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Talent management practices of small and medium-sized in the hospitality sector: an entrepreneurial owner-manager perspective

Article

Accepted Version

Chung, K. L. ORCID: https://orcid.org/0000-0003-0012-8752 and D'Annunzio-Green, N. (2018) Talent management practices of small and medium-sized in the hospitality sector: an entrepreneurial owner-manager perspective. Worldwide Hospitality and Tourism Themes, 10 (1). pp. 101-116. ISSN 1755-4217 doi: 10.1108/WHATT-10-2017-0065 Available at https://centaur.reading.ac.uk/73578/

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To link to this article DOI: http://dx.doi.org/10.1108/WHATT-10-2017-0065

Publisher: Emerald

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Worldwide Hospitality and Tourism Themes

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Journal:	*Worldwide Hospitality and Tourism Themes*
Manuscript ID	WHATT-10-2017-0065
Manuscript Type:	Article
Keywords:	talent management, talent, SME, entrepreneur, owner-manager, retention

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TITLE PAGE

Title:
Talent management practices of SMEs in the hospitality sector: An entrepreneurial owner-manager perspective

Author names:
Kai Li Chung[1]
Norma D'Annunzio-Green[2]

Affiliation:
[1]School of Psychology and Clinical Language Sciences
University of Reading Malaysia
Persiaran Graduan,
Kota Ilmu, Educity,
79200 Iskandar Puteri, Johor, Malaysia.

[2]School of International Business
Edinburgh Napier University Business School,
Craiglockhart Campus,
EH14 1DJ Edinburgh, UK.

Corresponding Author:
Name : Kai Li Chung
E-mail : k.chung@reading.edu.my

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STRUCTURED ABSTRACT

Talent management practices of SMEs in the hospitality sector: An entrepreneurial owner-manager perspective

Structured Abstract

Purpose of this paper	This research seeks to examine talent management (TM) practices in small and medium-sized enterprises (SMEs) within the hospitality industry. Specifically, the views of SME owner-managers in the hotel and restaurant sector are examined. There appears to be challenges unique to SMEs within this sector (e.g., resource constraints, poor reputation) that can potentially result in a loss of competitive advantage. Therefore, research aligned within this context is an issue of importance.
Approach	This paper draws primarily upon semi-structured interviews with five entrepreneurial owner-managers of SMEs in the hotel and restaurant sector. An inductive thematic analysis identified main themes that emerged from the interview data.
Findings	Findings revealed that there is a clear commitment towards training and development for employees, however this initiative is primarily driven by employees identifying their own training needs. The ad hoc TM practices are largely influenced by day-to-day business pressures, due to the nature of the hospitality industry. The absence of formalised TM practices, however, does not imply the lack of strategies in place for people management and development.
Research limitations/implications (if applicable)	N/A
Practical implications	This research aims to develop a better understanding of practitioners' perceptions of TM, strategic TM practices that they may or may not adopt, and current TM challenges that they encounter. Key issues relating to defining, attracting, retaining, and developing talent are discussed, followed by several practical recommendations.
What is original/value of paper	This research examines a relatively under-researched yet significant sector of the hospitality industry and provides deeper insights into the dynamics of TM in SMEs.

Keywords Talent management, SME, entrepreneur, owner-manager, retention

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Introduction

The accommodation and food services industry is one of the fastest-growing sectors. Driven in many cases by entrepreneurial chefs and business leaders, these organisations are at the forefront of the consumer experience.

To achieve service excellence, many hospitality organisations have introduced talent management (TM) practices in attempts to attract new talent, retain and develop existing high-performing employees, and boost organisational performance. Although the term TM has received increased attention over recent years, there is a wide variation in how the concept is defined and understood (Lewis and Heckman, 2006). In the broadest sense, according to Collings and Mellahi (2009), TM can be defined as:

> *activities and processes that involve the systematic identification of key positions which differentially contribute to the organisation's sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organisation*.

Generally speaking, the concept of TM as discussed in the current literature covers several areas or bundles of activities to be carried out systematically: talent sourcing, recruiting, developing, retaining, and deployment of talent (Scullion *et al.*, 2010). Arguably, the extent to which these practices are linked to performance and overall business strategy, drive service excellence, and are part of the everyday operations and culture is the key differentiator between any human resource (HR) practice and a strategic approach to TM.

While this sounds appealing, many would argue that for some firms a strategic approach to TM is an idealised concept. Although many organisations implement a range of TM strategies, the extent to which these link together horizontally with other HR practices or vertically in terms of strategic alignment is debatable. There tends to be a discrepancy between intended and actual practices. This may especially be the case within small and medium-sized enterprises (SMEs) where a lack of resources, time, and HR initiatives or expertise suggest that very few would have adopted a strategic approach to TM.

The aim of this paper is to examine the TM challenges faced by operators in the hotel and catering sector, with an emphasis on the views of entrepreneurial owner-managers. The ways in which the owner-managers' perceptions influence approaches and future strategic priorities in this area are also explored. The paper begins by providing a brief overview of the nature and key characteristics of the hospitality industry, followed by a review of relevant literature on TM practices within SMEs. Associated with this are some discussions around key points that have emerged from theoretical and empirical research of TM.

Nature of the industry and jobs

As a service sector, it is widely accepted that the hospitality industry is highly dynamic and labour-intensive. The human element is directly related to service quality, customer satisfaction and loyalty, competitive advantage, as well as overall organisational performance (Kusluvan *et al.*, 2010). Within the fiercely competitive tourism and hospitality environment, consumers are continuously being offered more information and options. In efforts to meet the changing demands and expectations of current and prospective consumers, it is especially important for hospitality organisations to be represented by suitably motivated, well-trained, and qualified personnel who can deliver the service promises that organisations make.

That said, the hospitality industry is often associated with negative perceptions, in which contributing factors include low-paying menial jobs, unsocial working hours, seasonal

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employment, and limited opportunities for career progression (Baum, 2002; Wildes, 2007). This poor reputation, coupled with relatively high levels of labour turnover, suggest that hospitality organisations may face greater challenges than other sectors in their efforts to attract, recruit, and retain high calibre employees (O'Leary and Deegan, 2005). Several studies have identified significant attrition among tourism and hospitality graduates from the industry (Barron, 2008; Walsh and Taylor, 2007). Such difficulties are likely to continue to intensify unless hospitality organisations are committed to challenging the negative characteristics of the industry (Hughes and Rog, 2008). According to Deery (2008), improving the quality and quantity of hospitality employees partly relies on organisations' initiatives and policies to promote positive perceptions of the industry as an employer and service provider. An effectively implemented TM strategy is therefore vital to enhance employee recruitment, retention, and engagement.

The notion of TM in SMEs

The existing TM literature focuses strongly on global multinational enterprises in the North American context (Thunnissen *et al.*, 2013). Less emphasis has been placed on small and medium-sized enterprises (SMEs), and even less on the hospitality sector in Europe, particularly in the UK. This calls for more research to fill this gap, considering that UK hospitality enterprises are predominantly of SMEs. SMEs are progressively viewed as significant contributors to the global economy and are big employment generators. In 2016, there were 5.4 million SMEs, representing over 99% of all businesses and accounting for 60% of private sector employment in the UK (Parliament, House of Commons, 2016).

It should be acknowledged at the outset that managing human capital in small ventures is different from that in large, established, multinational organisations (Cardon and Stevens, 2004; Heneman *et al.*, 2000). Due to their limited size and low visibility, SMEs may face greater difficulties in the recruitment of employees and have fewer resources dedicated to formal HR policies or systems (Jameson, 2000; Williamson *et al.*, 2002).

In a study by Alonso and O'Neill (2009) of 21 small and medium hospitality operations located in a college town, it was found that while maintaining a reliable workforce was one of the operational challenges such businesses face, only a few have developed initiatives to combat employee turnover and related problems – some of which include providing a friendly environment, flexibility, and training opportunities. This study suggests that some SME operators may not realise the serious implications of not being actively involved in managing and developing talented employees. It was also noted in the study that, contrary to what previous literature has suggested, attracting labour was not seen as an issue due to the large market of potential student employees. However, low levels of commitment and discipline among employees were some of the main problems these organisations encounter. This implies that the lack of a strategic TM approach may have been taking a toll on the organisations' daily operations.

Valverde *et al.* (2013) identified several characteristics of TM in medium-sized companies in Spain. It was reported that whilst managers were not aware of the TM terminology, many of these organisations, in fact, had TM practices already in place. This potentially indicates that considerable research on TM may have targeted organisations that actively adopt more formalised TM practices as part of the sampling procedure. For many SMEs, however, especially in the hospitality and tourism industry, there is a difficulty in creating a balance between formal TM practices and the informal culture of these organisations (Jameson, 2000). Indeed, according to the existing literature, many smaller firms are characterised by a more casual, less systematic, and non-bureaucratic management style (Dundon and Wilkinson, 2009). Nonetheless, Timming (2011) argued that small firms are not intrinsically predisposed to employ informal staffing practices. In reality, there are

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various factors at play, such as industrial or sectoral idiosyncrasies, organisational culture, labour specificities, resource paucity, as well as a lack of knowledge among owners-managers of what strategic management practices signify and the impact these practices can have on organisational performance. This brings to light some of the complexities in studying TM practices in SMEs, particularly due to issues associated with the frequent simplistic labelling of SMEs as a homogenous group.

In addition, control within SMEs tends to be based on the owner-manager's personal supervision (Bridge *et al.*, 2003). Festing *et al.* (2013) conducted a survey with 700 Chief Executive Officers (CEOs) and owners/founders of SMEs in Germany in order to examine their perspectives on TM. Based on the questionnaire data collected, it was revealed that approximately 40% of the surveyed companies had CEOs or owners in charge of recruitment, highlighting their dominant role in hiring decisions. This underlines the importance of the owner-manager's role in the establishment of a strategic TM approach. It is hence pertinent to investigate the extent and sophistication of TM practices implemented by owner-managers who are considered a central part of a company's talent base (Nolan and Garavan, 2016).

Moreover, Festing *et al.* (2013) found that the practices varied depending on the size and type of organisation, whereby larger industry-, service-, and retail-oriented SMEs reported having invested more heavily on TM activities, which include early identification of young talent, employee training and development, as well as succession and career planning. This is perhaps an indication that the liability of smallness or resource scarcity may have led to an absence of formalised HR or TM practices. The allocation of limited resources has to be prioritised for HR domains that are deemed to be the most valuable. As a result, talent recruitment and development may be overlooked in favour of operations such as marketing or finance (Stokes *et al.*, 2016).

Using a multiple case study approach, Cui *et al.* (2016) examined how managers of four Chinese SMEs in the service sector defined and understood the concept of TM, as well as the management and retention strategies these SMEs adopted. It was revealed that the managers held different views about the definition of talent and TM. On the whole, managers found it difficult to conceptualise TM, and considered TM to be identical with HR functions. Nonetheless, the four case examples showed active involvement in the attraction, recruitment, and retention of their employees. Some of the methods used comprise providing conducive working environments, career growth, and good remuneration schemes. In order to develop talent, training courses were offered to help enhance employees' skills.

A few conclusions can be drawn from the existing literature on TM practices within SMEs. It appears that, when it comes to implementing *formalised* TM practices, SMEs lack the strategic edge that is prevalent in their larger, better established organisation counterparts. There also seems to be a lack of awareness amongst owner-managers of the term and rhetoric of TM, despite the high topicality of its concept in the academic sphere. For example, there is often a lack of clarity regarding whom managers are referring to when they talk about talent (Cui *et al.*, 2016; Valverde *et al.*, 2013). This relates to one of the key debates that has emerged from past research endeavours: the extent of inclusivity of workforce recognised as talent (Collings and Mellahi, 2009; Schuler *et al.*, 2011). On one hand, the exclusive approach views talent to be a selected number of high-potential, high-performing individuals who are strategically more important for an organisation. On the other hand, the inclusive, 'whole workforce' approach is built on the premise that the majority of or perhaps even all employees are talented and can to some extent contribute to the success of an organisation.

Central to the exclusive approach is the assumption that an investment in employees who possess essential and valuable skills will yield greater returns in terms of profit and productivity. In the case of SMEs, due to resource constraints, an exclusive perspective is arguably a more cost-effective solution to managing and developing talent. Having said that,

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as Krishnan and Scullion (2017) pointed out, by focusing on key people, not only is there a risk of undermining the morale of the workforce majority who are not identified as talent, it may also not fit into the informal work culture that is perhaps a key job attraction for employees in SMEs. However, empirical research as discussed above seems to imply that, in reality, examples of both inclusive and exclusive approaches can be found within SMEs.

The lack of awareness of the TM concept and the absence of formalised TM practices, however, do not necessarily denote that owners/founders of smaller businesses do not have strategies in place for people management and development. Even if management practices of talent take place in more informal ways, they can still be effective, as exemplified in the studies by D'Annunzio-Green (2008) and Valverde *et al.* (2013). Nonetheless, it is perhaps expected that a proper and more systematic structure of TM can contribute to greater success of organisations, granted the notion of TM needs to be adapted within the contexts of SMEs (Krishnan and Scullion, 2017). A focus group with board members of the Scottish Tourism Forum that was conducted by Maxwell and MacLean (2008) demonstrated that TM has major potential to contribute to enhancing the industry, in which purported benefits include heightened productivity, better employee engagement and commitment, enhanced skills base, reduced labour turnover, as well as improved employer image and brand. The study also showed that, to some owners of smaller businesses, TM is about "*attracting the right people from the start*"; again, due to resource restraints, it is often essential to identify and hire personnel who meet (or perhaps, exceed) the expectations and role requirements in the first place. For other small employers that grow their talents within the organisation, retention would be regarded as a top priority, because of the great difficulties in replacing these talents should they leave.

From the above, it should hence be noted that due to the diversity of management practices that exists amongst SMEs (Cassell *et al.*, 2002), a standardised approach to TM may not be appropriate. Individual businesses should adopt TM practices that best suit their business, workforce, and targeted consumers. Besides, according to Baum (2008), TM in the hospitality and tourism industry is and ought to be understood differently from other industries, especially when the sector emphasises heavily on the delivery of quality service to diverse consumers.

Furthermore, even if the best TM practices are adopted, owner-managers of SMEs may still face certain obstacles. For instance, in a study by Hwang and Lockwood (2006), some managers of SMEs pointed out that reputation and accolades can in fact *increase* staff turnover, particularly for chefs, as there comes a point where certain skills and talent cannot be further developed simply due to the size of the operation, and hence many leave for better career opportunities after being trained. It is therefore hoped that the current research can offer some empirical insights to the subject area by uncovering owner-manager views on issues influencing the ways in which TM practices are adopted, with a specific focus on the accommodation and food services sector.

Methodology

Responding to Nolan and Garavan's (2016) calls for research on the role of owner-managers on human capital development practices, the primary data was collected via face-to-face semi-structured qualitative interviews with entrepreneurial owner-managers of hotel, restaurant, and catering SMEs in Midlothian, UK. Participating in the interviews were five (three males, two females) owner-managers of medium businesses with less than 250 employees.

First, the term 'talent' was defined as high-potential and high-performing employees to serve as an anchor for the interviews. Informing the direction and content of the interview questions was a review of literature on TM practices within SMEs in the last decade. To

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ensure consistency, an interview schedule was developed to stimulate discussion around the TM subject area. All interviews were audio-recorded and lasted between 30 to 45 minutes.

Through a thematic analysis of the interview data, this research seeks to provide a practitioner viewpoint on TM, including unique insights into how talent is defined, the complexities of managing talent in the hospitality sector, the business case and rationale for adopting or not adopting TM practices, as well as the range of TM practices used and, if any, the restraining forces/tensions that exist.

Practices to acquire and retain talented people

Practices and implementation questions include the importance of the owner-managerial role in TM activities, best practices to acquiring and retaining talented people, and the effectiveness of TM strategies that have been put in place. This section highlights several key points on what practices work for the entrepreneurs.

Inclusive approach to managing talent

When asked to describe the characteristics of a talented person, the general view of some entrepreneurial owner-managers is that the term "talent" is not merely about the star performers, high-flyers, or good all-rounders; reliable employees who may not necessarily be in a senior management position, but responsible for the seemingly more mundane and technical duties, are deemed to be "*very important to what one might call the soul of the business*".

> *Sometimes the people who do quietly effective job over a long term have a greater positive effect on the business than those who might be somebody who has strong effect or notable effect over a shorter period. Because they may well do far more to develop your business over the longer period. So it's important not to forget those people.*

> *One of the things that I always do is as I walk through the back door is say good morning to the kitchen porter. Even a Saturday night, if I dropped dead nobody would notice, as a general manager. If the kitchen porter dropped dead, soon the dishes stack up.*

> *[…] an example of recognising some potential, there was no talent there at that time. We wouldn't use the word talent. Potential. Attitude. Someone you want to give help to.*

Although it is commonly assumed that resource constraints drive owner-managers of SMEs to adopt an exclusive approach to managing and developing talent, focusing only on key people, there was a strong indication that TM practices should apply to all employees within the organisation.

One interviewee, an owner-manager for a small independent business that acts as a consultancy for other businesses in hospitality, notes that it is not unusual for the hospitality industry to attract people who leave school with no major qualifications. Talent "*does not always manifest itself into success*", hence the key is to recognise individuals with potential for growth, identify skills that the individuals are good at, and build on other areas. To these entrepreneurs, "*talent is something that can be manufactured as well as discovered*". An exclusive approach that singles out promising elites who occupy strategically important positions would cause certain employees to miss out on development opportunities. This also

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discourages personal development organisation-wide and undermines teamwork. In small business, the ability to work together and be a team player is absolutely vital.

> *[…] there are many talented individuals that are not team players, and they are more destructive and more negative short and long term.*

When it comes to recruitment, it is not always the case that the one owner-manager plays a dominant role. Indeed, most SMEs are managed by proprietors who are heavily involved in the hiring process, but one interviewee, an owner-manager of an eatery and private catering firm with about 200 employees, also discusses the value of feedback from the team:

> *[…] you get synergy with the team […] The team here will have a say in the new person coming in when they've done their trial shift […] If we get somebody in here, you don't spend all day with the manager, you spend all day with the team, interacting, engaging.*

The smaller size and flatter hierarchy allow owner-managed and independent SMEs to have a more close-knit, familial culture compared to bigger, multinational corporate companies. Indeed, a key feature of small firms, especially family businesses, is the interpenetration of personal and industrial relations. Smaller enterprises offer more varied work roles and greater opportunities for close face-to-face encounters in relatively more flexible social settings, with less of the bureaucracy in larger companies.

Two interviewees who are owner manager of family businesses voice their preference for harmonious employment relations, where employees are made to feel part of the family, but also acknowledge that such conditions can increase the occurrence of arbitrary treatment to employees and thus result in interpersonal conflicts. According to an owner-manager who runs a café of two branches with just over 110 members of staff, there is little that can be done in order to change this situation, especially when the organisation relies mostly on personal network (i.e., friends and family) as a source of staff recruitment. The solution, *and* challenge, is to strike a balance between the formalisation that is necessary to retain management control, and the informal culture that is an important dimension of SMEs.

Growing talent within an organisation

In theory, it is indeed more economical for SMEs to recruit individuals with the right set of skills from the start. However, from experience, entrepreneurial owner-managers find that the best way to acquiring talent is to nurture high-potential employees from within. Especially for small family businesses, organisational identification and cultural fit (i.e., learning the organisation's ethos and ways of doing things) greatly influence the extent of talent retention.

> *It's very hard to just pull them from the outside, I feel, and then just dump them into a management position. We would much prefer that they've been here and worked through the years and then progress onwards. I suppose it's got its advantages and its disadvantages but generally we've always found that to be a better approach – I don't think we've ever successfully employed a manager and brought them in out with, in my experience.*

> *Anytime that we do try and bring in an external resource, particular at more senior levels, culturally, that fit is just too different. Culturally, we work and operate in a very different space and I think that's why a lot of our senior team are with us and have stayed with us.*

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Having said that, SMEs that are in the naissance, start-up stage, which is perhaps one of the most crucial stages, "*it is all about survival*". Prior to successfully developing an organisation that is self-sustaining, strategic TM practices are in reality an idealised concept.

> *Ideally, one would take one's own people and develop. That would be the absolute A1 solution, because then you don't have to find them, they're part of your culture, they understand it, and there's a mutuality of interest in terms of their development. They see their development as being something that's central to them, and in terms of the organisation getting in, keeping good people, central to its quality and output. But when you're growing rapidly, the reality is you just can't always do that.*

Small businesses find it especially difficult to sustain in bad times. However, according to a hotelier, once they go beyond the initial survival stage, getting the good TM practices right "*is actually not rocket science*". Through the application of a principle known as ACT (short for appreciation, communication, training), high turnover can be reduced and talent can be retained for longer. This responsibility tends to lie with the general managers and head of departments who perform both strategic and operational roles, instead of HR executives.

> *They effectively "sponsor" those whom they think are people to develop. […] Without the general manager's commitment to budget expenditure, to time away for operations, […] you haven't got a chance*.

It is therefore part of the line manager's job to recognise subordinates' training needs and to provide them with opportunities for professional and personal growth. The managers' own evaluations and development plans, in turn, rely on how successfully they execute the talent development initiatives. This view resonates well with the existing literature (see Cohn *et al.*, 2005).

Importance of cultivating emotional connection

Owner-managers recognise the importance of building personal and individualised connections with employees in their businesses. The perception that the organisation, especially family firms, invests in employment relations are likely among the reasons why valuable employees stay loyal to the organisation.

> *People come to us and come back to us, because at induction they get to meet me or James*[*]*. They know us by name. They're choosing to work for a family business.*

> *Because we are family business so we do get personal about it. We also get hurt if those customers are rude and abusive to our team. You know, it works both ways. […] We say it's a consumer society and customers are always right. No! That is a bully culture and it has to stop. The customer is not always right and I get really upset about it. I actually for the first time in my professional career […] I asked a customer to leave our restaurant […] because he was so rude and abusive to a member of my junior staff, a member of my management team, then myself.*

Entrepreneur-managers seem to focus on intra-organisational, person-to-person communication and the development of an emotional involvement with employees. Being

[*] Names have been changed.

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sensitive to the quality of life and welfare of employees appears to motivate talented employees to reciprocate with commitment and intention to stay.

Managing alumni networks and making the most of the existing talent pool

Often individuals leave the organisation to pursue different career experiences, but SME entrepreneurs do not perceive leaving as necessarily a negative thing. In fact, they encourage staff to move on and gain skills, in the hope that they would eventually return. Maintaining a relationship with high-potential alumni makes it easier to communicate new opportunities, giving the owner-managers a better chance of attracting talented employees back into their organisations.

> *[…] if somebody was to come and present themselves now with a real plan and say "I want to do this and I would love to that. I would want to go and get experience". Internationally, nationally, whatever. I would think, "Good on you. I'm gonna get you for a snapshot time but boy am I gonna get a star of a person." And the chances are they'll go off and do all these things, 5-10 years later, people appear back. And I think this industry is very good at reconnecting; when people have gone off to get experience. There's nothing wrong with that whatsoever. I'm really not hung up on knowing that we have somebody for a small amount a time but know that they want to achieve something in that small amount of time.*

"Boomerang hires", or the employment of former employees, appears to be common practice within the hospitality sector, especially when such employees have been identified as an asset to the organisation. The recruitment costs under that circumstance are said to be almost zero.

Entrepreneurial owner-managers are also keen to actively create opportunities for former promising employees upon their return. There is an initiative and a willingness to provide people with a career path, despite resource limitations. When small organisations cannot offer the best salary, they make a conscious effort to offer learning opportunities and job fulfilment. One interviewee states that the hospitality industry has a unique potential to tick the box in terms of job enjoyment. That being said, one main issue that the industry suffers from is that many people use it as a stopgap job. To overcome this challenge, organisations offer job-sharing options. This allows good employees to keep their jobs within the hospitality sector but also provides flexible working arrangements.

According to a review by Nolan and Garavan (2016), the ways in which the organisation is run and the employees are managed depend on the personal characteristics, experiences, and values of owner-managers, and these elements influence whether they view TM as a cost or an opportunity. The owner-managers understand that within the more limited career structures that some SMEs may have, they acknowledge that they *will* lose good people, hence from a business point of view, they intend to make the most of the talents' skills and abilities while they are with the organisation. This is of paramount importance in small businesses when every staff-customer interaction with makes a difference.

> *For us, yes, we want to nurture talent, and yes, if people want to go and do their own thing and start their own adventure, that is a wonderful thing, but it's being able to harness that long enough within our business so that it benefits us as much as it benefits the person who then want to take that talent somewhere else.*

> *[…] to just make do, you just take the best people you've got, make the best of them. Rather than spending a lot of money trying to fish, you just make the best of those fish*

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> *that you got in your net now, and they extend their relationship with you. The key […] is that we make them good leavers.*

Although retaining talented employees is a concern, many owner-managers are of the view that employee development initiatives are still important because in most cases those who leave the organisation would return, or in some cases they would work for another organisation within the sector. Referrals, although not part of a formal policy, is said to be a practice that is prevalent within the sector. Not only does ensuring that the leavers of the organisation are of high quality mean that talented people are kept within the sector and hence reducing attrition rates, the reputation of the organisation is also maintained. This strategy benefits the organisation and the industry as a whole.

Challenges and tensions

There are several TM challenges that may not necessarily be unique, but are relevant to the hospitality sector, which may potentially impede growth prospects of these SMEs.

Lack of visibility and brand awareness

Without high levels of visibility and market recognition, small businesses struggle to engage with potential talented individuals, especially young talent. It is becoming increasingly important for SMEs to showcase their brands and secure their presence.

> *[…] people know that if they join one of these bigger operators, there's a chance that they would get to work in Shanghai or the Middle East or something, and that's exciting to younger people. I think that that's a real challenge for SMEs. Just to get the visibility, frankly. Even if you're good at developing people, people don't really know you exist, you'll never really have a conversation with them to begin with.*

It is acknowledged by entrepreneurs of small businesses that the organisational reputation adds value beyond the attribute of a job itself (e.g., job description, remuneration), and a weak brand results in a loss of competitive advantage.

Influence of social media on service and reputation

One owner-manager had quite personal and strong views about the emerging social media trend and its influence on the organisations' brand and service quality. Social-media environments amplifies corporate reputation risks by increasing transparency and consumer empowerment (Aula, 2010).

> *[…] Facebook and TripAdvisor, that's a massive new thing to this organisation. And it's a worry. […] When you're doing your own business, you have to worry about it almost 24/7. I do think, "Oh God, how do I stop that, how did that happen, that that girl didn't smile enough?"*

Given the speed of information on social media, there is a pressure that the tiniest error is magnified. In the service sector, when an employee make a slight mistake, customers are inclined to be emotionally engaged and therefore communicate bad feedback quicker.

However, another interviewee notes that, if one gets it right, the effect on the business can be equally good and equally quick in the opposite direction, indicating that social media can potentially be a powerful tool for reputation management.

Careful consideration of short-term training vs. long-term development

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Although it seems ad hoc, entrepreneurs are committed to training and development for employees. This appears to be driven more by the employees identifying their own training needs, rather than a clear process and strategy set out by the organisation. This approach appeals to employees who are proactive in their own personal and professional growth.

> *[…] it's really fed by the individual. If somebody wants to learn we will work with them. If somebody wants to learn a new skill, we'll find a course for them, their personal development is very much in their hands. We are here to facilitate it. The more that they want to learn the more we will support them and encourage them. So, it's very organic.*

As discussed previously, the lack of formalised TM practices within SMEs does not imply an inadequacy in attracting, managing, and retaining talent. Owner-managers emphasise the need to be conscious of employees' development needs; one-to-one organic conversations enable individuals to actively express their personal circumstances. The management team can then tailor training programmes to individuals. Owner-managers argue that there is a potential for such practices to work well, if commitment is given to it.

They are also aware that standard development plans are not necessarily appropriate for every individual. Individual development plans are in fact seen as a more cost-effective strategy.

> *What we found in the past is we've tried to pigeon hole people into training, and if they don't want to learn, it's such a waste of time, money, and in the past, we've been pushing people to do these things and we've sent them on wine training courses, down to London, and within a few weeks of completing it they've gone off to do something else. You just think, yeah, frustrated. So, we don't push, we encourage, nurture.*

That said, this is often influenced by short-term day-to-day business pressures, due to the nature of the industry.

> *The problem is sometimes time. […] we will want to once a month to have our formal assessments, but we might get a £50000 event that week and then that'll be postponed for one week and then something else happen and somebody else is on holiday. We're not a big corporate that is timetabled.*

> *The biggest problem was saying to the Head of Department who wanted to put this person on the rota for next week, "I want to send them to London for four days to learn something". And they're thinking, "I gotta get through my shifts next week and I've got 120 people booked in for dinner on Friday night, and you want to send my fish guy off to London? God, are you mad?" sort of thing. And it was always hard to convince them of the long-term benefit, relative to the short-term pain. […] In the longer run, we knew that it was important to the business.*

Within the context of SMEs, the flexibility enables responsiveness to the demands of the business environment, giving a competitive advantage.

Short-termism in careers

Due to less opportunities for progression in SMEs, employees move around a lot, hence at operational levels organisations are constantly in the recruitment and selection zone. According to one owner-manager, employees with slightly higher risk profiles are the ones

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who have the potential for growth, but paradoxically, these employees could potentially persuade others in the team to take off, which puts pressure on business.

> *What also happens in our sector, you become very friendly with people, and before you know it […] all of a sudden, a whole group of people that have been thrown together are off doing something completely different.*

This poses even more problems considering one of the key aspects influencing the performance of the hospitality and tourism enterprises is seasonality. There are certain times in the year (e.g., Edinburgh Fringe Festival, Christmas) when operators cannot cope with the loss of employees, let alone key employees. During these times, owner-managers "embrace" seasonality by focusing on temporary workers, such as students (Jolliffe and Farnsworth, 2003); mentoring and coaching efforts become less important.

Recommendation on good talent management practices

The interviews uncovered some effective TM strategies, but it is evident that owner-managers are met with a number of challenges around the area of TM. Practical recommendations arising from these are discussed below.

Increase communication

It is good practice to create open communication between management and employees, and by understanding their aspirations and aims, better business planning can be put in place. This enables organisations to cope better when employees leave.

> *We spend a lot of time with them in terms of one-to-one chats, formal and informal. Trying to see what their future plans are, what they're thinking. Because you need to be ahead of the game.*

Increased communication can also improve clarity on what is expected of the employees. Implementing strategic TM practices is indeed ideal, but according to some owners, "*some people don't work for you for that reason*". A one-size-fits-all employee development system is therefore less effective. Having frequent, specified appraisal processes can help getting the conversation started.

Employer branding

With little to no budget for recruitment efforts, one entrepreneur suggests that SMEs be aware of the importance of applying employer branding models and marketing methods. Knowledge of employee perceptions can help employers to construct an attractive and competitive brand. This talent attraction strategy to acquire talented individuals from the external labour market works by portraying an image of being a "great place to work" to the targeted candidate pool (Jansen and Van der Pool, 2009).

> *[…] we used to measure the number of people that came to our different websites […] and something like 70% of people who came to the group website, they're not customers, they're not consumers at all, they went to the people section, the recruitment section. In other words, what it effectively was, it was a recruitment website. […] So I think you have to spend time marketing to people, to employees, and understanding how important that side of your brand presentation is, and if you present that well enough, you catch enough fish in the net. Rather than thinking how*

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> *we can get bigger, how we can get more people, actually you just simply catch in your net the people who are already communicating with you.*

As pointed out by Wilden *et al.* (2010), strong employer brands serve as a quality indicator to the employment market. Prospective employees typically evaluate the clarity, credibility, and consistency of a brand signal, which influence their application decision. If job applicants are required to put in a substantial amount of effort into finding information about an organisation, it potentially reduces the prospective employer's attractiveness, because the employer brand is often the dominating signal job applicants are exposed to. As one interviewee puts it, "*the more important your website gets, the further up it goes at website search engines*". Consequently, employers should purposefully design a brand aimed at markets that are already considering joining the organisation. To achieve this, employers need to differentiate *and* align their marketing and HR efforts.

Additionally, since referrals appears to be common practice, and it has also been found by Wilden *et al.* (2010) that employee referrals are a credible source of employer brand information, employers could consider developing employee referral programmes to attract quality job candidates.

Accommodate personal interests

Talented employees play a major role in representing the entrepreneurs' own brand. With their reputation on the line, entrepreneurs entrust their brand image to their staff, therefore it is important that the employees engage with the industry. Owners-managers often encourage employees to pursue personal interests within the business, as it empowers them to do more and perform better, which benefits both the individual and the organisation.

> *[…] we gave her specific talents that she was nurturing herself – things that she was interested in. Sustainability for example, she became our sustainable champion. That was a project that she specifically held and was the champion for the business, to not only learn for herself but also to teach everybody else within the team.*

> *For example, they were really interested in wines, or spritz or whatever, we would try and give them something, made them connect with other aspects of the business. They became an ambassador for the business on the subject matter. Because that is a personal interest. If then they were serious about it, we would co-fund in some training, maybe a qualification.*

It is imperative that staff participate in training programmes that they are genuinely interested in, after expressing their needs through dialogues with the management. Employees with a vested personal interest in a development programme, along with a clear career goal, are more likely to derive internal rewards and hence are more motivated to transfer the training to work (Nikandrou *et al.*, 2009).

Conclusions

Advice given by owner-managers goes hand in hand with what talent means to them. TM, according to many existing models, is about differentiating those with great abilities who have high capacity for achievement (Ross, 2013). Nonetheless, the findings from this study show that it is not always the talented people who achieve success, nor are the successful ones always talented. Talent can be "*heavily disguised*", so to some entrepreneurs it is about making talent realise that they are talented. The idea that stars are people who emerge over time reshapes what constitutes talent and the way in which one develops potential.

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If one returns to the conceptual definition of TM by Collings and Mellahi (2009), the AMO (ability, motivation, opportunity) theory is used as an overarching theoretical framework, which points to the notion that employees' performance is a function of their ability, motivation, and opportunity to perform (Collings, 2015). Although it is a common conception that opportunities in smaller organisations may not exist to the same extent as in their larger counterparts (which may very well be the case), there are initiatives by some entrepreneurs to actively create such opportunities for individuals with potential. While it can therefore be concluded that TM is a strategic priority in the tourism and hospitality sector, and very much so from a practitioner's perspective, it is evident that fundamental characteristics of the industry pose unique challenges that affect employment and retention. Therefore, TM approaches need to be adapted accordingly to cater to emerging social and industry trends.

Understanding an individual's personal and professional needs as well as how they operate at work can positively influence work performance, which will in turn contribute to organisational success. Both parties benefit when employers facilitate the employees' recognition of their core strengths, while also creating a climate that effectively enables them to leverage those strengths into personal success in a way that is aligned to the organisation.

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