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MANAGING TALENT LOSS IN THE HOSPITALITY PURCHASING FUNCTION

Abstract:

Talent loss is a vexing yet underexplored issue in the hospitality industry. This paper seeks to extend the existing literature through an exploratory investigation of the risk of knowledge loss resulting from the possible departure of talented employees in the purchasing function of hotels. Despite the dynamic structure of the hospitality industry that limits the attractiveness of the industry as a setting that is suitable for talent, the purchasing function represents a pivotal position in hotels. The departure of talented purchasing managers disrupts supply chain operations and leads to a loss of valuable explicit, tacit, and relational knowledge. Strategic purchasing managers possess critical skills and knowledge that are essential for international hotels. Hence, proactive mitigation strategies are used to counter the risk of knowledge loss before they leave. More reactive and undocumented strategies are used by local hotels that consider the risk of knowledge loss as low, and make limited investments to retain critical knowledge. Strategic alliances with critical suppliers and small supplier networks were thought to mitigate the loss of relational knowledge in case hotels.

Hotels interested in implementing a talent loss strategy would be well advised to: treat the purchasing function as a strategic one; document risk management and mitigation strategies; adopt proactive mitigation strategies; match mitigation strategies with the type of knowledge at risk; and design and implement mitigation strategies that reduce the share of personal contacts and emotion-based trust in supplier relationships to retain relational knowledge in case of talent loss. The findings of this exploratory investigation add to our understanding of the talent loss issue in the hospitality industry. We show that knowledge loss following the departure of talented employees in the purchasing function of hotels is an important risk to manage by hoteliers.

Keywords:

Talent management, Talent loss, Knowledge-based view, Knowledge loss, Hotels, Purchasing Function.

JEL Classification: M10