

HUMAN RESOURCES AND TOURISM

Skills, Culture and Industry

Darren Lee-Ross and Josephine Pryce

Aspects of
Tourism Texts





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ASPECTS OF TOURISM TEXTS

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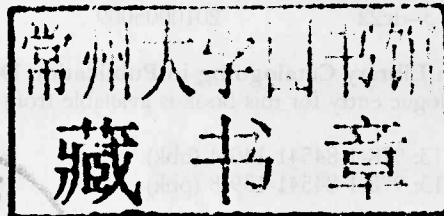
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PREFACE

There can be no doubting the key global economic role of the tourism sector. Some argue that it is the world's largest industry, some disagree. However, what cannot be denied are the many millions of people for whom it provides employment. Furthermore, despite global and national catastrophes, the industry has proved resilient – growing to unprecedented levels. This characteristic is unlikely to change in the future and will help ensure that tourism is a major employer and contributor to national and global wealth in both developed and increasingly emerging economies.

Despite technological advancements and their application to business procedures and operations, tourism remains a composite product, the key element being people. Indeed, so significant is the role employees play in service delivery that they too become a part of that product. From the authors' perspective, the input of tourism workers is that by which the product stands or falls. The role of human resource management in this context cannot therefore be overstated. Many employers are now beginning to understand this within an increasingly competitive and economically challenged environment.

The tourism workforce is heterogeneous with individuals having a wide variety of cultural differences and employment aspirations. This is due to complex and diverse structural characteristics of the industry, the employment relationship and the service product itself. This presents an intriguing canvas where human resource practice is often eclectic and, in some cases, atypical. Therefore, the study of human resource management in such a context becomes a fascinating look at a relatively deregulated industry. Understandably, it is necessary to adopt a perspective that is part prescriptive but, importantly, part enquiry or research-oriented. The authors believe this two-pronged approach is important as it accounts for the sometimes idiosyncratic nature of the tourism industry in human resource terms.

This book makes a conscious effort to combine theory and practice using a critical lens; thus, it is both descriptive and analytical. Moreover, our notion of human resource management is strategic. This reflects macro changes in business practices of sizeable firms and corporations but is also consistent with the traditional habits of small to medium-sized operators. In principle, the strategic approach is no different across sub-sectors although structural characteristics have a significant impact on practical human resource application.

Recent global developments have led to a reappraisal of human resource practice. In short, impacts of demography, global worker mobility, economic 'booms and busts', increasing workforce diversity and so on have all impacted on the employer/employee relationship. In some instances, employers have managed these changes proactively and positively, in others, the outcome has not been so enlightened. The aim of this book is to provide students with a sound theoretical and practical understanding of HRM. Furthermore, by using an inquisitive and probing style of narrative, we hope to instill a sense of enquiry in the reader, which is a necessary intellectual asset for the future. Therefore, a key feature of the book is its inclusion of learning outcomes at the beginning of each chapter and its use of 'critical notes' and 'reflective practice'. Furthermore, the text also presents a number of practical cases for further reflection and clarification of theoretical issues.

Chapter 1 reviews several notions of human resource management (HRM) and discusses the nature of services. It also grapples with the issue of defining tourism as an industry and introduces some characteristics of the sector which have been described by others as unique and challenging in an HRM context.

Chapter 2 considers human resources planning (HRP) within the broader context of strategic planning and discusses a number of HRP approaches. The issue of long standing job vacancies is identified together with a contingency approach in situations of labour shortage. The chapter concludes by noting the key impacts of 'downsizing' on both employers and workers.

Chapter 3 focuses on managing the employment process. It begins by discussing job analysis and job design, with a view to achieving high-performance and healthy workplaces. The chapter continues by exploring recruitment and selection. In particular, it considers the challenges faced by the tourism and hospitality industry. From there, managing the process progresses with an investigation of induction with consideration of its importance in orienting new employees and minimising problems associated with poor performance, reduced morale and labour turnover.

Chapter 4 begins by introducing performance management using a systems view to emphasise its essential strategic nature. It continues by highlighting some inherent difficulties of establishing performance management systems in the tourism and hospitality industry. Performance appraisals are then discussed together with an outline of key stages of the process. Perennial challenges based on subjectivity, perceptual distortion and context are also overviewed. The chapter concludes by identifying the phenomenon of self-appraisal and how it impacts on the performance appraisal together with a brief review of some common instruments used during performance interviews.

Chapter 5 sets out to explain the need and importance of training and development. It seeks to distinguish between the terms 'training' and 'development' and investigates various approaches to each. The chapter continues with consideration of 'education' and how it is linked to the process of employee training and development. It continues by

discussing some issues relating to career development in the tourism and hospitality industry.

Chapter 6 examines the nature of 'work' and seeks to understand how employees and employers can work cooperatively toward achieving a balance between work and life. It discusses some of the benefits to both parties and within the process explores the role of occupational health and safety (OHS) in promoting safe and healthy workplaces. The chapter continues with an analysis of some current health issues affecting workplaces, especially tourism and hospitality organisations. In particular, it focuses on stress and describes ways of minimising the effects of stress.

Chapter 7 overviews the nature of industrial relations and how they relate to the tourism and hospitality industry. It explores understanding of the term 'industrial relations' and how it connects with human resource management and employee relations. From this platform the main theoretical approaches to industrial relations are investigated and the various stakeholders in industrial relations identified and discussed. The chapter concludes with an insight into the legal framework surrounding industrial relations.

Chapter 8 begins by contextualising diversity management in the broader category of migration and other demographic changes impacting on tourism firms. A generic understanding of culture is introduced prior to a brief discussion of global firms. Diversity management is defined and benefits accruing to the tourism firm identified. Perspectives of organisational diversity awareness are introduced followed by some major challenges to the overall notion of diversity management by category.

Chapter 9 begins with a discussion of generic ethical issues and developments in the business community. Using a tourism and hospitality focus, it then highlights some of the main ethical dilemmas therein. The chapter continues by discussing theoretical approaches to moral development and ethics. Human resources (HR) and the role of ethics in organisational contexts are then introduced together with a summary focus on codes of ethics/conduct and whistleblowing.

Chapter 10 considers the key issues which will affect the future of people and work in the tourism and hospitality sector. It debates the key role that HRM will play in the future of the industry. In so doing, the chapter touches on the talent shortage and discusses some of the implications for the industry. The chapter continues with a review of Generation Y and the ageing workforce and how related issues impact on the industry. Finally, the chapter considers the future of the tourism and hospitality professional.

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CHAPTER 1

THE NATURE OF THE BEAST: HUMAN RESOURCES MANAGEMENT AND THE TOURISM CONTEXT

LEARNING OBJECTIVES

After working through this chapter you should be able to:

1. Understand the difficulties involved in attempting to define the tourism industry.
2. Identify the differences between personnel management and human resource management.
3. Understand the nature of services.
4. Identify the main challenges involved in establishing a human resource management strategy.

INTRODUCTION

The tourism industry is often described as complex, involving many dissimilar but related organisations along a supply chain (for example, consider the differences between an online travel agency and a luxury hotel). However, for those operating in the same sub-sector, strategic competitive advantage is becoming increasingly difficult to achieve. This is despite firms subscribing to any number of available quality accreditations and certification schemes (for example, see ISO 9001, Michelin, EHQ, AA and RAC, RACQ, Green Globe, Tourism Accreditation Australia Ltd, Sustainable Tourism Stewardship Council, UNWTO and so on). Seeking competitive advantage through accreditation may raise quality standards but also tends toward everyone offering a similar product, especially those participating in the same schemes. Points of differentiation or uniqueness become obscured, resulting in the delivery of a standardised service.

It has long been argued that people perform the most important role in tourism organisations. This is because, in an ever-frenetic marketplace, employees have the potential to provide a point of differentiation and thus competitive advantage within a sea of relative homogeneity (Kandampully, 2002). Indeed, the relationship between front-line

tourism workers and overall customer perceptions of service quality cannot be overstated. Maxwell *et al.* (2004) consider employees as 'service performers' and comment:

[...] [staff] are central to service quality, so too is their management. (p.162)

The implied link between effective staff management (or human resource management – HRM) and performance through service quality is acknowledged by a number of researchers. Notwithstanding the inherent challenges of establishing reliable metrics, many agree that a relationship exists between them. Gilbert and Guerrier (1997) consider this link to be positive along with Hoque (1999) and Mohinder (2004), who note that tourism firms using service quality-oriented HRM approaches tend to perform better than those that fail to make the association.

Garavan (1995) says much the same but emphasises the pursuit of service quality as a catalyst for engaging in HRM. Cheng and Brown (1998) consider the link between human resource management and organisational objectives to be a key enabler of effective recruitment, development, motivation and retention of staff in pursuit of competitive advantage. Chand and Katou's (2007) study of Indian hotels confirms the global currency of HRM upon organisational performance. Specifically they consider human resource management systems important catalysts for:

- multiskilling and experience;
- harmonised terms and conditions of employment;
- formal manpower planning;
- career planning;
- flexible jobs;
- cross cultural job design; and
- formal induction and training systems.

Others sharing this view include Grönroos (1994), Pitt *et al.* (1995) and Nolan (2002). Earlier, Guest (1987) argued that quality of staff, quality of performance and public image of the firm are key determinants of an effective HRM strategy.

It would therefore seem reasonable to argue that HRM, service quality and competitive advantage are inextricably linked. We can therefore begin to appreciate the central role played by HRM in tourism organisations. The aim of this chapter is to introduce some notions of HRM and overview the nature of services. It also considers the difficulty of defining the tourism industry and comments on some of its uniquely challenging characteristics in an HRM context.

Critical note

The relationship between front-line workers and service quality cannot be overstated; HRM service quality and competitive advantage are inextricably linked.

HRM: TOWARDS A DEFINITION

Most international HR practitioners and associated professional bodies, such as the UK's Chartered Institute of Personnel Development would no doubt agree with the assertion that organisational effectiveness is down to managing human resources. Indeed, there is a body of scientific evidence to support such a statement. However, what exactly is meant by the term human resource management (HRM)? More prescriptive ideas of HRM often use notions of 'personnel management' in order to make their point. Chronologically, the latter precedes the former and is often understood as 'operational' and exclusively managed and administrated by a separate personnel department. Human resources management is commonly understood to have a broader and more integrated organisational remit. Synergistically, Thachappilly (2009) considers personnel management to concern employment contracts, disciplinary issues and compensation. Human resources management views workers as high-value business resources and essential in gaining strategic competitive advantage. In short, the main differences between the two are summarised in Table 1.1.

Table 1.1 A comparison of Personnel and HRM

<i>Personnel</i>	<i>HRM</i>
Administrative, traditional and routine tasks including dealing with employment law, payroll and other associated activities	Has a broad remit and considers workers as the primary resource contributing to organisational performance
Reactive in nature providing responses as demands and crises arise	Proactive in nature through continuous development strategies to manage and develop an organisation's workforce
Independent function of an organization through personnel department	Integral part of overall company function involving all managers
Holds that employee satisfaction motivates workers to improve performance through compensation schemes, bonuses, rewards, and the simplification of work responsibilities	Holds that improved performance leads to employee satisfaction through work groups/teams, 'challenge strategies' and job creativity

However, are these differences 'real'? Legge (1995) argues that differences only occur in the emphasis of particular aspects. She also asks whether HRM is a covert process of worker manipulation by management and notes rather cynically, after Fowler (1987), that: 'HRM represents the discovery of personnel management by chief executives' (p. 76).

Whether one sympathises with Legge's insightful commentary or not, there is no doubt that a universally appropriate definition of HRM is hard to come by. *Wikipedia's* online definition of HRM is comprehensive:

[...] the strategic and coherent approach to the management of an organisation's most valued assets – the people working there who individually and collectively contribute to the achievement of the objectives of the business. In simple sense, HRM means employing people, developing their resources, utilizing maintaining and compensating their services in tune with the job and organizational requirement. (http://en.wikipedia.org/wiki/Human_resource_management. Accessed February 2009)

However, it is non-specific and merely serves to reinforce the idea (Torrington, 1989; Timo & Davidson, 2005) that HRM can mean whatever the firm wants it to mean depending on context and purpose. Indeed, this perspective is illustrated, albeit 'tongue in cheek', in Box 1.1.

BOX 1.1 A tongue-in-cheek lexicon for the HR novice

- Conventional Wisdom – The mother of all oxymorons, neither conventional nor wise.
- Downsizing – The same thing as layoffs. If the company does have a Mortal Assets Department, the net result of downsizing is 'mortal remains'.
- RIFs – An acronym for 'Resources Infrastructure Flattening', it is really the same as 'downsizing'.
- Layoffs – What we called downsizing when we all knew what we were talking about.
- Statistics – The most valued HR science, which allows the HR Manager to prove his or her point when no one else will accept it – even when couched in plain English. Related to the 'fog index', it has also been said of statistics that it is like the drunk and the lamppost: it gives support, but not much illumination.
- Validity – When more than 50% of those you are trying to persuade believe what you say, your point has validity. When more than 90% believe, you have what's called a 'miracle'. When others swipe your ideas, it is termed, 'Second-hand Smoke'.
- Tests – What you use to test validity. If the test shows that your idea is not sound, change tests.
- Personality Test – A device used to ensure that the person you hire for your department will accept your ideas without validity or reality analysis. Usually given only to those who do not know the phrase 'invasion of privacy'.

- Budgeting – A game of unknown origin, budgets are pleas for money conducted in the following fashion: the Personnel Department needs \$12 million for staffing and training, \$11.99 million of which will go to staff salaries. It asks for \$12 million, knowing that the company will only give a 10% increase in budget. This game can last 15 or more years, and is usually considered to be ‘over’ when HR foolishly proposes ‘downsizing’.
- Training Department – The people with the whip and the chair.
- To Train – An intransitive verb meaning to educate intransigent people who disagree with or don’t understand your system. It is intransitive since training often has no direct object.
- Work – Looking busy, or the amount of energy expended in trying to look busy. It has been estimated that work takes place during four to six hours of every eight-hour day.
- Loyalty – The formula for determining the degree of loyalty is: $F=(W+B/O)R$ where F=Faithfulness, W=Wages, B=Benefits, O=Opportunity, and R=Reality.
- Discretion – Swearing loyalty to your supervisor. In the textile industry, the better part of velvet.

Source: Ethan (1994)

McGunnigle and Jameson (2000) prefer to consider HRM as a ‘map’, ‘notion’ or ‘theory’. After reviewing the evidence, they conclude that there is much confusion and no comprehensively accepted definition. Additionally, HRM can be divided into ‘hard’ and ‘soft’ models’. The former is where workers are viewed in a ‘rational’ economic manner as an integrative resource in which the business invests to produce economic return. The ‘soft’ approach is where employees are considered assets and the main source of achieving competitive advantage. Employee commitment strategies are pursued in the belief that workers will regulate themselves towards achieving the organisation’s goals. In reality, most firms operate between the two extremes. Consistent with Guest’s (1987) normative model of HRM, McGunnigle and Jameson (2000) favour a focus on employee commitment as the common denominator of HRM into which feed other key associated areas of:

- culture;
- recruitment and selection;
- training and development;
- reward systems; and
- employee empowerment. (p. 405)

Accordingly, it is arguably more effective to consider HRM as a philosophy rather than a set of hard and fast practices and procedures. Clearly, administration linked to the personnel function of HRM falls into the latter category. However, it is worth consider-

ing the theory behind HRM, which is founded on the notion that workers are thinking, feeling and emotional. In short, they cannot be treated like other resources. As such, HRM seeks to engage holistically; recognising that achieving an appropriate 'fit' between employees' and organisational goals is paramount. Perhaps it is more effective here simply to acknowledge the inherent complexity and simply consider the goal of HRM in the tourism industry:

To help tourism firms to meet their shared strategic goals by attracting, developing, maintaining and managing workers effectively and efficiently.

Critical note

Human resource management is best understood as a philosophy rather than a set of hard and fast procedures.

SERVICES AND THE TOURISM INDUSTRY

Services

It is often argued that service industries such as tourism have a number of important differences from their manufacturing counterparts: for example, the composite product is intangible. This means that the impacts of staff customer interactions cannot be defined and measured in material terms. Moreover, successful service encounters are based on the adeptness of employee performance at the interface and their ability to make customers feel welcome. It is also the case that every customer encounter has the potential to be overtly or subtly unique due to the abilities of each person and their ability to respond appropriately (or not) through the dialogue and encounter process. The third element unique to tourism services (especially hospitality) is that, with some minor exceptions, they have to be produced and consumed at the same point. Finally, the product has a limited shelf-life because tourism services are perishable. Whilst a tangible element of service such as a meal can be replaced, the accompanying welcome cannot be. According to Lashley and Lee-Ross (2003) '[...] service interactions are [...] time specific, it is not possible to rework [them] and [they] have to be right first time' (p. xviii).

These four characteristics help us to understand the nature of the tourism product and most firms operate between two extremes depending on the dominance of intangibles within the mix. This is an important issue and is linked directly to employment policy and overall HRM strategy. Essentially, the more intangibles a service has, the more important becomes the input and skill of the service deliverer. This 'service experience' is the main responsibility of the front-line employee and one which depends on the 'successful' interplay between the actors. Interestingly, the service encounter is the point at which management has little direct influence. Of course some tourism firms have attempted to

minimise risk by developing 'scripts' which front-line workers are expected to follow. Unfortunately, if these instructions are followed too closely the encounter often comes over as contrived and non-flexible. Do you believe that McDonald's employees really mean for you to have a nice day? Perhaps 20 or so years ago customers felt that this was the case but no longer applies as customers are increasingly sophisticated and expect far more from the service encounter than their predecessors.

Working at the front-line

Indeed, one only has to consider the complex and demanding role of 'front-line' tourism workers to understand how behaviour at the customer interface cannot be left to chance; the role of HRM cannot be overstated here. In short, the perceived quality of the service relies on the 'success' of the ensuing dialogue between staff member and customer. The former must have the inherent or learned skills to react appropriately to any number of customer-generated stimuli. However, each encounter has the potential to be totally unique and is beyond the direct control of the supervisor or manager. Moreover, 'performing' at the customer interface for long periods can be stressful for the service deliverer, particularly if the emotions displayed are inconsistent with their true feelings. Workers must be able to display appropriate emotions consistent with the expectations of customers. These standardised company 'displays' can be observed in branded tourism organisations such as McDonald's, TGI Fridays and Shangri-La hotels; some are easier to 'script' than others; the more interactive the experience the more difficult the scripting process.

According to Mann (1999) there are two ways of managing emotions. The first requires workers to adjust their physical appearance to match the emotional display required and the second is a deeper approach where the employee imagines themselves in the customer's place. The first is simply a 'surface' reaction where the worker only affects the emotion. The second is deeper and requires empathy. Situations where the expected emotion is displayed by the worker but is at odds with their real emotion can produce negative outcomes particularly if the 'dissonance' is maintained over long periods. According to Lashley and Lee-Ross (2003) these could include 'burn out' through increased levels of mental strain, job alienation, increased absenteeism and labour turnover. In this context 'job fit', staff values, attitudes and competencies are key. Optimal recruitment, selection, training and development practices become of paramount importance reminding us of the important role played by human resource management in tourism organisations.

Critical note

Behaviour at the customer interface cannot be left to chance; the role of HRM is key here as each encounter has the potential to be unique and is beyond the direct control of the manager.

Reflections

Visit a local restaurant, travel agent or an organisation of your choice.

1. What did you think about the service received?
2. Was it of high quality?
3. What aspects of the service were most important to you?

The Tourism Industry

Tourism as an industry is not recognised by international governmental systems of industrial classification. Instead, it is usually represented by an amalgam of other industrial sectors. According to Riley *et al.* (2002) the best approximation of tourism (and employment therein) is to use statistics from various international classifications of restaurants, accommodation and cafes. In the UK the following sectors provide this information:

- hotels and other tourist accommodation (SIC 551, 552);
- restaurants, cafes etc. (SIC 553);
- bars, public houses and night-clubs (SIC 554);
- travel agencies and tour operators (SIC 633);
- libraries, museums and other cultural activities (SIC 925); and
- sports and other recreational activities (SIC 926, 927).

The international tourism industry is comprised of a fragmented and heterogeneous mix of organisations from both the private and public sectors. Some are directly concerned with customers and their satisfaction whilst others play a less direct and supportive role. Indeed, could suppliers of raw materials for tourism organisational refurbishment be considered as in the tourism business? Markets may be highly concentrated whereby supply is dominated by only a few large companies, for example, global accommodation – Accor (France), InterContinental Hotels (UK) and Marriot International (USA); Australian air travel – Qantas and Virgin Blue; international fast food – McDonald's and KFC, or diffuse where many smaller firms compete against each other. Immediately we can see a situation of complexity and thus one which is difficult to define. Riley *et al.* (2002: 10) would certainly agree and introduce other reasons hindering a universal definition of tourism.

- Informal economy ('unofficial' employment relationships between employer and worker).
- No universal agreement on what constitutes a 'tourist trip'.
- Paucity of reliable statistics.
- Multi-linkages to other sectors.

Another complexity is that tourism firms do not usually offer their product exclusively to tourists. Consider the potential customer profile of many resort-based firms. They undoubtedly have a mainstay of domestic and international tourists but they will also be used by members of the host community, particularly in the 'off season'. Indeed, many market their services to locals by offering discounted 'local specials'.

After reviewing various philosophies underpinning tourism and its definition, Leiper (1995) considers the practical key as establishing a common understanding and proposes that:

Tourism can be defined as the theories and practices of travelling and visiting places for leisure-related purposes. (p. 20)

Leiper's pithy contribution is welcome but unnecessarily generic for our purposes. It also introduces the requirement for yet another definition; that of 'leisure' which is not entirely appropriate here unless we consider leisure to be subsumed within tourism without question. Bardgett (2000) points out that the defining feature of tourism is the tourist rather than the product and cites the internationally agreed definition:

Tourism comprises the activities of persons travelling and staying places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. (p. 7)

Unfortunately, this leaves us 'best guessing' when attempting to collect accurate statistical tourism data including employment figures. Due to difficulties of definition, Holloway (1989) concludes that the tourism industry should be thought of as a system. His simplified 'central chain of distribution' shown below provides a useful framework and at least allows an appreciation of most firms involved in the industry.

Following the more managerial/economic/functional perspective, the current chapter aligns its understanding of the tourism industry with that shown in Figure 1.1. While the content misses a number of alternative perspectives it provides initial guidance in identifying and establishing employment numbers in the tourism industry. Nonetheless, any collection of statistical tourism data is bound to be an estimate because of inherent challenges shown below:

- who to include – those businesses that deal exclusively with tourists or those that only serve tourists as part of their market, for example, retail outlets, petrol filling stations, taxi firms;
- organisational departments – only front-line workers or those who have no direct contact with tourists including accountants and maintenance; and
- definitions – neglect and poor administration at governmental levels (Szivas, 1999).

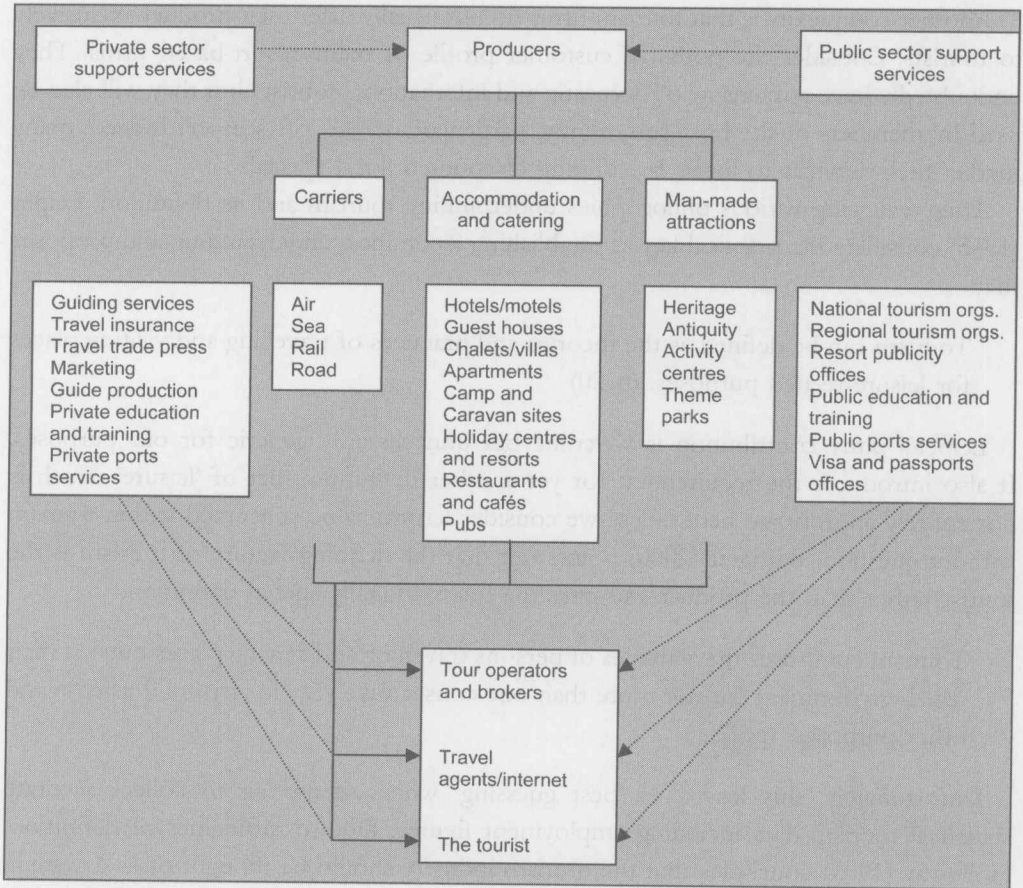


Figure 1.1 The tourism industry

Adapted from: Holloway (1989: 54)

Riley *et al.* (2002) recommend wisely that if tourism firms are used to approximate employment levels then certain assumptions must be made when interpreting data. The key here is that any definition of the industry must be flexible or 'working' due to its sheer diversity characterised by certain factors including:

- heterogeneous jobs across sectors by virtue of different business types and the impact of seasonality;
- differential skill requirements for jobs with the same title;
- unclear relationship between job, skills required and remuneration;
- variation in employment and occupational status;
- labour markets and high levels of mobility; and
- coexistence of multinational and small independent firms.

Adapted from: Riley *et al.* (2002: 13–15)