



The Effect of Corporate Anorexia in the Hospitality Industry on Student Enrollment in Hospitality Programs

Mansour Moussavi, Ph.D.

Professor

Johnson & Wales University

Email: mmoussavi@jwu.edu

USA

ABSTRACT

The COVID-19 pandemic has had a substantial impact on operations in the hospitality industry in general and particularly in the hotel industry. The lockdown restrictions as well as the fear of contracting COVID-19 caused major layoffs, furloughs, and the termination of many hotel employees at both the managerial and staff levels. This work looks at the decline or stagnation in the number of U.S. hotel industry employees in hotel revenues before and during the COVID-19 pandemic and its impact on employment in the hotel industry and its subsequent impact on enrollment in hospitality programs in higher education. As such, the two impacts presented here are: (1) the decrease in employment in the hospitality/hotel industry and (2) the decrease in student enrollment in hospitality programs at colleges and universities in the United States from 2015 through 2021. For this work, the author consciously decided to maintain anonymized data on the decline of enrollment at U.S. colleges and universities during the study periods to avoid further negative impacts on their student enrollment status. In addition, the employment data sources used in this work are primarily from the hotel industry with an emphasis on large hotel chain operations whose operations are more transparent and accessible than smaller operations.

Introduction

The COVID-19 pandemic has indeed imposed several significant detrimental, immediate, and long-term impacts on the hotel industry sector (Jiang & Wen, 2020). The immediate impacts have by now become well apparent and reflected in the interrupted cash flows prompted by sudden business closures following government lockdown orders (Hall et al., 2020). The pandemic has also affected higher education. A study conducted by the international association of universities shows that almost all higher educational institutions (IHE) have been affected by COVID-19 (Marnoni et al., 2021). These impacts on the hospitality industry and higher education have culminated in the permanent closure of some of the hospitality programs within higher education or mergers of two departments within a college and university to strengthen their financial position and commitment to their existing students so that they may complete their degree programs.

The main focus of this paper is to examine the downsizing of employees in the hotel industry and its impact on the decline of student enrollment in hospitality programs in higher education. This study examines the constant use of advanced technology in many areas of service and phases of operation in the hotel industry that were previously performed by human employees for the hotel guests: from reservation to check-in, check-out to housekeeping, room service to security, and more. The cost/benefit analysis on both salary and wages as well as other related compensations from employee benefits to employee taxes and others are taken into account when considering the replacement of employees by the use of both hardware as well as software technology in the long operations.

Theoretical Background

Definition of Corporate Anorexia

The following definitions of corporate anorexia are important to note for the conclusion of this paper.

Corporate anorexia is:

- “A malaise of a business organization resulting from making too many creative people redundant to cut costs” (Collins English Dictionary, 1994).
- “A condition in which a corporation does not have enough employees to meet its goals or needs, especially as a consequence of downsizing” (American Heritage dictionary, 1991).
- “A situation in which a company does not have a sufficient number of employees to remain profitable. Corporate Anorexia sometimes occurs after large layoffs. It is a difficult position for a company that cannot make money with the employees it has, cannot afford any more employees” (Farlex Financial Dictionary, 2009)

Corporate Anorexia and Downsizing in the Hotel Industry

Downsizing which involves reducing the workforce, but also eliminating functions and redesigning systems and policies to combine costs is becoming more common in U.S. companies (Cameron et al., 1991). Understanding downsizing in the U.S. involves an investigation of the underlying realities and causes of workers' reactions along with insightful analysis of the consequent shift in the balance of power between management and labor (Baumol et al., 2003). Pfeil et al. (2004) examined the process of corporate downsizing and its implications for communicating employee lay-offs to please one set of stakeholders (investors, creditors, shareholders, analysts, and others). In this case, the objective of downsizing was to restructure the organization, control costs, and retain profitability without alienating or traumatizing the very people



who helped create wealth and productivity for the organization (Pfeil et al., 2004).

Previous studies have also examined the vulnerability and resilience of the US Leisure and Hospitality industry sector-wise by taking employment levels in seven different business segments (Khan et al., 2020). Studies have also shown how pressures from the capital-built market have reshaped management action and calculation in large publicly quoted US and UK corporations (Froud et al, 2006) and examined the relationship between downsizing, deskilling/upskilling, and contingent labor use in large firms (Littler et al, 2003).

Research Design

The goal of this research was to study: (1) the decrease in employment in the hospitality/hotel industry and (2) the decrease in student enrollment in hospitality programs at colleges and universities in the United States from 2015 through 2021.

Review of Employment Data in the Hospitality Industry

To gather data on employment data in the hospitality/hotel industry, the author consulted the following resources:

- The Oxford Economic Analysis study (American Hotel & Lodging Association, 2021): This study looked at the number of direct hotel property jobs such as housekeeping and front desk agents, impacted by COVID-19. This study did not include the total job loss from other industries that are supported by the hotel industry, including restaurants, retail, attractions, live events, transportation services, small business vendors, and supplies for hotels, among many others. This study also showed the state-by-state total of the United States job by using 2019 as the baseline to compare to 2020 and the projection of 2021.
- Huang et al., 2021: This research work combined different data to examine the US labor market trends during COVID-19.
- Viachaslau et al., 2020: This study examined the impact of the COVID-19 pandemic on the attractiveness of hospitality occupations as well as the perceived job security of senior managers and, thus, its influence on their commitment to remain in their host organizations.

Surveys on Student Enrollment

To gather data on student enrollment in hospitality programs at colleges and universities in the United States from 2015 through 2021, the author directly surveyed various hospitality programs offered by colleges and universities in the United States and also consulted data on student enrollment collected by a survey conducted by STR in 2021 (Vinson & Hood, 2021).

For this work, thorough research was conducted to identify all both public and private colleges and universities that offer hospitality and related programs. This research produced a list of over 100 colleges and universities. Ninety-six higher education institutions were then selected to send the questionnaire. The questionnaire asked about the number of

students enrolled in the institution's respective hospitality programs for the past six years from the Fall of 2015 to the Fall of 2021. The questionnaire separately listed students enrolled in Associate degree programs, Bachelor's degree programs, Master's degree programs, and Doctoral degree programs. The questionnaire was sent via email to each selected college or university's admission offices. Four weeks were then allowed to receive the responses. In many cases, a second email was sent to those institutions that did not provide the required student enrollment data.

To increase the reliability of data, the author also obtained a copy of the recent survey conducted by STR, Inc. (Vinson & Hood, 2021) on college enrollment which received 60 responses from various colleges and universities. This study used only the question in the survey regarding enrollment trends over the past five years related to the bachelor's degree that was most comparable to the study of the author's survey.

Findings

Review of Employment Data in the Hospitality Industry

The second research category was on hospitality/hotel industry employee leanness plans or corporate anorexia plans. There were three distinct periods studied in this literature review: (1) pre-COVID-19 pandemic lockdown, (2) During the pandemic lockdown, and (3) Post pandemic lockdown until the current time.

A state-by-state and the United States job loss between 2019 and 2020 (American Hotel & Lodging Association, 2021) conducted by Oxford Economics Analysis results showed the total hotel property jobs (the numbers were from just direct hotel property jobs, such as housekeepers and front desk agents). A 2019 study by the American Hotel & Lodging Association. looked only at the total United States figures rather than state-by-state job loss figures found a decline in employment of 28.7% from 2019 to 2020 and also found an increase in hotel business sales of 43.5% from 2010 to 2018 while the total wages, salaries, and other compensations for the same period, grew only 32.5% (note that the other compensations have not been specified).

Huang et al. (2021) found that low preparation jobs in leisure and hospitality were the hardest hit during the pandemic and were slow to recover.

Surveys on Student Enrollment

After a thorough review of the 89 survey responses received out of 96 contacted colleges and universities, only 24 responses (25%) met the needs of this study by responding with student enrollment data on all degrees of their hospitality programs. The remaining 65 responses did not provide relevant data that served the purpose of this study and therefore were disregarded. Of the 65 responses that were disregarded, 35 (36.5%) responded with data for the entire college or university student enrollment data, 26 (27%) responded without providing any data and only provided a website for



their college or university, and 11 (11.5%) colleges and universities did not respond at all.

The collected data from the remaining 24 universities were tabulated with 19 universities selected for this study based on the decline in their student enrollment in each year from 2015 through 2021 and in their bachelor's degree programs only.

The survey data collected on 19 universities compared student enrollment in the Fall of 2015 and the Fall of 2021 and found that the lowest student enrollment decline between these two periods was a university with a 16.2% decline and the highest rate of decline at a university was 75.8% decline. The remaining institutions fell in between these two rates with a high concentration in the 30% decline range.

Similar to the findings presented in the author's survey, in the STR survey (Vinson & Hood, 2021), of the 60 colleges and universities contacted 42 (70%) had declines in their student enrollment.

Discussion

The hospitality industry, in general, and the hotel industry as the subject of this study operate on a fixed supply of guestrooms while the demand is variable. The demand primarily refers to the hotel guests, who use the hotel products and services. The imbalance or unequal relations between these two sides of the equation have long been the cornerstone of hotel operations and challenges for successful hotel operations. Hotel operators have long been fighting on two distinct fronts of supply and demand to bring them into harmonious balance. On the demand side of the battle, hotel operators constantly attempt to increase demand by forecasting the demand, which to a greater extent has been successful by implementing revenue management strategies and tactics. On the supply side of the battle, they have been formulating various strategies and tactics to reduce the cost of supplies. The prominent cost of supply is dominated by the cost of employees to provide the highest quality of products and services to the hotel guests possible. Since the hotel industry is considered a service industry, the role of the employee's contribution to service is ultimate and essential.

Over the years, many attempts have been made to reduce the size of employees, particularly during the slow seasons to try to improve the imbalance in supply and demand. The practice of job enlargement both vertically and horizontally (Stevenson 2021) and the adjustment of the employee schedules both daily or weekly as well as temporary and permanent layoffs are typical tactical and strategical applications of corporate anorexia. As an effect, the employee reduction plans at the workplace have created a sense of job insecurity in the industry. Organizational restructuring and downsizing have also increased employees' perceptions of job insecurity (Niesen et al., 2018). Job insecurity can spread among employees for two specific reasons (Manuno et al., 2014). First, changes within an organization caused by quantitative job insecurity, such as layoffs, downsizing, and

mergers, affect certain groups within the organization, including their perceptions of job insecurity, and second, certain threats or stressors can be interpreted similarly or collectively by employees (Jordan et al., 2002, Gaunt & Benjamin 2007).

It is obvious that even before the COVID-19 pandemic, modern working environments faced uncertainty due to technological changes, economic fluctuations, and political insecurity, this is unable to guarantee employment stability to all employees (Etehad and Kratepe 2019). However, the COVID-19 pandemic has aggravated this situation.

In response, corporate anorexia strategies have adapted and successfully implemented the use of computer software programs designed specifically to forecast the demand both at large and in specific targeted markets. The revenue front has also been assisted with the traditional various types of marketing including advertising, public relations, and promotions, which all utilize the pricing strategies to maximize revenue generation. On the cost front, technology-driven tools on both the hardware such as robots as well as computer software programs assistance have been used to perform various functions in the hotel operations. The use of robots within the hospitality industry has become more commonplace, with uses ranging from artificial intelligence chatbots, designed to assist with the customer service process, to robot assistants, deployed to improve guests' experience in a hotel (revfine.com, 2022). These advancements in science and technology provided opportunities for the hotel industry to reduce the size of employees further in guest service areas where employees typically have had direct contact with guests. This traditional task has been changed by allowing guests to complete some of the tasks that were previously performed by employees as a function of hospitality to guests who are away from home and have an expectation of services from others to place them in comfort. Such a crucial expected level of service from guests at the registration areas of the front desk has been minimized. For example, guests are now expected to perform some or all of the check-in and checkout by themselves using their cell phones to access the hotel registration application by themselves.

The following examples demonstrate how robots are taking human jobs in the hotel industry:

"The hotel Henn-na group location is the near city of Nagasaki Japan introduced robots in certain areas of services such as front desk check-in checks out the company that introduced robots in their introduced service delivery, carrying guests' luggage and escorting guests to their rooms." (Socialtables, 2021). *"In the United States hotel companies such as Intercontinental Hotel Group (IHG), Crown Plaza brand in Silicon Valley, CA performing delivery housekeeping items such as towels, toiletries, and amenities to guests. Marriott hotel company Aloft brand located in Cupertino, CA, and Residence Inn,*



where robots being used to perform some of the employees' tasks. Hilton hotels introduced robots in their McLean, Virginia providing concierge services to the guest. Yotel Hotels in New York provides robot services at the front desk. Hotel EMC2 in Chicago also staffed two robots for delivering toiletries to guests.” (Socialtables, 2021)

While the hotel industry has welcomed the ideas of automation and self-service intending to trim the size of the employees aggressively in recent years, it has been in the minds of management for a very long time. The management's ultimate objective is to generate higher financial gains for the corporate shareholders and themselves. Therefore, the investment implementation in robotics and other technologies applicable to hotel operations is going to play an increasingly vital role in the bottom line of their financial statements. The main question for hotel operators is the response of hotel guests who are going to use hotel services provided by non-humans. The success or otherwise of robotics in the hospitality business is dependent on how comfortable customers are while being attended to by these robots. It is interesting to note that in a study conducted in 2017, not less than 60% of the respondents said they would be comfortable being attended to by a robot (Welsh, 2018)

Proponents of the replacement of human employees with robotic employees say that there are advantages to hotel industry operations (Welsh, 2018). These advantages are listed as – the fact that robots are not prone to exhaustion or have bad moods or bad days. Robots can work with peak efficiency for longer periods than humans can. Robots are also able to carry out a whole lot of tasks faster than humans. Additionally, when robots are used, human error is eliminated. You can expect a very high level of precision and accuracy.

The opponents on the other hand argue that there are many obvious disadvantages of robot use and that it will ultimately replace humans at work and lead to unemployment. This is one of the most popular reasons some people give for not wanting to utilize robots (Welsh, 2018). There is another factor that needs to be addressed by proponents of robotic services in hotels, the initial investment and subsequent operating costs are also relevant to be included in the total cost and benefit analysis. It is also important to bear in mind that the purchase of robots is considered an investment of an asset with a certain life expectancy, which requires it to be treated like other assets such as equipment or machinery to calculate the cost of operation, i.e., maintenance and other related costs as well as calculation of annual depreciation cost (Welsh, 2018).

That means shareholders will have to abandon their absurdly unrealistic expectations of perpetual double-digit

profit growth and recognize that the real value of the stocks they hold is probably only a quarter to a third of what they're currently valued at a bitter pill to swallow for which greedy brokerage firms also share responsibility.

Conclusions, Limitations, and Future Research

The findings of this study are mainly based on direct contact with both educational institutions and industry operations. It is the opinion of the author that the primary reason for the implementation of all kinds of computer technology products and services as mentioned earlier in the hotel properties is to reduce the dependency of the hotel operations on human services due to the variation of human services in the level of services offered by human employees and at the same time to reduce the total payroll expenses. The larger the reduction of the human contribution to hotel services, the lower the student enrollment in colleges and universities. Proponents of robotic services in hotels minimize their effects and hold the assumption that in the future these limitations will be overcome either by the advancement of the robotic technology programming or the decline of guests' expectations of the traditional services they receive while they stay in a full-service hotel.

However, the decline in recruitment of college graduates by the hospitality industry has created a major impact on applications to study hospitality management in higher education. The general sense of pursuing a higher education degree by young high school graduates is to land a job with higher pay to return on their early investment of the four or more years of the college education. Unfortunately, in the past two years, many college students studying various hospitality management programs have experienced some degree of career shock and uncertainty about their future profession. Career shock is defined as “a disruptive and extraordinary event that is, at least to some degree, caused by factors outside the focal individual's control and that triggers a deliberate thought process concerning one's career” (Akkermans, Seibert, & Mol, 2018, p.4).

Although proponents of robotic services argue that there will be more job openings in the development, programming, and production of robots, the intention here is to detail the loss of jobs for people who are in the hospitality and hotel industry. The subject of this paper is to demonstrate the impact of the decline of employment in the hospitality industry whether due to the COVID-19 pandemic, advances in technology, or both, and its subsequent effect on the decline of student enrollment as evidence of fewer high school graduates pursuing their professional education in hospitality management programs in higher education institutions.



References

- 6 hotel brands leading the way with Robot Technology. Social Tables. (2021, May 5). Retrieved from <https://www.socialtables.com/blog/hospitality-technology/hotel-brands-robot/>
- 8 examples of robots being used in the hospitality industry. Revfine.com. (2022, February 19). Retrieved from <https://www.revfine.com/robots-hospitality-industry/>
- Akkermaans, J., Scibert, S.E., & Mol, S.T. (2018). Tales of the unexpected: Integrating career shocks in the contemporary careers literature. *SA Journal of Industrial Psychology*, 44(1), 1-10.
- American Hotel & Lodging Association. (2021). State-By-State Job Loss. Retrieved from https://www.ahla.com/sites/default/files/Fact%20Sheet_2021%20State%20COVID19%20Impact.pdf
- Baumol, W. J., Blinder, A. S., & Wolff, E. N. (2003). *Downsizing in America: Reality, causes, and consequences*. Russell Sage Foundation.
- Cameron, K. S., Freeman, S. J., & Mishra, A. K. (1991). Best practices in white-collar downsizing: Managing contradictions. *Academy of management perspectives*, 5(3), 57-73.
- Collins English dictionary. (1994). Glasgow: HarperCollins Publishers.
- Corporate anorexia. (n.d.) Farlex Financial Dictionary. (2009). Retrieved from <https://financial-dictionary.thefreedictionary.com/Corporate+Anorexia>
- Etehadi, B., Karatepe, O.M. (2019). The impact of job insecurity on critical hotel employee outcomes: The mediating role of self-efficacy. *Journal of Hospitality Marketing Management*, 28(6), 665-689.
- Filimonau, V., Derqui, B., & Matute, J. (2020). The COVID-19 Pandemic and Organizational Commitment of Senior hotel managers. *International Journal of Hospitality Management*, 91-102650. 10-11.
- Froud, J., Johal, S., Leaver, A., & Williams, K. (2006). *Financialization and strategy: Narrative and numbers*. Routledge.
- Gaunt, R., & Benjamin, O. (2007). Job insecurity, stress and gender: The moderating role of gender ideology. *Community, Work and Family*, 10(3), 341-355.
- Hall, M. C., Prayag, G., Fieger, P., & Dyason, D. (2020). Beyond panic buying: consumption displacement and COVID-19. *Journal of Service Management*.
- Houghton Mifflin. (1991). Corporate anorexia. *The American Heritage Dictionary*.
- Huang, A., De la Mora Velasco, E., Marsh, J., & Workman, H. (2021). COVID-19 and the future of work in the hospitality industry. *International Journal of Hospitality Management*, 97, 102986.
- Innes, P. & Littler, C. (2004). A decade of downsizing: Understanding the contours of change in Australia, 1990-99. *Asia Pacific Journal of Human Resources*, 42, 229-242.
- Jiang, Y., & Wen, J. (2020). Effects of COVID-19 on hotel marketing and management: a perspective article. *International Journal of Contemporary Hospitality Management*, 32 (8), 2563-2573.
- Jordan, R.J., Ashanasy, N.M., Hartel, C.E.J. (2002). Emotional intelligence as a moderator of emotional behavioral reactions to job insecurity. *Academy of Management Review*, 27(3), 361-372.
- Khan, M. A. A., & Hashim, H. (2020). The Effect of Covid-19 on tourism and hospitality industry in Malaysia, resurgence in the post-pandemic era: a conceptual criterion. *International Journal of Tourism & Hospitality Review*, 7(2), 54-62.
- Littler, C. & Innes, P. (2003). Downsizing and de-knowleging the firm. *Work, Employment and Society*, 17, 73-100.
- Mauno, A., DeCuyper, N., Tdvanen, A., Kinnunen, U., & Makikangas, A. (2014). Occupational well-being as a mediator between job insecurity and turnover intention: findings at the individual and work department levels. *European Journal of Work and Organizational Psychology*, 23(3), 381-393.
- Marinoni, G., Van't Land, H., & Jensen, T. (2020). The impact of COVID-19 on higher education around the world. *International Association of Universities*, 102-6-39.
- Narayan, P. K., Phan, D. H. B., & Liu, G. (2021). COVID-19 lockdowns, stimulus packages, travel bans, and stock returns. *Finance research letters*, 38, 101732
- Niesen, W., Hootegeem, A.V., Handaja, Y., battistelli, A., & De Witte, H. (2018). Quantitative and qualitative job insecurity and idea generation: The mediating role of psychological contract breach. *Scandinavian Journal of Work and Organizational Psychology*, 3(1), pp. 1-4



- Pfeil, M. Setterberg, A. & O'Rourke, J. (2004). The art of downsizing: Communicating lay-offs to key stakeholders. *Journal of Communication Management*, 8,130-141
- Stevenson, W. (2021). *Operations Management* (14th ed.), New York, NY: McGraw-Hill, Inc.
- Vinson, D., & Hood, S., (2021). *College Enrollment Survey Results*. STR.
- Welsh, T. (2018, November 30). *Robotic Technology in the hospitality industry set to shift*. *Hotel Technology News*. Retrieved from <https://hoteltechnologynews.com/2018/11/robotic-technology-hospitality-industry-set-shift/>