

## Recruiting: New Incentives for the Team

**Salary Increases, Profit Sharing, Four-Day Workweek, or even financing a new tattoo: In the battle for increasingly scarce personnel, the tourism industry is taking an offensive approach – and exploring unconventional paths. However, Generation Z demands more.**

*By Martin Jahrfeld*

Among the consequences of the increasing labor and skilled worker shortage in Germany for years, the tourism industry and hospitality sector are suffering more than other sectors. Even before the onset of the COVID-19 pandemic, every third gastronomy establishment in the country reported significant challenges in finding suitable employees. Hotels with restaurant operations faced even greater concerns. About forty percent of these companies experienced difficulties and struggles in personnel recruitment.

However, the outbreak of the pandemic has further exacerbated the imbalance in the tourism job market. After the virus temporarily brought tourism to a halt both domestically and internationally, many companies were forced to put their employees on short-time work or even lay them off completely. The dramatic result: Many skilled workers in the tourism industry have reoriented their careers during the pandemic and started new employment in sectors like logistics that were barely affected by the pandemic.

The assessment after the pandemic has subsided is correspondingly sobering. According to a DEHOGA survey, over 60 percent of businesses now report an acute shortage of personnel – a development that is negatively impacting value creation, diversity of offerings, and service quality in tourism. "The shortage of labor and skilled workers is sometimes dramatic, but in any case, it's a significant obstacle to the further development of tourism businesses. Especially in the hospitality sector, we are already witnessing a limited range of services," observes Heinz-Dieter Quack, tourism expert and professor at the Ostfalia University of Applied Sciences in Braunschweig and Wolfenbüttel. The personnel concerns have only intensified under the influence of the pandemic and demographic change. The fundamental problems are well-known. Many jobs in tourism and the hospitality industry have never been considered particularly attractive among young people and newcomers: Irregular working hours that often extend into the evening or even nighttime, seasonality, frequent overtime, and comparatively low earnings tend to deter many groups of workers. Moreover, the industry is often perceived as offering

limited development opportunities and career prospects – factors that particularly deter the demanding "Generation Z."

To reverse the trend and improve the industry's employer image, new concepts and comprehensive efforts are needed. Tourism expert Quack sees both legislators and companies responsible for employment and recruiting: "We need significant facilitation in employing qualified individuals from abroad and overall better conditions for working in the industry. In addition to reducing bureaucratic barriers, the collective bargaining partners, and ultimately every company, have the obligation to create contemporary and appreciative working conditions," demands Quack, who also leads the Competence Center for Tourism of the German federal government.

When looking around the industry, it's apparent that the tourism sector is increasingly beginning to confront the challenges of personnel recruitment. Tour operators, agencies, hoteliers, gastronomy businesses, and other stakeholders are launching fresh ideas and offerings to make available jobs more attractive. In the current discussion about the four-day workweek, for example, the hotel industry is starting to take action. In North Rhine-Westphalia, six hotels have introduced a four-day workweek for all employees since the summer of 2022. Instead of the previous 40 hours per week, employees now work only 36 hours over four days, which also increases the hourly wage. "With the new structure, employees have three days off per week to recharge their energy," says Dominik Hübler, Director of the Sunderland Hotel in Sundern.

The company 25hours Hotels is taking a similar approach. All employees in two Hamburg hotels were offered a four-day workweek. "The old motto 'That's not possible in our industry' no longer applies. Everything is possible! An internal survey showed that over 40 percent of the workforce wishes for a change in their working hours and want to enjoy more leisure time. We want to take this into account," reports Kathrin Gollubits, Director of Human Resources at 25hours.

The Ruby hotel group also relies on innovative incentive systems and takes unconventional paths: The Munich-based company launched a spectacular recruiting campaign in which it offered new employees to cover the costs of new tattoos. In addition, innovative working time models and salary incentive systems were developed: Shortening working hours and increasing flexibility with the same wage, profit-sharing, fitness subscriptions, or paid paternity leave contributed to a 25 percent increase in the number of applications.

"Through profit-sharing, we want to strengthen identification and commitment, and invest in the relationship with our employees," emphasizes Michael Struck, founder, and CEO of Ruby.

The importance of attractive salaries in personnel recruitment is also beginning to spread to other areas of the industry – especially under the impression of rising living costs. For example, the tour operator Schauinsland transfers the tax and social security-free inflation compensation premium of up to 3000 euros in full to its employees as allowed by the federal government. "As a family-owned company, we see ourselves as socially responsible," emphasizes Schauinsland CEO Gerald Kassner. Alltours also pays its employees an additional 180 euros per month from the October salary to March 2023. In addition, in March, a corona bonus of 950 euros net was added, which Alltours had paid out in recognition of the increased burdens during the crisis. The tour operator had also increased salaries twice by 3.5 percent during the corona phase.

However, to inspire the next generation for tourism, monetary incentives alone will not be sufficient. Especially entry-level professionals with university degrees are increasingly looking at immaterial values when searching for the right job. Many members of "Generation Z" want not only a good income but also factors like appreciation, recognition, and corporate culture. These concerns are often actively demanded during the application process. "I don't want to be someone who is only hired to complete a specific task. Rather, I want to be seen as an individual and work as part of an appreciative team," emphasizes Lea Pflüger, a master's student in tourism management, in a recent podcast by Messe Berlin on the topic.

Given this backdrop, dialogue with the next generation appears more important than ever. If the tourism industry takes the needs of Generation Z seriously and develops corresponding offerings, a turnaround in personnel recruitment should also be possible.