

KOLIBA BOARDING HOUSE, DOLNY KUBIN, SLOVAKIA

Customers Not Bored with Koliba and Keep Coming Back

Introduction

This case study examines how recruitment practices and staff retention can be improved in a rural area. Hospitality facilities in rural areas located outside of the most busy and popular tourism destinations and often face difficulties with staff recruitment and retention. The profit margins and average yearly occupancy rates are also lower when compared to the facilities in cities and major tourism destinations.

Koliba Boarding House (Penzión Koliba) is located in the centre of the city of Dolny Kubin in the neighbourhood of a city ski centre called Kuzminovo. The modern stylish interior of Penzion Koliba is at variance with the traditional wooden timber exterior. As Koliba is located in the city centre, close to the ski centre and in a popular local relaxation zone, its customers are locals, visitors to the city or tourists coming for a longer period of time.

Penzion Koliba opened its doors in 2003. The accommodation capacity is rather small. The core business of Penzion Koliba lies in the restaurant service. The restaurant has a seating capacity for 100 diners with additional seats located on the summer terraces. Koliba boarding house is suitable for families with children and can be used for various company events, wedding receptions and celebrations of traditional Slovak folk culture. Koliba's restaurant is popular with local customers but also welcomes a wide range of foreign visitors. The stylish restaurant offers local culinary and gastronomic specialities. Staff are dressed in traditional folk costume, creating an old-time folk atmosphere. The pleasant and relaxed atmosphere is enriched with folk (or country) music on Fridays.

Many regional handicraft and art products are arranged as part of the restaurant interior are also available for sale to Koliba visitors. During the summer season, guests can enjoy live demonstrations of traditional folk handicraft production (for example pottery and craftwork) in the garden of Koliba boarding house. The guests can also try out their skills and make their own handicraft products with coaching from local craftsmen.

Penzion Koliba employs 13 permanent employees, 1 of whom is the operational manager, along with 4 chefs, 4 waiters, 2 auxiliary employees/chambermaids, 1 night watchman and 1 technical support/maintenance employee. The management engage 6 to 8 employees on temporary work contracts to work at wedding receptions and company events.

The Managing Director and co-owner of Penzion Koliba have more than 20 years experience in hotel and restaurant management. The construction of a traditional folk style hotel and restaurant was a labour of love for the Managing Director. Undoubtedly, this has positively contributed to the stylish interior and service atmosphere of the boarding house.

Overall Strategy of Penzion Koliba

The principal strategy of Penzion Koliba is to provide good restaurant and accommodation services where "satisfied customers keep coming back". Client satisfaction and rates of returning customers are the most important quantifiable indicators as to whether the overall strategy goals have been achieved. The management's approach to achieving customer satisfaction can be summarised as follows:

The best way to keep customers satisfied is to have satisfied, motivated and qualified employees. The most important human resource management activities in Penzion Koliba are in recruiting and rewarding employees. Our recruitment focus is on attracting competent people. Our reward system is based on flexible salaries closely related to the performance of our facility. Employees should be praised for their hard work. Often encouragement and recognition means more to employees than financial reward. Penzion Koliba values colleagues' opinions and commits to explaining precisely and clearly to employees what is expected of them.

The company keeps a guest book, where visitors are invited to write down their impressions and evaluation of the boarding house. An electronic guest book is available via the Internet on the Koliba web site, whereby customers can leave messages about their experiences or they can send messages directly to staff or management.

Recruitment and Induction Process

Many of Penzion Koliba's employees are graduates of vocational schools. Penzion Koliba works closely with hotel and catering vocational schools in preparing their students for the chef and waiting professions. Koliba management maintain good contacts with these schools and they also take students from these schools for apprenticeship training, which, on average, is between 90 and 140 hours. Penzion Koliba usually takes about 8 apprentices per year. That means recruiting about 30 trainees every 4 years. The Managing Director is personally responsible for supervising and coaching trainees.

Another valuable source of new employees consists of graduates from non-vocational secondary schools who do not continue on to university. These young people often later continue in their intended careers and considering working at Penzion Koliba as a rewarding experience and valuable source of income. These employees usually work in waiting staff positions.

Job vacancies at Penzion Koliba are advertised in local and regional media. The boarding house also holds an internal database of job applicants as well as taking advantage of personal contacts of management and staff.

The aim of the initial induction process for new employees at Penzion Koliba is to encourage employee adaptation to the new work environment; provide employee encouragement; foster loyalty, enthusiasm and motivation for work; and support greater identification with the company philosophy. The length of the initial induction period depends on working conditions. The maximum time allowed is 3 weeks for waiting positions. If the candidate performs his/her work at the required level he/she will become a member of the staff.

As the restaurant does not have independent departments and all staff on duty work in one place it was not deemed necessary to develop written procedures for staff

induction. New employees are supervised by management and after the initial period are coached by senior colleagues. The trial period for a new employee is 3 months.

Employee Training and development

The process of employee induction continues with the further professional development of employees. Management mostly rely on internal on-the-job training and coaching processes. From time to time, specific training workshops are provided by company suppliers. If suitable, employees may also receive specific external training. The employer refunds the full cost for attending external training courses (for example, bartending or sommelier courses). The operations manager attends training workshops according to business needs and actual course offerings on the market. No specific written training plan for staff has been developed.

Management work hard to create a positive working environment for employees. It is the firm conviction of the managing director that coaching is a very effective method of personal and professional development and problem solving. Employees are provided with English language courses by tutors on the premises.

Employee Retention, Relations and Benefits.

Company achievements are significantly influenced by relationships amongst staff, as well as by the personal and work interests of employees. Harmonious and satisfactory work and interpersonal relationships create a productive climate for company performance. The creation of a positive work climate depends to some extent on relations between the owner and employees. Employees meet with the owner two or three times a year at a party, which provides not only entertainment, but also opportunity for non-formal discussions. These are important sources of information and feedback leading to improvement of services provided and improvement of mutual relationships. These informal parties have also proved to be a good place to explain possible misunderstandings that remain unresolved.

The management at Penzion Koliba pay close attention to the personal characteristics applicants in the recruitment process. Thus, formal and non-formal discussions between the owner and employees offer a useful tool both for the improvement of team relations, but also relations between employees and customers.

The company also provides a company chalet for the use of employees on a complimentary basis. Each employee has a set number of days access to the chalet per year.

Employee Remuneration

A very important factor influencing employee satisfaction is salary. Remuneration helps to attract qualified job applicants, retain key employees and to motivate them towards achieving higher performance. The management have a financial stake in the economic success of the company. In this way, employees are able to affect their monthly wage and are positively stimulated towards achieving better performance.

The chefs' salary is calculated on the basis of the cuisine turnover and turnover from the accommodation department. Typically, the fixed element of the salary accounts for 50% and 50% is flexible, related to turnover. In relation to the flexible component, 70% is

calculated on the cuisine's turnover and 30% is related to the turnover of the accommodation department. Waiting staff salaries is calculated on the basis of the restaurant's turnover. 50% of the salary of waiting staff is fixed and the remaining 50% is related to the restaurant's turnover. The chambermaids' salaries combine approximately a 60% fixed rate, with the remaining 40% calculated from the turnover of the cuisine and accommodation departments. It is important to emphasize that the real breakdown between fixed and flexible salary elements depend on the turnover of the relevant departments.

Relationships with the Customers

The financial indicators and customer satisfaction levels are the major quantifiable indicators of Penzion Koliba's success. Consequently, the boarding house achieves a high rate of return business. Returning customers get the same room as on their previous visit. On birthdays, guests at Penzion Koliba guests receive birthday greetings via email. Both satisfied and dissatisfied customers can record their remarks and evaluation in the company guest book. These notes are used as the basis for the improvement of services. An online electronic guest book is also available.

Conclusion

This case study analysed recruitment and retention practices in a small hotel in a rural area. Employee performance and reward systems, along with the cultivation of a friendly working environment are key elements of the HR strategy at Penzion Koliba.

The Koliba Boarding House offers employees a positive friendly work environment. Good employee relations are achieved through the formal and non-formal presentation of employee's views to management. Employees are personally involved in the economic achievements of the company and this results in higher motivation levels and better performance. Finally, employees have the opportunity to improve their qualifications by attending professional training programmes, language courses, workshops and presentations, thus highlighting the importance the organisation places on ongoing employee development.