

# **Human resource management in the fine dining restaurant industry in the Netherlands**

*A future perspective*



**HOTELSCHOOL  
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## *Research Report*

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## Goal of this research

The goal of the research is to gain an in-depth understanding of the possible future role of HRM in the fine dining restaurant industry in the Netherlands for the coming 5 to 10 years. This may help the fine dining restaurants and other stakeholders to anticipate on the possible future role of HRM in the research industry, on ultimately identifying what possible challenges might occur and recommend how the current role of HRM needs to develop in order to bridge the gap to meet the desired future role of HRM in the fine dining restaurant industry and continue forward.

## Research design

The purpose of this research component was to explore and understand the phenomenon of the role of HRM in the research industry for the coming 5 to 10 years. The research will ultimately provide recommendations for the fine dining restaurant industry in the Netherlands to provide better alignment of the future role of HRM in the industry to make better strategic decisions. Since the topic of the

research is rather unexplored, an exploratory research is conducted. “An exploratory approach is appropriate when a phenomenon is at a developmental stage and constructs are yet to be clearly identified and delineated” (Huq et al., 2016). As it is an exploratory study with the aim of exploring in-depth experiences and understanding the phenomenon of the role of HRM in the research industry in the coming 5 to 10 years, I opt for a qualitative design.

### Population

The population consisted of fine dining restaurants in the Netherlands. Criteria for selecting the sample include: (1) people, (2) working in a Michelin starred restaurant, (3) in the Netherlands, (4) with a managerial position. As the research intends to predict the future role of HRM in the research industry. Since all cases are selected based on their similar characteristics, the population consists of a homogeneous group (Saunders et al., 2009).

Candidates for interviews are selected using a random selection based on the set criteria. Furthermore, only Michelin starred restaurants are approached as this ensures the classification of a fine dining restaurant. In 2017, the Netherlands count 105 Michelin starred restaurants: two with three stars, 19 with two stars and 84 with one star (BN DeStem, 2017). Therefore, a total of 105 restaurants met those criteria. After having established the selection of Dutch Michelin starred restaurants, the scope has been set on two big cities in the Netherlands: Amsterdam and Rotterdam. Selecting participants based on their location might show a degree of bias. However, it is reasonably plausible that the respondents will have similar views and experiences as managers working in the fine dining restaurant industry in other cities in the Netherlands.

Subsequently, the participants were called and requested to participate in a voluntary interview. With the use of purposive sampling, we successfully solicited ten interviewees who provided real-life, in-depth information needed to answer the research question. To mitigate bias, only managers with whom we had no personal or professional relationship were interviewed.

With regards to sample size, there is no rule of thumb. The final sample size, however, consists of ten in-depth interviews. Ten participants agreed to share their insights for this research study, which constituted a response rate of 9,52 percent of the full set: a sample that can even be passable representative of the industry.

Due to time constraints, the interviews are conducted by two interviewers, who both interviewed five experienced hospitality managers working in the fine dining restaurant industry in the Netherlands. All interviews were conducted in Dutch, and took place between July and September 2017.

Primary data has been used in the form of an in-depth interview both face to face and through telephone. In some cases, interviews were conducted through telephone due to time constraints of the participants. According to Stangeland, telephone interviews are faster, cheaper, and give rise to fewer rejections (Stangeland, 2017). Besides, research shows that the difference between telephone interviews and face to face interviews is small (de Leeuw, 2012). All the respondents gave permission to record the interviews in order to write transcriptions of the interviews. The literature review has been used during the pre-reading stage where numerous related articles and documents were analyzed in order to establish the direction of the research questions.

A semi structured interview construction is used to collect qualitative, rich, in-depth data by setting up an interview with open-ended questions (some suggested by the researcher and some arose naturally during the interview) that allow the participant the time and scope to share their insights.

The interview questions were grouped into three categories that were identified based on the literature review. The initial topics pertaining to the future role of HRM in the research industry are (1) the current role of HRM, (2) challenges and opportunities, and (3) the role of technology.

## Findings

### The current role of HRM

The perceptions of what constitutes the core practices of HRM differ significantly among the interviewees. In other words, the research results show that there is no general perception on HRM's role in the research industry. The core practices mentioned in the interviews are ranging from typical HR components such as recruitment, motivation, payroll, to collaboration with employees to boost retention, guarantee the quality of the guest experience, and maximize the mutual benefits for both employees and employers. Generally speaking, the core practices mentioned in the interviews indicate the trend of the HRM function to become more strategic. Additionally, the recognition of the importance of HRM, extends to nine out of ten interviewees. The support of HRM practices is praised in the research industry. To conclude, the importance of HRM practices in the research industry is being recognized, and the perception of HRM's core practices indicate the trend of HRM becoming more strategic. However, there are discrepancies between the core practices of HRM. This should be clearly defined in the industry since misalignment might impact the nature of the activity, and thus subsequently define the success or failure of the organization.

### HRM challenges and opportunities

Despite the discrepancies in role identification, a high degree of consistency is identified between respondents' expectation on challenges for HRM in the research industry in the coming 5 to 10 years.

The first remarkable similarity is that all ten respondents mention the retention of employees to be the biggest challenge in the industry. Retention of qualitative employees has emerged as a challenge, resulting in a high employee turnover rate in several restaurants. Due to competition for scarce skills in the industry, employees easily switch jobs when other restaurants offer better job benefits. In general, this challenge is linked to the mindset and behavior of the new generation which creates a workplace generation gap with older generations in the workplace. According to the interviewees, this gap is due to a lack of motivation and an unbalanced work-leisure division where leisure has the preference.

Other challenges identified in the interviews include the low frequency of performance appraisals and social media playing a significant role during the recruitment phase. The other side of the coin is that 40 percent of the respondents believe that previous mentioned challenges in the industry can be converted

into opportunities. Other opportunities referred to include multiculturalism, attraction of the industry, and technology. It can be said that HRM practices will likely face more challenges such as retention of employees, competition for scarce skills, the mindset of the new generation, the frequency of performance appraisals, and social media becoming of key importance during the recruitment phase.

To retain employees and reduce the high employee turnover rate, HRM must keep employees engaged, collaborative, and bridge the workplace generation gap. Addressing these challenges will be essential for improving HRM in the research industry for the coming 5 to 10 years.

### The impact of technology

This research study shows that the opinions about the impact of technology on the role of HRM are divided. Seven interviewees expect the impact of technology to stay limited by solely fulfilling a supporting, monitoring, and administrative role, while three interviewees assume technology to play a big role in the HRM in the research industry. Technological advances will indirectly or perhaps quite directly influence the nature of HRM, creating a challenging task of adapting the workplace to the advances. For the purpose of this paper it is interesting to note that this challenge might however, not emerge in the research industry in the coming 5 to 10 years but will likely emerge in the unforeseeable future. In summary, continuous changes in the research industry have emphasized the need for rethinking the role of HRM in order to overcome significant challenges and lead to more efficient operations within the industry in the coming 5 to 10 years.

## Conclusions

How will the role of human resource management (HRM) in the fine dining restaurant industry in the Netherlands develop in the coming 5 to 10 years?

- HRM will move from mainly operating administrative tasks, to participating as a strategic business partner in the industry. For HRM to be successful in reforming itself into a strategic business partner, their core practices and competencies must be addressed. Furthermore, if HRM is to reach its true potential as a strategic business partner, it should focus on several very strong challenges that could dramatically affect HRM in the future.
- One of the most significant challenges in the industry that HRM will have to focus on include the retention of employees, competition for scarce skills, and the workplace generation gap. The priority of HRM is to address these challenges.
- With regards to priorities, HRM should focus on decreasing employee turnover and workforce instability by offering the best job benefits for its employees in order for employees to be attracted to, and remain within the restaurant. Additionally, when offering the best job benefits, qualified employees and younger generations will be attracted to the restaurant. Job benefits include monetary and non-monetary rewards, trainings, flexible work schedules, and individual performance appraisals. By prioritizing job benefits, employees' will be attracted to the restaurant and subsequently job satisfaction will increase, encouraging employees to remain within the restaurant.
- With HRM becoming more strategic in nature in the coming 5 to 10 years, HRM will likely be judged on whether it enhances strategic business objectives and adding real measurable value. Addressing these challenges and acquiring new skill sets will therefore be essential for the role of HRM in the fine dining restaurant industry in the Netherlands in the coming 5 to 10 years.

## The role of HRM

- The conducted literature review shows that HRM has evolved significantly since it originated in the 1920s and is currently perceived to become a strategic business partner. However, the interview results show that the administrative role, does not cease to exist as the HR function becomes more strategic.
- According to Ulrich (2017) and Hussain and Ahmad (2012), HRM has never been more necessary and can be used as a vibrant tool vital towards success (Ulrich, 2017; Hussain and Ahmad, 2012). It is apparent that 90 percent of the interviewees' overall perception is consistent with the previous statements as *they perceive the general role of HRM in the research industry to be of significant importance and praise the support of the role of HRM*. Yet the general perception on the role of HRM in the research industry, appears to be differentiating from solely fulfilling administrative and controlling tasks to HRM being the key driver of restaurant performance.
- For the purpose of this paper it is interesting to note that the results of the interviews show that the majority of (line) managers in the fine dining restaurant industry in the Netherlands fulfill HRM practices. This is in compliance with the study of Solnet (2013), stating that more and more HRM responsibilities are devolved to line managers. This is considered to be a poorly understood risk since line managers are ill prepared for their role in terms of initial education and subsequent development. The implications of such a conclusion have far-reaching consequences in terms of employee retention, job satisfaction, and motivation as well as in terms of customer satisfaction, retention, and profitability. This requires HRM to gain new skills through education, or sourcing HRM with the right abilities (Kamal and Kumar, 2013) in order to contribute to the organization's bottom-line performance (Solnet et al., 2013).
- HRM will most likely face challenging perspectives, positioning the role of HRM at crossroads where it would either evolve and adapt in order to become even more important or it would disappear and be replaced by outsourcing and technology (Davidson et al., 2010).

## Challenges and opportunities

- Surprising is on the other hand, the high degree of consistency between different interviewees' insights on future challenges that HRM is likely to face. The most dominant challenge referred to in the interviews, appears to be retention of employees. According to Pfeffer, it is HRM's main

task to ensure employee retention as this is fundamental to the implementation of the other HRM practices (Pfeffer, 2016).

- Another dominant challenge most referred to in the interviews emphasize the bridging of the workplace generation gap. This challenge relates to the retention of employees as Millennials in present day, are “shopping vacancies” in the fine dining restaurant industry. The restaurant that offers the best job benefits is considered to be best. Due to the low investment in HRM practices, the majority of employees in the restaurant still work over hours, while receiving low wages, few benefits and an unbalanced work-leisure division (Batt et al., 2014). This increases employee turnover and workforce instability, which according to Batt et al., are costly and problematic for providing the kind of service that customers demand. While other restaurants who do invest in their employees, are rewarded with skilled, stable employees who achieve a high level of productivity, service quality, and a strong and loyal customer base (Batt et al., 2014).
- However, four of the interviewees believe above challenges can be turned into opportunities. Other opportunities most referred to in the interviews include the technological advancements taking over administrative tasks and enabling HRM to become more strategic.
- Furthermore, interviewees believe that as long as all fine dining restaurants in the Netherlands unite and make the fine dining restaurant industry attractive again, most challenges can be converted into opportunities. By making the industry attractive again, more people want to work in fine dining restaurants, making it possible for HRM to select and recruit the best people who will then be determining the quality and quantity of the restaurant (Biemans, 2008).

#### The impact of technology on HRM

- The opinions about the impact of technology on HRM are divided and is perceived to either stay limited or to play a big role in the HRM in the research industry. Six of the interviewees believe that in the coming 5 to 10 years, the impact of technology on HRM in the fine dining industry will stay limited. However, technology is expected to become useful in fulfilling tasks such as payroll, monitoring knowledge, registration of work hours, preselection of screening in the recruitment phase, and usage of social media.
- On the other hand, three of the interviewees expects the role of technology on HRM to become more important where technology could for example take over trainings, screening people, and

performance appraisals. One of the interviewees however, believes that technology will definitely play a big role in the industry, however not in the coming 5 to 10 years.

### Conclusion

In short, continuous changes in the fine dining restaurant industry in the Netherlands have emphasized the need for rethinking the role and implementation of HRM in order to overcome significant challenges and take advantage of the opportunities so that the performance of the fine dining restaurant industry will benefit.

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