Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

Employee Retention as a Dynamic Organizational Capability in Hospitality Organizations Operating Within Uncertain Environments

Dr. Prashanna Nepal

Elizabeth School of London,
Institution while doing research: Teesside University
nepal.prashanna@outlook.com
0009-0004-1711-4327

ARTICLEINFO

Received: 03 June 2026

Revised: 17 July 2026

Accepted: 27 July 2026

ABSTRACT

Retaining employees is one of the perennial problems that plague hospitality businesses, but retention studies view it as a relatively static combination of HR practices, rather than as a capability that needs to continuously evolve as conditions change. This article offers a reinterpretation of employee retention as a dynamic capability by applying the theory of dynamic capabilities to view it through the prism of its three major elements, namely sensing, seizing, and reconfiguring. Through a qualitative case study of a hotel group in London, this study employed semi-structured interviews with twelve respondents, four being managers and eight being operational staff, during the period of turbulence caused by the shift in the labor market brought about by Brexit. It was found that successful retention was less dependent on particular HR practices and more dependent on the organization's capability of sensing changes in the labor market, technology and regulation, and seizing new opportunities by reconfiguring HR practices such as flexible work schedule, supervision, communication, training, compensation and job redesign. In this paper, we introduce the concept of DRC (Dynamic Retention Capability), which is made up of three foundations: sensing, seizing, and reconfiguration, and suggest that in the uncertain environment of hospitality, retention performance will depend on the intensity of this capability rather than the practice taken alone. The paper adds to the field of dynamic capabilities by applying this concept to the domain of retention and provides managers in the hospitality industry with a model for building a resilient retention system.

Keywords: Dynamic Capabilities; Service Workforce Sustainability; Institutional Uncertainty; Strategic Human Resource Management; Organizational Resilience.

Introduction

The issue of high levels of employee retention continues to be a major challenge facing the global hospitality industry. This is because a business in this sector may end up spending between 90 and 200% of the annual income of a worker due to loss caused by one employee leaving voluntarily (Hom et al., 2017), and it is common to find that turnover rates in the hospitality sector are higher than 30% per year (HR Magazine, 2018). The challenges are exacerbated further by the presence of a "wicked

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

problem" within this industry, as identified by Solnet et al. (2016).

The key difference between hospitality retention and retention in other sectors is the level of volatility of the environment in which the process of retention takes place. This is best illustrated using the case of the UK hotel industry, particularly the London hotel industry. The hospitality sector had been reliant on an immigrant workforce; before Brexit, 22.1% to 34.1% of the total workforce of the UK's hospitality industry was comprised of EU nationals who were required by the industry at the rate of 62,000 every year (KPMG, 2017). Post-Brexit referendum in 2016, the number of EU nationals migrating into the UK fell to an estimated number of 61,000 in 2017-18 (ONS, 2019). In addition to this, the introduction of the Points-Based Immigration System in January 2021 disallowed nearly all the hospitality jobs that were paid below the skilled worker minimum wage of £25,600. The cost of turnover that has made retention strategic can be seen in Table 1, while Table 2 highlights the labor market shocks that have led to the restructuring of the business environment of the UK hotel industry between 2016 and 2021. Apart from Brexit, hospitality firms also have to deal with technological changes in the services offered, an increase in regulatory changes in relation to the behaviour of employees, and expectations of the workforce by different generations (Goh and Lee, 2018). That is, retention is taking place in a dynamic environment.

Table 1. Direct and Indirect Costs of Employee Turnover (adapted from Harika & Bindu, 2020; Hom et al., 2017)

Direct Costs	Indirect Costs
Recruitment and advertising costs	Loss of institutional knowledge and expertise
Orientation and induction training costs	Loss of productivity during the transition period
Severance and administrative costs	Reduced morale among remaining staff members
Temporary coverage expenditure	Cost of knowledge transfer; competitive advantage eroded

Current retention literature seeks to address the complexity of this sort by listing the internal human resource management practices associated with employee retention: compensation, work-life balance, supervision, training, and development (George, 2015; Kossivi et al., 2016), viewing them all as variables of which the usefulness is universal. The universality assumption seems to contrast sharply with the external environment of this sector. A practice that works in a situation when the supply of labor is plentiful and the regulatory framework is stable, may not operate in the same way under conditions when the supply of labor has become scarce and the regulatory framework has shifted. It has been recognized in the literature on hospitality HRM that contingency theory should be considered here (Donaldson, 2001; Paauwe, 2009). Contingency theory serves as a valuable antidote to the pitfalls of universalism, but there is one drawback that limits its value for an ever-evolving industry: contingency theory is essentially a "fit" theory, focused on the compatibility of practices with certain conditions in a specific time frame, and does not say much about organizational process by which companies realize when such changes have occurred and change their practices accordingly. If in a situation where the "right fit" changes constantly, as it surely did during the time of Brexit, the right question is not so much what practices of retention are currently in sync with the environment, but whether the company can maintain this fit in the future.

Table 2. Brexit Milestones and Corresponding Labour Market Impacts on the UK Hotel Industry

Date	Event	Labour Market Impact
June 2016	Brexit referendum: Leave wins (~52%)	Immediate uncertainty: EU worker sentiment shifts negatively
March 2017	Article 50 was triggered by PM Theresa May	Hotels begin contingency planning; EU recruitment begins declining
January 2020	UK officially leaves the EU	11-month transition period begins; labour pools

		shrink
December 2020	Transition period ends; new immigration rules take effect	Points-Based System introduced; EU free movement ends
January 2021+	PBS fully operational	Industry faces a projected shortfall of 90,000-210,000 EU workers (KPMG, 2017)

Employee retention is recast here not as a static set of HR functions, nor even as a static set which must somehow align with its context, but as a dynamic capability that is, an organization's ability to detect changes in its internal and external environments, capitalize on those changes by adjusting the relevant HR architecture in response, and institutionalize ("reconfigure" or "transform") those adjustments in routine practices that endure and are adaptable to changed circumstances once more (Teece, 2007; Teece, Pisano & Shuen, 1997). This way of thinking about retention brings the retention literature into dialogue with that concerning dynamic capabilities in strategic management literature, which has recently been increasingly used for studying the building and renewal of HR systems in the presence of environmental dynamism (Apascaritei & Elvira, 2022; Ployhart & Moliterno, 2011), as well as with that emerging dynamic capabilities in hospitality and tourism management literature, concerned largely with firm-level resilience and innovation thus far (Prayag et al., 2023).

1.2 Research Questions

This is empirically explored through an in-depth, qualitative case study involving a London-based hotel company by conducting semi-structured interviews with twelve respondents, consisting of four managers and eight operational staff who are nationals of the EU member countries. The following are the research questions of this study:

RQ1: Which HRM practices constitute the microfoundations of the retention capability at a hospitality firm, and how are they experienced by employees and managers?

RQ2: How does a hospitality firm detect turbulence in its environment - in terms of the labor market, technology, and regulation and respond to this detection?

RQ3: How could the concept of dynamic capabilities be expanded to account for employee retention as an organizational capability of hospitality firms in turbulent environments?

1.3 Research Contributions

Contributions made by this paper include theoretical and empirical ones. On a theoretical level, it develops dynamic capabilities theory in the field of retention, proposing a Dynamic Retention Capability (DRC) framework that conceptualizes existing retention practices as micro-foundations of the sensing, seizing, and reconfiguration processes, and not as stand-alone HR tools. An empirical contribution is also made through an in-depth description of the sensing, seizing, and reconfiguration processes within a hospitality firm in a real-life context of environmental uncertainty.

While the empirical context is that of a single hotel group based in London during the era of Brexit, the phenomenon under study is far more universal than Brexit alone. Service organizations everywhere today must find ways to keep their people even when operating under conditions of institutional and geopolitical uncertainty, as demonstrated by European hospitality businesses struggling against demographic change and labor shortages in periphery regions (Leal-Solís, Sánchez González and Nieves-Pavón, 2026), post-pandemic challenges of change management for South-East Asian service organizations (Ekhsan et al., 2022), and struggles with converting human resource practices into retention by hospitality firms within the EU (Martins, Borges and Silva, 2025). Brexit is presented as just one extreme and empirically accessible example of a broader range of institutional shocks - including disease outbreaks, population decline, currency meltdowns, and unexpected regulation changes - faced by service organizations in various countries. As such, the framework presented below is also intended to operate on this broader level: rather than stating that Brexit leads to certain outcomes, it suggests that service organizations that are successful in developing their capacity for sensing, seizing, and reconfiguring will be better at retaining employees than those that lack this capacity, whatever their environment might be.

Literature Review

2.1 Employee Retention in the Hospitality Industry

Retention of employees is the process by which the organization develops its policies and methods to create a favorable work atmosphere for retaining employees by fulfilling their diverse requirements (Kossivi et al., 2016). Retention remains a major issue in the hospitality sector due to some unique characteristics of the industry, such as intensive use of labor, prevalence of low-skilled jobs, customer interaction, and irregular working hours (Baum, 2008). The structure is part of the problem. According to Baum (2019), one of the inherent characteristics of the historical organization of work in the industry, known as Taylorism, and based on specialization, deskilling, and strict management control, creates, by definition, precarious conditions of employment that favor efficiency and cost reduction over investment in human capital. In turn, the lack of investment leads to turnover, which reduces the quality of services and institutional memory. Another line of research considers the concept of retention from the point of view of employment quality. According to Solnet et al. (2016), the core components of employment quality in relation to retention in the hospitality industry include job security, pay, work-life balance, training and development, and voice. These authors state that the hospitality sector has traditionally been poor at meeting these aspects of employment quality. Based on this theory, it is clear that it will be difficult to achieve retention through any type of "retention program." Many different variables have been empirically found to affect hospitality retention. Eight organizational and occupational variables identified by George (2015) include the quality of management, a good work environment, social support, opportunities for growth and development, autonomy, compensation, workload, and work-life balance, whereas Kossivi et al. (2016) also focus on supportive management, a good work environment, communication, and training. Robinson et al. (2014) take a psychological contract approach and reveal that hospitality employees tend to feel that their employers do not fulfil the implicit promises of training, fairness, security, and work-life balance.

It is further exacerbated by the dependence of the hospitality industry within the United Kingdom on migrant workers. It has been estimated that between 22 and 34% of the UK hospitality workforce was made up of migrants from the EU before Brexit, while in London the figures were even higher, with many of the migrants coming to the hospitality sector because of flexibility, opportunities for work in English, and pay above what was available in their home countries (KPMG, 2017). The authors explain that employers took advantage of EU migration in order to obtain a flexible and compliant labor force ready to accept terms that the domestic labor force could not, thus creating a segmented labor market in which the migrants occupied low-status and low-mobility positions. This body of literature collectively defines what constitutes importance within hospitality retention in terms of work-life balance, environment, support, communication, training, compensation, and job design; however, in doing so, it takes these factors for granted by assuming that they have consistent importance across time. In this study, I argue that while such an inventory is necessary, it is not sufficient; what the volatile environment of hospitality after the Brexit referendum requires is an understanding of how organizations recognize when their retention practices go out of alignment and fix them. Dynamic capabilities theory addresses this issue.

2.2 Dynamic Capabilities Theory

The dynamic capabilities framework emerged as a development of the resource-based view of the firm, aiming to understand how firms maintain competitive advantage in an environment characterized by fast-paced and unpredictable changes. According to Teece et al. (1997), dynamic

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

capabilities are defined as a firm's capacity for integrating, building, and reconfiguring competencies inside and outside the firm in response to environmental changes, thus contrasting them with conventional operational capabilities, which allow a firm to make money at the moment but do not enable adaptation to environmental changes. Similarly, dynamic capabilities are described by Eisenhardt and Martin (2000) as specific and recognizable routines of organizations and strategies, such as product development or resource allocation processes, that are used by managers to change their resource base.

Later on, Teece (2007) further disaggregated dynamic capabilities into three overlapping clusters of organizational and managerial processes: sensing opportunities and threats in the environment; seizing opportunities by investing and reconfiguring the resources of the organization; and transforming, or constantly rejuvenating, the asset base and routines of the organization so that any advantage gained is sustainable in light of continuing change. The sense-seize-transform/reconfigure sequence has since become the prevailing organizing theme in the dynamic capability literature (Wang and Ahmed, 2007) and offers an inherently sensible analytical framework for examining the response of organizations to turbulence in their environment over time, not just at some one-time moment of fit. The sense-seize-reconfigure language remains a central focus of more recent empirical research even outside the strategy field proper, specifically in research identifying the organizational routines, structures and decision-making rules, i.e., the micro-foundations, which make each of these three processes possible in reality (Kowalski et al., 2024); this research builds upon this tradition of micro-foundations research, but applies it to the area of retention.

There are two elements of the theory of dynamic capabilities that make it particularly applicable to the problem of hospitality retention addressed in this paper. The first is that this theory has been specifically constructed for an environment of high uncertainty and fast changes from outside the "regimes of rapid technological, [regulatory] and market change" referred to by Teece et al., and thus reflects the situation in the UK hospitality labor market after the referendum closely. The second is that dynamic capabilities theory is a process theory: it does not care only about whether the current resource endowment of a firm fits its environment, but about the organizational processes that will allow the firm to realize that the fit is gone and build a new one. This leads to the question of "what can the organization do to adjust the retention practices it has?" rather than "which retention practices are used?", and thus cannot be answered statically based on internal factors or even a contingency-fit approach applied at one moment.

2.3 From HR Practices to HR Dynamic Capabilities

Dynamic capabilities were developed based on strategic and technological resources. However, there is increasing literature extending the dynamic capabilities to human resources management. According to Ployhart and Moliterno (2011), firm-level human capital resources arise from the accumulation and aggregation of knowledge, skills, and abilities of employees within the organization, and the process of such accumulation is a managerial dynamic process. More pertinent to the current study, Apascaritei & Elvira (2022) present a typology of the dynamic capabilities of HRM that is structured according to three goals: creation of knowledge, social integration, and creation of reconfiguration mechanisms, and assert that the practices of strategic HRM form the micro-foundations through which such dynamic capabilities are created, maintained, and refreshed. Under this approach, HRM practices do not represent simple "internal factors" which exist or do not; rather, they are the fundamental components (micro-foundations, in the terminology of Eisenhardt & Martin, 2000) through which an organization's dynamic capability to react to relevant change in the workforce is created.

This re-interpretation raises an important issue for retention research. If human resource practices such as flexible schedules, supervision, communication practices, training, pay practices, and

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

job design are understood as microfoundations of a dynamic capability, rather than independent additive predictors of retention, then the retention potential of any one practice cannot be fully realized in isolation. It resides not only in the value added by the individual practice but also in the way in which these practices interact as an adaptive system: a firm that exhibits good communication practices and supervisory practices is not only delivering two distinct "goods" in terms of retention, but it is also establishing organizational mechanisms through which it responds to workforce issues in other parts of the HR architecture. This supports the conclusion reached by Prayag et al. (2023), who found, in their study of firms operating in the tourism and hospitality industry during the COVID-19 pandemic, that these firms relied on a range of dynamic capabilities, including reconfiguration, adaptation, renewal and regeneration capabilities, amongst others, to maintain organizational resilience during a time of heightened uncertainty.

2.4 Internal HR Practices as Microfoundations of Retention Capability

Expanding upon the reframing process, we consider the seven core HR practices which have been most strongly linked with the retention of staff within hospitality in past studies: work-life balance, work environment, management support and supervision, communication, training and development, compensation, and job redesign, not as simply a series of independent factors but as microfoundations which may each enable sensing, seizing, or reconfiguration activities.

Work flexibility, including flexibility in shift scheduling, part-time work, and teleworking when appropriate, helps employees manage their work-life balance (Deery, 2008; Zheng et al., 2015). It remains an ongoing issue for the 24/7 organization where organizational needs and individual preferences for evening, weekend, and holiday hours often clash (Deery and Jago, 2019). For example, younger workers are willing to give up pay for work-life balance (Goh and Lee, 2018). Hence, work flexibility can serve not only as a retention strategy but also as an indication of organizational attentiveness (sensing). The emotional aspect of hospitality is difficult: maintaining a positive emotional display no matter what emotions one feels is an emotional labor that is characteristic of this field (Hochschild, 1983), especially in stressful situations with inadequate resources or lacking support, while being recognized and supported by the organization makes this job easier (Grandey et al., 2012). An environment in which the organization acknowledges the efforts of the employees and treats them respectfully is crucial for the retention of a diverse staff, in particular, as hospitality has a notorious reputation.

Line managers influence the day-to-day experience of their subordinates in terms of workload, work schedules, performance feedback and conflict management, while the quality of the supervisory relationship serves as a good predictor of intentions to stay at one’s job (Solnet et al., 2016; Andersen, 2016; Kang et al., 2015). At the same time, hospitality organisations tend to promote supervisors for their technical skills and do not train them for the managerial position (Baum, 2019). The use of two-way communication, which includes top-down flow of information, bottom-up feedback, and peer-to-peer exchange, contributes to retention through decreasing uncertainty and facilitating the voice of the employee (Cloutier et al., 2015). The hierarchical nature of hospitality firms may influence how communication is conducted at the interface of strategy and operations (Baum, 2018). Thus, communication processes function as retention practices on their own and are the main means of picking up the signal about employees' problems and changes in the environment through their eyes.

Skills training and clear advancement pathways indicate organizational dedication to its staff and create the foundation for human capital upon which new capabilities, including retention capabilities, may be created (Sung and Choi, 2014). Training serves the function of a seizing mechanism; often, training is the tangible response that an organization takes to turn a perceived need (such as a lack of skills, shortage of labor, technological advances) into a reality. Research into the influence of compensation on hospitality retention presents some contradictory results. While some scholars view

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

compensation as a hygiene factor, something that, in terms of Herzberg (1974), does not motivate people but causes their dissatisfaction when insufficient, others view it as an aspect of retention based on the perception of organizational justice and comparative salary (Nyberg and Sewell, 2014). Given the history of low compensation in hospitality occupations (Baum, 2018), there is limited scope for its use as a tool of differentiation for hospitality retention. Increasing the cost of living in major urban centers like London might change the situation (Solnet et al., 2016). Redesigning tasks, processes, and service delivery, potentially even using automation, may be employed as a way of managing workload and workforce shortages, either to preserve or erode job quality, depending on how this is done (Ivanov and Webster, 2019). Job redesign is perhaps the most straightforward example of a reconfiguration/transformation microfoundation, being the process by which the organization restructures its operations to respond to a recognized need, such as chronic hiring problems.

2.5 Environmental Turbulence as the Trigger for Sensing and Reconfiguring

According to Dynamic Capabilities Theory, sensing, seizing, and reconfiguration mechanisms depend on and respond to the level of turbulence in the environment of the organization. The following three sources of turbulence have particular relevance for UK hospitality retention. Labor market turbulence. As mentioned above, market aspects like unemployment, skill shortage, labour market competition, and the like are directly affecting both hiring and retention (Krajcsák and Kozák, 2018). In this regard, the post-Brexit reduction of EU labor flow can be considered as a typical example of an exogenous and discontinuous shock to which Dynamic Capabilities Theory is relevant: companies that sensed this decrease and were able to react were more successful than those that saw it as temporary.

While automation and digitalization, on one hand, reduce the demand for certain positions in hospitality, on the other hand, increase the demand for other positions demanding a different skill set (Bowen and Morosan, 2018). The application of self-check-in, RFID-based inventory tracking, and robotics in housekeeping and food services (Ivanov and Webster, 2019) can either be done through a substitution approach, leading to increased job insecurity among employees, or a complementary approach, relieving employees from routine chores and leaving room for more valuable interpersonal services; both approaches yield contrasting results. Regulatory turbulence. Immigration and labour regulations play a significant role in determining the eligibility of workers who can work in the industry and the terms on which they will do so, and also affect employees' perception of security and costs of compliance by employers (Guerrina and Masselot, 2018; Wood and Budhwar, 2016). The switch from free movement of people within the EU to the British Points-Based System is an obvious case of regulatory turbulence, because it directly influenced recruitment and retention, and also had an impact on turnover intention of employees independently of the final regulations chosen (Altig et al., 2020).

Most importantly, however, the theory of dynamic capabilities implies that the sources of turbulence are not mere contingencies that are matched to internal routines at one single point in time; instead, they remain persistent challenges that continuously confront an organization's sensing, seizing, and reconfiguration capabilities. An organization that makes one adjustment to a changed baseline, for instance, moving its recruitment away from the labor market within the EU without establishing the sensing capability itself, would be in no more advantageous a position to cope with future shocks than one that had made no adjustments at all. This, in essence, is the fundamental drawback of contingency models that this paper hopes to transcend: Fit, once attained, is not an organizational capability itself.

2.6 Conceptual Framework: The Dynamic Retention Capability (DRC) Model

Employee retention in hospitality organisations functioning in an uncertain environment is best viewed as a Dynamic Retention Capability (DRC), which includes the following three sets of microfoundations:

- **Sensing microfoundations:** Organizational processes by means of which the firm is capable of

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

sensing changes in needs and expectations of employees (using means of communication, supervision and employee voice systems) and changes in the external environment (signals from labour markets, changes in technologies and regulations).

- **Seizing microfoundations:** The decision-making and investment activities that convert sensed information into specific actions of HRM in terms of work-life balance improvements, investments in training and development, compensation policies and application of technologies in a complementary, rather than substitutive way.
- **Reconfiguring microfoundations:** Structural and cultural adaptations, such as job redesign and reconfiguration of supervision and communication routines, through which the organizational action is embedded into the "way of doing things".

This model does not ignore the internal employee retention variables that have been discovered in the previous hospitality HRM literature; rather, it elevates them to serve as the actual microfoundations of an underlying capability, as well as providing a discussion of the mechanisms involved in sensing and reconfiguration between environmental turbulence and HR activities. The figure below shows this model, which is further discussed in section 5.3 of the study.

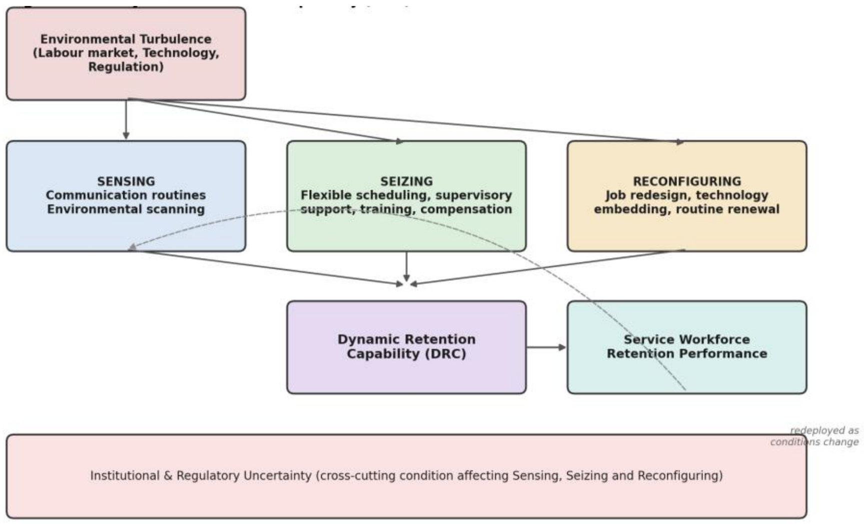

Figure 1. The Dynamic Retention Capability (DRC) Model

Methodology

2.7 Research Design

The research was carried out using a qualitative and interpretivist approach, utilizing a single-case study research design. Case study research is well-suited to studying the contemporary organizational phenomenon within its natural environment, especially when the line between the phenomenon and the context of occurrence is ambiguous (Yin, 2018), which is true for the relation between the retention practice and environmental turbulence. Interpretivism acknowledges the social constructiveness of the organizational reality and develops knowledge through paying attention to the meanings created by participants (Saunders et al., 2019). Case study research is well-suited in cases where organizational capabilities develop through the process of interaction of managerial decision-making, participant experience, and environmental changes. The latter cannot be isolated from the rest of the organizational context using cross-sectional surveys.

There were three reasons why a single-case design was selected. The first reason is that the design makes it possible a more sustained exploration of the capability-building in retention in one

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

particular organisation, where the dynamics of the interaction between HR practices and the overall sense-making process of sensing, seizing, and reconfiguring are explored instead of making a superficial comparison among many organisations. The second reason is that it makes it possible to focus on how the interaction between internal practices and external turmoil was experienced by management and workers instead of being inferred from afar. The third reason is that a closer exploration of an individual case through in-depth case analysis may discover patterns that would otherwise be overlooked when using a more expansive design (Siggelkow, 2007).

2.8 Case Organization

The organisation in the case is a London hotel chain that was set up in 2013 and is engaged in the management of hotels and serviced apartments in London. This organisation has over 100 employees working in housekeeping, front office, food and beverage departments, as well as in management, 90% of whom are citizens of the European Union common for the hotel industry in the UK because of its traditional reliance on labor from Europe. The company had certain HR policies in place along with certain employee retention strategies before the research started. One of the reasons for choosing London as the research location is that it contains one of the largest and most diversified hotel industry sectors of the globe, having an estimated total of 141,000 hotel rooms, along with growing demand in the industry due to a rising cost of living, strong labor market competition, and dependency on foreigners.

2.9 Case Selection and Analytical Generalization

The focus of this study is not on achieving statistical representation but on building theory based on an information-rich case that can shed light on organizational dynamics in its context. In line with Yin (2018), Eisenhardt (1989), and Eisenhardt & Graebner (2007), single case design is suitable in situations where a case holds unique theoretical insights into an important organizational phenomenon and enables researchers to examine complex phenomena that are difficult to observe using large sample designs.

This particular hotel company was a theoretically appropriate case since the service sector in which it was functioning was among the most vulnerable to labour shortages and turnover in the UK as far as Brexit was concerned. The service sector is highly dependent on service workers who possess knowledge about customers and have the ability to interact with them. At the same time, this particular case organization had a high number of workers who were from EU countries and thus faced multiple disruptions at the same time. From the lens of dynamic capabilities, such an environment provides the perfect opportunity to see how organizations perceive environmental changes, grasp opportunities, and restructure organizational routines amid these changes. The case is not one where the environment reflects that of an average hospitality firm, but rather one that was chosen due to environmental volatility to allow a clearer demonstration of these processes of capability development. Consequently, this research aims at seeking analytic rather than statistical generalization (Yin, 2018). This research will attempt to expand on and enrich the theory of dynamic capabilities through the development of propositions to show how employee retention operates as a dynamic capability. These propositions seek to offer guidance for testing in the future in other settings.

2.10 Data Collection

Data were gathered using semi-structured interviews involving twelve interviewees, including four managers and eight EU national employees in operational positions. The sample used for the study was purposefully selected in order to obtain relevant views about retention at both the managerial and operational levels. The managerial sample had from three to twenty-four years of experience in hospitality; the employee sample consisted of individuals from various EU countries. Table 3 summarizes participant characteristics.

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

Table 3. Profile of Interview Participants with Interview Dates (field data, 2019)

Code	Role	Department	Nationality	Total Hospitality Exp.	Interview Date
M1	Manager	Operations	Non-EU	17-18 years	28/09/2019
M2	Manager	General Management	Non-EU	23-24 years	08/11/2019
M3	Manager	Rooms/F&B	Non-EU	17 years	06/11/2019
M4	Manager	Housekeeping	Non-EU	3 years	26/09/2019
ECAB1	Operational Employee	Front Office	EU National	2-5 years	11/08/2019
ECAB2	Operational Employee	Reception	EU National	2-5 years	12/09/2019
ECAB3	Operational Employee	Front Office	EU National	1-3 years	01/09/2019
ECAB4	Operational Employee	Front Office	EU National	1-3 years	10/08/2019
ECBB1	Operational Employee	Food and Beverage	EU National	3-6 years	01/09/2019
ECBB2	Operational Employee	Housekeeping	EU National	7+ years	10/08/2019
ECBB3	Operational Employee	Housekeeping	EU National	2-4 years	28/09/2019
ECBB4	Operational Employee	Food and Beverage	EU National	3-5 years	11/08/2019

The interview guides included questions about the background of the participants and their motivation for being part of the organization, the perception of the working environment, supervision and communication, salary and career opportunities, and, especially for this study, the perception of the participants and the organization towards changes in the external environment including changes in the labor market, technology and legislation, which made it possible to study the two aspects of the DRC model empirically. The interviews took 40-60 minutes.

The participants were recruited voluntarily, and their consent was sought after providing them with an information sheet that outlined the objectives of the study, the process involved, confidentiality issues, and the right to withdraw. Ethical clearance was sought from the researchers' university ethics board before carrying out the research. The participants were given anonymous codes (M1-M4 for managers, and ECAB1-ECAB4 and ECBB1-ECBB4 for employees).

2.11 Data Analysis

The data were thematically analyzed using the six-stage approach to thematic analysis described by Braun & Clarke (2012): (1) getting familiar with the data; (2) developing initial codes; (3) searching for themes; (4) theme review; (5) defining and naming themes; and (6) presenting a final analysis report. The coding was done iteratively, and an initial open coding was used to develop descriptive codes based on the internal practices found in the literature (balance between work and life, working environment, support and supervision, communication, training and development, compensation, job design), as well as external ones (labor market, technology, legislation). The second and interpretative coding round involved reassessing the above-mentioned descriptive codes concerning the dynamic capabilities framework, sorting out the passages into three types based on their orientation sensing (perception of the need for change in employees' needs or the external environment), seizing (organizational actions as a response to the need for change), and reconfiguring

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

(structural/routine changes meant to last after the immediate action has been taken). The second coding process is precisely what makes it possible to present results of this study in terms of capability dimensions instead of purely topical ones (work-life balance, communication, etc.), but without losing the topical content of the latter.

2.12 Methodological Rigor

Data were analyzed manually without the help of qualitative data analysis software, due to the emphasis on depth over breadth for this single case of twelve participants; full transcripts were coded and then recoded during two separate rounds of coding as outlined in the methodology section, with some transcripts being independently rechecked two weeks later to verify coding consistency. Trustworthiness was evaluated in accordance with the four criteria outlined by Lincoln and Guba (1985). Credibility was ensured by having engaged with the organization extensively over the duration of the research, by triangulating managerial and employee accounts of the same practice, and by supporting every analytic statement with relevant quotes from the participants. Transferability is assured by providing a thick description of the organizational context and participant characteristics, which allows the reader to evaluate whether the results may be generalized to other contexts. Dependability was ensured through the maintenance of a coding audit trail that traced each identified theme to its roots in descriptive codes, and confirmability through the use of direct quotes to support interpretive assertions as opposed to just the researcher's summary interpretation. Reflexivity is another concept to consider. The fact that the researcher was positioned as an outsider in relation to the case organization, having no previous affiliation with the organization as an employee or manager, made it possible to gain easy access to critical perspectives from the employees, but at the same time, this lack of insider tacit knowledge is another limitation that makes it impossible to generalize about the propositions.

Findings

2.13 Sensing Microfoundations: Detecting Change in Employees and the Environment

Communication as a sensing channel. The organisation's communication routines acted as its main sensing channel for employee concern before such concern manifested itself as an intention to leave. Employee ECAB2 stated: "If they want to decrease turnover, there must be a high level of communication... They have to tell us about all those things that affect us. If they communicate with us, we are going to be in a comfortable zone." Some employees found concrete flaws in the organisation's sensing communication channel. Employee ECBB1 believed that "some decisions need to be properly communicated from the managers level," and employee ECAB4 said the organisation "needs to keep us updated about those issues that affect us as workers." However, the managers' evaluations of their communication channel showed discrepancies from employees' evaluations: manager M1 admitted that "perhaps we have to give feedback more often," and manager M2 was convinced that "we have an open-door policy where the staff can come and speak with us." This discrepancy between managers' and employees' evaluations of the communication channel itself represents a sensing failure.

Labor market sensing externally. Not only were sensing issues internally focused on employees, but they also included sensing of the changing external labor market. This was done through managers' accounts of the organization's increasing dependence on EU labor: M2 pointed out that "the hotel industry in the UK is run by non-British people... all the in-house staff in the housekeeping department come from Europe; same goes for the F&B department," and M3 stated that it consisted of "90% EU nationals." M4 explained the difficulties with translating recruitment efforts into success: "We do plenty of advertising on various platforms to attract people from different countries. But we hardly ever receive any response from local people or from people outside the EU zone." Information about the state of the labor market came even from employees: ECBB1 noted straightforwardly that "It is very difficult nowadays to hire staff... Brexit has surely had its influence on lots of employers," and ECAB3 explained:

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

"Brexit could be viewed as not friendly to EU citizens." With the increase in difficulties in recruitment, the issue of retention gained in importance - an example of how sensing of the external environment leads to focusing on retention.

Sensing Technology. The managers also displayed the environmental scanning of the technology in the environment. M2 mentioned that he closely monitors the technology trend within the sector: "The hotel industry must move forward with the technology... There is a small number of companies implementing this technology, and I am closely monitoring... the next day, we need to implement this new trend to keep the business alive." M3 believed that the balance will change between the employees and the technology: "The hotel needs to move away from the employees a little bit and depend upon computers... they can check in and check out from computers only without any staff."

2.14 Seizing Microfoundations: Converting Sensed Change into Action

Work-life balance as a seizing response to workforce needs. Flexibility became the best example of seizing: organizational seizing was adjusted to the need that the organization recognized among its own workforce. The match was explained in ECAB2: "It suits my lifestyle perfectly... I have plenty of flexibility regarding shift work and days off, which is something that I really appreciate." Another participant, ECBB3, who was working in two different jobs and raising a family, explained how shift flexibility was used to respond to a specific need: "I work somewhere else in the evenings and come here in the mornings... I am free during the daytime, and I take care of my child when my partner is not at home. It suits our lifestyle." ECBB1 found the reciprocity in shift work interesting: "If I have some things to do in the morning, then I can work in the afternoon. "Whenever I have work to do in the afternoon, I can do the morning shift." The managers benefited as well from this flexibility that was gained: M3 stated how he could work remotely owing to his caregiving duties, presenting this as proof of the organization accommodating to new situations of its employees rather than having a set employment model: "My job can be done remotely... since the world is changing, and now I have someone to take care of, the priority is my child. This company gives me maximum flexibility."

Supervisory support as a seizing mechanism. There was an evident attempt by managers to shift from a controlling and directive style of supervision to a more trusting one that supported employees. This is clearly an organizational choice (seizing) and not a default setting. M2 explicitly stated his/her philosophy: "Micromanagement is completely a waste of time. When you employ people for the task, train them well, and leave them alone to do it. The workplace is the second home and every member of the staff is a family member." The employees felt the impact of this decision first-hand. ECBB2 remembered that when he/she had a situation with a false fire alarm on a Saturday, "the manager did not insult us when we called, but only gave us feedback on how to deal with the problem." Peers helped out in addition to supervisors. ECAB2 mentioned that "if there is no teamwork or support from your fellow workers and managers, it becomes even tougher to work in the hotel industry."

Training and development as a seizing response to the sensed talent. Several stories showed how training was given only when the potential of the concerned individual was sensed. ECAB2 gives a typical example for this: "Very soon they sensed my knowledge and provided me with training to work as a senior receptionist in a matter of a few months after joining them. That's how I got my sudden promotion." Another story from the same category, but over a long period of time, was told by ECBB1: "This firm has given me a chance to develop myself... I joined them as a concierge, and now I am even given a chance to work as a duty manager."

Compensation as a restricted form of leverage for seizing opportunities. It was a conditional factor rather than a seizing tool. The majority of interviewees viewed low wage differences as not being enough of a reason to take another opportunity somewhere else. ECBB1 talked about the potential risk of relocating: "Going to a new place – I don't know whether it is good or bad there... I have to be fully comfortable with everything to move." M1 made a similar comparison: "Pay will be almost the same in

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

any hotel. Maybe I can earn another £2,000, but I had better stay where I am comfortable with my managers, usual routines, and people around me." ECBB3 was quite sure about that: "My pay is not high here, but it is normal pay for the job I do. Everything is good here... I don't want to move for the sake of money." One of the minority opinions served as an example of the boundary conditions on this pattern: M4 made it clear by saying, "Of course, I'm earning my bread and butter. But if I earn more money...I will be gone tomorrow." Here, the pay functioned as a hygiene factor, as defined by Herzberg (1974): sufficient but not competitive pay seemed to be the critical point at which the organization seized, and relationships, flexibility, and culture carried more retention weight beyond it.

2.15 Reconfiguring Microfoundations: Embedding Adjustments into Routines and Structure

Redesigning the job structure through restructuring. Where the recruitment effort did not materialize, the managers spoke of reconfiguring the service provision itself and not just adding a burden to the existing staff as a solution that would not be one-time but would last longer. For instance, M3 said, "We were going to have the complete dining and room service; however, we had to scrap the room service part and do buffets only to compensate for the staffing problem." The employees themselves favored such a reconfiguring approach instead of the burden-shifting approach. ECBB3 made it clear what he wanted: "If there is any shortage of staff, then I don’t want the manager to give everything to me. I am quite okay to do as much work as possible for me, but if the company wants me to stay here for a long time, then they must find a way to lessen the work for me." ECAB3 offered a reconfiguration strategy in the form of adopting technology use and re-designing the job, in his words: "Maybe you do not need five persons in the reception area; why not go for an online check-in process?"

Technology implementation in relation to both seizing and reconfiguration. Deployment of technology is shown through the entire process of sensing, seizing, and reconfiguration in the same field. Having sensed the issue related to the cost and availability of labor, M4 explained the reconfiguration of a process that was previously labor-intensive as follows: "I can give you an example of stock control of linen in the past and now. In the past, we used to have somebody who just counted linen... now we have RFID chips in all our linen... maybe a robotic vacuum can be the future of housekeeping." The reconfiguration lowered the burden of routine work, but it does not necessarily lead to a reduction in the labor force.

Regulatory adaptation as reconfiguration under constraint. The reconfiguration triggered by regulatory turbulence appeared to be more constrained compared to that triggered by labor market or technological turbulence, especially in the case of smaller firms. M3 addressed this constraint in an explicit way, saying: "Small and medium size hotel or even family-run hotels can’t afford to invest thousands of pounds on retention management or immigration management." As well, M1 wondered whether the new Points Based System would be affordable in the current framework of hospitality salaries: "I don’t think that any hotel can pay £30K salary to a housekeeper." These examples prove that there are constraints that restrict the possibility of reconfiguring capabilities.

2.16 Institutional Uncertainty as a Cross-Cutting Condition

Institutional uncertainty was another overarching issue that permeated the sensing, seizing, and reconfiguration processes above and impacted both employees and managers directly, as opposed to indirectly influencing their activities. The former expressed their concerns consistently regarding their position. ECBB4 articulated their sense of uncertainty explicitly: "I feel confident that [EU law] protects me as an employee, and I do not know what is going to happen with the UK once it gets out of the EU." ECAB2 specified their uncertainty by articulating a tangible loss of protection: "For now, all UK businesses have to operate according to the EU law. Being an EU citizen, it provides me with security and confidence to work in the UK." "Once the UK concludes its transition period, I will not be able to take my case to the ECJ, and that is why I have to rely upon the UK court for redress." ECBB3 indicated that he had repeatedly thought about leaving the country due to political changes and uncertainty about his settled status. However, the managers were of the view that real turbulence in the labor market was yet to come: M3 noted that although the present labor force remained stable during the interview, the real "pothole" would occur once free movement ended.

This trend is also consistent with research showing that policy uncertainty has an independent effect on employment and turnover irrespective of the actual policy decision taken in the end (Altig et al., 2020); in other words, what causes stress and prompts early pre-emptive exits is not the policy itself, but rather the uncertainty associated with it. In this particular organization, then, managing institutional uncertainty namely, providing help and reassurance about settling down or applying for a visa acted both as a retention strategy in its own right, and as a necessary condition for the sensing, seizing, and reconfiguration mechanisms discussed above to work properly: individuals who were stressed out about their status would be less amenable to any attempts by the organization to make them sense.

Discussion

2.17 Retention Practices as Microfoundations, Not Independent Levers

These findings are generally aligned with past studies of hospitality retention, at the practice-specific level: work-life balance was critical for individuals when flexibility could be personalized for the individual case (Deery and Jago, 2019; Goh and Lee, 2018); remuneration played the role of a hygiene factor and not that of a motivating factor, as was predicted by Herzberg (1974), as well as later retention research; and supportive and non-directive supervision was highly appreciated, as has been noted in previous leadership and retention literature (Andersen, 2016; Kang et al., 2015). What the dynamic capabilities approach brings to the table is an explanation as to why exactly these practices were important: each served not just as a predictor of retention, but as part of a microfoundation for a larger capability. Flexibility of schedule was important for retention because of its direct relevance to a particular need, and also because the process of tailoring it to individual circumstances (the childcare situation of ECBB3, or the caregiving obligations of M3) highlighted and therefore strengthened the organization’s ability to sense. Communication was valuable both as a practice on its own, and especially as the main means through which sensing capability worked in practice. That is why the discrepancy between managers' and employees' satisfaction with communication was particularly significant; it suggested a problem with the sensing capability itself, not just a communication gap.

2.18 From Contingency Fit to Dynamic Capability

It also explains why a contingency-fit view alone is not enough here. Under the contingency approach, the organization’s dependency on the EU labor force would have been seen as an external contingency that would need to be matched (at some point in time) by means of some internal practices (Donaldson, 2001; Paauwe, 2009). This is true enough, but there is more in the data: the capability to respond to changes was not static in nature; rather, it was being developed and applied all the time, through organizational routines communications systems which identified problem areas, supervisions that discovered hidden talents, technological scanning which foresaw the possibilities of replacing labor force in the future that predated the Brexit challenge and then became used to analyses and deal with it. The introduction of the RFID system of stock control, as described by M4, for example, was not a one-time measure in response to Brexit but rather a result of continuous technological scanning practice ("I am watching very closely," M2). This is exactly what Teece (2007) refers to when he differentiates between having a good resource position at one point in time and having the dynamic capability to continuously recreate such a position; it seems that the firm being examined has had some sensing and seizing capabilities, yet its reconfiguration capabilities have been limited by resource constraints once there has been increased turbulence in the regulatory environment.

2.19 The Dynamic Retention Capability (DRC) Model

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

Based on the framework and the results obtained above, Figure 1 provides a modified version of the Dynamic Retention Capability (DRC) model. It is important to note that while all of the HR practices that were recognized by previous researchers are included in this model, work-life balance, working environment, supervisors' support, communication, training and development, pay, and job design, their function is now to serve as a microfoundation of at least one of the three capabilities. Environmental turbulence (labor market, technological, and regulatory) serves as the trigger that sets off the cycle, while previously it was just an external contingency factor. Table 4 gives a summary of the model.

Table 4. The Dynamic Retention Capability (DRC) Model: Microfoundations, Capability Function, and Managerial Actions

Practice (Microfoundation)	**Primary Capability Function**	**Managerial Action**
Communication	Sensing	Establish and continually test (from the employee's perspective) two-way information and feedback channels.
Environmental scanning (labour market, technology, regulation)	Sensing	Monitor labour-market signals, competitor technology adoption, and regulatory developments on an ongoing basis
Work-life balance / flexible scheduling	Seizing	Tailor shift patterns, part-time options, and remote work to sensed individual and generational needs
Supervisory support	Seizing	Replace directive supervision with trust-based, feedback-oriented management; train supervisors for the people-management role.
Training and development	Seizing	Identify and act on individual potential quickly; build visible advancement pathways.
Compensation	Seizing (bounded/threshold)	Maintain adequate, comparable pay as a threshold condition; invest surplus resources in non-monetary levers.
Job redesign	Reconfiguring	Restructure service delivery and workflows to manage sustained labour shortfalls without overloading remaining staff.
Technology deployment	Seizing and Reconfiguring	Deploy technology to complement rather than substitute for staff, reducing routine burden while

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

		preserving roles.
Uncertainty reduction (status, rights, information)	Cross-cutting (enables Sensing, Seizing, Reconfiguring)	Proactively communicate on regulatory change; support visa/settled-status processes; reduce ambiguity even before final rules are known

The following propositions could result from this theoretical framework:

Proposition 1: The effects of retaining an individual human resource practice will be contingent on the effectiveness of the overall sensing capability of the organization – that is, the human resource practice will have higher levels of retention effectiveness when the sensing processes of the organization identify the needs that the HR practice seeks to address.

Proposition 2: Organizations that exhibit higher levels of seizing capabilities, whereby the reactions to the needs of the employees are fast and personalized, will achieve better retention performance compared to organizations that have similar internal human resource practices but take longer to implement.

Proposition 3: Reconfiguration of capabilities will be limited by resources; organizational size and slack will moderate the degree to which the sensed and seized response capabilities can be reconfigured into stable structural forms in conditions of regulatory uncertainty.

Proposition 4: The direct effect of institutional and environmental uncertainty on the ineffectiveness of sensing and seizing processes, regardless of the nature of the outcome from regulation or market activities, reduces uncertainty, a prerequisite for, rather than a supplement to, retention performance.

Proposition 5: Organizations in the hospitality industry that perceive retention practices as a continuous capability will perform better in retention than those organizations that consider retention practices as a static strategy, especially in turbulent environmental conditions.

The above propositions build on the dynamic capabilities model of Teece (2007) and, in turn, provide a response to the call of Apascaritei & Elvira (2022) for research on how particular HR practices act as microfoundations of HRM dynamic capabilities.

2.20 Limitations and Future Research

There are several limitations to this study, which point towards avenues of future research. While the case design and the cross-sectional nature of the study enable context-rich theorising, they also hamper generalizability and causality. Future studies need to conduct longitudinal analyses and conduct multiple case studies using the DRC model and analyse how the sensing, seizing, and reconfiguring process evolves in different services and employee categories.

Furthermore, the current study is largely based on participants' views of turnover and retention and not on empirical measures of retention and costs. Future research needs to corroborate qualitative results with quantitative data such as turnover, retention, and costs. Since data collection was conducted before the pandemic, further research is needed to identify whether the dynamic capabilities discovered before the pandemic helped firms withstand the shock due to the pandemic (Prayag et al., 2023). Finally, future research needs to identify organizational aspects that help build robust versus weak DRCs.

3 Practical Implications

Several implications arise from the findings and the DRC model for hospitality managers wanting to create retention systems resistant to external disturbances.

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

Stage 1: Uncertainty assessment and creation of the sensing system. To begin with, managers need to make investments in the sensing system, as well as in the HR system, which is intended to inform about. The communication channels need to be periodically audited from the employees' point of view, rather than being taken for granted just because they are there; the difference between managers' belief in having an "open door" policy and employees' constant requests for better communication can be an example of such a misconception.

Stage 2: Opportunity seizing by using flexibility. To continue, flexibility needs to be regarded as a seizing mechanism due to its high value and relatively low cost of delivery, especially if self-scheduling systems are used as a support.

Stage 3: Reallocation of resource expenditure from pay competition to relational capability. Third, competing on pay is probably going to be an inefficient allocation of resources; in this case, pay has been found to function largely as a threshold, while relationships, flexibility, culture, and development opportunities are responsible for most of the retention effort after passing that threshold. Resources will probably be better spent on building capability, seizing and reconfiguring supervisor training, career ladders, and job redesign rather than wage hikes alone.

Stage 4: Technology application in conjunction with, rather than instead of, people. Fourth, technology investments should be appraised concerning their effects on the feelings of employees' job security, apart from efficiency considerations. The complementation approach, which relieves the routine burden while maintaining jobs and offering skill development possibilities, will probably have a more positive effect on retention than the substitution approach, which makes employees insecure about their jobs even if fewer of them are needed.

Stage 5: Actively address institutional and regulatory uncertainties. Fifth, managers must consider reducing institutional and regulatory uncertainties actively as part of a retention strategy rather than simply addressing them after new regulations are established. Communicating proactively about future regulatory changes, helping individuals through the process of obtaining visas or settled status, and openly acknowledging the fact that something remains uncertain will help ease anxieties that may cause people to leave before the actual policy change occurs.

Stage 6: Audit your organization's retention capability as a system. Lastly, and most broadly, managers need to audit the organization's retention capability as a system rather than just auditing individual practices separately. The DRC model presented above and Table 4 provide a framework that enables managers to audit how quickly and accurately specific practices are able to sense change, translate it into action, and incorporate that action into normal operations.

Conclusion

It is the aim of this paper to reinterpret the concept of employee retention in terms of the organizational capability of hospitality organizations. This entails rethinking not only the internal human resource management practices that constitute employee retention, but also their relationship with the changing external environment as being one of contingency fit to a more dynamic approach where employee retention represents an organizational capability. Through a qualitative case study of a London hotel group in the midst of Brexit-related changes in the labor market, it is demonstrated that common employee retention practices such as flexible scheduling, supportive supervision, communication, training, compensation and job redesign cannot be considered independent predictors of retention but microfoundations of three overlapping organizational capabilities which are sensing changes in employee needs and in the external environment, seizing opportunities through translating sensed information into appropriate HR management practices and reconfiguring organizational routines and structures to sustain such practices amid changing conditions.

Dynamic Retention Capability (DRC) framework enriches theory through extension of the

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/
Research Article

dynamic capabilities framework, which was predominantly developed within the strategic management discipline and relatively recently applied to human resource management (Apascaritei and Elvira, 2022; Ployhart and Moliterno, 2011), into the area of employee retention and empirical grounding for the nascent literature on dynamic capabilities within hospitality and tourism industry, where so far scholars have mostly concentrated on resilience and innovation at the organizational level (Prayag et al., 2023). In terms of practical application, the model provides a more useful diagnostic tool than just a set of "best practices" for retention: it focuses managers' attention on how well their organization perceives change, responds to it and enculturates this response rather than just on whether it has adopted a particular practice.

Employee retention in the hospitality industry will continue to be challenging in light of the fact that the industry involves a combination of labour-intensive and emotionally draining tasks, narrow margins, and an industry characterized by low-investment employment models. However, the conditions under which retention is to be carried out are not only difficult but also volatile in nature. The recent Brexit example in this paper provides an excellent illustration of how such conditions can abruptly change without being predicted with accuracy. The organizations best suited to retaining their employees will not necessarily be the ones employing the right retention practices, but those with the ability to continually sense, seize, and reconfigure those practices based on changes in the environment. While the Dynamic Retention Capability model has been developed through a single case, it is offered as a theoretical model meant for transfer and not inference. Further research can test this model using comparative and longitudinal analyses in different service industry settings.

References

[1] Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010). Retaining talent: Replacing misconceptions with Evidence-Based strategies. Academy of Management Perspectives, 24(2), 48–64. https://doi.org/10.5465/amp.2010.51827775

[2] Altig, D., Baker, S., Barrero, J. M., Bloom, N., Bunn, P., Chen, S., Davis, S. J., Leather, J., Meyer, B., Mihaylov, E., Mizen, P., Parker, N., Renault, T., Smietanka, P., & Thwaites, G. (2020). Economic uncertainty before and during the COVID-19 pandemic. Journal of Public Economics, 191, 104274. https://doi.org/10.1016/j.jpubeco.2020.104274

[3] Andersen, S.E. (2016) 'The role of leadership in employee retention within the hospitality industry', International Journal of Hospitality Management, 55, pp. 25-34.

[4] Apascaritei, P., & Elvira, M. M. (2021). Dynamizing human resources: An integrative review of SHRM and dynamic capabilities research. Human Resource Management Review, 32(4), 100878. https://doi.org/10.1016/j.hrmr.2021.100878

[5] Baum, T. (2008). Implications of hospitality and tourism labour markets for talent management strategies. International Journal of Contemporary Hospitality Management, 20(7), 720–729. https://doi.org/10.1108/09596110810897574

[6] Baum, T. (2018). Sustainable human resource management as a driver in tourism policy and planning: a serious sin of omission? Journal of Sustainable Tourism, 26(6), 873–889. https://doi.org/10.1080/09669582.2017.1423318

[7] Baum, T. (2019). Does the hospitality industry need or deserve talent? International Journal of Contemporary Hospitality Management, 31(10), 3823–3837. https://doi.org/10.1108/ijchm-10-2018-0805

[8] Baum, T., Mooney, S. K., Robinson, R. N., & Solnet, D. (2020). COVID-19's impact on the hospitality workforce – new crisis or amplification of the norm? International Journal of Contemporary Hospitality Management, 32(9), 2813–2829. https://doi.org/10.1108/ijchm-04-2020-0314

[9] Bowen, J., & Morosan, C. (2018). Beware, hospitality industry: the robots are coming. Worldwide Hospitality and Tourism Themes, 10(6), 726–733. https://doi.org/10.1108/whatt-07-2018-0045

[10] Braun, V., & Clarke, V. (2012). Thematic analysis. In American Psychological Association eBooks (pp. 57–71). https://doi.org/10.1037/13620-004
[11] British Hospitality Association (2017). The Economic Contribution of the UK Hospitality Industry. London: BHA.
[12] Brown, E.A., Arendt, S.W. and Bosselman, R.H. (2015) 'Hospitality management graduates' perceptions of career factor importance and career factor experience', International Journal of Hospitality Management, 46, pp. 130-137.
[13] Bryman, A. and Bell, E. (2015) Business Research Methods. 4th edn. Oxford: Oxford University Press.
[14] Burns, T. and Stalker, G.M. (1961) The Management of Innovation. London: Tavistock.
[15] Cloutier, O., Felusiak, L., Hill, C. and Pemberton-Jones, E.J. (2015) 'The importance of developing strategies for employee retention', Journal of Leadership, Accountability and Ethics, 12(2), pp. 119-129.
[16] Deery, M. (2008). Talent management, work-life balance and retention strategies. International Journal of Contemporary Hospitality Management, 20(7), 792–806. https://doi.org/10.1108/09596110810897619
[17] Deery, M. and Jago, L. (2015) 'Revisiting talent management, work-life balance and retention strategies', International Journal of Contemporary Hospitality Management, 27(3), pp. 453-472. doi:10.1108/IJCHM-12-2013-0538.
[18] Deery, M. and Jago, L. (2019) 'Work-life balance in hospitality: a review of the literature and outlook for the future', in Baum, T. and Cheung, C. (eds) Handbook of Human Resource Management in the Tourism and Hospitality Industries. Cheltenham: Edward Elgar, pp. 145-162.
[19] Deery, M., Davern, D. and Jago, L. (2019) 'The influence of employer branding in talent management in the hotel industry', Irish Business Journal, 12(1).
[20] Donaldson, L. (2001). The Contingency Theory of Organizations. London: Sage.
[21] Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: what are they? SMS. https://doi.org/10.1002/1097-0266(200010/11)21:10/11
[22] Ekhsan, M., Sudiro, A., Mugiono, and Hussein, A.S. (2022) 'Employee retention and change management during times of uncertainty', Frontiers in Psychology, 13, 916709. doi:10.3389/fpsyg.2022.916709.
[23] George, C. (2015) 'Retaining professional workers: what makes them stay?', Employee Relations, 37(1), pp. 102-121. doi:10.1108/ER-10-2013-0151.
[24] Goh, E. and Lee, C. (2018) 'A workforce to be reckoned with: the emerging pivotal Generation Z hospitality workforce', International Journal of Hospitality Management, 73, pp. 20-28. doi: 10.1016/j.ijhm.2018.01.016.
[25] Grandey, A., Foo, S.C., Groth, M. and Goodwin, R.E. (2012) 'Free to be you and me: a climate of authenticity alleviates burnout from emotional labor', Journal of Occupational Health Psychology, 17(1), pp. 1-14. doi:10.1037/a0026539.
[26] Guerrina, R. and Masselot, A. (2018) 'Walking into the footprint of EU law: unpacking the gendered consequences of Brexit', Social Policy and Society, 17(2), pp. 319-330. doi:10.1017/S1474746417000501.
[27] Harika, T. and Bindu, G. (2020) 'A study on employee turnover cost and its impact on organisational performance', International Journal of Human Resource Management and Research, 10(2), pp. 45-56.
[28] Herzberg, F. (1974) 'Motivation-hygiene profiles: pinpointing what ails the organization', Organizational Dynamics, 3(2), pp. 18-29.
[29] Hochschild, A. R. (2012). The managed heart. https://doi.org/10.1525/9780520951853
[30] Hom, P.W., Lee, T.W., Shaw, J.D. and Hausknecht, J.P. (2017) 'One hundred years of employee turnover theory and research', Journal of Applied Psychology, 102(3), pp. 530-545. doi:10.1037/apl0000103.

[31] HR Magazine (2018) 'Hospitality turnover rates', HR Magazine.
[32] Ivanov, S. and Webster, C. (2019) 'Conceptual framework of the use of robots, artificial intelligence and service automation in travel, tourism, and hospitality companies', in Robots, Artificial Intelligence and Service Automation in Travel, Tourism and Hospitality. Bingley: Emerald Publishing, pp. 7-37.
[33] Janta, H., Ladkin, A., Brown, L. and Lugosi, P. (2011) 'Employment experiences of Polish migrant workers in the UK hospitality sector', Tourism Management, 32(5), pp. 1006-1019. doi: 10.1016/j.tourman.2010.08.013.
[34] Janta, H., Lugosi, P., Brown, L. and Ladkin, A. (2012) 'Migrant networks, language learning and tourism employment', Tourism Management, 33(2), pp. 431-439. doi: 10.1016/j.tourman.2011.05.004.
[35] Kang, H.J., Gatling, A. and Kim, J. (2015) 'The impact of supervisory support on organizational commitment, career satisfaction, and turnover intention for hospitality frontline employees', Journal of Human Resources in Hospitality and Tourism, 14(1), pp. 68-89. doi:10.1080/15332845.2014.904176.
[36] Kossivi, B., Xu, M. and Kalgora, B. (2016) 'Study on determining factors of employee retention', Open Journal of Social Sciences, 4(5), pp. 261-270. doi:10.4236/jss.2016.45029.
[37] Kowalski, M., Bernardes, R.C., Gomes, L. and Borini, F.M. (2024) 'Microfoundations of dynamic capabilities for digital transformation', European Journal of Innovation Management, 28(8), pp. 3717-3746. doi:10.1108/EJIM-12-2023-1074.
[38] KPMG (2017) Labour Migration in the Hospitality Sector. London: KPMG.
[39] Krajcsák, Z. and Kozák, A. (2018) 'The impact of labour shortage on employee commitment', Journal of Human Behavior in the Social Environment, 28(8), pp. 1060-1067. doi:10.1080/10911359.2018.1496865.
[40] Kundu, S.C. and Lata, K. (2017) 'Effects of supportive work environment on employee retention: mediating role of organisational engagement', International Journal of Organizational Analysis, 25(4), pp. 703-722. doi:10.1108/IJOA-12-2016-1100.
[41] Kuria, S., Alice, O. and Wanderi, P.M. (2012) 'Assessment of causes of labour turnover in three and five star-rated hotels in Kenya', International Journal of Business and Social Science, 3(15), pp. 311-317.
[42] Leal-Solís, A., Sánchez González, M.J. and Nieves-Pavón, S. (2026) 'Business management of human capital in the hotel sector: organisational resources and talent retention from a job demands-resources perspective', Sustainability, 18(2), 599. doi:10.3390/su18020599.
[43] Lepak, D.P. and Snell, S.A. (1999) 'The human resource architecture: toward a theory of human capital allocation and development', Academy of Management Review, 24(1), pp. 31-48. doi:10.5465/amr.1999.1580439.
[44] Lincoln, Y.S. and Guba, E.G. (1985) Naturalistic Inquiry. Beverly Hills, CA: Sage.
[45] Martins, D., Borges, D. and Silva, S. (2025) 'Exploring employee retention practices in the Portuguese hospitality industry', Discover Sustainability, 6, 785. doi:10.1007/s43621-025-01615-w.
[46] McCollum, D. and Findlay, A. (2018) 'Oiling the wheels? Flexible labour markets and the migration industry', Journal of Ethnic and Migration Studies, 44(4), pp. 558-574. doi:10.1080/1369183X.2017.1315505.
[47] Ndiuini, A. and Baum, T. (2020) 'Underemployment and lived experiences of migrant workers in the hotel industry: policy and industry implications', Journal of Policy Research in Tourism, Leisure and Events, pp. 1-23. doi:10.1080/19407963.2020.1743487.
[48] Nyberg, D. and Sewell, G. (2014) 'Collaboration, co-operation or collusion? Contrasting employee responses to managerial control in three call centres, British Journal of Industrial Relations, 52(2), pp. 308-332. doi:10.1111/bjir.12024.
[49] ONS (2019) Migration Statistics Quarterly Report. London: Office for National Statistics.
[50] Paauwe, J. (2009) 'HRM and performance: achievements, methodological issues and prospects', Journal of Management Studies, 46(1), pp. 129-142. doi:10.1111/j.1467-6486.2008.00809.x.

Journal of Information Systems Engineering and Management
2026, 11(3s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

[51] Ployhart, R.E. and Moliterno, T.P. (2011) 'Emergence of the human capital resource: a multilevel model', Academy of Management Review, 36(1), pp. 127-150. doi:10.5465/amr.2009.0318.
[52] Prayag, G., Jiang, Y., Chowdhury, M., Hossain, M.I. and Akter, N. (2023) 'Building dynamic capabilities and organizational resilience in tourism firms during COVID-19: a staged approach', Cornell Hospitality Quarterly. doi:10.1177/00472875231164976.
[53] PwC (2019) Turn Disruption into Opportunity. London: PwC.
[54] Robinson, R.N.S., Kralj, A., Solnet, D.J., Goh, E. and Callan, V. (2014) 'Thinking job embeddedness not turnover: towards a better understanding of frontline hotel worker retention', International Journal of Hospitality Management, 36, pp. 101-109. doi: 10.1016/j.ijhm.2013.08.008.
[55] Saunders, M.N.K., Bristow, A., Thornhill, A. and Lewis, P. (2019) 'Understanding research philosophy and approaches to theory development', in Research Methods for Business Students. 8th edn. New York: Pearson Education, pp. 128-171.
[56] Siggelkow, N. (2007). Persuasion with case studies. Academy of Management Journal, 50(1), 20–24. https://doi.org/10.5465/amj.2007.24160882
[57] Solnet, D., Baum, T., Robinson, R. N., & Lockstone-Binney, L. (2015). What about the workers? Roles and skills for employees in hotels of the future. Journal of Vacation Marketing, 22(3), 212–226. https://doi.org/10.1177/1356766715617403
[58] Sung, S. Y., & Choi, J. N. (2013). Do organizations spend wisely on employees? Effects of training and development investments on learning and innovation in organizations. Journal of Organizational Behavior, 35(3), 393–412. https://doi.org/10.1002/job.1897
[59] Teece, D. J. (2007). Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. Strategic Management Journal, 28(13), 1319–1350. https://doi.org/10.1002/smj.640
[60] Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. SMS. https://doi.org/10.1002/(SICI)1097-0266(199708)18:7
[61] Tews, M.J., Michel, J.W. and Ellingson, J.E. (2013) 'The impact of coworker support on employee turnover in the hospitality industry', Group and Organization Management, 38(5), pp. 630-653. doi:10.1177/1059601113505616.
[62] Wang, C. L., & Ahmed, P. K. (2007). Dynamic capabilities: A review and research agenda. International Journal of Management Reviews, 9(1), 31–51. https://doi.org/10.1111/j.1468-2370.2007.00201.x
[63] Wood, G., & Budhwar, P. (2016). Brexit and beyond: The BJM and unforeseen events. British Journal of Management, 27(4), 680–681. https://doi.org/10.1111/1467-8551.12190
[64] Wright, P. M., & McMahan, G. C. (2011). Exploring human capital: putting 'human' back into strategic human resource management. Human Resource Management Journal, 21(2), 93–104. https://doi.org/10.1111/j.1748-8583.2010.00165.x
[65] Yin, R. K. (2018). Case Study Research and Applications: Design and Methods (6th ed.). Thousand Oaks, CA Sage. - References - Scientific Research Publishing. (n.d.). https://www.scirp.org/reference/referencespapers?referenceid=2914980
[66] Zheng, C., Molineux, J., Mirshekary, S., & Scarparo, S. (2015). Developing individual and organisational work-life balance strategies to improve employee health and wellbeing. Employee Relations, 37(3), 354–379. https://doi.org/10.1108/er-10-2013-0142