

Chapter 6.14

Knowledge Cultures, Competitive Advantage and Staff Turnover in Hospitality in Australia's Northern Territory

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ABSTRACT

This chapter investigates the strategies used by hospitality businesses in the Northern Territory (NT) of Australia to remain competitive in the face of high rates of staff turnover. The authors suggest it could be beneficial to foster a symbiotic relationship between staff and knowledge retention with an explicit focus on the social aspects of managing knowledge in a hospitality environment. The authors propose a knowledge mobilization or flow strategy to complement staff and knowledge retention strategies. Creating and sustaining a competitive advantage through knowledge management (KM) practices that recognize the industry's specific context and allow it to compete for

customers and staff in the global marketplace is imperative for the NT hospitality sector. The proposed strategy could make hospitality businesses more adaptable in the face of staff turnover and more flexible by fostering a context that nurtures the mobilization or flow of disparate and person specific knowledge. This chapter describes and critically reviews what is known about staff turnover in hospitality, the case study destination and its hospitality sector. Semi-structured interviews with 13 managers of hospitality businesses and representatives of industry organizations and the destination marketing organization (DMO) in the NT revealed current and desired strategies for managing turnover as well as how turnover affects relationships, knowledge management and idea generation.

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INTRODUCTION

Competition in the tourism marketplace becomes more intense as the destination matures (Butler, 1998). This is the case for tourism in Australia, which is exposed to increasing pressures from rising fuel prices, the preference of Australians to travel overseas rather than within their own country, declines in traditionally important markets in Europe and Asia, and the emergence of nearby countries (China, Viet Nam, etc) as competing destinations. Maintaining a competitive advantage, both as an individual business within a destination and as a destination-based collection of businesses within the global tourism marketplace, is likely to be dependent on the ability to manage knowledge and support innovative strategies (Poon, 1993; Carson & Macbeth, 2005).

Accommodation businesses are at the heart of tourism systems. It is the presence of overnight accommodation as part of a trip away from home that distinguishes tourism from other travel. The capacity of accommodation businesses to manage knowledge is influenced by the characteristics of their workforce, and particularly by the high levels of staff turnover that have been attributed to high levels of casual staffing, relatively low salaries, and poor pathways for career development (Akrivos et al., 2007). The strategies to deal with staff turnover have in the past mainly focused on increasing retention and improving recruitment practices (Zhang & Wu, 2004). However, the literature has more recently suggested alternative or additional strategies that recognize the inevitability of continuing high turnover rates. These strategies seek to embrace the regular influx of new ideas that come with new people (Johannessen et al., 2001) and attempt to retain context and person specific knowledge that will enable businesses to compete in an environment of constant change.

This chapter investigates the strategies used by hospitality businesses in the NT of Australia to remain competitive in the face of inevitable staff

turnover. The Territory's hospitality industry is made up of mostly small and medium sized enterprises (ABS, 2007), while tourists are attracted by the destinations experiential feel, remoteness, tropical and desert surroundings. The Territory is an interesting case because its small size, remoteness, and subsequent exposure to greater internal and external competition exaggerate the need to build effective knowledge cultures within the industry. The NT has a seasonal tourism trade, with the summers (November – April) being hot and dry in the south and hot and wet in the north, and the winters (May – October) more mild in climate and attractive for visitors.

We propose a management strategy that accepts the inevitability of staff turnover, the difficulties in externalising knowledge as a way to manage staff turnover and the need for hospitality employees to act proficiently from the very first minute they enter the business. It could be beneficial to foster a symbiotic relationship between staff and knowledge retention by focusing on the social aspects of managing knowledge in a hospitality environment. This can be achieved through a knowledge mobilization or flow strategy to complement staff and knowledge retention strategies. As observed by Seufert et al (1999) *“what is of prime importance is that [knowledge] creation and sharing processes are encouraged not just the accumulation of data”* (p. 183). Following on from Seufert et al's work, this strategy pinpoints the importance of sharing knowledge in labour dynamic industries. Creating and sustaining a competitive advantage through knowledge management (KM) practices that recognize the industry's specific context and allow it to compete for customers and staff in the global marketplace is imperative for the NT hospitality sector. The proposed strategy could make hospitality businesses more flexible and adaptable to change by fostering a context that nurtures the mobilization or flow of disparate and person specific knowledge to enable businesses to compete. Therefore, even though this chapter investigates staff turnover, a pure human resource

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