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Human Resources Attraction and Retention in Tourism Industry in Albania – Addressing Effects of the Great Resignation.

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Abstract: Tourism plays a crucial role in Albania's economic development, contributing 20% to the country's GDP in 2019. One in five jobs in Albania linked to tourism, travel, and related activities, according to the World Tourism and Travel Council. However, the growth of this sector is currently hampered by a shortage of human resources, as many employees resigned or changed careers due to the COVID-19 pandemic and the country is facing high levels of migration to western countries, exacerbating the shortage of human resources. Given the scarcity of human resources, companies in the hospitality industry are implementing various strategies to attract and retain employees. This research analyses the human resource development approaches of organizations operating in the hotel industry, with a focus on those in the growth phase that compete with high-quality service. In-depth interviews indicate that organizations are implementing ad-hoc interventions, such as increasing salaries, improving benefits, or providing short-term training on industry standards or new techniques. However, these organizations are generally failing to design career paths and offer development options for staff in the tourism industry. This exploratory study aims to design implications for industry-led human resource development initiatives for business continuation and competitive advantage.

Keywords: human resource development; retention; tourism industry; great resignation; career development

JEL Classification: O15; J24; L83

1. Introduction

Tourism plays a vital role in Albania's economy, contributing significantly to its GDP. Directly accounting for 8.7% and with multiplier effects, it amounts to a staggering 20% of the Albanian economy. Moreover, this thriving sector has witnessed a growing trend, generating approximately 240,000 jobs in 2019 alone, making it a critical source of employment with one in five jobs linked to tourism, travel, and related activities (WTTC, 2020). However, the tourism industry faced significant challenges in recent years due to the COVID-19 pandemic and a devastating earthquake in 2020. International arrivals plummeted by 59%, and travel receipts decreased by 51%. Despite these setbacks, signs of recovery emerged in 2021, positioning Albania as the country with the best post-pandemic recovery worldwide among countries hosting more than 5 million annual tourists (UNWTO, 2022). While the industry started showing positive signs of recovery, external factors such as the 2022 Ukraine crisis and inflation impacted the number of Ukrainian tourists visiting Albania. Consequently, the industry experienced a slowdown and a decrease in Ukrainian tourist numbers. Albania's tourism industry exhibits distinct features that shape its operations. Seasonality remains a notable characteristic, with peaks and lows throughout the year. Additionally, patriotic tourism, low-budget markets, and

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informality are prevalent aspects. These factors create a unique landscape for human resources management and present both opportunities and challenges (UNDP, 2022).

Despite the sector's growth and potential, the intensified competition and the persistence of informality pose significant challenges. The United Nations Development Programme (UNDP) highlighted the main challenge as the difficulty in finding and retaining staff, with 56% of employers reporting this issue. Moreover, 27% of employers expressed concerns about the lack of qualified staff, further complicating the staffing situation. To address these challenges, several measures have been proposed. The main measures include offering higher salaries throughout the year, providing additional benefits, reducing workloads, employing foreign staff, and implementing training programs. These strategies aim to attract and retain talent, ensuring that the sector can meet the increasing demand and cope with the shortage of qualified staff during peak seasons.

In the field of tourism and hospitality, the lack of qualified personnel and high turnover rates have emerged as significant challenges for the industry. Researchers such as Yang (2010), Tsai et al. (2009), and Chalkiti and Sigala (2010) have highlighted the severity of these issues, providing valuable insights into their causes and potential solutions. To address these challenges, the integration of Human Resource Management (HRM) into organizational strategy has been explored as a means to enhance service quality. Hoque (2000) emphasizes that effective implementation of HRM practices positively impacts service quality, leading to improved customer satisfaction and loyalty. Motivated compensation policies and well-established training and development programs have been identified as effective measures in minimizing turnover rates. Studies conducted by Cho et al. (2006) support the notion that by offering competitive compensation packages and providing comprehensive training opportunities, organizations can increase employee satisfaction and reduce turnover. To ensure the effectiveness of human resource development (HRD) in the tourism industry, it is crucial to consider the current developments and trends. Sigala (2021) emphasizes that HRD efforts should align with the evolving business operating models, taking into account various factors such as the effects of COVID-19 on education modalities, the changing landscape of youth jobs and career paths, curricula and delivery methods, intensified mobility, and the digitalization of the industry.

In today's dynamic work environment, workers in the service sector are expected to be more creative and innovative in responding to changes. Bani-Melhem et al. (2018) highlights the importance of nurturing these qualities in employees, as they play a crucial role in adapting to and thriving in the ever-changing tourism industry. For fragile economies like Albania, highly relying on tourism sector not resilient enough due to seasonality, it is imperative to create more sustainable development models. In this regard, for companies in tourism sector to extend their services and innovate their business model, availability of skilled human resources and stability of staff is imperative. This qualitative research will analyse the situation of medium to high standard service hotel industry organisations regarding the availability of skilled staff and will shed light on possible solutions to be considered on addressing the medium-term needs.

2. Literature Review

Availability and stability of skilled staff in the tourism sector is influenced by various factors. The level of unemployment rates, the variety of tourism offerings, and the seasonal nature of tourism, individual attitudes towards tourism-related employment, and career advancement opportunities all play significant roles in determining the degree of employee turnover (Chalkiti & Sigala, 2010). To address the issue of employee turnover, researchers have extensively explored retention strategies. Yang et al. (2012)

suggest that the implementation of HRM strategies, internal marketing strategies, and knowledge retention strategies can contribute to improved employee retention rates within the industry. However, it is important to note that the general perception among hoteliers is that high turnover is an inherent characteristic of hospitality operations, which may discourage the development of comprehensive employee retention plans.

In considering potential solutions, understanding employee career adaptability has been identified as a guide for formulating effective policies. Savickas (2013) suggests that by considering employees' career adaptability, organizations can tailor retention strategies and create opportunities for career growth and development. This approach ultimately enhances employee satisfaction and reduces turnover. Several studies in the literature provide extensive evidence highlighting the challenges faced by tourism companies in staff development and retention. Cooper and Shepherd's (1997) conceptual model emphasizes the importance of considering various factors, including the expectations of students and educators, the impact on employees and employers, and the needs and practices of education and training providers. This model underscores the complex nature of the relationship between HRD and the tourism industry.

Yang (2010) and Tsai et al. (2009) have found that the tourism industry struggles with a lack of qualified personnel and high turnover rates, which significantly impact the sector's stability and growth. The shortage of qualified staff is a common challenge faced by tourism companies, leading to difficulties in delivering high-quality services. This shortage is often exacerbated by the seasonal nature of the industry, where employees may seek alternative employment during the off-peak periods. Additionally, the fast-paced and demanding nature of the tourism sector requires employees to possess a diverse range of skills, including customer service, cultural competency, and adaptability to changing circumstances. Furthermore, Chalkiti and Sigala (2010) highlight the influence of external factors on employee turnover in the tourism industry. Based on the above-mentioned literature, we pose the first research question below to understand the eventual implications of staff development and retention for tourism companies in Albania.

RQ 1: what are the challenges faced by tourism companies regarding staff development and retention?

Tourism companies need to implement effective staff development and retention strategies. Savickas (2013) suggests that employee career adaptability can guide policies on reducing turnover, emphasizing the importance of providing employees with opportunities for growth and advancement within the organization. Companies can adopt measures such as comprehensive training programs, mentorship initiatives, and clear career progression pathways to attract and retain talented individuals. One common measure adopted by companies is the provision of comprehensive training programs. Research by Yang et al. (2012) emphasizes the importance of initial and continuous training for new staff members in soft skills and service standards. By investing in training programs, companies equip their employees with the necessary skills and knowledge to provide high-quality services, leading to increased job satisfaction and improved retention rates. Moreover, upskilling programs that focus on new techniques and trends are implemented to cater to the needs of highly qualified and specialized staff (Sigala, 2021).

Furthermore, companies in the tourism sector are increasingly recognizing the importance of collaboration with education and training providers. This collaboration ensures that the skills and knowledge taught in educational programs align with industry needs. Joint initiatives between companies and educational institutions, such as internships and apprenticeship programs, provide students with practical experience and increase their employability (Yang et al., 2012). This close partnership also enables companies to have a direct influence on the curricula and delivery methods used

in educational programs, ensuring that graduates are better prepared for the industry's demands (Cooper & Shepherd, 1997).

Another measure taken by companies is the adoption of innovative delivery methods for staff development. This includes enhancing experiential learning through on-the-job training (OJT) and utilizing digital platforms for remote learning and knowledge sharing. The integration of technology in training programs not only enhances accessibility but also enables employees to stay updated with industry trends and advancements (Sigala, 2021). Savickas (2013) suggests that companies should focus on developing career advancement opportunities and creating mentorship programs to support employee growth and reduce turnover. Moreover, companies must stay attuned to changing market demands and be prepared to adapt their staff development strategies accordingly (Sigala, 2021).

Compensation policies besides training programs, have been identified as crucial factors in mitigating turnover. Cho et al. (2006) and Davidson et al. (2006) suggest that motivated compensation policies, such as performance-based incentives and fair wages, can enhance employee satisfaction and reduce turnover intentions. Providing longer-term contracts and stable employment opportunities is another measure aimed at retaining staff, as it offers a sense of security and career stability (Yang et al., 2012).

While these seems to be findings from the literature, this research investigates the measures taken by companies operating in Albania, thus the next research question is drawn.

RQ2: what measures are the companies in tourism sector taking to address the staff development and retention?

The tourism sector has recently been confronted with the phenomenon known as the „great resignation,“ where employees are voluntarily leaving their jobs at a staggering rate. Review by Lastres et al. (2023) highlights the importance of fostering a resilient organizational culture to effectively respond to challenges such as the great resignation. Resilient companies in the tourism sector recognize the value of their employees and prioritize their well-being, growth, and development. They create a positive work environment that fosters employee engagement and job satisfaction, leading to higher retention rates. These companies invest in staff development programs, mentorship initiatives, and opportunities for career advancement, demonstrating their commitment to employee growth and retention. Additionally, companies with strong leadership and effective communication strategies are more resilient in managing staff development and retention. According to a study by Santoso et al. (2022), transformative leadership practices, such as providing feedback, recognition, and clear communication, during COVID-19 contribute to employee engagement and retention. Open and transparent communication channels enable employees to express their concerns, ideas, and career aspirations, fostering a sense of belonging and loyalty to the organization.

Moreover, the adoption of flexible work arrangements and innovative practices can enhance companies' resilience in staff development and retention. Research by Nyberg et al. (2021) suggests that companies offering flexible work options, such as remote work or flexible schedules, are more likely to retain employees during the great resignation. These flexible arrangements provide a better work-life balance and accommodate individual needs, contributing to higher employee satisfaction and loyalty.

Companies must continuously adapt their strategies and remain vigilant to ensure the resilience of their staff development and retention practices in an ever-changing landscape but what is the situation with tourism companies operating in Albania?

RQ3: how resilient are the companies in tourism sector regarding staff development and retention in view of the great resignation?

Addressing staff development and retention is crucial for achieving higher tourism service standards. One solution is the implementation of comprehensive and ongoing training programs. Research by Wang et al., (2017) suggest that continuous training not only improves employees' skills and knowledge but also enhances their job satisfaction and commitment to the organization. By investing in training programs that cover both technical and soft skills, companies can equip their staff with the necessary competencies to provide exceptional service, leading to higher service standards. Studies by Nunkoo and Ramkissoon (2011) highlight the importance of providing employees with a sense of progression and professional development. Companies can implement mentorship programs, create specialized job roles, and offer promotional opportunities based on performance and skills acquisition, as policies linked to service quality as performance standards.

Furthermore, companies can enhance staff development and retention by fostering a positive work environment and employee engagement. When employees feel valued and connected to the organization, they are more likely to remain committed and contribute to higher service standards. Additionally, providing a supportive work culture that values work-life balance and well-being can contribute to higher employee satisfaction and retention rates (Shaw et al., 2021). Literature review confirms that addressing staff development and retention is vital for achieving higher tourism service standards. To understand if companies are operating in Albania are feeling already this pressure to perform, we pose the research question below:

RQ4: what possible solutions can be proposed to address staff development and retention for higher service standards?

3. Methodology

This research employs an applied research design, specifically exploratory and qualitative in nature (Patricia & Hassan, 2006). The study aims to explore various topics related to tourism HRD through qualitative data collection methods. The research covers a range of topics including general data about the companies, recruitment channels, staff stability, needs for development, current HRD practices, and collaboration with education and training providers, proposed recommendations, and involvement of stakeholders.

The study focuses on medium to high-sized companies (with 40-180 employees) in the Tirana-Durres-Vlora area. These companies operate in the hospitality industry, offering services like accommodation, restaurants, beach bars, pools, conference rooms, playgrounds etc. Companies were selected based on criteria prioritizing the ones in a consolidation phase with strategic objectives of achieving steady growth and maintaining high-quality services. The research involves qualitative data collection from a limited sample of eight companies, considering that in qualitative studies, a smaller sample size can still adequately represent the research population (Yang et al., 2012).

The study collects data through interviews with the managing directors of the selected companies. The managing directors are chosen as the key respondents due to their in-depth knowledge and decision-making authority within the organizations. The interview guide is designed based on the research questions and the existing literature review. Before the actual interviews, a pilot test is conducted to ensure the effectiveness and clarity of the interview questions.

During the interviews, extensive notes are taken to capture the key points and insights. Afterward, the data is processed and analysed using qualitative analysis techniques. The analysis includes the identification of key words and the assignment of codes to facilitate the organization and categorization

of the data. A hierarchy of codes is then used for the analysis, enabling the identification of patterns, themes, and relationships within the data.

4. Results

The findings from the research indicate several key points regarding staff profile, recruitment channels, staff availability and turnover, the need for staff development, current training practices, collaboration with VET providers and universities, and the need for an industry training provider. In terms of staff profile, the preference is given to individuals with experience, but the priority is placed on attitudes and those who are interested in building a long-term career in the tourism sector rather than seeking seasonal jobs. The recruitment channels commonly used include informal networks, recommendations, social media, and to a lesser extent, VET schools and universities.

The research findings highlight that the need for staff and staff retention is high and more urgent than the need for qualified staff. To address this issue, some companies offer free transport and accommodation to attract and retain employees. However, turnover has increased primarily due to immigration, with many individuals leaving one company to join another in Albania. Interestingly, higher salary schemes, better working conditions, and longer-term contracts do not seem to significantly impact the decision to leave, especially for individuals seeking opportunities in Western European countries, especially Germany.

The need for staff development is considered high across the industry. Based on previous experience, all employees are aware of the positive effects of training on improving quality, productivity, and client satisfaction. Different training needs are identified, ranging from entry-level/basic training for housekeeping to continuous training on soft skills and service standards for staff in direct contact with clients (e.g., waiters, receptionists). Moreover, there is a demand for higher technical and more specific trainings to enhance skills in positions that require specialized knowledge, innovation, and industry standards.

Regarding the fulfilment of current training needs, most companies rely on internal training conducted on the job, often lacking structured programs. The responsibility for training usually falls on team leaders or operation managers, more senior staff, and the human resource department, particularly in larger hotel chains that allocate budgets for training costs. In some cases, external trainers or private providers are engaged to deliver specialized trainings.

Collaboration with VET providers and universities is a common practice among tourism companies. They regularly host apprentices from VET schools. However, the retention of apprentices in the industry is relatively low. Collaboration with public Vocational Training Centers is limited, while many companies collaborate with private training providers. There are also isolated cases where companies collaborate with international schools.

Regarding the impact of training on quality service, the respondents suggest a focus on middle management positions and more experienced individuals. These employees can be trained not only on quality standards but also as mentors so they can transfer the skills to the employees in entry level positions. Career & professional development can be provided to supervisors, managers but also to young professionals doing apprenticeship or internship at these companies since they do not see themselves developing a long-term career in the tourism and hospitality industry, resulting in low motivation.

The research findings indicate that current providers are not facilitating the required service regarding skills and internally and the capacities of companies to upgrade the staff professionally for higher service is missing. Nevertheless, seems like there is strong consensus among industry stakeholders regarding the need for an industry training provider. Companies are willing to cover staff training costs to ensure a high-quality training offer and a stable workforce. They are also ready to collaborate in all phases, including the design and implementation of training programs. Recommendations included the development of new qualifications that reflect industry trends, permeability and career development options, and the use of innovative training and development strategies including digital platforms to improve service standards and bring an international perspective.

4. Conclusions

The findings of this research underscore the indispensability of HRD for the development of the tourism industry and the improvement of service quality in Albania. However, the current formal, informal, and non-formal modalities of HRD are not fully meeting the sector's needs. High turnover rates and the lack of well-defined career paths within the tourism industry remain significant challenges. The industry is heavily influenced by external factors such as the impact of the COVID-19 pandemic and migration trends, which further hamper its resilience.

The measures implemented to address these challenges tend to be short-term in nature, lacking a comprehensive approach. While there is a high willingness from the private sector to invest in HRD, there is a lack of know-how and expertise in designing effective programs. Addressing the complex issues facing the tourism industry requires joint efforts and collaboration among industry actors and education/training providers. Only through collective action can a sustainable and effective HRD framework be established.

To foster agility and attract skilled individuals, innovative models of skills development must be explored. These models should embrace emerging trends and technologies, allowing the industry to stay ahead and respond to changing customer demands. It is essential for stakeholders in the tourism industry to prepare for higher service standards and adapt to new trends. Emphasizing the importance of ongoing skill development and staying abreast of industry advancements will be crucial for long-term success.

The fact that private sector demonstrates a readiness to invest in HRD, is a sign of industry maturity. The research also highlighted the importance of collaborative efforts with education/training providers. By adopting innovative models of collaborative skills development and preparing for higher service standards, the tourism industry in Albania can position itself for sustainable growth and success in the face of evolving trends and challenges.

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