key indicators in business performance.

"One critical insight from the Roundtable is that the use of HR metrics has evolved from just being a dashboard (where HR leaders decide what to measure and report on) to highly strategic and sophisticated measurements that drive organizational and business performance. In the increasingly competitive business environment and the intensifying war for talent in the hospitality industry across Asia, and in spite of these challenges, HR leaders in the industry, in my view, are getting closer to the Holy Grail of HR metrics that drive their companies' strategic performance," observed Professor Joo-Seng TAN, Faculty at CNI, and Program Chair of CNI HR Roundtable.

There was consensus among the participants that HR metrics now firmly have a place on the balanced scorecards and corporate dashboards of senior management, and the group shared their experiences of making HR metrics and analytics central to the strategic effectiveness of their organizations.

Ambitious business growth was a key organizational target for all the participants. The group concurred that the chief responsibility of the HR team was to deliver additional workforce at all levels, whilst simultaneously maximizing the capacity of the current workforce. Participants agreed that there was a correlation between employee satisfaction and guest satisfaction and that determining employee engagement and well-being required consistent monitoring.

Asian hoteliers use sophisticated techniques to analyze performance, engagement levels and participation in training and development programmes to measure productivity. Linking such metrics to an organization's business objectives has proven highly effective and provides useful statistics with which senior executive management may make decisions. For example, one participant shared that he now presents turn-over costs, as opposed to staff turnover figures, to senior management. The group agreed that metrics add credibility to the human resource function in terms of quantifying and qualifying business goals.

Investment in information technology to enable systematic, comprehensive and consistent data collection diverges between property *owners* versus property *managers*, with each having different priorities. This divergence need to be managed to ensure that critical HR data are accurately measured, monitored and reported.

Skills Shortage

Turnover and attrition rates were frequently referred to throughout the day. The group agreed that benchmarking these metrics against national averages is more useful than comparison to regional or global data.

The issue of a skills shortage throughout the workforce is clearly very important to the hospitality industry. A case in point, there is a requirement for analytical skills within the HR function itself, however many organizations borrow that skill from other departments. Participants agreed that there needs to be a shift in the talent mix planned for future recruitment drives to accommodate the lack of essential skills in the modern HR environment.

Detailed employee surveys and comprehensive analysis of staff movement will ensure that positive transfers within the hotel network or organization are identified. These surveys are also used to differentiate problem areas within the company's control from those outside of its control. The approach and process of review enables HR managers to see where employees are taking shortcuts to deliver their targets, allowing for the development of realistic and effective productivity measures.

Succession planning was identified as a key contributor to strategic growth and for the continuation of high quality standards for customer service levels. Some organizations already use metrics to determine the percentage of identified successors. Employees with a high potential for promotion are monitored, especially in regard to their participation in training and development, which has been determined to be a key indicator of success in upward progression.

The measurement of leadership skills was the subject of intense debate and most organizations are investing in developing these metrics, for early identification of leaders with potential.

The Lack of Talent

All organizations represented at the roundtable face a similar shortage of available talent at all levels in the workforce, particularly in management and leadership roles, mostly due to aggressive expansion strategies in the region. The high demand for employees in the hospitality industry translates into intense competition for quality graduates. New graduates deem the unsociable hours and perceived lack of opportunity in the hospitality industry as unfavorable. Therefore the hospitality industry is losing out to industries such as information technology, business process outsourcing etc.

Furthermore, there is growing awareness of an increasing multi-generational workforce and

consequently variances in expectations and values among personnel. Priorities differ especially with the younger generation, the so-called 'Gen Y'. Markedly different from their senior counterparts, the young place greater emphasis on self-actualization, high expectations of rapid career progression and are willing to change jobs, industries and careers to realize their goals.

Accordingly, methods for employee engagement analysis need to be even more sophisticated. Long term outlooks enable HR managers to predict and plan for specific areas of talent shortfall and to adopt management training programs to prepare for the demands of future growth.

Maintaining contact with previous and potential employees has become standard practice among the hoteliers present at the roundtable. New approaches to communication, such as blogs, online social networking groups, electronic newsletters and bulletin boards are widely used to maintain contact and remain abreast of this group of potential employees concerns and ideas.

Summary

Leadership and management training were evident priorities among the hoteliers represented. Metrics such as involvement in learning opportunities, rates of internal promotions, and tracking of the progression of high potential employees enable senior managers to be responsive and allow them to retain employees and realize the full potential of their current employees with maximum efficiency.

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About Cornell-Nanyang Institute of Hospitality Management

The Cornell-Nanyang Institute of Hospitality Management offers Asia's first graduate hospitality management program. Enrolled students spend equal periods of time at Nanyang Technological University's campus in Singapore and at Cornell University's campus in Ithaca, New York. The collaboration unites Cornell's School of Hotel Administration, the world's leading hospitality management school, with NTU's Nanyang Business School, one of the leading business schools in Asia, in what is the first joint degree program for both institutions.

The program is aimed at cultivating Asia-centric leadership and bringing world-class standards to the fast-growing Asian hospitality industry. The program is accredited by the International Association for Management Education (formerly the American Assembly of Collegiate Schools of Business) and by EQUIS, the accreditation body of the European Foundation for Management Development. The Cornell-NTU collaboration is supported by the Singapore Tourism Board and the Economic Development Board, with International Hotel Management School Pte Ltd playing a lead industry role.

For more information, visit www.cni.ntu.edu.sg

Media Contact:

Ms Illka Gobius
Verve MPR Pte Ltd
Tel: +65 6728 3820
Email: pr@verve.com.sg

CNI Contact:

Ms Sonali Deuskar

Cornell-Nanyang Institute of Hospitality Management

Tel: +65 6790 5800

Email: spdeuskar@ntu.edu.sg