

Tourism Human Resources Challenges: Competitiveness Assessment, Flexicurity, and Training

British Columbia and Canada

Secondary Research Brief

Ray Freeman

Left Coast Insights – Tourism Development Consulting

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Introduction

The 2009 World Economic Forum publication, ‘The Travel & Tourism Competitiveness Report (TTCR) provides a quantitative ranking of economic competitiveness for 133 countries and their relative positions compiled into 14 indicator “pillars” as viewed from a tourism sector perspective (Blanke & Chiesa, p. 500). The focus of this paper is to provide analysis of Human Resources indicators and additional prominent factors which influence the relative position of Canada in comparison to some of the top globally competitive lead countries, as well as some of the important trends emerging in the sector (Blanke & Chiesa, p. 42). Examples from Europe are reviewed with a view towards understanding growing flexibility in labour resources and the structural supports or constraints involved in replicating some of the best practices from this strategy (Blanke & Chiesa, p. 36; Večerník, 2007, p. 663).

In the World Economic Forum report, human resources workforce composition and supporting factors facilitated a relatively high ranking for Canada on a global scale; however a shortage of seasonal labour in tourism, and other influences enforce some limitations on Canada’s competitive advantages. Some of the prominent challenges impacting the Canadian tourism sector include: political perceptions and support, diminishing quality workforce resources, increased expectations of quality and value for travel experiences from consumers, and fierce global competition (Deloitte, 2008, p. 2). Consumer expectations predicate that training may be a significant key towards addressing these challenges through increased standards of training and elevated service quality throughout all levels of tourism operations (Shaw & Ivens, 2005, p. 137; Pine & Gilmore, 1999, p. 52; Erdly & Kesterson-Townes, 2002, p. 12). Good

The tourism sector is further challenged by attitudes which pervade management and tourism enterprise owners regarding the value of training. A key issue identified impacting the sector is the relative perception of the value of training in the tourism industry and the broad-reaching economic implications of this perception (Ritchie & Crouch, 2003, p. 136-137; Grau-Gumbau, Agut-Nieto, Llorens-Gumbau, & Martí'nez-Martí'nez, 2002, pp. 240-242). A key solution towards addressing these issues may be to enhance training across tourism organizations to improve quality of service delivery throughout the sector with a resulting improvement in competitive global positioning (Deloitte, 2008, p. 3, 15; Janes, 2004, p. 126; Becton & Graetz, 2002, p. 105; Buhalis, 2003, pp. 162).

2009 International Travel & Tourism Competitiveness Index

The “2009 Travel & Tourism Competitiveness Report (TTCR) provides governments and organizational leaders with ‘tools’ for the measurement and analysis of drivers and indicators for Travel and Tourism (T&T) economic competitiveness. This presents a comparison in a comprehensive list of 133 national economies from around the globe (Blanke & Chiesa, Eds., 2009, p. 500). Analysis of Human Resources indicators (11th Pillar of 14 in the index within the report) by the the editors suggests that enhancing the quality of collaboration, health, public and private sector education and training may assist to develop and grow the tourism sector for a nation (p. 30). Additional prominent factors for consideration within the human resources pillar, as identified by the editors included: the availability of qualified labour as influenced by legislation, policy, and regulations; access to foreign workers; and life expectancy across the country indicating the comparative health of the workforce.

Examples of globally competitive leaders within the human resources pillar included Denmark, Iceland, and Singapore, who held the top three positions in the 2009 Travel & Tourism Competitiveness Report index. This was attributed to excellence in their educational systems and training facilities and was exemplified by healthy workforces. Additionally, through supportive legislative structures, these countries encouraged flexibility within their labour markets, enhancing employer's abilities to hire and release employees as required while providing for employee mobility and social security. Evidence of policy, legislation, and regulation in action to facilitate this flexibility is represented by Denmark's "flexicurity" system, designed to gain efficiencies for the needs of seasonal employers and employees (p. 36).

Večerník (2007, p. 663) refers to a European Commission report 'Flexicurity Pathways' from 2007 and provided the following description of flexicurity:

Flexicurity is a policy strategy to enhance... the flexibility of labour markets, work organisations and labour relations on the one hand, and security on the other (that) can be made mutually supportive. Encouraging flexible labour markets and ensuring high levels of security will only be effective if workers are given the means to adapt to change, to enter into employment, to stay on the job market and to make progress in their working life. Therefore, the concept of flexicurity includes a strong emphasis on active labour market policies, and motivating lifelong learning and training - but also on strong social security systems to provide income support and allow people to combine work with care.

Večerník continues to highlight an OECD Employment Outlooks report, which emphasizes the importance of facilitating active labour market policies with consideration to the relation of education and training in supporting the development of flexicurity (p. 665).

Oliveria & Carvalho (2009, p. 150) advise that Denmark's long standing structure of liberalized dismissal encourages the flow of workers through the workforce in response to seasonal requirements, reducing restrictions on employers while creating a national socialistic

employment security structure for employees. This is in contrast to other countries identified, such as Spain, Poland, and Portugal whose regulatory systems tended to provide greater protectionist job security at the expense of those in more dynamic or precarious employment situations. It is pointed out that these dichotomies may be counter-intuitive at first; however, evidence across Europe shows a growing trend towards incorporating “flexicurity” into labour practices (p. 161). Importantly, Večerník (2007, p. 664) reinforces Oliveria & Carvalho’s assertions by emphasizing that flexicurity is not a readily transferable concept to other nations, as Denmark and other flexicurity-oriented nations hold a long-standing history, political support, and infrastructure (such as socialist taxation policies) which facilitates this strategy. An example of this transferability challenge is to compare a country like Denmark, with structural features conducive to flexicurity, with Portugal, which holds more firmly to rigid employment practices as exemplified by the strictest employment dismissal policies in Europe. While labour market flexibility may provide some advantages for operators in the tourism sector, structural changes to incorporate flexicurity may be a challenge to incorporate into other nations (pp. 152-154).

Canada in Comparison

In comparison to other identified nations within the index, Canada’s human resources indicators rank well globally as a result of high education and training levels. However, it was pointed out that for travel and tourism, the Canadian Tourism Commission (CTC) laments a shortage of available labour for the tourism sector (Blanke & Chiesa, 2009, p. 42). Deloitte (2008) in their report ‘Tourism amid turmoil’ on tourism competition issues in Canada identifies some of the most significant factors impacting the Canadian tourism industry, which include:

human resource service issues, such as a shortage of qualified staff affecting service quality standards, and a growing middle-management gap, resulting in tourism industry operators not being able to effectively meet customer expectations (Deloitte, 2008, p. 2; Shaw & Ivens, 2005, p. 137). This despite Canada ranking highly in primary and secondary educational enrollment, the relatively excellent overall quality of the educational system, comparatively positive local availability of research and training services, and holding superior population and workforce life expectancy (Blanke & Chiesa, p. 161).

In their 2009 report, Blanke & Chiesa (2009, p. 16) ranked Canada fifth overall globally in the index (an improvement from ninth position in 2009; p. XV), and the country took over the overall top spot regionally within the Americas region, while also ranking sixth overall globally within the human resources pillar of the TTCR index. Additionally, Canada ranked fifth globally for policy rules and regulations related to the tourism sector (up three positions over 2008; p. 15). While Canada is positioned well in comparison to the majority of the 133 nationalities listed in the report, the Canadian tourism sector still remains challenged to leverage comparative political priority in contrast to other industrial sectors in the country. More specifically, Ritchie & Crouch informed that the human resources necessarily to effectively position a nation as an internationally competitive destination require a diverse array of supports, including policy, regulation, and legislation (Ritchie & Crouch, 2003, p. 136-137). Significantly, in their 2011 report, Blanke & Chiesa (2011, p. xvii) inform that “Canada falls four places this year to 9th overall and 2nd in the region” in comparison to the 2009 report.

Awareness of the significance of the tourism sector to the Canadian economy is influenced by perspectives and misconceptions which propagate a view that the tourism and hospitality sector is primarily comprised as a low skilled, seasonal industry. However, Ritchie &

Crouch state that those types of employment positions are “only the tip of the tourism and hospitality iceberg”. Rather than stereotypically viewing the tourism sector as holding a specific collection of products and services which may be categorized as the “tourism” industry, one should really consider how many diverse industries actually participate in tourism, such as transportation, construction, finance, government services, etc., many requiring advanced technical and management skills. A broader perspective may assist in supporting the view that many diverse and highly skilled capabilities are required to effectively support the tourism sector and its associated industries (p. 137).

The Conference Board of Canada (2008) in conjunction with the Canadian Tourism Research Institute provide a report on labour market conditions, projections and challenges indicating that (Canada) should expect labour shortages which may affect the country’s competitive position (p. 12). Respondents in the report acknowledge challenges with recruitment and retention of properly trained, experienced employees, highlighted by challenges in the middle-management levels of tourism organizations. Some implications and factors include: worker mobility, increased skills demands requiring increased levels of education, requirements for increased capital investment, and lost business opportunities due to labour shortages (p. 18).

CS Resors Consulting, Bird, & Emery (2002) produced a final report on a five year workforce development strategy with a regional focus on the Province of British Columbia. At the time of writing the report the authors stated that the sector had been growing at a rate faster than the economy; however, they warned that the tourism sector should expect to face skilled labour shortages as determined by growth projections and demographic indicators. Additionally, the tourism industry should expect increasing competition for a diminishing resource pool of younger workers. However, beyond available employment and graduate indicators, effective

industry performance measurement was described as challenging, given the fragmented character of the sector. CS Resors et al., also suggest that with the trend towards “high-end” service areas (i.e.: experiential tourism), increased training and skills levels will be required throughout many levels of organizations in order for the industry to maintain a competitive position (CS Resors et al., pp. 31, 33, 36, 84; Pine & Gilmore, 1999, p. 52).

Tourism Experience & Competitiveness

With a growing trend towards quality experiential tourism, driven by value-oriented consumers seeking unique and personal travel experiences (Shaw & Ivens, 2005, p. 137; Pine & Gilmore, 1999, p. 52; Erdly & Kesterson-Townes, 2002, p. 12), Ritchie & Crouch (2003, p. 136-137) identify other facilitating resources which have significant influence on a nation’s ability to “deliver unique, superior, unforgettable and hassle-free experiences to visitors.” Prominent facilitating resources include: organizational, managerial, and employee attitudes towards delivering quality tourism experiences and offerings, through training, motivation, and understanding of the value of the tourism industry; as well as the cost-effectiveness of a destination in relation to the relative costs or expenses of human resources. In the case of the Canadian economy, Ritchie & Crouch inform tourism industry wages are similar to those in the general economy, and attitudes to careers in the tourism and hospitality industry have a direct impact on facilitating the talents and resourcefulness of people to promote and deliver quality experiences (p. 137). These factors, attitudes and influences raise the question: How does a nation effectively improve the quality of the tourism experience and position the tourism and hospitality sector as a priority for regulatory and training support? Awareness, attitudes, and priority appear to be important factors.

Value of Training

Deloitte (2008) suggest the ability to address the evolving expectations of tourism consumers could best be approached through appropriate and timely training strategies (p. 3, 15). Supporting this assertion, Janes (2004, p. 126) advises that training may be a key resource towards addressing the question of improving human resources competitive advantage in the tourism sector. Specific benefits identified included: a greater sense of employee commitment and motivation, lower turnover, increased productivity, improved working relations, improved employee job satisfaction, improved competence and skills, increased income, career advancement, and mobility. However, Janes also presents evidence from a number of studies which provided contrary evidence indicating that training may not necessarily change attitudes or improve performance. Furthermore Janes points out that “employers who provide little training (for their employees), find little value in training activities”. Janes suggests the perception of the value of training really comes down to managerial attitudes regarding prior experiences with training, therefore affecting their level of interest to incorporate training strategies within their organizations (p. 129-130).

While Janes offers divergent indication that some studies and employers or managers may hold a perspective which minimizes the value of training in the tourism sector, Becton & Graetz (2002, p. 105) advise that in Australia, small and medium-sized tourism enterprises (SMTEs) with owner-managers who have little management training or qualifications, still recognize the prominent human resources challenges for their sector and view advancing education and training as valuable to their organizations. These perceptions vary; however, dependent upon the size and type of operation. For example, larger operations tended to utilize more training strategies and hold more available staff to cover human resources requirements

while others are engaged in training. SMTEs in the hospitality side of the sector (such as restaurants) view front-line staff training as a higher priority than tourism operators. However, management level training is perceived to have relatively equal value across all sectors of the tourism industry, particularly for addressing sales and marketing requirements (p. 107, 111).

Training delivery preferences by Australian SMTEs is also reflected by a general inclination by owner-managers towards utilizing in-house strategies, such as on the job training and mentorship or apprenticeship-style practices. Furthermore, these managers also express skepticism or even fear of externally sourced education and training resources. To counter these attitudes, Becton & Graetz (2002, pp. 112, 113) suggest that “As graduates from external courses enter the industry and move into positions of management and ownership, there should be a shift in this attitude, which is supported by anecdotal evidence”. Furthermore, the authors advised that SMTEs preferences and concerns about external training providers may be addressed with more inclusive planning processes designed to encourage SMTE participation in curriculum development in order to ensure that course content addresses priorities and interests of tourism enterprises.

Grau-Gumbau et al., inform that while customer service quality has been identified as a key factor to business success, the attitudes towards the use of training and the types of training methodologies to permeate an organization are highly determined by the demographic, experience and prior training of managers and owners. For example, older managers with more work experience and lesser formal training tended to prefer a job experience over training orientation. Conversely, managers with higher levels of training, regardless of demographic, were motivated to participate in and support further training. Furthermore, due to the delimiting or broad nature of management job duties, which have a more significant impact on

organizational success, it is suggested that management training be integrated into the goals and objectives of an organization through strategic planning processes (Grau-Gumbau, Agut-Nieto, Llorens-Gumbau, & Martí'nez-Martí'nez, 2002, pp. 240-242).

While the training of front-line employees is a critical component of ensuring quality of customer service (Deloitte, 2008, p. 2; Shaw & Ivens, 2005, p. 137), Buhalis (2003, pp. 162) advocate that “*continuous training throughout the hierarchy* will provide decision-makers with tools and methodologies for the dynamic and innovative management of tourism organizations.” More specifically, Buhalis advise organizations need to identify and train managers who can execute quantifiable gains and advantages for their operations. However, this issue is particularly challenging in the tourism industry with its prevalence of SMTEs, often lacking in expertise and trained managers. Buhalis suggests that continuous training and education are the only effective methodologies towards enhancing organizational intellect and thus, competitive advantage (p. 163). Therefore, Janes, Becton & Graetz, Grau-Gumbau et al., and Buhalis collectively indicate that the importance of training to an organization is highly dependent upon managerial attitudes towards the value of training. Furthermore, an orientation towards enhancing managerial training through longer-term strategic planning (i.e.: life-long learning) can positively influence and motivate employees throughout an organization to follow the leadership and examples of management towards achieving organizational goals and objectives.

Conclusion

The 2009 and 2011 Travel & Tourism Competitiveness Reports indicate that Canada's relative position in the tourism sector ranks relatively highly for human resources indicators when viewed on a global scale. In analysis of the top globally competitive lead countries, a

prominent attribute gaining momentum is the concept of labour flexibility, supporting more dynamic workforce staffing levels in accordance with employer needs, and improved employee mobility and social security. Workforce “flexicurity” may be a potential solution or supporting strategy towards addressing Canadian tourism industry labour gaps, as highlighted by the Canadian Tourism Commission, however, political and managerial attitudes may need to adapt to realize the real value of the tourism sector to the Canadian economy relative to other industries. In order to effectively sustain and enhance Canada’s relative competitive human resources position for the tourism sector, continually improving training and education strategies across all levels of tourism organizations has been identified as key to supporting a nation’s competitive advantages. The perception of the value of training is typically based upon prior education, training and working experiences and perceptions of managers and tourism operation owners. Those who have participated in training exercises typically hold more positive views on the value of training to their organizations. Furthermore, evidence suggests that management training is a key leverage point towards improving overall employee motivation, quality of service, and customer satisfaction. As more trained managers enter the workforce, positive perceptions regarding the value of training and the value of tourism will permeate the sector, garnering additional investment in human resources.

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