

International Labour Organization

Sectoral Activities Programme

Human resources development, employment and globalization in the hotel, catering and tourism sector

Report for discussion at the
Tripartite Meeting on the Human Resources Development,
Employment and Globalization in the Hotel, Catering and
Tourism Sector

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Preface

The ILO is concerned with decent work. The goal is not just the creation of jobs, but the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality. All societies have a notion of decent work, but the quality of employment can mean many things. It could relate to different forms of work, and also to different conditions of work, as well as feelings of value and satisfaction. The need today is to devise social and economic systems which ensure basic security and employment while remaining capable of adaptation to rapidly changing circumstances in a highly competitive global market (ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999, p. 4).

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Abbreviations and acronyms used in the report

ASEAN	Association of South-East Asian Nations
BHA	British Hospitality Association
CRS	Computerized reservation systems
CSD-7	United Nations Commission on Sustainable Development, Seventh Session, New York, 19-30 April 1999
ECF-IUF	European Committee of Food, Catering and Allied Workers' Unions within the IUF
ECTAA	Group of National Travel Agents' and Tour Operators' Associations within the European Union
EDI	Electronic data interchange
EEA	European Economic Area
ETLC	European Trade Union Liaison Committee on Tourism
ETOA	European Tour Operators' Association
ETUC	European Trade Union Confederation
EU	European Union
EWC	European Works Council
FERCO	European Federation for Contract Catering Organizations
FORCEM	Foundation for Continuous Training
GATS	General Agreement on Trade in Services
GDS	Global distribution system
HCT	Hotel, catering and tourism
HERE	Hotel Employees and Restaurant Employees International Union (also: HEREIU)
HOTREC	Confederation of National Associations of Hotels, Restaurants, Cafés and Similar Establishments in the European Union and European Economic Area
IATA	International Air Transport Association

ICFTU	International Confederation of Free Trade Unions
ICT	Information and communication technology
IHEI	International Hotel Environment Initiative
IH&RA	International Hotel and Restaurant Association
IRU	International Road Transport Union
ISIC	International Standard Classification of all Economic Activities
ISP	International service provider
IT	Information technology
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
MERCOSUR	Common Market of the Southern Cone
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Co-operation and Development
PMS	Property management system
PTO	Public telecom operator
SIT	System of information technologies
SME	Small and medium-sized enterprise
TSA	Tourism Satellite Accounts
TUAC	Trade Union Advisory Committee to the OECD
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNI	Union Network International
UNICE	Union of Industrial and Employers' Confederations of Europe
WTO/OMC	World Trade Organization
WTO/OMT	World Tourism Organization
WTTC	World Travel and Tourism Council

Introduction

This report has been prepared by the International Labour Office as the basis for discussions at the Tripartite Meeting on Human Resources Development, Employment and Globalization in the Hotel, Catering and Tourism Sector.

At its 273rd Session (November 1998) the Governing Body of the International Labour Office decided that the Meeting would be included in the programme of sectoral meetings for 2000-01. At its 274th Session (March 1999) the Governing Body decided that the purpose of the Meeting would be to exchange views on policies and methods of human resource development, employment creation and globalization in the hotel, catering and tourism sector; to adopt conclusions that include proposals for action by governments, by employers' and workers' organizations at the national level and by the ILO; and to adopt a report on its discussion. The Meeting may also adopt resolutions. The Governing Body also decided that the Meeting should be tripartite, that it should be composed of 75 participants and that the following 25 countries should be invited: Austria, Barbados, Brazil, Canada, China, Costa Rica, Dominican Republic, Egypt, France, Greece, India, Italy, Japan, Kenya, Republic of Korea, Lebanon, Mauritius, Morocco, Netherlands, Poland, Portugal, South Africa, Spain, Switzerland and the United States. In the event that a government declines the invitation, an alternate will be invited from the reserve list which was established at the same time: Argentina, Chile, Croatia, Hungary, Mexico, Namibia, New Zealand, Philippines, United Republic of Tanzania, Thailand, Tunisia, Turkey, Viet Nam, Zimbabwe. The Governing Body also decided that 25 Employer and 25 Worker participants would be appointed on the basis of nominations made by the respective groups of the Governing Body. They do not necessarily come from the above list of countries.

The Meeting is part of the ILO's Sectoral Activities Programme, the purpose of which is to facilitate the exchange of information among constituents on labour and social developments relevant to particular economic sectors, complemented by practically oriented research on topical sectoral issues. This objective is being pursued inter alia by holding international tripartite sectoral meetings with a view to: fostering a broader understanding of sector-specific issues and problems; promoting an international tripartite consensus on sectoral concerns and providing guidance for national and international policies and measures to deal with the related issues and problems; promoting the harmonization of all ILO activities of a sectoral character and acting as the focal point between the Office and the sectoral ILO constituents; and providing technical advice and practical assistance to the latter in order to facilitate the application of international labour standards.

The report attempts to illustrate how the issues of globalization, employment and human resources development in the hotel, catering and tourism sector are linked to the strategic objectives of the ILO and to its overall conceptual framework of decent work. At its 87th Session (June 1999), the International Labour Conference agreed that in future the ILO should focus its work on four strategic objectives:

- to promote and realize fundamental principles and rights at work;

-
- to create greater opportunities for women and men to secure decent employment and income;
 - to enhance the coverage and effectiveness of social protection for all; and
 - to strengthen tripartism and social dialogue.

All of the ILO's strategic objectives are closely linked to strengthening the social dialogue framework. Promoting a participatory process that gives a voice to those most directly involved in the world of work is an essential part of the conceptual framework of decent work. More especially, it provides the means of integrating the strategic objectives into a coherent approach for decent work initiatives with the full involvement of the social partners at the country level.

The report points to recent developments in the hotel, catering and tourism sector and highlights factors driving the internationalization of tourists' travel and of tourism services, including information technologies, as well as the internationalization of hotel and tourism enterprises. Without neglecting the huge subsector of small and medium-sized enterprises, it describes typical features related to the composition of the labour force and to working conditions. It raises questions concerning the difficulties faced by the sector in attracting and retaining skilled workers in enhancing the skills of newcomers to the labour market in order to stabilize the sector's labour force, while increasing the productivity of enterprises and the quality of services. Particular emphasis is put on new forms of management entailing new skills requirements, with a general tendency towards increased worker responsibility in an environment of flat hierarchies, multiskilling and teamwork. Some institutions, achievements and shortcomings of social dialogue in the hotel, catering and tourism sector are described in a perspective which also points to opportunities for increasing its scope and effectiveness. As for the causal relationships between globalization, employment and human resources development, it would be difficult on the basis of the available information to draw conclusions concerning such relationships more than is done here. On the other hand, other factors such as technological and educational progress or changes in tourism demand have also been highlighted.

Hard data on the hotel, catering and tourism sector are not easy to come by as it is rarely singled out from the services sector in general. Data specifically on tourism depend on accounting which covers a broad range of economic activities geared towards consumption by tourists. Only a few countries can provide systematically collected tourism data and little attention is given to labour issues.

The report draws on a wide variety of sources for information, including government institutions, intergovernmental organizations, trade unions, employers' organizations, companies, international non-governmental organizations, and individual scholars. The sources used are certainly not exhaustive but probably quite representative.

The report was prepared by an ILO team composed of Dirk Belau, Senior Specialist on Hotels, Catering and Tourism, Sectoral Activities Department (coordinator), Tom Higgins and Rajendra Paratian, with contributions from external experts, Lionel Becherel, Chris Cooper, Auliana Poon, Laennert Rijken

and Klaus Weiermair. Editorial assistance was provided by Bill Ratteree, Sectoral Activities Department. The report is published under the authority of the International Labour Office.

1. General developments in the sector

1.1. Delimitation of the hotel, catering and tourism (HCT) sector

When the ILO Governing Body created the ILO Industrial Committee for the Hotel, Restaurant and Tourism Sector, which subsequently became the Committee for the Hotel, Catering and Tourism Sector, the sector included: ¹

- (a) hotels, boarding houses, motels, tourist camps, holiday centres;
- (b) restaurants, bars, cafeterias, snack bars, pubs, night clubs, and other similar establishments;
- (c) establishments ... for the provision of meals and refreshments within the framework of industrial and institutional catering (for hospitals, factory and office canteens, schools, aircraft, ships, etc.);
- (d) travel agencies and tourist guides, tourism information offices;
- (e) conference and exhibition centres.

Statistics are being organized according to the International Standard Industrial Classification of all Economic Activities (ISIC), the latest edition of which is ISIC Rev. 3. In that classification, the sectors most relevant for the ILO definition of the sector are Hotels and restaurants (division 55) ² and Activities of travel agencies and tour operators, Tourist assistance activities (class 6304). ³

Other organizations concerned with tourism, including governments, intergovernmental organizations and NGOs, often use much broader definitions of the term than that used by the ILO. They subsume under it all services and products consumed by tourists, including transport. In the ILO denomination of the sector, the part referring to “tourism” only covers travel agencies and tour operators.

¹ ILO, Document GB.214/IA/5/5, Geneva, Nov. 1980.

² “This class includes the provision on a fee basis of short-term lodging, camping space and camping facilities ... Examples of activities included here are those usually offered by hotels, motels, inns, school dormitories, residence halls, rooming houses, guest homes and houses, youth hostels, shelters, etc.” Amongst the excluded activities is “Rental of long-term furnished accommodation (e.g. apartment hotels)” classified in division 70 (Real estate activities). United Nations: *International Standard Industrial Classification of all Economic Activities*, Statistical Papers, Series M, No. 4, Rev. 3, New York, 1990, p. 113. Industry representatives also count apartment hotels and furnished rooms under their field of activity.

³ “... [this] includes furnishing travel information, advice and planning, arranging tours, accommodation and transportation for travellers and tourists, furnishing tickets, etc. Also included are tourist assistance activities not elsewhere classified, such as carried on by tourist guides”. United Nations: *International Standard Industrial Classification of all Economic Activities*, op. cit., p. 115.

Hotels and catering, including restaurants, are considered by most organizations to belong to the “tourism characteristic industries” and therefore subsumed under tourism, although in some countries only a small part of their services is for tourists. However, the fact that the ILO definition of the sector thus differs considerably from the concept of tourism used by other organizations does not prevent most concerns about the development of tourism from being shared by those organizations. One such concern is the sector’s potential to provide employment. Nevertheless, the ILO’s focus on labour issues is unique as it includes all working and employment conditions in the HCT sector.

1.2. Tourism Satellite Accounts

As an economic concept, tourism is defined in “demand side” terms, as it comprises all services and goods consumed by tourists as well as all investments made to satisfy that consumption. A tourist has been defined by the United Nations as a traveller or visitor.^{4,5} The credibility and international comparability of “tourism statistics” depend heavily on: (1) a consensus regarding the choice of “tourism characteristic industries”, i.e. those industries on which tourism demand has the most important direct impact, and an estimation of the “tourism ratio” of their output; as well as (2) the methods used to calculate the indirect effects on the output of many other industries. Statistical presentations differ in whether they include such indirect or induced effects in the measurement of tourism in the economy. Probably the most inclusive choice of industries is the one adopted by the World Travel and Tourism Council (WTTC), a private organization.⁶ It takes into account industries whose “tourism ratio” is low but whose products and

⁴ “Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.” The “persons” referred to are termed “visitors”, that is “any person, who travels to a place, outside his/her usual environment for a period not exceeding 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited”. United Nations and World Tourism Organization: *Recommendations on tourism statistics*, United Nations, Series M, No. 83, New York 1994, pp. 9, 20, quoted in WTO: *Tourism Satellite Account (TSA): The conceptual framework*, part of the conference report on the Enzo Paci, World Conference on the Measurement of the Economic Impact of Tourism (Nice, France, 15-18 June 1999).

⁵ “Expenditure made by, or on behalf of, the visitor before, during and after the trip and which expenditure is related to that trip and which trip is undertaken outside the usual environment of the visitor.” “A ‘visitor’ can be either a same-day traveller or a tourist, while a ‘visit’ or ‘trip’ encompasses travel undertaken for business purposes or for personal reasons (not necessarily for leisure). Some forms of travel are excluded, namely that undertaken by migrants, diplomats and military personnel when taking up appointment. Commuter travel is also excluded because it is considered to be part of the ‘usual environment’.” OECD: *Measuring the Role of Tourism in OECD Economies: The OECD Manual on Tourism Satellite Accounts and Employment*, Paris, 2000, p. 16.

⁶ “Travel & Tourism is a collection of products (durables and non-durables, consumer and capital) and services (activities) ranging from airline and cruise ship fares, to accommodations, to restaurant meals, to entertainment, to souvenirs and gifts, to immigration and park services, to recreational vehicles and automobiles, to aircraft manufacturing and resort development.” World Travel and Tourism Council (WTTC): *Tourism Satellite Accounting Research, Estimates and Forecasts for Governments and Industry, Year 2000*, London, 2000, published as a CD-ROM.

services represent high value, such as the construction and operation of transport infrastructure.

The demand side nature of tourism is the basis of a methodology for Tourism Satellite Accounts (TSAs) developed by the World Tourism Organization and OECD and adopted by the United Nations Statistical Commission early in 2000.⁷ The ILO has been cooperating with those organizations in accordance with the mandate given to it by the Tripartite Meeting on the Effects of New Technologies on Employment and Working Conditions in the Hotel, Catering and Tourism Sector in 1997, with a view to providing a methodology for the production and presentation of tourism-relevant labour statistics to supplement the TSAs. A proposal has been formulated by the ILO for a tourism labour accounting system (TLAS) within that framework,⁸ based on its work on a general labour accounting system. A detailed “employment module” presenting labour-related issues was already attached to the TSA by the OECD, but this module does not provide the necessary framework for linking the different units, variables and classifications used when collecting labour statistics from many different sources.

Some early efforts towards TSA presentations have already been made by a number of pioneer OECD countries on the basis of figures from national accounts systems as required in the methodology adopted by the United Nations Statistical Commission in 2000. The World Travel and Tourism Council (WTTC) has been producing Tourism Satellite Accounts using a simulation method and based on a non-systematic variety of statistical sources.⁹ Relevant figures from some pioneer countries are presented in box 1.1. Because of differing definitions only very broad comparisons can be made between countries.¹⁰

⁷ United Nations Statistical Commission: *Report on the thirty-first session (29 February-3 March 2000)*, Economic and Social Council, Official Records, 2000, Supplement No. 4, Documents E/2000/24, E/CN.3/2000/21.

⁸ ILO, Bureau of Statistics: *Developing a labour accounting system for tourism: Issues and approaches*, Geneva, 2000.

⁹ World Travel and Tourism Council (WTTC): *Tourism Satellite Accounting Research, Estimates and Forecasts for Governments and Industry*, op. cit.

¹⁰ OECD: *Measuring the Role of Tourism in OECD Economies*, op. cit., Ch. 13.: *The OECD Manual on Tourism Satellite Accounts and Employment*, Ch. 13.

Box 1.1. Selected tourism data: OECD countries with incipient Tourism Satellite Accounts

<p>Shares of tourism, tourism characteristic industries, or hotels and restaurants in national economies:</p> <p>Mexico: 8.2% tourism</p> <p>New Zealand: 8.1% (3.4% direct; a further 4.6% indirect)</p> <p>Norway: 3% characteristic tourism industries, GDP</p> <p>Poland: 5.4% tourism characteristic activities</p> <p>Sweden: 3.3% tourism</p> <p>Austria: 3.1% hotels and restaurants</p> <p>United Kingdom 2.9% main tourism-related industries (hotels, restaurants, bars, recreation activities, etc.)</p> <p>Contribution of hotels and restaurants or tourism characteristic industries in total tourism value added or total tourism consumption:</p> <p>Mexico: 49.9% hotels and restaurants, value added</p> <p>Norway: 66% characteristic tourism industries, consumption</p> <p>Poland: 8.4% tourism characteristic industries, value added</p> <p>Sweden: 23% hotels and restaurants, value added</p> <p>GDP tourism ratio of hotels and restaurants or characteristic tourism industries:</p> <p>Austria: 76.4% hotels and restaurants</p> <p>Norway: 43% characteristic tourism industries</p>	<p>Distribution of tourism consumption:</p> <p>New Zealand: 47% spent by overseas visitors</p> <p>39% spent by resident households travelling for recreation and pleasure</p> <p>14% spent on work-related travel by business and government</p> <p>Norway: 32% non-residents' consumption</p> <p>49% resident households' consumption</p> <p>19% resident industries' expenditure on business trips</p> <p>Sweden: 24% foreign visitors</p> <p>50% resident households' demand</p> <p>26% business travel</p> <p>Employment in tourism as a share of total employment:</p> <p>France: 5.3% hotels and restaurants</p> <p>Mexico: 6% tourism industry (salaried jobs)</p> <p>New Zealand: 8.3 % direct (4.1%) plus indirect (4.2%)</p> <p>Norway: 3% tourism characteristic industries</p>
<p>Based on: OECD: <i>Measuring the Role of Tourism in OECD Economies: The OECD Manual on Tourism Satellite Accounts and Employment</i>, Ch. 13, TSA Experiences in Selected OECD Economies, Paris, 2000.</p>	

1.3. Tourism economy

The contribution of tourism activities to national GDPs, direct and indirect, varies by country and region as illustrated by the WTTC's estimates (tables 1.1A and 1.1B).

Table 1.1A. Travel and tourism industry gross domestic product per region, 2000

Regions	Subregions	US\$ (billion)	% of total GDP		Growth p.a. 1999 (%)
<i>Africa</i>		23.7	3.5		9.0
	Sub-Saharan Africa	10.6	2.9		5.7
	North Africa	13.1	4.1		12.7
<i>Americas</i>		588.5	4.8		3.7
	North America	540.2	5.0		3.8
	Latin America	39.9	3.1		1.5
	Caribbean	8.4	6.6		6.8
<i>Asia-Pacific</i>		284.9			
	North-East Asia	217.8	3.2		2.2
	South-East Asia	30.5	3.3		-10.5
	South Asia	13.0	2.3		9.1
	Oceania	23.7	4.6		3.5
<i>Europe total</i>		439.1	4.1		2.3
	European Union	386.8	4.2		2.5
	Other Western Europe	32.5	5.0		-1.4
	Central and Eastern Europe	19.8	2.3		5.2
<i>Middle East</i>		23.2	3.5		4.6
<i>World</i>		1 359.0	4.1		2.9

Table 1.1B. Travel and tourism economy ¹ gross domestic product per region, 2000

Regions	Subregions	US\$ (billion)	% of total GDP		Growth p.a. 1999 (%)
<i>Africa</i>		50.0	7.4		7.3
	Sub-Saharan Africa	26.1	7.2		5.2
	North Africa	23.9	7.5		10.4
<i>Americas</i>		1 336.0	10.9		3.8
	North America	1 216.2	11.2		3.9
	Latin America	96.7	7.6		2.0
	Caribbean	22.7	17.8		6.4
<i>Asia-Pacific</i>		792.9	12.0		9.0
	North-East Asia	610.8	9.0		1.9
	South-East Asia	84.5	9.1		-8.8
	South Asia	28.1	5.0		8.4
	Oceania	69.4	13.6		3.2
<i>Europe total</i>		1 341.0	12.4		37.0
	European Union	1 176.1	12.6		3.9
	Other Western Europe	85.4	13.1		7.0
	Central and Eastern Europe	79.7	9.5		4.5
<i>Middle East</i>		55.3	8.3		4.2
<i>World</i>		3 575.0	10.8		3.3

¹ WTTC distinguishes between the "Travel & Tourism Industry" and the broader "Travel & Tourism Economy": "The former captures the technical production-side 'industry' equivalent for comparison with all other industries, while the latter captures the broader 'economy-wide' impact of Travel & Tourism. ... From an 'economy' perspective (Travel & Tourism Demand), Travel & Tourism produces products and services for visitor consumption as well as products and services for industry demand including: Government Expenditures ..., Capital Investment ..., Exports (Non-Visitor) ...". See WTTC: *Tourism Satellite Accounting Research Estimates and Forecasts for Government and Industry, Year 2000*, London, 2000, published as a CD-ROM.

Source: WTTC, 2000.

The Caribbean is the most tourism oriented region in the world. It is estimated that in 2000, tourism employed 3.1 million people either directly or indirectly, thus accounting for 13.4 per cent of total employment. Direct employment in the tourism characteristic industries alone amounts to 5 per cent of total employment. Visitor expenditures contributed an estimated US\$17 billion, or 18.4 per cent, to export revenues.¹¹ Countries whose international tourism receipts exceed 5 per cent of GDP or 10 per cent of export revenues are considered to be “tourism countries” for the purposes of the World Trade Organization. Tourism-related portions of GDP estimated by the WTTC for a number of countries are shown in table 1.2. A table of all the countries covered by the WTTC is reproduced in Appendix 1.

Table 1.2. Tourism industry GDP, visitors' exports and employment in selected countries, 2000

	Visitor exports			Travel and tourism industry GDP			Travel and tourism industry employment		
	US\$ (million)	% of total exports	Growth ¹ (%)	US\$ (million)	% of total GDP	Growth ¹ (%)	(thousand)	% of total employment	Growth ² (%)
Austria	13 187.5	12.2	3.2	11 995.5	5.1	2.4	180.1	4.9	0.9
Barbados	833.7	56.0	5.3	390.2	14.6	5.8	16.5	10.5	1.9
Brazil	4 853.0	7.8	76.9	17 467.3	3.1	5.9	2 321.0	3.2	-1.9
Canada	12 549.5	4.4	8.5	30 791.6	4.6	4.5	744.8	5.0	3.4
Costa Rica	923.2	16.1	1.3	756.1	6.8	1.7	66.0	5.3	-3.0
Dominican Republic	2 758.4	30.8	13.3	1 273.4	6.6	13.2	294.0	5.1	5.5
Egypt	4 593.3	14.9	41.7	5 544.0	5.5	25.8	693.4	4.9	17.9
France	31 587.9	7.6	-10.0	68 159.8	4.3	-0.4	1 193.1	4.3	-1.3
India	3 763.3	7.3	7.6	11 334.0	2.5	9.2	8 410.4	2.7	4.5
Indonesia	1 974.5	3.5	-66.0	5 431.5	2.8	-31.2	1 732.2	2.3	-6.0
Italy	36 229.9	11.4	6.3	64 312.0	4.9	4.4	1 189.1	5.9	2.8
Kenya	531.7	16.9	15.2	589.1	5.6	10.9	270.0	3.9	12.6
Mauritius	854.3	28.8	14.8	600.2	13.8	13.8	27.2	10.0	11.2
Mexico	9 939.2	8.2	-9.3	13 049.8	2.6	-1.0	863.2	2.8	-1.2
Morocco	2 297.9	23.7	4.6	2 544.4	6.4	3.2	353.4	4.9	3.5
Namibia	415.9	23.8	13.4	326.5	9.3	11.7	26.8	6.9	9.6
Netherlands	14 397.1	5.3	9.8	15 819.5	3.6	7.3	228.5	3.3	5.7
New Zealand	3 023.2	19.0	11.4	3 132.4	5.6	6.5	112.6	6.2	6.5
Philippines	2 845.7	6.2	-11.0	3 170.6	3.7	-5.9	999.4	3.3	1.1
Poland	6 669.5	13.6	-4.4	3 847.5	2.2	-1.2	221.3	1.4	-3.8
Portugal	6 894.6	20.0	5.1	7 029.8	5.6	4.1	261.6	5.8	2.4
South Africa	3 801.7	10.4	2.4	5 146.1	3.6	1.8	337.2	3.4	6.5
Spain	29 281.7	15.1	-11.0	47 923.7	7.6	-2.3	1 175.4	8.3	-1.1
Switzerland	9 515.9	8.3	-8.0	14 931.8	5.6	-0.8	200.2	5.7	-1.4
Thailand	8 874.7	11.9	0.3	8 421.7	6.3	-3.6	1 623.5	5.0	6.5
Turkey	8 630.2	14.3	-12.0	10 105.4	4.7	-3.8	848.4	3.9	-0.1
United States	100 733.0	9.3	2.7	496 358.3	5.1	4.0	7 629.4	5.6	1.6
Viet Nam	105.8	0.7	0.8	841.2	2.2	3.3	751.4	1.9	2.3
World	565.8	7.2	1.4	1 359.3	4.1	3.1	73 100.0	3.1	2.0

¹ 1999 real growth adjusted for inflation. ² In 1999.

Source: WTTC, 2000.

¹¹ WTTC: *Tourism Satellite Accounting Research, Estimates and Forecasts for Government and Industry*, op. cit.

Tourism is expanding in almost all countries including the developing countries. In fact, mass tourism involving domestic and regional travel is becoming an important phenomenon in several developing countries of Asia, Latin America, the Middle East and Africa, where the proportion of the population actively participating in domestic and regional tourism is predicted to grow considerably. In particular, regional tourism originating from China is expected to change the Asian tourism industry profoundly within the next one to two decades.

1.4. Employment in hotels and restaurants

An overview of employment in hotels and restaurants is presented in table 1.3. The table shows data supplied to the ILO by a limited number of countries using the International Standard Industrial Classification of all Economic Activities, Revision 3 (1990), which allows a distinction to be drawn between hotels and restaurants and commerce in general. What is striking about the information given in table 1.3 is the high proportion of unpaid labour in the hotel and restaurant trade in some countries, including the industrialized countries. This reflects a large number of small entrepreneurs and their non-remunerated family members. In some countries, this proportion is increasing as paid employment is growing more slowly than total employment, although in general growth rates for both are high.

Table 1.3. Hotels and restaurants: Total employment and paid employment by gender, selected countries, 1998-99

Country	Total employment			Paid employment			Unpaid employment (%)
	Total (000)	Annual growth in last five years (%)	Women (%)	Total (000)	Annual growth in last five years (%)	Women (%)	
<i>Africa</i>							
Egypt 1998	277.0		12	162.5		13	41
<i>Americas</i>							
Argentina 1998	229.7		42	178.9		41	22
Bahamas 1998	22.1	3.7	58				
Canada 1999	924.8	2.1	60	826.0	1.2	62	11
Mexico 1999	1 807.5		54	972.2		45	46
Panama 1999	39.5	7.5	54	29.3	5.2	49	26
Peru 1999	470.6		76	141.2		59	70
<i>Asia</i>							
Israel 1999	90.1		43	77.2		45	14
Korea, Rep. of 1999, 1998	1 820.0	4.1	68	823.0	4.6	73	55
Kyrgyzstan 1999	11.5		50				
Macau, China 1999	21.7		51	19.7		50	9
Singapore 1999	121.2	2.2	49	90.2		52	26
<i>Europe</i>							
Austria 1999	212.2	0.9	64				

Country	Total employment			Paid employment			Unpaid employment (%)
	Total (000)	Annual growth in last five years (%)	Women (%)	Total (000)	Annual growth in last five years (%)	Women (%)	
Belgium 1998	118.9		53	65.8	2.6	51	45
Croatia 1999	74.0		54	56.4		58	24
Czech Republic 1999	159.0	1.2	58	130.0	0.6	63	18
Denmark 1998	71.3		61	60.4		63	15
Estonia 1999	13.0	-7.0	85	11.8	-12.1	86	9
Finland 1999	77.0	5.8	68	66.0	4.7	71	14
France 1999				689.6	2.9	49	
Germany 1999	1 188.0		59	906.0		63	24
Greece 1998	249.2	4.1	41	128.5	4.5	45	48
Hungary 1999	133.2	3.8	52				
Ireland 1999	102.6	8.5	59	84.6	6.8	62	18
Italy 1999	739.0	2.1	46	407.0	2.1	48	45
Latvia 1999	21.7		75	20.3		75	6
Lithuania 1999	29.7		79	27.9		79	6
Netherlands 1998	267.0		55	226.0		57	15
Norway 1999	72.0		68	69.0		70	4
Poland 1998	219.0		67	169.0		71	23
Portugal 1998	245.0	3.1	58	161.4	3.2	63	34
Romania 1999	123.9		66	114.6		69	8
Slovenia 1999	34.0	2.5	56	28.0	2.7	61	18
Spain 1999	848.7	3.7	47	551.2	4.6	50	35
Switzerland 1999	243.0	0.9	59	225.2	0.2	58	7
Sweden 1999	114.0	4.2	57	93.0	3.0	62	18
United Kingdom 1999	1 165.0	1.3	61				
<i>Oceania</i>							
Australia 1999	418.5	3.0	55				
New Zealand 1999	86.7		62	71.6		64	17

Source: ILO Yearbook of Labour Statistics, 2000.

1.5. Importance of international tourism

Tourism across national borders represents a variable but generally large proportion of total tourism. Especially in a number of developing countries a significant proportion of gross domestic product is generated by activities designed to satisfy international tourism, which thus represents an important export activity in many countries (see table 1.2 above). Globally, the World Tourism Organization (WTO) predicts that the number of international tourists will reach almost 1.6

billion by the year 2020 (as opposed to 565 million in 1995), and that international tourism receipts will exceed US\$2,000 billion.¹² The estimated growth of world international tourism arrivals of 4.5 per cent per annum will pose enormous challenges and opportunities for those regions and countries seeking to benefit from tourism while avoiding its negative impacts.

As shown in table 1.4A, the world's top ten tourism destinations are France, Spain, United States, Italy, China, United Kingdom, Canada, Mexico, Poland and the Russian Federation. France welcomed 73 million visitors in 1999, followed by Spain with almost 52 million and the United States with 48.5 million.

Table 1.4A. World's top 15 receiving countries for international tourism: Arrivals

Country	International tourist arrivals		
	1998 (million)	1999 (million)	Market share 1999 (%)
France	70.0	73.0	11.0
Spain	47.4	51.8	7.8
United States	46.4	48.5	7.3
Italy	34.9	36.1	5.4
China	25.1	27.0	4.1
United Kingdom	25.7	25.7	3.9
Canada	18.9	19.6	2.9
Mexico	19.8	19.2	2.9
Russian Federation	15.8	18.5	2.8
Poland	18.8	18.0	2.7
Austria	17.4	17.5	2.6
Germany	16.5	17.1	2.6
Czech Republic	16.3	16.0	2.4
Hungary	15.0	12.9	1.9
Greece	10.9	12.0	1.8

Source: World Tourism Organization (WTO): *Tourism highlights 2000*, 2nd edition, Aug. 2000 (1999 preliminary data).

The top ten tourism destinations in the world in terms of tourism receipts are the United States, Spain, France, Italy, United Kingdom, Germany, China, Austria, Canada and Greece. Table 1.4B illustrates this ranking. The United States earns the most from tourism, with total tourism revenues of US\$74.4 billion in 1999, followed by Spain and France. Even though tourism is a global industry, the majority of receipts still accrue to the Americas and Europe, reflecting both the fact that closeness to origin of the travellers still matters and the fact that countries in these regions have had the time, resources and demand needed to develop their tourism industries.

¹² World Tourism Organization (WTO): *Tourism 2020 vision, A new forecast*, Executive Summary, Madrid, 1999, p. 3.

Table 1.4B. World's top 15 earners from international tourism

Country	International tourist arrivals		
	1998 (billion)	1999 (billion)	Market share 1999 (%)
United States	71.3	74.4	16.4
Spain	29.7	32.9	7.2
France	29.9	31.7	7.0
Italy	29.9	28.4	6.2
United Kingdom	21.0	21.0	4.6
Germany	16.4	16.8	3.7
China	12.6	14.1	3.1
Austria	11.2	11.1	2.4
Canada	9.4	10.0	2.2
Greece	6.2	8.8	1.9
Russian Federation	6.5	7.8	1.7
Mexico	7.9	7.6	1.7
Australia	7.3	7.5	1.7
Switzerland	7.8	7.2	1.6
Hong Kong, China	7.1	7.2	1.6

Source: World Tourism Organization (WTO): *Tourism highlights 2000*, op. cit.

For many countries, international tourism is an indispensable source of foreign currency earnings. According to the World Tourism Organization, tourism is one of the top five export categories for 83 per cent of countries and the main source of foreign currency for at least 38 per cent of them.

In 1998, international tourism and international fare receipts (receipts related to passenger transport of residents of other countries) accounted for roughly 8 per cent of total export earnings from goods and services worldwide. Total international tourism receipts, including those generated by international fares, amounted to an estimated US\$532 billion, surpassing all other international trade categories.

As a by-product of the rapid fall in the real costs of long-distance travel, the developing regions of the world participate fully in the worldwide growth of international tourism. However, market shares vary strongly from one country to another and within very short periods, reflecting the economic or security crises affecting different countries or regions. Tables 1.5 and 1.6 show the growth rates in receipts from international tourism in the different regions of the world as defined by the World Tourism Organization (see box 1.2) and their respective market shares. The table in Appendix 1 shows details for most countries, including preliminary figures for 1999.

Table 1.5. International tourism receipts by region (US\$ billion)

	1985	1990	1995	1997	1998	1999*	Growth rate (%)	Average annual growth (%)	
							1998/1997	1985-98	1995-98
World	118.1	263.6	405.8	439.7	441.0	454.6	3.1	10.7	2.8
<i>Africa</i>	2.5	5.3	8.1	9.4	9.8		4.8	11.0	6.8
Northern Africa		2.9	2.7	2.9	3.3		14.9		6.4
Western Africa		0.6	0.7	0.8	0.9		12.4		10.5
Middle Africa		0.1	0.1	0.1	0.1		3.5		-1.1
Eastern Africa		1.1	1.1	2.3	2.3		-1.8		5.9
Southern Africa		1.2	2.6	3.3	3.3		-1.3		7.2
<i>Americas</i>	33.3	69.2	100.5	116.9	118.0		0.9	10.2	5.5
Northern America		54.8	77.5	89.7	88.5		-1.3		4.6
Caribbean		8.7	12.2	14.0	15.0		7.1		7.1
Central America		0.7	1.5	1.8	2.1		18.6		12.6
Southern America		4.9	9.3	11.4	12.3		8.3		9.7
<i>Asia</i>									
East Asia and Pacific	13.2	39.2	74.6	75.7	67.8		-10.4	13.4	-3.1
North-eastern Asia		17.6	33.6	37.1			-4.8		1.7
South-eastern Asia		14.5	27.9	24.3	20.4		-16.0		-9.9
Oceania		7.1	13.0	14.3	12.1		-15.5		-2.6
South Asia	1.4	2.0	3.5	4.0	4.3		5.3	9.1	6.8
<i>Europe</i>	63.5	143.5	211.7	224.5	232.5		3.6	10.5	3.2
Northern Europe		24.7	32.6	34.2	35.7		4.4		3.1
Western Europe		63.5	81.0	75.3	77.9		3.5		-1.3
Central and Eastern Europe		4.8	22.7	31.9	3.1		-2.5		11.1
Southern Europe		44.6	65.8	70.6	75.7		7.3		4.8
East Mediterranean Europe		5.9	9.7	12.6	10.1		-3.4		7.7
Middle East	4.2	4.4	7.5	9.2	8.6		-6.7	5.7	4.5

Source: World Tourism Organization (WTO): *Tourism highlights 2000*, op. cit.

Box 1.2. World Tourism Organization regions

Northern Africa:	Algeria, Morocco, Sudan, Tunisia
Western Africa:	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo
Middle Africa:	Angola, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Sao Tome and Principe
Eastern Africa:	Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Réunion, Rwanda, Seychelles, United Republic of Tanzania, Uganda, Zambia, Zimbabwe
Southern Africa:	Botswana, Lesotho, Namibia, South Africa, Swaziland
Northern America:	Canada, Mexico, United States
Caribbean:	Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Cuba, Curaçao, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, Puerto Rico, Saba, Saint Lucia, Saint Martin, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos Islands, US Virgin Islands
Central America:	Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama
Southern America:	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela
North-eastern Asia:	China, Hong Kong (China), Japan, Republic of Korea, Macau, Mongolia, Taiwan (China)
South-eastern Asia:	Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam
South Asia:	Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka
Oceania:	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, North Mariana Islands, New Caledonia, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu
Northern Europe:	Denmark, Finland, Iceland, Ireland, Norway, Sweden, United Kingdom
Western Europe:	Austria, Belgium, France, Germany, Luxembourg, Netherlands, Switzerland
Central and Eastern Europe:	Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Republic of Moldova, Poland, Romania, Russian Federation, Slovakia, Turkmenistan, Ukraine, Uzbekistan
Southern Europe:	Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Malta, Portugal, Slovenia, Spain, The former Yugoslav Republic of Macedonia, Yugoslavia
East Mediterranean Europe:	Cyprus, Israel, Turkey
Middle East:	Bahrain, Dubai, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Oman, Saudi Arabia, Syrian Arab Republic, Yemen

Table 1.6. International tourism receipts by region: Market shares (%)

	1985	1990	1995	1997	1998
World	100.0	100.0	100.0	100.0	100.0
Africa	2.2	2.0	2.0	2.1	2.2
Americas	28.2	26.2	24.8	26.6	26.8
East Asia/Pacific	11.2	14.9	18.4	17.2	15.4
Europe	53.8	54.4	52.2	51.1	52.7
Middle East	3.5	1.7	1.9	2.1	1.9
South Asia	1.2	0.8	0.9	0.9	1.0

Source: World Tourism Organization (WTO): *Tourism highlights 2000*, op. cit.

1.6. A changing tourism industry

Mass tourism in and from the industrialized countries is a product of the late 1960s and early 1970s. Since then a number of interrelated developments in the world economy, such as overall economic growth and various other socio-economic changes, government policies, technological revolution, changes in production processes and new management practices, have converted part of the industry from mass tourism to so-called “new tourism”. The latter connotes the idea of responsible, green, soft, alternative and sustainable tourism, and basically refers to the diversification of the tourism industry and its development in targeted, niche markets. Competition in the new tourism is increasingly based on diversification, market segmentation and diagonal integration.

The identification and exploitation of niche markets has also proven to be a great source of revenue within new tourism, suggesting that further diversification and customization can be expected in the years to come. Market segmentation – as exemplified by ecotourism, cultural tourism, cruise and adventure tourism – is clearly in evidence and is experiencing great success. New niche markets are constantly being identified in an attempt to diversify the industry further.

Customization has also begun to play an important role in the industry. Tourism players are attempting to gain a competitive edge by catering for the individual needs of clients. The tourism product has thus been transformed over time from being completely dominated by mass tourism to an industry that is quite diversified and caters more to the individual needs of its participants.

1.7. Changing consumer preferences

Today, new consumers are influencing the pace and direction of underlying changes in the industry. The “new tourists” are more experienced travellers. Changes in consumer behaviour and values provide the fundamental driving force for the new tourism. The increased travel experience, flexibility and independent nature of the new tourists are generating demand for better quality, more value for money and greater flexibility in the travel experience.

The new consumers also reflect demographic changes – the population is ageing, household size is decreasing and households have greater disposable income.

Changing lifestyles of the new tourists are creating demand for more targeted and customized holidays. A number of lifestyle segments – families, single parent households, “empty nesters” (i.e. couples whose children have left home), double-income couples without children – will become prevalent in tourism, signalling the advent of a much more differentiated approach to tourism marketing.

Changing values are also generating demand for more environmentally conscious and nature-oriented holidays. Suppliers will therefore have to pay more attention to the way people think, feel and behave than they have done hitherto.

In recent years the niche market has become an important factor in the tourism industry reflecting the need to diversify and customize the industry and ensure the sustainability of the product. The main niche markets (sports travel, spas and health care, adventure and nature tourism, cultural tourism, theme parks, cruise ships, religious travel and others) hold great potential and are developing rapidly.

The growth of the cruise tourism sector is an interesting case in point. Between 1980 and 1999, the cruise industry grew at an average annual rate of 7.9 per cent.¹³ The Caribbean is the most important geographic market for the cruise industry, accounting for over half of all cruises taken in 1996. Since 1984, cruise visitor arrivals have increased every year except 1987 and 1989. In addition, between 1996 and 2000, the growth rate for cruise arrivals is expected to far exceed that of stay-over arrivals.

The rapid growth and development of the cruise tourism industry opens key opportunities but also poses a number of threats to their Caribbean destinations. The environmental and economic impacts of cruise tourism are increasingly the subject of discussion. Moreover, given the pace and magnitude of its development, the cruise industry is directly competing with land-based tourism and, as a result, poses a growing threat to hotels and other land-based resorts and businesses in the Caribbean.¹⁴

1.8. Technology in tourism

On the demand side, consumer preferences for flexible travel and leisure services provide a strong impetus for new tourism. On the supply side, technology plays an important complementary role in engineering new tourism. The applications of technology to the travel and tourism industry allow producers to supply new and flexible services that are cost-competitive with conventional mass, standardized and rigidly packaged options. Technology gives suppliers the

¹³ Cruise Lines Industry Association (CLIA): *The cruise industry: An overview*, marketing edition, CLIA, New York, 1999.

¹⁴ A. Poon: *Tourism, technology and competitive strategies*, Oxford, UK, Redwood Books, 1993.

flexibility to react to market demands and the capacity to integrate diagonally with other suppliers to provide new combinations of services and improve cost effectiveness.

In the travel and tourism industry a whole range of interrelated computer and communication technologies is being introduced. The system of information technologies (SIT) comprises computerized reservation systems, teleconferencing, video text, videos, video brochures, computers, management information systems, airline electronic information systems, electronic funds transfer systems, digital telephone networks, smart cards, satellite printers, and mobile communications. Each technology component identified in the SIT – for example, computers – can be and usually is fully integrated with the other components. For example, computer-to-computer communications allow hotels to integrate their front offices, back offices and food and beverage operations. This internal management system for hotels can in turn be fully integrated with a digital telephone network, and they then together provide the basis for linkage with hotel reservation systems which can be accessed by travel agents through their computerized reservations terminals (CRTs). Computerized reservations systems have emerged as the dominant technology among others being diffused throughout the travel and tourism industry.

In the United States, travel agents are using satellite printers at corporate offices to issue tickets directly at the point of demand. Interactive automated ticket machines (ATMs) have also been introduced. These consist of a computer with an attached printer that enables passengers to research schedules and fares, make reservations, purchase tickets and obtain boarding passes without the intervention of a human agent.

The Internet is a global network connecting millions of computers. As of 1999, the number of Internet users was above 200 million worldwide, and that number is growing rapidly, involving more than 100 countries. It is estimated that there were 63 million World Wide Web users in Europe in 1999. The United Kingdom, with almost 13 million Internet users, currently registers the highest number of users among the European countries. Use of the Internet for travel booking and planning is increasing rapidly. The rapid diffusion of information technologies throughout the travel and tourism industry is expected to improve the efficiency of production and the quality of services provided to consumers, and to generate increasing demand for new services.

2. Globalization

2.1. The driving forces of globalization impacting upon travel, hospitality and tourism

(a) Liberalization of air transport

The air transport industry, which is located mainly in the industrialized regions and in the newly industrialized countries, is a key determinant in the development of tourism. It is expanding twice as fast as the general output of the world economy, with further growth potential expected over the next two decades. In the developing countries, air transport accounts for nearly 80 per cent of international tourist arrivals.¹ In 1998, the industry provided 28 million jobs worldwide, and by 2010 the number of people travelling by air could exceed 2.3 billion each year, with over 31 million jobs provided.²

Today, liberalization of air transport largely means market access for private carriers and cabotage rights.³ The liberalization of air transport, traditionally pursued at the bilateral level, is now being carried to the level of multilateral trade agreements. The recent trend towards the liberalization of air transport notably through the proliferation of open skies agreements, has thus raised the issue of air transport liberalization as a discipline to be debated in the framework of the General Agreement on Trade in Services (GATS).⁴ Multi-bilateral negotiations are already under way on an open skies agreement between the European Union and the United States. If they succeed, 70 per cent of the world's international air traffic

¹ UNCTAD: *Report of the Expert Meeting on Strengthening the Capacity for Expanding the Tourism Sector in Developing Countries, with Particular Focus on Tour Operators, Travel Agencies and Other Suppliers*, Trade and Development Board – Commission on Trade in Goods and Services and Commodities, Expert Meeting on Strengthening the Capacity for Expanding the Tourism Sector in Developing Countries with particular Focus on Tour Operators, Travel Agencies and Other Suppliers, Geneva, 8-10 June 1998, TD/B/COM.1/17, TD/B/COM.1/EM.6/3, 7 July 1998 (subsequently referred to as UNCTAD, 1998a); UNCTAD: *International trade in tourism-related service: Issues and options for developing countries*, Trade and Development Board – Commission on Trade in Goods and Services and Commodities, Expert Meeting on Strengthening the Capacity for Expanding the Tourism Sector in Developing Countries with particular Focus on Tour Operators, Travel Agencies and Other Suppliers, Geneva, 8-10 June 1998, TD/B/COM.1/EM.6/2, 8 Apr. 1998 (subsequently referred to as UNCTAD, 1998b).

² IATA: *The economic benefits of air transport*, 2000 edition (prepared for Air Transport Action Group (ATAG)).

³ Cabotage is the right of an airline company of one country to embark passengers, mail and goods in another country and carry them to another point in the same country for a fee or for a leasing contract. Cabotage introduces competition between domestic and international carriers and is one of the most debated points in the whole issue of air transport liberalization.

⁴ See the section “Liberalization of trade in services” below.

will be covered by the agreement. It is expected in that case that the agreement will serve as a model for other international air services agreements.

The formation of international alliances is an important development in the field of aviation.⁵ Airline alliances have become widespread and are still evolving, with partnership relationships becoming more intertwined and complex. The major airlines in the Americas and Europe are the most active in securing alliance agreements. The main motivation behind such alliances is the need to minimize costs while maintaining the quality of global services and extending connections throughout the world. Alliances can take various forms including: cooperative arrangements; wide-ranging strategic alliances, most notably the so-called “mega-alliances”; groupings and concentrations at national level, as in the case of the United States; purchase or franchising of small regional companies by major operators to carry their customers to hub airports; and regional civil aviation markets.⁶

Other trends which characterize the changes under way in the context of airline liberalization include: partial or full privatization and restructuring of government-owned airlines; partial foreign ownership of airlines; equity investment in foreign carriers; updating of airline alliances by cancelling outdated or non-performing agreements; airline consolidations at the national level; joint ventures, either between airline companies or between airline companies and equipment manufacturers or independent maintenance companies; and outsourcing with no provision of maintenance service.⁷

Some results of airline liberalization

Recent privatization initiatives have ended the protection of national airlines by governments in a number of developing countries. However, the possibility of the market becoming dominated by a single private company is perceived as a serious risk. In some cases, developing countries that have liberalized their air transport sectors as part of a policy to promote tourism have found themselves dominated by one or two foreign airlines. Some bankruptcies and closures have taken place in countries where distressed national airlines were not or could not be rescued by governments. In this context, a review of the GATS annex on air transport services is intended to draw international attention to the need to design a system that enables developing countries to compete effectively in the world market for air transport.⁸

⁵ UNCTAD, 1998b, op. cit.

⁶ World Trade Organization, Council for Trade in Services: *Air transport services*, Background Note by the Secretariat, S/C/W/59, 5 Nov. 1998 (subsequently referred to as WTO/OMC 1998a).

⁷ See, inter alia, *ICAO Journal: Annual Civil Aviation Report*, 1998, Vol. 54, No. 6, July-Aug. 1999; WTO/OMC, 1998a, op. cit.

⁸ UNCTAD: *Analysis of experiences in selected services sectors*, Note by the UNCTAD Secretariat, Trade and Development Board, Commission on Trade in Goods and Services, and

With regard to the liberalization of air transport as a whole, the trend is increasingly for each State to choose its own pace of change, using bilateral, regional or multilateral mechanisms.⁹ In developed countries there has been a clear tightening of competition policies to prohibit governments from providing subsidies.¹⁰ It is well known that many bilateral agreements have resulted in inefficiency as they were based on market access restrictions, price control and protection of money-losing carriers.

Full liberalization of air services as implemented in 1997 in Europe boosted the development of “low-cost” services and their integration in the European aviation scene. Although these services still account for a rather small share of the passenger market, their marketing impact is increasingly being felt throughout the industry. It is estimated that around 25 per cent of passengers on United States domestic services use “low-cost” airlines, as compared to approximately 5 per cent in Europe. Another result of liberalization is that new route opportunities have opened up, stimulating new demands without tampering with major carriers’ shares and therefore creating new opportunities for fare reductions. Some major European flag carriers have already created their own “low-cost” airline subsidiaries (examples are British Airways/Go and KLM/Buzz). The low-cost market as it stands has considerable growth potential. Europe’s low-cost airlines are finding plenty of untapped markets. Both Ryanair and easyJet have placed orders for significant numbers of additional aircraft to almost double their capacity over the next four years to meet this new demand. The challenge for low-cost carriers is to strike the right balance between maintaining low costs, low prices and high aircraft utilization and establishing a presence at a certain minimum number of airports. A further development of the concept of the low-cost airline sector has been the advent of “seat-only” sales on charter airline flights, rather than as part of a package holiday. This has resulted, for example, in the formation of the European Leisure Group (ELG), an alliance of European charter and scheduled airlines.

(b) Liberalization of trade in services

Negotiations on tourism services and existing commitments under the GATS

The General Agreement on Trade in Services (GATS) became part of the “New World Trade Order” under the aegis of the World Trade Organization as established by the Uruguay Round in 1994. The functioning of GATS is based on the interplay of fundamental standards in commercial law, procedural regulations for their implementation and specific commitments in which member States document sector-specific limitations or concessions. GATS has universal coverage and includes a comprehensive definition of trade in services comprising four “modes of supply”. They are: cross-border movement of services; movement of

Commodities, Fourth Session, Geneva, 20-24 September 1999, TD/B/COM.1/28, 17 Aug. 1999 (subsequently referred to as UNCTAD, 1999).

⁹ World Trade Organization, Council for Trade in Services: *Tourism services*, Background Note by the Secretariat, S/C/W/51, 23 Sep. 1998 (subsequently referred to as WTO/OMC 1998b).

¹⁰ WTO/OMC 1998a, op. cit.

consumers; commercial presence; and the presence of natural persons, and to these modes the three principles of liberalization enshrined in GATS as shown in box 2.1 are to be applied. GATS thus provides a framework for the progressive liberalization of trade in services through commitments made by the World Trade Organization member countries concerning the abovementioned principles and their applications to one or more modes of supply. Future negotiations under GATS will provide an opportunity for developing countries to address trade barriers to their services.

Box 2.1. Principles of liberalization in GATS

Article I: Scope and definition

2. For the purposes of this Agreement, trade in services is defined as the supply of a service:
 - (a) from the territory of one Member into the territory of any other Member;
 - (b) in the territory of one Member to the service consumer of any other Member;
 - (c) by a service supplier of one Member, through commercial presence in the territory of any other Member;
 - (d) by a service supplier of one Member, through presence of natural persons of a Member in the territory of any other Member.

Article II. Most-favoured-nation treatment

1. With respect to any measure covered by this Agreement, each Member shall accord immediately and unconditionally to services and service suppliers of any other Member, treatment no less favourable than that it accords to like services and service suppliers of any other country.

Article XVI. Market access

1. With respect to market access through the modes of supply identified in Article I, each Member shall accord services and service suppliers of any other Member treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its schedule.

Article XVII. National treatment

1. In the sectors inscribed in its schedule, and subject to any conditions and qualifications set out therein, each Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers.

Source: World Trade Organization: General Agreement on Trade in Services.

The tourism sector had already undergone various forms of liberalization before the Uruguay Round. It is also considered to be one of the service sectors most liberalized through sector-specific commitments made by signatory States. The number of commitments by the World Trade Organization members made so far in tourism under the GATS is rated as the highest of all sectors. Of 127 GATS signatory States, only eight have not made commitments in tourism and travel-related services. In the hotels and restaurants subsector, which offers the greatest potential for far-reaching liberalization within tourism, it is mostly low and lower-middle-income economies (LIEs and LMIEs according to the World Bank classification) in Africa and Latin America that have liberalized market access for foreign investors in the “*commercial presence*” mode: 64 per cent of all signatory States belonging to the group of LIEs and 75 per cent of LMIEs, but only about half (48 per cent) of the group of high-income economies (HIEs) have “no restrictions” to that mode. On the other hand, it is not surprising that “*presence of natural persons*” is the least liberalized mode of supply: in 117 of the 119 countries signing commitments in travel and tourism-related services, there are restrictions on the movement of hotel staff. Sixty-eight countries refer to their non-sector-specific commitments which mostly offer only temporary stay for business visitors,

intra-corporate transferees and professionals. This mode is the key starting point for future moves to shift liberalization away from declaring countries' restrictive measures towards removing those measures.¹¹ It is expected that the next round of GATS talks will have important repercussions on destinations in terms of tourism marketing, investment and ownership, training and other aspects affecting the structure of the industry.

The case for a more specific treatment of tourism services under the GATS has been the subject of debate since the conclusion of the Uruguay Round. Significantly, UNCTAD has come up with conclusions and recommendations with regard to the future round of negotiations on trade in tourism under the GATS,¹² including a recommendation and a proposal for an annex on tourism services called for by the World Trade Organization.¹³ So far, tourism is not among the specific sectors referred to by the six annexes of the GATS and other related instruments. Only an ancillary service to tourism (airline computer reservation services), is included in an annex on air transport services.¹⁴

Possible impact of GATS on air traffic services, tourism services production, free movement of people, market access and labour markets

Most air traffic services are not covered by the Agreement's disciplines. The main organizations responsible for air transport are now examining ways in which the GATS could contribute to future air transport liberalization.¹⁵

The GATS provides a framework for negotiating temporary entry of service personnel into the territory of other parties. The movement of natural persons is a necessary condition for developing countries' participation in the world market for services. Developing countries have given priority to making commitments under the GATS relating to the movement of natural persons (mode 4 of the GATS), partly taking into account their competitive labour cost advantage. However, commitments in this mode are largely linked to commercial presence, and firms without such commercial presence are discriminated against by having to face visa

¹¹ J. Seifert-Granzin; D.S. Jesupatham: *Tourism at the crossroads: Challenges to developing countries by the New World Trade Order*, epd-Entwicklungspolitik, Equations, Tourism Watch (ZEB), Frankfurt am Main, 1999, p. 35.

¹² See UNCTAD, 1998b, op. cit.

¹³ See also World Trade Organization: *Tourism negotiations under the General Agreement on Trade in Services (GATS)*, a paper presented in Geneva, 12 July 1999 (version 1.4 revised on 30 Sep. 1999).

¹⁴ However, the issue of GATS and tourism is widely covered in the relevant literature (for example, World Tourism Organization: Seminar on GATS Implications for Tourism, Milan, 2-3 December 1994, WTO Seminar and Conference Proceedings, WTO, Madrid, 1995; *Travel and Tourism Analyst*, No. 3, 2000: "The GATS and its impact on tourism", Travel and Tourism Intelligence, London, 2000).

¹⁵ UNCTAD has identified major implications of the inclusion of air traffic rights in the GATS. See UNCTAD, 1998b, op. cit.

restrictions such as the so-called economic needs test, which is discretionary and non-transparent. Those restrictions are serious barriers to trade in services and negate the opportunities for market access otherwise extended in the commitments. Increased movement of natural persons also raises the question of the need to strengthen international standards regarding the licensing, accreditation and certification of service providers. The World Tourism Organization, for example, is developing a range of quality standards to be applied at tourism destinations.

Recognition of diplomas and professional qualifications is another precondition for the movement of natural persons abroad. This calls for the harmonization of diplomas and mutual recognition agreements between countries. Several countries have notified mutual recognition agreements under GATS Article VII.4. It is hoped that the GATS will increase the recognition of qualifications across borders.¹⁶

Considerations within the framework of the GATS may also become relevant for the migration to the richer countries of persons who overstay their tourism visas and take up work. Many of them work in hotels or restaurants where in some countries they form a significant proportion of the labour force. Globalization will give rise to increased migration pressures in the years ahead, as a recent ILO study has shown. The increased scale and diversity of global communications systems and their declining costs, which are rapidly narrowing telecommunications gaps, have helped to make international migration easier.¹⁷

With regard to the movement of consumers, tourism is an example of the services sector where consumption abroad is particularly relevant. Nevertheless, the movement of tourists is in some instances constrained by the difficulties associated with the delivery of visas, hard currency regulations and insufficient availability or inadequacy of air transport services to and from tourist-receiving countries. GATS negotiations are expected to address these problems.

Specific commitments made under the GATS to encourage greater participation by developing countries in world services trade relate to three main areas: first, the strengthening of the domestic services capabilities of developing countries through access to technology on a commercial basis, which is normally achieved through the employment and training of local personnel in foreign-owned hotels; secondly, improving the access of developing countries to distribution channels and information networks. In the tourism sector, this means access to computerized information and reservation networks managed and owned by entities in the industrialized countries; thirdly, the liberalization of market access in sectors and modes of supply of export interest to them (GATS, Article IV). According to GATS Article XIX.2, developing countries can attach additional conditions to such access aimed at achieving the development objectives of Article IV, namely the strengthening of their domestic services capacity and improvement of their access to distribution channels and information networks.

¹⁶ UNCTAD, 1999, *op. cit.*

¹⁷ P. Stalker: *Workers without frontiers – The impact of globalization on international migration*, Lynne Rienner Publishers, ILO, Geneva, 2000.

The liberalization of services is likely to have both positive and negative impacts on the labour force in relation to wages and employment. Increased competition by better equipped hotel and restaurant companies from abroad may in the short term lead to job losses in local enterprises. However, foreign firms will employ local people, increasing local employment and contributing to a higher standard of living.

(c) Economic integration

The world economy is currently witnessing two distinct trends – globalization and regionalization – and within this context States as well as companies are pursuing a variety of different strategies in order to become more competitive. Shifting patterns of production and consumption across the world are also reflected in the rise of new international tourism destinations, particularly in the East Asia and Pacific region. This has given rise to increasing regional, intra-regional and interregional competition and to new challenges in terms of investment needs and human resources development, especially with regard to training and labour mobility.

The impact of trade blocs on the hotel, tourism and catering sector can be gauged by the strategies adopted to create an environment conducive to tourism development. The European Union has launched a wide range of initiatives and activities through a variety of programmes in such broad areas as sustainable development, dissemination of information, training and enterprise promotion.¹⁸

The main thrust of social policy in the European Union is the improvement of labour market conditions with a special focus on those excluded from the labour market and the unemployed. European Union labour laws and social policy are having a positive impact on the tourism sector. Of importance here is the Maastricht Social Protocol which has benefited seasonal and part-time workers and small businesses. Other policies that have proved beneficial to the development of tourism include the free movement of workers across Europe, harmonization of qualifications and tax incentives for education and training.

The North American Free Trade Agreement (NAFTA) benefits the travel and tourism industry in many ways. It promotes demand for direct air and charter/tour bus travel in the region, guarantees that tourism companies will receive national treatment in all three countries and maintains high quality of tourism services by encouraging the expansion of telecommunications links between the United States and Mexico.

MERCOSUR is, in economic terms, the world's fourth largest trade bloc, covering a population of 205 million people. Economic integration, through the practice of free trade with no tariff or pre-tariff restrictions between the member States of the bloc, has led to increasing cross-border flows of labour, goods and

¹⁸ This paragraph and the remaining ones under this section draw on L. Becherel and C. Cooper: *Human resources development, employment and globalization in the hotel catering and tourism sector*, Paper commissioned by the ILO, Geneva, 2000.

investment. MERCOSUR's concern is to tackle labour relations, employment and social security issues and the short-term negative effects of integration on labour in the member States.

Tourism development is a priority on the agenda of the Association of South-East Asian Nations (ASEAN). Its development strategy incorporates: promotion of sustainable tourism development; preservation of cultural and environmental resources; provision of transportation and other infrastructure; simplification of immigration procedures; and human resources development. A plan of action on ASEAN cooperation in tourism shows the emphasis that is being placed on investment in human resources development, with a special focus on tourism education and training with a view to upgrading the skills needed to meet the demand for improved service quality and professionalism in the tourism and travel industry and thereby sustain ASEAN's overall competitive advantage. Cooperation in tourism education and training is being intensified through the sharing of resources, skills and training facilities provided by tourism training institutions through technical assistance and experts.

**(d) Information and communication technologies
in the HCT sector**

Computerized reservation systems (CRSs)¹⁹ have been developed by large air carriers since the 1970s to process flight reservations, but have evolved and expanded over time to provide other air transport-related services. Each airline has its own CRS and they are interconnected through global distribution systems (GDSs)²⁰. A huge number of Internet on-line reservation systems act as a kind of virtual agent, most of them having direct links to one or several CRS/GDS.

¹⁹ The term computerized reservation systems (CRS) denotes electronic airline reservation systems used for managing flight and seat inventories for sales and operation purposes. Global distribution systems (GDSs) denote a network of one or more CRS for distributing product offers and functionalities of the participating networks in different countries in the world. In addition to airline products other products such as accommodation, car rental, cruises or tour operator products are included. CRS/GDS denotes both the technical systems and the companies operating the systems. CRS/GDS represents one of the major players in the tourism value chain, since they provide the main electronic link between huge supplier groups and the travel agent community. They provide the following main functions: maintenance of and search facilities for flight schedules and availability; information about other travel and tourism products and their availability, such as package holidays, car rentals or ferries; reservation and selling; ticketing; maintenance of user information; maintenance and search facilities for fare quotes and rules; management functions both for travel agents and airlines. (See H. Werthner and S. Klein: *Information technology and tourism – A challenging relationship*, Springer Computer Science, Springer-Verlag, Vienna, 1999.)

²⁰ GDSs can be accessed by travel agents to find information on all airline companies and service providers in the system. The main tourism distribution networks are highly concentrated and, to a great extent, dominated by American and European airlines. The four main GDSs are: Galileo International created by United Airlines, British Airways, Alitalia, Swissair, KLM and Olympic Airways; Sabre, established by American Airlines; Worldspan, created by Delta, TWA and Northwest in association with the Asian carriers' GDS, Abacus; Amadeus/System One, set up by the European airlines Air France, Lufthansa, Iberia and SAS. One hundred and fifty thousand travel agencies worldwide are connected to GDSs. The geographical location and concentration of GDSs

The CRS and GDS systems have become the main distribution and marketing tool in the international tourism trade and have greatly enhanced the efficiency of travel agents' business operations. They cater to the needs of different market segments, including management of air and land transport services, the hospitality sector and entertainment services, as well as other ancillary services which make commercial transactions and risk coverage feasible. As a result, they have become increasingly important and are extensively used by all suppliers of tourism services.

There is some concern that developing countries' suppliers may well be left out because GDSs can present major barriers to entry owing to their unfavourable access conditions (their operational costs, problems of access for small service suppliers, the fact that they are owned by large air carriers).

A number of African and south Asian countries are poorly represented in these systems because of structural handicaps such as the low level of tourism development in general and their underdeveloped hospitality sector. The poor representation of small service suppliers in GDSs adversely affects the dissemination of information on their tourism products, thereby holding back their sale and marketing of tourism services. This leaves such suppliers, especially SMEs, at a competitive disadvantage compared with those who are represented in the major GDSs. GDSs in many developing countries, particularly in Africa, are established in the form of joint ventures with local partners – for example, the national carrier – but operate within a de facto monopoly. This leads to excessive user fees and hinders their potential for developing tourism.²¹

Travel agents in developing countries are at a disadvantage with regard to the use of modern technology compared with their counterparts in developed countries because of poor information network infrastructure and the shortage of professionals to manage, operate and maintain the system. Human resources assume importance in the operation of GDSs and other electronic media, and this calls for staff training in mastering the systems and their application to marketing, through specific training programmes provided by both the public and private sectors.²²

(e) Emerging use of the Internet for marketing and sales

Deregulation, globalization and radical shifts in leisure and tourism behaviour on the demand side have driven the tourism industry towards information-oriented activities, as seen in the introduction of IT systems in a wide range of spheres in the tourism and leisure sector.

determines their importance for airlines. Choosing the right GDS is a critical factor in tourism marketing. (See Becherel and Cooper, *op. cit.*; and UNCTAD, 1998a, 1998b, *op. cit.*)

²¹ UNCTAD, 1998b, *op. cit.*

²² UNCTAD, 1998a, 1998b, *op. cit.*

The increasing use of the Internet for destination marketing, direct sales and bookings has given rise to electronic tourism markets and at present tourism is among the most important application domains in the World Wide Web. Table 2.1 gives an overall picture of the so-called network economy and the tourism industry.

Table 2.1. Network economy and tourism industry

Player	Short-term impact	Medium-term impact
Airlines	Price and cost competition among airline groups, direct sales (trials), price differentiation	Electronic linkages and service packages for (business) customers, professional distribution partners will regain or expand power because they can offer the best rates and comparative shopping
Internationally operating chains	Successful competition of attention in the new medium	More flexible pricing schema, mass customization through integration of Web application into operations (knowledge management)
SME tourism suppliers – associations	Individual presence in the new medium	Electronic distribution channel sustainable only within an alliance model or operated by intermediaries. Personal touch of segment: customer interface without or invisible IT support.
DMOs (Destination Management Organization)	Strategies to get around legal constraints for integrating booking processes, cooperation models within destination, information providers and quality control	Occupy new role as consolidator and aggregator, operation of own servers, cooperation models in the electronic distribution channels – enforced cross-selling activities, enforced maintenance relationship models with consumers
Tour operators	Increased customization of the product, tight control over the value chain (ownership of numerous principals)	Extended and flexible offerings as a result of increased usage of IT, flexible contractual models with more suppliers
GDS/CRS	“INTEL inside” marketing strategy for major touristic websites increases transaction volume, establishment of own booking servers	Technologically avid players will develop and extend their IT infrastructure and expand their scope: data mining, customer decision support, etc., further concentration in the GDS segment, emergence of smaller, more targeted CRS
Travel agents	Quality requirements and economies of scale will accelerate existing concentration trends, industry experts expect a dramatic drop in the number of travel agencies	Successful examples of hybrid strategy: Web and high street outlets, travel supermarkets, value-based pricing of services
New intermediaries	Exploit all available distribution channels, product and price differentiation, financial/marketing cooperation, probably in combination with changes in ownership	New services such as price comparisons and market overviews, personalized tools for customers
Tourists	Increased IT competence, Web as information and booking channel accepted	Differentiated, situational and price-dependent service preferences: self service v. total customer care, security and privacy issues as inhibitors

Source: H. Werthner, S. Klein: *Information technology and tourism - A challenging relationship*, Springer Computer Science, Springer-Verlag, Vienna, 1999, p. 226.

The development of websites has made possible the direct delivery of comprehensive travel information about tourism suppliers to potential travellers. Text-based websites with photos and graphics linked to websites of tourism suppliers at the destination is another innovative approach to marketing. Developing an effective travel website has now assumed importance for obvious reasons. International tourists are increasingly using the travel websites on the Internet that were launched by most international companies in the late 1990s. However, the real volume of Internet bookings can only be estimated and estimates from market research companies are contradictory. According to one estimate, between 33 and 50 per cent of Internet transactions are tourism based.²³ Available evidence show that as yet only a tiny percentage of business travellers are booking on-line. On-line sales in Europe, for example, represented only 0.1 per cent of the European travel market, and in 1999 only 1 per cent of the world's airline tickets, hotel and other bookings were purchased over the Internet, although the proportion of airline and other ticket sales through the Internet is expected to grow sharply over the next three to four years.²⁴

The Internet helps to make travel products globally accessible at much lower cost – without transaction costs and the costs of intermediaries – and has comparatively low entrance barriers with regard to financial resources and human know-how. For many suppliers, tourism marketing efforts are increasingly focusing on Internet users.

A new business environment and new ways of doing business have sprung up as a result of the accessibility and relatively low cost of the Internet which is bringing businesses and consumers, buyers and suppliers on-line. Internet and Internet protocol technology is the driving force behind the growth of e-business. The Internet will have repercussions on business in the areas of e-commerce, e-working and e-procurement.²⁵ A recent global survey of more than 500 business

²³ Werthner and Klein, 1999, op. cit. United States, Germany, Japan and the United Kingdom account for 79 per cent of the world's present Internet population (WTO/OMT website, 2000). The Internet has currently about 115 million users worldwide and 329 million users are forecasted by 2002, among whom 80 million will be based in Europe. See P. Curry and F. Alpert: "The impact of the Internet on consideration sets – The case of international tourist destinations", in D. Buhalis and W. Schertler (eds.), *Information and communication technologies in tourism, 1999*, Proceedings of the International Conference in Innsbruck, Austria, 1999, Springer Computer Science, Springer-Verlag, Vienna, 1999, pp. 77-87.

²⁴ UNCTAD: *Electronic commerce and tourism – New perspectives and challenges for developing countries*, Trade and Development Board, Commission on Enterprise, Business Facilitation and Development, Background Report for the Expert Meeting on Electronic Commerce and Tourism, Geneva, 18-20 September 2000.

²⁵ E-commerce involves on-line selling and managing the organization's relationship with the customer and includes marketing and gathering information about the customer. E-working relates to the organization's internal processes and covers areas such as product development, training, financial planning and recruitment. E-procurement concerns the organization's relationship with its suppliers and includes product sourcing, purchase process management and account payable management (see *Travel and Tourism Analyst* No. 3, 2000: "E-business models in the travel industry", Travel and Tourism Intelligence, London, 2000).

leaders lends support to the idea that e-business will be a key factor in competitive advantage in the future.²⁶

In the sphere of air travel, attempts are frequently made to bypass traditional travel agencies by direct booking via the Internet or corporate implant offices. Customer demands are becoming more technology driven, such as the demand for professional travel and billing management in place of mere ticket issuing. Advances in technology in the hotels and tourism industry, as exemplified by readily available information to guests and employees, faster service delivery, shorter cycle times and more dynamic markets, also require prompt action from service suppliers if marketing opportunities are not to be lost. Strategies of growth and concentration through mergers and acquisitions are becoming increasingly important from the mediators' perspective as a response to cost and performance pressures in international business travel. In addition, traditional kick-back contracts are increasingly being replaced with new performance-oriented arrangements.²⁷

All aspects of business are being reshaped by the Internet and its related technologies, intranets and extranets. Hospitality enterprises will need to focus on providing customers with real-time access to rates and product information. The Internet also provides hotels and restaurants with opportunities to redesign the way in which they interface with employees and suppliers.

The high growth in global commerce accompanied by the emergence of electronic commerce driven mainly by the Internet has raised concerns about the need to regulate cyberspace by setting standards to regulate the use of the Internet for all aspects of travel and other fast-growing categories of electronic commerce. The primacy of the rules of the network economy will significantly lower transaction and communication costs, thus allowing more flexible pricing. The regulation of the Internet through the enactment and implementation of cyber-laws and privacy standards will most probably be perceived as an encouraging initiative which will guarantee safety and security in Internet business transactions, especially in shopping and travel accommodation bookings, where the Internet is most frequently used.

As a way of managing the increasing volume of guest information, the introduction of data warehousing and data mining technologies is becoming increasingly important. Hoteliers and restaurateurs have already expressed marked interest in these technologies as means of exploiting the advantages which can be derived from, for example, increased guest loyalty and market share. By using data

²⁶ *Travel and Tourism Analyst*, idem.

²⁷ With regard to the forces driving the Internet towards becoming a travel market, see W. Schertler and C. Berger-Koch: "Tourism as an information business: The strategic consequences of e-commerce for business travel" in D. Buhalis and W. Schertler (eds.): *Information and communication technologies in tourism*, 1999, op. cit., pp. 25-35.

warehousing and data mining as well as the Internet, the hotel industry can provide higher levels of personalized services and value.²⁸

The Internet is turning out to be the most sought after amenity in hotel rooms,²⁹ providing communications access, information, entertainment and education. It enables more self-service oriented transactions to take place, especially in the area of reservations booking.

Information technology impacts on all aspects of the hotel organization value chain and transcends all departmental and geographical boundaries. Decisions on technology-related issues need to be made at top management levels of companies, and this means that qualified information technology personnel are needed at those levels.

Another key issue is the source of investment capital required to fund information technology initiatives. Lack of capital seriously hinders the implementation of information technology and competition for fund sourcing.

The Internet has brought about some very significant technological changes that enhance its capabilities and viability and its potential to drive electronic commerce. Besides introducing new and innovative business models in both the business-to-business and business-to-consumer markets, the Internet has shortened the value chain and put pressure on all players, especially intermediaries, by giving rise to the so-called “disintermediation” process, that is, the elimination of intermediary organizations such as travel agencies and global distribution systems (GDSs). These intermediary organizations are gradually being replaced by new emerging intermediaries.³⁰ Table 2.2 depicts the fundamental shifts in the electronic market-place.

²⁸ A typical hotel marketing database usually contains personal data, planning data and global sales information about every customer or prospect. Personal services may include: customer loyalty programme; personal attention and recognition programmes to attract new customers; direct marketing used as a sales promotion tool, as a means of targeting specific customers or as a means of selling directly; cross selling and line extension programmes to identify customers who could be interested in other products of the company. See M.A. Robledo: “DBM as a source of competitive advantage for the hotel industry”, in: D. Buhalis and W. Schertler (eds.): *Information and communication technologies in tourism, 1999*, op. cit., pp. 36-45.

²⁹ These amenities include an array of new in-room technologies utilized as competitive methods, such as: in-room computer installations, audiovisual devices, teleconference and videoconference and other customer-oriented technologies such as electronic guest room safes and bars, working rooms, electronic concierges and featured-added websites.

³⁰ For a description of the main on-line booking services and their companies, see Werthner and Klein, op. cit., Ch. 5.

Table 2.2. Changing roles and relationships in the electronic market space

Player	Changing role	Changing relation to other players
Tourist	More active role in specifying and configuring services	Addressed by more players: new intermediaries and suppliers
Travel agent	More emphasis on consulting and complex business	Diminishing power in the sales channel, loss of business segments to direct sales activities of travel suppliers and tourism websites
Internet travel sites (cybermediaries)	New intermediaries (cybermediaries) platform character, bundling of offerings	New players with understanding of technology and the new rules of the market but little traditional power, the need to form alliances for growth and external competencies, market functionality (comparison shopping, etc.) as asset for marketing but obstacle for cooperations
Regional and/or national tourist organizations	Potential for extended role: destination management and regional Web platform, new ways of customer interaction	Difficult neutral status in relation to the represented suppliers
Tour operator	Boundaries between individual and packaged tour are blurring	More flexible agreements with suppliers in order to be able to produce and market more flexible packages
CRS/GDS	Growth potential in collaboration with websites marketing like "INTEL inside": powered by Amadeus, Galileo, etc.	Exploring new business segments alone or in collaboration with players in the electronic retail segment; potential conflict of interest between different potential customers (suppliers, cybermediaries, travel agents, etc.)
Suppliers	Electronic direct sales to tourists redefining customer processes (electronic ticketing, automated check-in, etc.)	Ambivalent relationship to travel agents, horizontal and vertical alliances

Source: H. Werthner, S. Klein, op. cit., p. 179.

On-line service and ticketless travel have significantly reduced the need for travel intermediaries, as a result of which travel agents in the United States, for example, have seen a reduction in commissions paid to them by airlines.³¹

The use of information technology in the tourism industry is determined by such factors as the scale and complexity of tourism demand and the degree of expansion and sophistication of new tourism products. Tourism plays an important role in a significant number of developing countries, many of which enjoy a competitive advantage. Current changes in the hotel and tourism industry in the context of globalization, as described in this report, show that there are more opportunities in the field of e-commerce than in any other existing technology which developing countries can exploit to their advantage in order to improve the marketing of their tourism products. However, in the developing countries, tourism

³¹ IATA predicts that by 2010 the majority of airline tickets will be electronic, with 80 per cent of tickets issued in the United States in electronic form. Travel agents continue to face difficult times owing to the reduction in commissions and the fast growing competition from an alternative product distribution via Internet and direct airline sales. The trend towards lowering of commissions paid to travel agents for the sale of their tickets by major airlines worldwide continues – base commission rates are cut and caps on commission payments established.

development is constrained by a number of factors which have been summarized by UNCTAD.³²

Computer software represents one of the largest segments of services delivered through the cross-border mode of supply, with a growing number of developing countries using the Internet both to market and to deliver these services. The Indian software industry is a case in point. Electronic commerce facilitates access to new markets, as well as being cost saving and time saving. However, its effectiveness depends to a large extent on the establishment of a sound telecommunications infrastructure; in most low-income countries, that infrastructure is inadequate.³³ A wide range of factors prevent the great majority of developing countries from accessing foreign markets through the Internet. Those factors include monopoly pricing for long-distance telephony, uncertainty about the regulatory environment, lack of human resources, lack of awareness among developing country companies of the relevance of the digital economy, and the high cost of setting up, upgrading and redesigning a significant e-commerce site.³⁴

The status of the developing countries' readiness for e-commerce is an important issue. Table 2.3 illustrates the case of some Internet structures in Africa.

Table 2.3. The major types of Internet market structures in Africa

Country	Structure	Issues, pros/cons
Tanzania, United Rep. of	Three licensed international public carriers (wholesalers), open market in local resellers	High price of international licences levied by the regulator reflects high charges made to downstream ISPs and thus to end-users. Heavy licence fees being considered for ISPs
South Africa	Competition between the PTO and private ISPs in the international wholesale and retail markets. ISPs currently not subject to licensing but is a grey area as they are in theory VANS	PTO dominance means absence of a level playing field for competition. PTO may try to have Internet services declared a basic service, subject to its monopoly
Mauritius, Ethiopia	Monopoly international and retail service provided only by the PTO	No competition means high prices and no incentive to improve service quality

³² These are: generally weaker bargaining position towards international tour operators; long distances and less than acute or no competition in high air fares; global distribution systems and computer reservation systems owned by large international airlines; and an increasingly competitive global tourism sector where natural competitive advantages are becoming less significant (UNCTAD, 2000a, op. cit.).

³³ Sixty-five per cent of total households in the world do not have a telephone, and in low-income countries there are 2.5 lines per 100 people, as compared to 54 lines per 100 people in developed countries. Ninety-six per cent of Internet host computers are found in high-income countries (UNCTAD, 1999, op. cit.). It is worth noting in this context that the key generating regions of international tourism in the world are also those where penetration of the Internet is the highest. The United States, Germany, Japan and the United Kingdom account for 80 per cent of all Internet users in the world (Becherel and Cooper, op. cit.).

³⁴ UNCTAD, 1999, op. cit.

Country	Structure	Issues, pros/cons
Senegal, Mauritania, Botswana, Morocco, Tunisia	Monopoly in wholesale/international service by PTO or government agency, free competition in retail/local services	Lack of competition in international/wholesale market may keep prices high and make it difficult for local ISPs to differentiate themselves and provide different levels of service quality
Egypt	No involvement of PTO, government agency (IDSC) competes with private sector for international bandwidth provision, open market in retail sector	No major problems with this model, depends on capacity of government to manage the service
Mozambique	PTO competes with private sector in provision of international bandwidth. Open competition in retail sector with no involvement of PTO	No major problems with this model
Congo	Joint venture between PTO and commercial ISP	Novel approach, good for initial Internet service in a country
Algeria, Malawi, Tunisia	Government-authorized sole agency – CERIST, MalawiNet, ATI	Economies of scale but usual deficiencies in service quality and high tariffs are associated with this model

Source: UNCTAD: *Building confidence. Electronic commerce and development*, UNCTAD/SDTE/MISC. 11, United Nations, 2000, p. 106.

Providers of tourism services must also have the capacity to invest in or have access to the physical infrastructure for logistics services and information technologies. The major obstacle to increased use of e-commerce in developing countries is the lack of pervasive low-cost telecommunications,³⁵ broadcasting, Internet services and associated infrastructures, especially in rural areas. At the same time there is a need to involve more hotel and tourism enterprises from developing countries in the actual use of information technologies and information networks.³⁶ If African businesses fare better than consumers in terms of accessing e-commerce, they nevertheless face the same infrastructure problems, although progress has been made in the development of e-commerce activities.³⁷

The shortage of IT specialists on the market, especially in the developing countries, is a serious impediment, given the rapid growth in Internet use. The

³⁵ UNCTAD's Expert Meeting on Electronic Commerce and Tourism (18-20 September 2000) made two recommendations along these lines: improve Internet access and telecommunications infrastructure in order to participate in e-commerce and e-tourism; liberalize telecommunications and Internet services in order to attract new investment, reduce prices and improve quality of service. UNCTAD: Expert Meeting on Electronic Commerce and Tourism Geneva (18-20 September 2000), Outcome, Draft No. 1, Recommendations, July 2000 (subsequently UNCTAD, 2000b).

³⁶ The state of e-commerce in Africa and an agenda for action are discussed in UNCTAD: *Building confidence – Electronic commerce and development*, UNCTAD/SDTE/MISC.11, 2000 (subsequently referred to as UNCTAD 2000c). See also UNCTAD, 2000b, op. cit.

³⁷ "... some countries are already showing strong interest in the adoption of e-commerce. As would be expected these are largely confined to the better developed economies of Botswana, Egypt, Mauritius, Morocco, Namibia, South Africa, Tunisia and Zimbabwe" (UNCTAD, 2000c, op. cit., p. 79).

demand for IT skills is increasing and the need for retraining of existing employees in both the public and private sectors in hotels, tourism and catering is clearly felt.

One solution would be for developing countries to take advantage of forthcoming GATS negotiations to ensure access for their suppliers to the most important generating markets, and they could make use of certain mechanisms provided for in the GATS which might enhance the contribution of trade in services to development. They could also seek commitments with respect to the training of personnel and access to the distribution channels which are essential to tourism exports, as provided for in Articles IV and XIX of the Agreement.

2.2. Consolidation strategies

Since the mid-1990s, multinational hotel companies entering foreign markets have devised a wide range of management strategies or methods in response to competitive challenge such as the rapid development of information technology, sophisticated demands from well-informed and knowledgeable travellers and the rise of electronic business-to-business market-places and to seize the opportunities opened up by the network economy. Within each company, core competencies are being developed and renewed through rapid information technology development, international expansion and market cooperation, relationship management, development of customer-oriented products and services, structural re-engineering (involving, for example, organizational restructuring and continuous training of employees and management), new marketing initiatives and campaigns, and quality control.

The major multinational hotel chains involved in the industry are shown in table 2.4 and the number of countries where particular companies operate is shown in table 2.5.

Table 2.4. Major multinational hotel chains

Corporate chains	Rooms in 1999	Hotels in 1999
Cendant	528 896	5 978
Bass Hotels & Resorts	461 434	2 738
Marriott International	328 300	1 686
Accor ¹	325 951	2 961
Choice Hotels International	305 171	3 670
Best Western	301 899	3 814
Hilton Hotels Corp. ²	277 043	1 587
Starwood Hotels & Resorts Worldwide	225 014	694
Carlson Hospitality Worldwide	106 244	548
Hyatt Hotels	82 224	186
Sol Melia	65 586	246
Hilton International	54 117	170
Forte	48 407	249
Club Méditerranée SA	36 010	127

Corporate chains	Rooms in 1999	Hotels in 1999
Prince Hotel	26 304	80
Scandic Hotels AB	20 415	126
Nikko Hotels International	18 907	52
Shangri-la	18 455	36
Canadian Pacific	14 608	33
Grupo Posadas Management	10 711	51
Mövenpick	8 684	43

¹ Includes Red Roof. ² Includes Promus to reflect the recent mergers.

Source: International Hotel & Restaurant Association (IH&RA), 2nd White Paper on the Hotel Industry, July 2000, pp. 1-2.

Table 2.5. Number of countries where companies operate

Bass Hotels and Resorts	98
Best Western International	84
Accor	81
Starwood Hotels & Resorts	80
Carlson Hospitality Worldwide	57
Marriott International	56
Hilton International	53
Forte Hotel Group	51
Club Méditerranée SA	40
Choice Hotels International	36
Hyatt Hotels/Hyatt International	35
Sol Melia	27
Airtours Group	23
Cendant Group	23
Hilton Hotel Corp.	20

Source: *Hotels' Giants Survey 2000*.

According to the IH&RA,³⁸ multinational hotel companies have invested heavily in developing customer-oriented technology services and enhancing management information and operation systems. Table 2.6 illustrates these technology services.

³⁸ IH&RA: 2nd White Paper on the Hotel Industry, July 2000.

Table 2.6. Technology utilized as a competitive method

Customer-oriented technology	Management-oriented technology
Online reservations	Computer networking system
Working room	Global information technology
In-room high-speed Internet service	Decision-making system
Multifunction device	Business intelligence system
In-room computer installation	Property management system
In-room entertainment	Global distribution system
Electronic lock system	Information database system
Feature-added website	Database processing system
E-commerce and e-trade service	Franchise service delivery system
Electronic concierge	Material handling system
Teleconference and videoconference	Yield management system
	Revenue management system
	Direct marketing application
	Database marketing
	Financial application
	Cash flow analysis system
	Multimedia training system

Source: IH&RA, 2nd White Paper on the Hotel Industry, op. cit., p. 5.

Within the context of international expansion and market cooperation, companies have had recourse to a number of competitive methods which merit attention. The growing number of alliances is changing industry structures and the level of competition has shifted from the individual company level to alliance groups level.³⁹ The last five years have witnessed nine major mergers and acquisition transactions in the international hotel market-place. For example, Hilton and Hilton International have merged their sales forces, integrated their logos and marketing efforts, and shared their reservation systems in a strategic alliance considered to be the largest since 1996. Hilton has also allied with Patriot American Hospitality for market expansion. Starwood has established a strategic alliance with Discovery Hotel Group in Asia to open Four Points Hotels in China. Choice International has done the same with Flag International in Asia.⁴⁰

There are other goals and objectives which strategic alliances can fulfil in order to assist multinational hotel firms in strengthening their market positions, improving partnership relations and supplying diversified products and quality services to their customers. These goals and objectives include: acquisition of new information and communication technology (Hyatt and Starwood with Microsoft's Expedia, Hyatt with MSN network, Carlson and Bass with WizCom to link to

³⁹ Werthner and Klein, op. cit.

⁴⁰ *Hotels' Giants Survey 2000*, op. cit.

global distribution systems); distribution of products and cross-marketing between food-service providers and hotels (Ramada with Bennigan's Restaurants, Marriott, Hilton, Bass with Pizza Hut); distribution and cross-promotion of bank credit cards and financial services between banks and hotels (Bass Hotels and Resorts with Visa and American Express, Marriot with Visa and Chase Manhattan's processing system, Hilton, Starwood, and Accor with American Express); consolidation of transportation and hotel services (Carlson and Bass Hotels and Resorts each with more than 20 airlines, Marriott with United Airlines, Starwood with British Airways and Alitalia, and Shangri-la with Canadian Airlines); co-promotion of hotels and films and media (Marriott, Choice Hotels and Cendant with new films, Bass with ESPN and Discovery Channel, and Best Western with Sci-Fi Channel and E-Entertainment Channel).⁴¹

A list of hotel mergers and acquisitions between 1995 and 1999 is given in table 2.7.

Table 2.7. Hotel industry mergers and acquisitions, 1995-99

Year	Company acquiring	Company acquired	Value (\$ billion)
1996	Hilton	Bally Entertainment	3.00
1996	Granada	Forte	5.90
1996	Doubletree	Red Lion	1.00
1997	Starwood	Westin	1.80
1997	Doubletree & Promus		4.70
1998	Patriot American	Wyndham	1.10
1998	Bass	Intercontinental	2.95
1998	Starwood	Sheraton	14.60
1999	Hilton	Promus	4.00

Source: IH&RA, op. cit., p. 6

Management contracts are popular competitive methods that are being used by international companies. A good example is that of Nikko Hotels International which through its expansion into Croatia acquired 21 management contracts in 1998.⁴² Some well established international companies provide their expertise by leasing out management teams to run local firms. The contracting company benefits from the knowledge and experience of the international company and from its reputation for quality and good service. Quoting figures from Ankomah (1991), Becherel and Cooper point out that in 1979, 72 per cent of all hotels in sub-Saharan Africa operated under a management contract; in Asia the figure was 60 per cent, in Latin America 47 per cent, but only 2 per cent in Europe. It can be assumed that these proportions have increased with globalization. A list of companies that manage hotels is given in table 2.8.

⁴¹ IH&RA, July 2000.

⁴² IH&RA, July 2000, op. cit.

Table 2.8. Companies that manage the most hotels

Company	Hotels managed	Total hotels
Marriott International Inc.	759	1 880
Société du Louvre	565	990
Accor	456	3 234
Tharaldson Enterprises	314	314
Westmont Hospitality Group Inc.	296	296
Starwood Hotels & Resort/Starwood Hotels & Resorts Worldwide	204	716
Hyatt Hotels/Hyatt International	191	195
Marcus Hotels & Resorts	185	185
Bass Hotels & Resorts	175	2 886
Hilton Hotels Corp.	173	1 700

NB.: This list provides a compelling mixture of independent owner/operators, third-party management companies and branded operators, all ranked according to how many hotels they actually manage, rather than just affiliate with.

Source: *Hotels' Giants Survey 1999*.

Franchising – a contractual agreement whereby one company allows another to sell and use its products for a fee⁴³ – presents a number of advantages upon which many multinational hotel companies rely for their growth and expansion. From a local human resources perspective, franchising offers the advantage of recruiting local management and staff with the added benefit of the expertise of the franchiser and any good international practice. This method of market entry is favoured by some of the international hotel corporations. Their international reputation guarantees licensees a ready-made market. In Europe, for example, franchising accounts for 1.5 million jobs, the majority in France, Germany and the United Kingdom. Many franchise agreements have been signed in the past five years. What is more, companies which have not in the past espoused franchising as an expansion tool have started to use it to the full. This was the case with Hyatt and Marriott in 1995 and 1996.⁴⁴ The number of hotels franchised by companies is listed in table 2.9.

Table 2.9. Companies that franchise the most hotels

Company	Franchised	Total hotels
Cendant	6 258	6 315
Choice Hotels International	4 248	4 248
Bass Hotels & Resorts	2 563	2 886
Hilton Hotels Corp.	1 357	1 700
Marriott International	998	1 880

⁴³ In return for the use of the know-how or rights received, the licensee/franchisee usually promises to: produce the licensor's products covered by the rights; to market these products in an assigned territory; and to pay the licensor some amount related to the sales volume of such products.

⁴⁴ Becherel and Cooper, op. cit.; IH&RA, July 2000, op. cit.

Company	Franchised	Total hotels
Carlsson Hospitality Worldwide	581	616
Accor	568	3 234
US Franchise Systems	374	400
Société du Louvre	372	990
Starwood Hotels & Resorts Worldwide	299	716

NB.: The hotel franchising business did most of its consolidating about a decade ago, resulting in three players whose portfolios tower over most others: Cendant, Choice Hotel International and Bass Hotels & Resorts.

Source: *Hotels' Giants Survey 1999*.

Many joint ventures or partnerships were set up between 1995 and 1996. Some examples are: Choice International with Friendly Hotels in the United Kingdom; Cendant with Mark's Hotel International's cooperation agreement in India; Accor with NH Hotels in Spain, Starwood with Hotel Pelikan in Germany and Demeure Hotels in Europe; and Sol Melia with European Travel.⁴⁵

The emergence of branding is another new issue in the hotel industry which is linked to merger and acquisition activities. With the evolution of the hotel industry towards a more consumer-oriented service, it is the brand rather than the company which assumes importance. In the United Kingdom hotel industry, for example, branding has become very topical and operators are increasingly recognizing the value of brands in delivering profits. The brand is thus turning out to be a fundamental element in defining the market, so much so that it is the name of the brand under which a hotel trades that carries weight, rather than its ownership and management structure.⁴⁶ The emergence of a multiplicity of new brand names worldwide in the last five years – Cendant's Wingate Inn, Accor's Studio 6, Hilton's Garden Inn, and others – bears testimony to its increasing importance.⁴⁷ All these developments indicate the extent to which new products and services – including the other new competitive methods and customer-oriented technologies mentioned earlier – that have been launched by multinational hotel companies are being developed in an attempt to sustain their respective competitive advantage.

Vertical integration is another strategy that plays a dominant role in particular segments of the tourism industry. For a long time, tour operators have been establishing backward and forward linkages in the areas of service production. Their backward integration includes hotels and charter airlines. These operators also control all stages of distribution via far-reaching forward integration of retail distributors and travel agencies, marketing and package tours sales. This is also

⁴⁵ IH&RA, July 2000, op. cit.

⁴⁶ *Travel & Tourism Analyst*, No. 2, 2000: "The impact of branding on the UK hotel industry", Travel & Tourism Intelligence, London, 2000.

⁴⁷ For example, "brand equity is increasingly powerful in accommodation industries. In Canada, 76 per cent of Canadian hotel rooms in properties with over 100 rooms are branded. The ability of brands to flag customers is important to investors"; J. Stamos: *A status report on the Canadian hotel sector*, prepared for the ILO Tripartite Meeting on Human Resources Development, Employment and Globalization by the Hotel Employees and Restaurant Employers International Union, Canadian Regional Office, Montreal, Jan. 2000, p. 5.

true of airlines which extend their level of integration far into the field of primary tourism and travel-related services via their charter airlines which have interests in tour operators, retailers and travel agencies. By contrast, hotels and hotel chains hardly pursue vertical integration strategies at all.⁴⁸

Tour operators and travel agencies are becoming increasingly involved in the process of horizontal integration, which in the recent past has attracted attention through spectacular takeovers like that of Thomas Cook by the German LTU group in 1993, or through joint ventures. An expansionist strategy of diagonal integration is geared to the provision of the broadest possible array of tourism-related service markets by a company, with a view to cutting costs, making the most of synergies between individual markets and achieving systems gains. This includes, for example, the joint use of computerized reservation systems by carriers and travel agencies under the umbrella of a holding company or cooperation between credit card suppliers and tour operators or travel agencies offering the special insurance services of a holding partner.⁴⁹

In the accommodation industry, an impressive amount of consolidation took place in the 1980s, bringing more and more hotel brands under fewer and larger corporate umbrellas. Consolidation offers certain advantages such as cost reduction in the areas of reservation systems, loyalty programmes and staff training and other fixed costs associated with hotel management.⁵⁰ Available figures reinforce the impression that the forces of consolidation are indeed gathering momentum.⁵¹

In the institutional catering sector, franchising and management contracts are also used as management strategies by institutional food-service companies. Compass, which is among the largest institutional catering companies in the world, employing 125,000 workers in 44 countries, is a case in point. It owns, manages or franchises hotels (Forte, Meridien, Posthouse, Heritage and Travelodge). Its food service brands include Burger King, Sbarro, Upper Crust, Caffé Ritazza, Delimonto, Little Chef and Harry Ramsdens. In Canada, the institutional catering sector is dominated by large international groups. Sodexo is the largest institutional catering company, employing 212,000 employees worldwide since it purchased the institutional catering services of Marriott – Marriott Services. Another example is Aramak, an American company which employ 140,000 employees in 11 countries based in North America and Europe.

⁴⁸ Seifert-Granzin; D.S. Jesupatham, op. cit.

⁴⁹ Seifert-Granzin; D.S. Jesupatham, ibid.

⁵⁰ Hotel Association of Canada: *Consolidation – Doing more with less*, 1999.

⁵¹ At the end of 1998, the largest hotel companies in the world all had 100,000 rooms or more. Today, there are only nine companies whose room counts exceed the 100,000 barrier. Yet, in 2000, those nine giants now control 2.98 million of the world's hotel rooms, while in 1999 the ten biggest companies controlled a smaller amount, 2.84 million: see *Hotels' Giants Survey 2000*, op. cit., pp. 3-4.

One pertinent issue frequently referred to by the developing countries is the need to reduce the risk of “leakage”⁵² of foreign exchange earnings. The developing countries in particular are usually unable to make the most of the economic and development potential of tourism, firstly, because of the high import content of construction materials and equipment and consumable goods needed to cater to the needs of international tourism and, secondly, because of the repatriation of income and profits earned by expatriates. The latter is in fact a major obstacle to tourism development.

Nevertheless, a number of advantages can be derived from international companies in terms of capital investment and know-how and technology, management and marketing expertise, training and consultancy. For example, under the “Build Operate Transfer” model⁵³, there may be conditions attached such as the requirement to train local staff or build facilities for the community. This enables countries lacking the skills base and expertise needed at all professional levels to run, develop and operate tourist establishments for an international clientele to benefit from the transfer of expertise and technology.

In a globalized economy, skills become an important determinant in competitiveness. The changing composition of the workforce and work patterns resulting from globalization processes in the industry have brought about new challenges in human resources development. Training policies in the hotel, tourism and catering sector will need to be reviewed in a new climate of empowerment and retention of staff. This is particularly the case in many parts of the world where there is an acute shortage of qualified staff to fill positions created by an expanding industry. An internationally focused human resources policy calls for a change in personnel policies and strategies which implies, among other things, management commitment to transnational strategies, the development of IT skills and procedures to support transnational operations in a number of ways such as knowledge and information transfer, and an awareness of the different national policies on health and safety, occupational standards, dismissal, discrimination and workers’ rights.

2.3. Impact of technology on SMEs

Globalization has brought about a range of opportunities and challenges which have put additional pressures on SMEs. In addition to having to cope with the effects of globalization, they need to adapt to new business conditions in terms of

⁵² This is “the process whereby part of the foreign exchange earnings generated by tourism, rather than being retained by tourist-receiving countries, is either retained by tourist-generating countries or remitted back to them. It takes the form of profit, income and royalty remittances; payments for the import of equipment, materials, and capital and consumer goods to cater for the needs of international tourists; the payment of foreign loans; various mechanisms for tax evasion; and overseas promotional expenditures” (UNCTAD, 1998a, p. 6, op. cit.).

⁵³ This model allows developing countries with shortages of development capital to develop an economic sector by mobilizing foreign capital and expertise by inviting foreign firms to build hotels in resorts and operate them for a number of years. This can be regarded as an ideal arrangement from the point of view of transferring expertise and technology to the host country.

product positioning and product development facilitated by information technology, with all its potential benefits in terms of market access for SMEs. The potential of SMEs for achieving economies of scale is very limited and the use of computer reservation systems (CRSs) has not spread significantly, quite apart from the fact that SMEs are already disadvantaged because of their high average unit production costs. SMEs are forced by market conditions to install new systems and train their staff to use tourism-related technology but find it difficult to invest in training or staff development, mainly because of limited investment resources and the fact that many SMEs in the hotel, tourism and catering sector are managed by a generation of staff have had no formal training in the sector.

In a globalized market, SMEs need to pursue new survival strategies. The tourism sector at the destination has to cope with the increasing problem of seasonality encountered by many coastal resorts. Competitive advantage then depends on organizational competencies and capabilities.

Local SMEs have to face a number of conditions imposed by large overseas companies. Large tour operators strongly influence the way in which hotels operate at their featured destinations and the prices that they charge, particularly in mass market beach resorts and in short season resorts (e.g. ski resorts); they may also impose conditions on local suppliers, such as compliance with environmental protection standards.

In developing countries, SMEs play an important role in employment creation but are hampered by low productivity levels, poor product quality and lack of access to credit and training. The impact of capital outflows from developing countries resulting from e-commerce is another issue which needs attention. The need to develop competition policy-related disciplines in this area is also clearly felt, in view of the need to establish safeguards to prevent abuse by dominant suppliers. Such issues arising from e-commerce might be addressed in future GATS negotiations.⁵⁴

The global hotel market encompasses a wide range of types of accommodation – full-service hotels, bed and breakfast inns, suites, self-catering short-term apartments and time-share properties. Distribution and intermediation are increasingly recognized as factors critical to the competitiveness and success of the tourism industry in general and of small and medium-sized tourism enterprises in particular. The latter need to develop effective distribution channels either to meet the needs of their independent clientele or to provide direct booking mechanisms to reduce their dependency on tour operators. Hospitality organizations and hotel chains already rely on customer bookings through the Internet. The challenge for tourism sector SMEs is to be able to compete for their market shares and take advantage of emerging opportunities and associated benefits to enhance their profitability and viability in the global market-place. Table 2.10 sets out the costs and benefits of developing an Internet presence for small and medium-sized tourism enterprises.

⁵⁴ See UNCTAD, 1999, op. cit.

Table 2.10. Cost and benefit analysis for developing Internet presence for small and medium-sized tourism enterprises

Costs

- Costs of purchasing hardware, software and communication package
- Training cost of users
- Design and construction of Internet presence
- Cost of hosting the site on a reliable server
- Ongoing maintenance and regular updating
- Marketing the Internet service and registration of domains
- Development of procedures for dealing with Internet presence
- Commissions for purchases on-line by intermediaries
- Advertising fees for representation in search engines and other sites
- Interconnectivity with travel intermediaries such as TravelWeb, ITN, Expedia

Benefits

- Direct bookings, often intermediaries and commission free
 - Global distribution of multimedia information and promotional material
 - Low cost of providing and distributing timely updates of information
 - Global presence on the Internet, 24 hours a day, 365 days a year
 - Durability of promotion (in comparison to limited life of printed advertising in press)
 - Reduction of promotional cost and reduction of brochure waste
 - Great degree of attention by visitors to website
 - Reduction of time required for transactions and ability to offer last minute promotions
 - Low marginal cost of providing information to additional users
 - Support of marketing intelligence and product design functions
 - Development of targeted mailing lists through people who actively request information
 - Great interactivity with prospective customers
 - Niche marketing to prospective consumers who request to receive information
 - Interactivity with local partners and provision of added value products at destinations
 - Ability to generate a community feel for current users and prospective customers
-

Source: D. Buhalis and W. Schertler (eds.): *Information and communication technologies in tourism 1999*, Proceedings of the International Conference in Innsbruck, Austria, 1999, Springer Computer Science, Springer-Verlag Vienna, 1999, p. 224.

SMEs in the tourism sector are constrained by the growing concentration and globalization of tourism supply. In addition, lack of professionalism and inadequate management and marketing skills, the absence of economies of scale and limited access to the necessary capital, human resources, marketing expertise and technology, over-reliance on a limited number of distribution partners and inadequate formal education or business training are among other deficiencies which put them at a competitive disadvantage. Overall, the inability to market their

products adequately seriously affects their profitability and ability to survive in the globalized economy.⁵⁵

SMEs are highly reliant on existing distribution channels, namely, intermediaries such as tour operators, travel agencies, travel information centres and tourist guides. It can be argued that the gradual reduction of SMEs' reliance on intermediaries will enable them to become more profitable, flexible and adaptable and to produce customized tourism products in order to satisfy niche markets. This will also require a rethink of all strategic and operational practices with regard to SME development, as well as development of entrepreneurs' managerial skills and professionalism, training in marketing and management and on the use of information technology.

SMEs can benefit in a number of ways by applying information technology to develop their product, thereby enhancing their market position and increasing their profit margins. Information technology offers new management and business opportunities and can be applied strategically to gain competitive advantage, improve productivity and performance, facilitate new ways of managing and organizing, and develop new businesses. Although information technology entails risks and costs, its underutilization could increase the vulnerability of SMEs and aggravate any competitive disadvantage as greater use is made of IT systems, including CRSs, GDSs and the Internet, to locate and purchase tourism and accommodation products.⁵⁶ With regard to electronic data interchange (EDI), for example, empirical evidence suggests that EDI is perceived by SMEs as too complex and cumbersome and that the initial investment is too high. The major obstacles to the introduction of EDI are summarized in table 2.11.

⁵⁵ With regard to key issues related to SMEs and SMEs in the tourism industry and barriers to their development, see also inter alia G. Evans and M. Peacock: "A comparative study of ICT, tourism and hospitality SMEs in Europe", in D. Buhalis and W. Schertler (eds): *Information and communication technologies in tourism 1999*, op. cit. See also D. Buhalis and C. Cooper: "Competition or cooperation? Small and medium-sized tourism enterprises at the destination", in *Embracing and Managing Change in Tourism*, International case studies edited by E. Laws, B. Faulkner and G. Moscardo, 1999.

⁵⁶ Nevertheless, only 39 per cent of independent properties currently receive Internet bookings, by comparison with 51 per cent and 46 per cent for hotel chains and management companies respectively (see D. Buhalis and W. Schatter (eds), 1999, op. cit.). See also D. Buhalis: "Strategic use of information technologies in the tourism industry", in *Tourism Management*, Vol. 19, No. 5, pp. 409-421, 1998.

Table 2.11. Obstacles to the introduction of electronic data interchange (EDI)

Layer	Obstacles
Interorganizational relations and the role of intermediaries	The implementation of EDI is facilitated by a cooperative relationship among the business partners. As a matter of fact competitive relationships are dominant and the industry is fragmented
Technical and organizational integration	Most of the potential benefit of EDI depends on the organizational and technical integration (Cox and Ghoneim, 1994). Both are complex, time consuming and costly
Interchange agreements and response patterns (pragmatics)	Numerous incompatible regulations, varying from region to region, pose a major obstacle to the development of set generic interchange agreements (Bons et al. 1994)
Product codes and descriptions (semantics)	While numerous incompatible classification systems, e.g. for hotels, exist, no standardized product codes for tourism services are available (Baker et al. 1996)
EDIFACT messages (Syntax)	EDIFACT messages for tourism are still under development
Telecommunication and security	Most of the small and medium-sized tourism suppliers have little or no experience with electronic message exchange. Technical investments and training are necessary. Throughout Europe, different communication protocols and services are used, VANS are widely perceived as being too expensive

Source: H. Werthner, S. Klein, 1999, op. cit. p. 265.

Although SMEs play a major role in the international tourism and hotel industry, their vulnerability becomes quite obvious in the highly demanding business environment characterized by competition generated by globalization and the transformation of tourism demand. Globalization of the industry means that SMEs in the tourism sector compete in a multinational environment where only organizations capable of providing exceptional value or cost advantage will survive. The opportunity of achieving economies of scale in distribution channels, reservations, marketing, advertising, administration, personnel management, technology adaptation, new product development, training and bulk purchasing of raw material and equipment, has been instrumental in the creation of major hotel chains, international consortia, management contracts and multinational franchising companies, and has placed the independent operator at a disadvantage. The overall trend in the hotel industry appears to be towards a gradual but steady switch from independently owned and operated hotels to hotel chains. SMEs seem to be the weakest and most vulnerable members of the industry and will need to seek competitive advantages if they are to compete and maintain their market share in an increasingly globalized economy.

3. Employment and working conditions

3.1. Composition of the labour force

Worldwide, employment within the tourism economy is estimated at 192.2 million jobs (one in every 12.4 jobs in the formal sector). By 2010, this should grow to 251.6 million jobs (one in every 11 formal sector jobs).¹ This includes employment created by fixed capital formation activities and by providers to the tourism industry. Direct employment for tourist consumption amounts to about 3 per cent of total employment worldwide. In some countries, however, the proportion is three times higher (Spain – 8.3 per cent; Mauritius – 10 per cent; Barbados – 10.5 per cent). The industry is heavily dominated by SMEs: in Europe, for example, there are 2.7 million SMEs operating in the sector, representing almost all HCT enterprises. Some 94 per cent of this segment are micro-enterprises employing fewer than ten people.² SMEs employ over half the labour force working in the industry (see table 3.4).

Although tourism is a growth industry and a major creator of value added, the industry is vulnerable to a variety of economic, ecological, geopolitical and meteorological factors, and over-reliance on it can be dangerous for a country. Economic recession and the impact of natural disasters or terrorist attacks can devastate the sector in a country for several years. One example is the recent Asian financial crisis which resulted in a substantial tourism downturn throughout 1997 and 1998 in affected countries, which have only recently started to recover. Another is the war in the Balkans, which has seriously reduced tourism income in that area. Events of this kind represent the extremes of a recurrent uncertainty in an industry which is characterized by the seasonal nature of many of its activities and by important fluctuations even during normal periods. These factors shape the structure of the tourism labour force, making it difficult to maintain high permanent staffing levels. There is a generic tendency to operate on the basis of a core staff and to employ the labour needed for day-to-day operations under atypical contractual arrangements.

As the ultimate “just in time” deliverer of goods and services, the restaurant sector has to face exceptional peaks of work as, to a lesser degree, does the hotel sector – either during holiday periods or, for example, to deal with congresses. The industry responds by maintaining a large pool of temporary labour on which it can draw in response to demand. These workers are likely to be young and/or female. The necessary availability is often found among students wishing to combine university or vocational studies with flexible working hours in hotels and

¹ World Travel and Tourism Council (WTTC): *Tourism Satellite Accounting Research, Estimates and Forecasts for Governments and Industry, Year 2000*, London, 2000 (CD-ROM).

² *Agenda 2010 for small businesses in the “World’s largest industry”*, Final communiqué of the United Kingdom Presidency Conference, Llandudno, 20-22 May 1998.

restaurants. The industry employs mostly young people, and indeed for many of them provides the point of entry into the world of work. Women may also find flexible arrangements convenient as a means of balancing family obligations and work. The available statistics show that the industry also has a high proportion of female employees.

The prevailing patterns of the HCT workforce are illustrated by the following statistics:

- a study by the National Restaurant Association in the United States,³ based on 1996 data, found that 52 per cent of restaurant employees in the United States were women, 25 per cent of employees were aged between 16 and 19 years, 19 per cent were between 20 and 24 years and a further 25 per cent were aged between 25 and 34 years;
- in Austria in 1995, women accounted for between 60 and 70 per cent of total HCT employment, depending on the subsector, the proportion of women being particularly high in food services and accommodation. In the same country, 14.5 per cent of workers in the industry were under 20 years old;⁴
- in the Netherlands, the average age of workers in the industry is 23 years; in Denmark, 50 per cent of all employees are under 30 years old; in Spain, over 50 per cent of all employees are under 34 years old, and the 16-24 years age group represents 20.4 per cent of total employment in the sector;⁵
- some 58 per cent of workers in the hospitality sector in Australia are women; in Denmark, the industry is 62 per cent female; in Italy there is a 50 per cent split between men and women; in the Netherlands 52 per cent of employees are women; and, although in Spain the figure is 42.5 per cent, the number of women employed in the sector is increasing.⁶

In an industry which employs a large proportion of young, mobile people, turnover is bound to be high, and recruitment is a habitual problem in the sector for this and other reasons. However, one hotel in the United Kingdom has introduced a customer host scheme, under which older recruits – with a minimum age of 55, but generally over 60 – are recruited to help out as concierges during peak periods. Such employees often have considerable experience in the industry and may have a

³ J. Soeder: “Vital signs: Who are these people?”, in *Restaurant Hospitality*, Apr. 1998.

⁴ K. Weiermair: *Human resources in the alpine tourism industry: Workers and entrepreneurs*, Paper presented at the International Congress on Alpine Tourism, Innsbruck, 2-5 May 1996.

⁵ C. Juyaux: *Quels emplois dans le tourisme?*, European Tourism Liaison Committee (ETLC), Brussels (not dated).

⁶ *ibid.*

lower absentee rate.⁷ Another example is found in the Canadian accommodation sector, where the workforce is ageing owing to lower turnover in workplaces with better working conditions and wages. One-quarter of the workforce is over 44 years old, and trade unions are starting to negotiate reduced workloads for older employees whose work involves a high degree of physical exertion.

3.2. Impact of new technology on skills requirements

Information and communications technology (ICT) systems which integrate the power of the Internet, customer relationship management and supply chain management in a seamless, one-source destination site, allow a variety of operations – product selection, ordering, fulfilment, tracking, payment and reporting – to be performed with one easy-to-use tool.⁸ By cutting out one or more layers of the purchasing structure, these systems yield cost savings by putting the buyer in some instances into direct contact with the producer. They also have employment implications, as intermediaries find that their share of the market is shrinking, with inevitable reductions in labour requirements upstream of the HCT sector. Technology which facilitates on-line hotel, restaurant and theatre reservations or travel arrangements will have an impact in terms of staff reductions on the front-desk hotel staff who used to perform those functions. This technology also calls for a different range of skills from employees. Although systems designers, aware of the rapid turnover among front-desk staff, are working on products that are easier to operate and thus reduce training time for new recruits, the technology is changing so fast that knowledge becomes obsolete ever more quickly. Training will therefore become a continuous need and the remaining jobs will require greater skills.

Many hotels are examining the possibility of installing personal computers in their guest rooms, and some have indeed already done so. This allows customers to use hotel rooms as their offices. Increasing numbers of business guests are also travelling with their own portable computers. Hyatt International Hotels are an example of how new job profiles may be created as a result of this technology. The group has introduced “technology concierges” in their deluxe properties worldwide. These specialist employees, known within the group as “compcierges”, are trained to help guests to set up their mobile communications equipment, to explain how to use the in-room technology, hook up laptop computers, provide support in accessing e-mail or the Internet, and so on. They may also help to locate local retailers that service computers and stock software. While technological expertise is essential, the emphasis is on service; all the team members come from a hospitality background and have in addition received the training needed to

⁷ K. Purcell; M. Maguire; R. Shackleton: *Training and employee development in the hotel sector in the United Kingdom*, Report for the European Commission under the Leonardo da Vinci Programme, June 2000.

⁸ *ibid.*

become electronic troubleshooters.⁹ ICT equipment installed in hotels also requires maintenance and planning departments, making this a new field with job creation potential, although such work may largely be subcontracted to outside operators. Swissôtel has established an ICT department employing ten people, which is now an independent, profitable element of the company. The Carlson Hospitality Group also has a knowledge technologies division, which was created to ensure the smooth operation of the reservation and customer information systems installed in the group's 600 hotels throughout the world.

The new technology is also being used by a number of companies as a means of raising skills levels. Domino's Pizza has developed interactive, learner-centred programmes to guide young employees through the steps involved in making a pizza. Computer-based coaches will soon be available to guide employees through all stages of customer relations. Companies will invest in these new techniques to fulfil their training needs.¹⁰

Hotel managements are studying technologies which will reduce the attention which guests require from hotel staff. These include: electronic key cards which will open doors and act as credit cards for all on-site purchases; management systems which record the time guests are likely to check out, so that room service may be programmed more efficiently; and cleaning staff equipped with hand-held computers, linked to the hotel's property management system (PMS), so that information can be centralized and constantly updated in real time.¹¹ The Canadian Regional Office of the Hotel Employees and Restaurant Employees International Union (HEREIU) has expressed concern that such systems will allow hotel companies to computerize almost all everyday front-office operations. Where customers can make their own reservations via the Internet, they could replace switchboard operators altogether. HEREIU further maintains that new in-room technologies such as video check-out systems will replace front-line workers, while electronic keys will be able to tell the PMS exactly how long each employee has spent cleaning a room, and may thus tend to promote an aggressive productivity policy.¹² The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) notes that placing the emphasis on time-saving and labour-saving technologies also means that the pace of work is faster, and argues that in reality, "labour-saving" and "time-saving" are inclined to mean reductions in the numbers of workers. In the IUF's view, the ultimate consequence of time-and-attendance computer software, which provides

⁹ As described by M. Edmunds in *Financial Times*, 8 May 2000.

¹⁰ International Hotel and Restaurant Association (IH&RA): *The restaurant revolution – Growth, change and strategy in the international foodservice industry 1995-2005*, Paris, 1999.

¹¹ M. Gostelow: "How will technology change the hotel industry?", in *Hospitality Industry International*, No. 30, 1999.

¹² J. Stamos: *Status Report on the Canadian Hotel Sector*, prepared for the ILO Tripartite Meeting on Human Resource Development, Employment and Globalization by the Hotel Employees and Restaurant Employees International Union (HEREIU), Canadian Regional Office, Jan. 2000.

information on guest arrivals and departures so that workers can be dispatched to their duties immediately, is the dehumanization of work.¹³

(a) New technologies in restaurants

New technologies will also result in structural changes in restaurant kitchens. Use of the “sous-vide” technique, where food that has been totally or partially pre-prepared or pre-cooked is supplied directly to the restaurant, means that a large number of cooking operations can now be outsourced to independent suppliers or to centralized, chain-based kitchens. New methods of food preservation, such as freezing, drying, irradiation, and vacuum and modified-atmosphere packing, enhance the shelf life of products and further reduce last minute operations. On the other hand, new types of equipment have given the baking process in restaurant kitchens a new lease of life. Suppliers of pre-prepared dough cooperate with the manufacturers of specialized ovens so that restaurant staff are required to do nothing more than place the dough in the ovens, activate the appropriate computer programme and remove the bread when it is ready. But the tendency of these innovations is to transform restaurant kitchens into assembly lines, with fewer staff members, since both the simple repetitive tasks, such as vegetable preparation, and the more complex, last minute operations, will be outsourced.¹⁴ Both the HEREIU and the IUF argue that “regenerated pre-processed foods” require fewer skills of kitchen staff and result in the loss of many kinds of food preparation and cooking jobs in the industry. The IUF also points to a devaluation in wages as a result of the deskilling of the remaining jobs. These arguments are difficult to refute, since most of these technologies provide savings in terms of staffing levels. On the other hand, the technologies could open up crucial empowerment possibilities, freeing staff to deal more attentively with customers, thus enhancing the profile of the establishment.

(b) New technologies and travel agencies

Access to on-line booking via the Internet is causing traditional travel agents considerable problems. It will soon be possible to reserve travel tickets using new mobile phone technology, without the need for a computer. A recent survey carried out by the International Air Transport Association (IATA) revealed that some 37 per cent of travellers worldwide had used electronic tickets, while in the United States, 50 per cent of travellers expected to use such tickets by the end of 2000.¹⁵ Some travel agents are responding to this situation by adopting a more entrepreneurial attitude, charging customers a fee instead of the traditional commission earned on a ticket price. However, while agents may retain business contracts, they are likely to lose individual customer business for simple trips, and this drop in trade will have an impact on employment levels in the branch. Other

¹³ IUF: *HRCT Bulletin*, No. 19, Feb. 2000.

¹⁴ A.-M. Hjalager: “Technology domains and manpower choice in the restaurant sector”, in *New Technology, Work and Employment*, Blackwell Publishers Ltd., 1999.

¹⁵ A. Howard: “Travel agents must focus on consultancy”, in *Jakarta Post*, 17 Nov. 1999.

agencies see the future in strengthening their role as consultants capable of planning complicated trips involving numerous and varied travel means and stop-offs. However, while the human element will not disappear, it will probably diminish with the spread of 24-hour “warehouse” travel agents (much as 24-hour banking has developed) which allow customers to call and make their bookings at any time.¹⁶

3.3. Salaries and wages

According to a 1996 survey by the European Foundation for the Improvement of Living and Working Conditions covering 15 European Union countries, working conditions within the industry included a number of potentially problematic areas, such as irregular working hours, frequent work on Sundays, wages without a fixed basic element in 25 per cent of cases, widespread absence of overtime payments and wage levels generally 20 per cent below the European Union average.¹⁷ The following national examples from Europe and North America are illustrative:

- In Switzerland, despite an agreement of 1 January 1999 covering all hotel and restaurant employees, HCT workers had average monthly earnings of Sw.frs.3,394 for an effective working week of 42.8 hours, while monthly pay in the economy as a whole averaged Sw.frs.5,000.¹⁸
- In the United Kingdom, average weekly wages for full-time manual, hotel and catering jobs were £225.80 for men and only £170.80 for women in 1998, while national average wages for manual workers were £328.00 for men and £211.00 for women.¹⁹
- In New Orleans in the United States, the Hospitality, Hotels and Restaurant Organizing Council (HOTROC) has stated that an average hotel housekeeper earns US\$5.48 an hour, which places most hotel workers and their families 20 per cent below the federal poverty level. In this connection it should be noted that hotel workers in New Orleans are the only non-unionized hospitality workers in a major United States tourist and convention destination.²⁰
- In Canada, average weekly earnings increased by 5 per cent in the accommodation sector between 1998 and 1999, but food and beverage earnings lag far behind, having risen by only 1.9 per cent, in line with

¹⁶ S. Calder: “Travel agents being killed off by Internet”, in *The Independent*, 28 Nov. 1999.

¹⁷ Quoted by H. Wiedenhofer, General Secretary of the ECF-IUF, in an address to the European Union Conference on Employment and Tourism, Luxembourg, 4-5 November 1997.

¹⁸ IUF: *HRCT Bulletin*, No. 18, Feb. 1999.

¹⁹ S. Wheat: “All work and low pay: Working conditions in the tourism industry make dire holiday reading”, in *The Guardian*, 14 Aug. 1999.

²⁰ See the HOTROC website: <http://www.hotroc.org/articles/hotroc3.htm>, 2000.

inflation. The average weekly wage in Canada in accommodation is Can\$309.14, and in food and beverage Can\$221.30. These wages should be viewed against the national average wage of Can\$582.85 a week.

Such comparisons do not give a complete picture of the wage structure in the industry. For one thing, comparisons between HCT sector wages established by law or collective agreements and national averages may not fully account for the real wages in those branches where tips or gratuities account for a sizeable proportion of employees' earnings. These are not always declared for tax purposes, nor are they always known by the employer, and may thus represent a net, tax-free source of income. Secondly, comparisons need to be made with similar occupations of equivalent skill and training levels in other sectors, but the statistical basis for doing so is often lacking.

Some comparative data are provided in the tables in Appendix 2. They are taken from the few countries where sufficient information is available. The figures suggest that hotel and restaurant workers earn less than workers in socially comparable occupations, and that the differential tends to be higher in developing countries, and higher for the occupations requiring higher skills and responsibilities.

Changing forms of remuneration

Basic wages reflect competitive labour markets, collective agreements and national laws. Variable pay is emerging as a way to reward employees whose performance enhances the success of an establishment. As a strategy, this idea is not yet common in the sector, but it is beginning to take hold. In the United States, Rodeway Inn International, at Orlando, and Motel Properties, Inc. have both developed successful techniques to reward employees above their basic salaries, based on a monthly assessment scheme.

3.4. Job and income stability and staff turnover

Turnover figures vary from region to region within countries, but the overall picture is alarming. In the United States, according to a 1998 study,²¹ annual turnover in 1997 was running at 51.7 per cent for line-level employees, 11.9 per cent for supervisory levels, and 13.5 per cent for property managers. The study shows that the turnover rate for the managerial levels is far lower than for line employees. In Asia, rates of around 30 per cent annually are quoted, rising to more than 50 per cent in Hong Kong, China (possibly owing to the construction of numerous hotels, creating a more competitive labour market). In the United Kingdom, a study carried out by the Institute of Personnel and Development in 1997 found a national turnover rate in the sector of 42 per cent, second only to the retail trade, with a rate of 43.5 per cent and far in advance of construction, where the rate was 25 per cent. In the fast food sector, in both Europe and the United

²¹ R.H. Woods; W. Heck; M. Sciarini: *Turnover and diversity in the lodging industry*, American Hotel Foundation, 1998.

States, turnover rates as high as 300 per cent are reported. It should be noted, however, that turnover figures do not separate out non-standard, part-time jobs from full-time posts. Many employees, such as college students, are not interested in permanent positions.

An American Hotel Foundation report puts the cost of replacement of hourly employees at between US\$3,000 and US\$10,000, while the average figure for restaurant employees is similar, at US\$5,000. Many companies equate the cost of losing a trained manager with roughly one year's salary, allowing for the time it takes for the replacement to become fully operational. In the United Kingdom, the 1997 report by the Institute of Personnel and Development estimated the cost of replacing a worker in the hotel and leisure industry at £1,922, and concluded that an average of ten weeks was required for training.

Recent negotiations within the European Union in the context of the employer-driven search for greater flexibility at work raise the prospect of improved conditions for part-time and fixed-term contract workers. The European Trade Union Confederation (ETUC) has made clear its position that if employers require more flexibility, then workers must have better protection. The Union of Industrial and Employers' Confederations of Europe (UNICE), which represents private-sector employers, has said that employers are prepared to discuss discrimination against agency workers, provided that the unions recognize that temporary work is an integral part of a functioning market. The UNICE has also called for an easing of restrictions to allow shorter contracts and greater flexibility in their renewal. The ETUC has observed that temporary agency work is increasing all over the European Union. It doubled between 1996 and 1998 in Spain, while in France and Germany it increased by 30 per cent in three years.²²

Causes of turnover

Different reasons for high turnover are cited by employers and employees. Employers' representatives generally consider that turnover in the industry should be attributed to the essentially transient nature of part of the workforce, namely students, young mothers and young people as a whole, as well as to the general difficulty in retaining staff.²³ Employees, on the other hand, frequently cite low pay as a reason for changing employment, although lack of a career structure and benefits would appear to be of even greater importance. In the United States, for example, even if hotels and restaurants pay US\$12.00 an hour, they are in competition with such jobs as bank tellers, and restaurant work retains the stigma of being physical work. Job stability, career prospects and reasonable hours of work are all part of the equation. As long as other jobs offer equal levels of pay, but more advantageous working and employment conditions, the problem of turnover will persist in the hotel and restaurant sector, unless the industry can create equivalent conditions or compensate in other ways. The transparency provided by

²² M. Smith: "Employers to discuss rights for temporary agency staff", in *Financial Times* (Europe edition), 5 May 2000.

²³ IH&RA communication to the ILO, 31 Oct. 2000.

the Internet will only serve to highlight these factors as they become more widely known.

Measures to prevent turnover

In companies where employees are recognized as valued assets and receive the training needed to assume greater responsibility, and where their opinion is sought with regard to operational changes, turnover rates are lower. A study carried out at Purdue University in the United States on the basis of questionnaires sent out to 255 fast food outlets found that establishments which provided a package of benefits to their employees were less affected by turnover. Turnover fell by around 30 per cent among employees who could expect scheduled wage increases, paid holidays, health and life insurance and Christmas bonuses.²⁴

3.5. Prevailing working conditions²⁵

(a) Working hours

Many branches of the industry are acknowledged to be particularly arduous in terms of workload and hours of work. In France, where the 35-hour working week is due to come into force for companies with more than 20 employees by 1 January 2001, and for all firms by 1 January 2002, the hotel and restaurant subsectors, which overwhelmingly come within the sphere of family-owned small businesses, regard this legislation with some trepidation. Fifteen years of negotiation were needed to arrive at a national collective agreement for the hotel and restaurant sector in 1997, providing for a working week of 43 hours. A survey carried out by the European Foundation for the Improvement of Living and Working Conditions covering all 15 European Union countries in 1996 found that 50 per cent of hotel and restaurant sector employees worked irregular hours; 80 per cent worked two to five Sundays in a month, and 41 per cent worked six or more nights monthly. Table 3.1 shows official hours of work in the tourism industry in the European Union.

²⁴ M. Prewitt: "Low benefits boost turnover, increase net labor cost", in *Nation's Restaurant News*, New York, 6 Dec. 1999.

²⁵ The Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172), has, as at 5 December 2000, been ratified by the following ten member States of the ILO: Austria, Barbados, Cyprus, Dominican Republic, Guyana, Ireland, Mexico, Spain, Switzerland and Uruguay. Considering its date of adoption, its level of ratification may be regarded as low. To date, there has not been a law and practice review under article 19 of the ILO Constitution in member States concerning this Convention. This would normally provide information on obstacles to ratification of an ILO Convention and identify steps which can be taken to address them. It may be that such a review should be undertaken at an appropriate time.

Table 3.1. Official hours of work in tourism in 13 European Union countries

Hours per week	Country
More than 48 hours	Ireland
45-48 hours/week	
40-44 hours/week	France, Luxembourg, Austria, Italy, Netherlands, Germany, Spain
Less than 40 hours	Belgium, Norway, Denmark, Finland, Sweden

Source: C. Juyaux: *Quels emplois dans le tourisme?* (ETLC paper).

In France, Dégriftours, a travel agency that is 100 per cent electronically operated, has applied the 35-hour legislation in France since 1 June 2000. Teams have been increased by 10 per cent to compensate, while the working day has been reduced to 6.8 hours, with seven hours paid. The agency is open from 8 a.m. to 7 p.m., seven days a week, and operates flexibly. This system has been favourably received by staff, who can, for example, choose to work on Sundays and take Wednesdays off in order to care for children. There is also a rotation of weekend work to ensure a fair distribution of the less social working hours.²⁶ The tour operator Nouvelles Frontières has reached a different agreement after nine months of negotiation. The company has signed an agreement to increase its staff by 8 per cent with the help of state subsidies. Employees will be able to organize their working time according to one of three formulas, namely a four-day week without reduction in pay, a four-and-a-half-day week, or a five-day, 40-hour week yielding 28 extra leave days. The employees must decide on one of the formulas for a period of one year, planned in advance with their supervisors in the services and agencies.²⁷

The French fast food sector signed an agreement on 15 April 1999 effectively reducing the working week to 35 hours as of 1 November 1999. This could create between 2,000 and 3,000 new jobs in a sector that employs 80,000 people in France. A national agreement signed on 1 April 1999 also reduced the working week to 35 hours for amusement park employees, with no loss of pay. Moreover, the 35-hour week is being implemented by some employers in the French institutional catering market.

In the United Kingdom, the British Hospitality Association (BHA) claims that the new European Union Working Time Directive restricts working hours although there is no evidence that staff want them restricted. The BHA argues that the 11-hour obligatory break between shifts may cause problems for hotels with receptionists who like to see guests in at night and out in the morning, and for kitchen and restaurant staff serving dinner and breakfast.²⁸

²⁶ Reported in *Le Monde*, 7 Mar. 2000.

²⁷ Article in *L'Echo Touristique*, No. 2443, 15 Jan. 1999.

²⁸ BHA website, www.bha-online.org.uk, 4 Sep. 2000.

(b) Reduction in workloads

A number of negotiated workload reductions have emerged recently in Europe and North America. In the institutional catering sector of the Netherlands, a recently negotiated national collective agreement provides for a 10 per cent annual reduction in workloads based on evaluations at the workplace. Procedures are to be established for handling workload-related grievances, and temporary contracts must now state the actual number of hours worked. The possibility of early retirement at 61 years with 80 per cent pay is included in the agreement. A collective agreement ratified by HERE Local 2 in the United States covers 11 hotels in San Francisco. The agreement introduces a doubling of retirement benefits, a reduction in the number of rooms per housekeeper from 15 to 14, and average pay rises of 3.78 per cent. It also contains provisions on the specific rights of migrant workers, health coverage, extra personnel for special events and workloads.²⁹

(c) Accidents, violence and stress at the workplace

Work-related injuries tend to be more frequent, if generally less serious, in the HCT industry than they are in construction. Almost 50 per cent of workplace managers have reported one or more occurrences of work-related illness in the preceding year. Of these, stress is the most common.³⁰

Violence in the work context is on the increase. The ILO publication “Violence at work”³¹ identifies hotel, catering and restaurant staff as likely to experience violence and quotes a recent survey into the extent of violence in pubs in southern England according to which 24 per cent of pub licensees felt “highly” at risk and nearly another quarter felt “quite” at risk.

(d) The challenge of HIV/AIDS at the workplace

While the chances of contracting or communicating HIV are minimal in the industry, training is needed to assuage personnel fears and make staff aware of the risks that do exist. In terms of employment, the disease may have an impact on three major areas of a business: productivity, employee benefits and morale. The establishment of an HIV policy within an enterprise is therefore a necessity, irrespective of the level of HIV infection in individual countries. In respect of workers who become infected, a number of good practices have come to the fore over recent years. For example, if a worker is HIV-infected, employers should: accept a less than ideal level of performance, as long as minimum standards are met; modify the employee’s job description or reassign the employee to a different job; allow more time off for health appointments (with or without pay); allow more

²⁹ *ibid.*

³⁰ C. Gardner: “Hotels and restaurants revealed as the worst employers in UK”, in *The Independent*, 25 Sep. 1999.

³¹ D. Chappel and V. Di Martino, ILO, Geneva, 1998.

sick leave or absenteeism (with or without pay); arrange a more flexible work schedule, or provide for the employee to switch to part-time work, or allow the employee to work from home. Confidentiality of medical information should be ensured, and the UNAIDS recommendations against mandatory HIV testing of staff should be respected.³²

(e) Subcontracting

As a means of lowering costs, a growing management trend has been to subcontract various services in the industry, such as food and beverages, housekeeping, laundry services, security and valeting. Hotels are increasingly grouping together to employ a common Internet reservation system provider, resulting in a reduction in jobs in the hotels concerned. Hotels are also leasing out their restaurants, particularly in the food and beverage market segment. This implies a severe drop in union membership if the employees of the outsourced companies are non-union members. The New York-New York Casino in Las Vegas in the United States has outsourced virtually all its food and beverage operations to the Ark Restaurants Corporation. There is a differential of around US\$6 an hour between the wages paid by Ark and the “Strip Agreement” negotiated by HERE Local 226. HERE therefore regards outsourcing as a means whereby management can impose less favourable conditions on workers by avoiding a collective bargaining agreement. The union calculates that, for Ark to make a profit in this traditionally low- or no-margin operation, they must continue to pay between 25 and 50 per cent below union-scale wages.³³

3.6. Non-standard employment and working conditions

The nature of many jobs in the tourism industry creates an atypical employment relationship and special working conditions, such as flexible working time and temporary or part-time work. In addition, there is a general demand by enterprises for greater flexibility in working relations, so as to increase productivity in the face of the growing international competition which is now only a “dot-com away”. The 1999 Joint ECF-IUF and HOTREC Declaration for the promotion of employment in the European hotel and restaurant sector³⁴ states that, while non-full-time work can be attractive to employees for a variety of reasons, flexible work organization models should not be introduced simply to suit employers’ needs, but must also correspond to employees’ wishes. The social partners are called on to examine the possibility of elaborating concepts which combine enterprises’ needs

³² *The challenge of HIV/AIDS in the workplace: A guide for the hospitality industry*, produced by the Joint United Nations Programme on HIV/AIDS and the International Hotel and Restaurant Association, Geneva and Paris, 1999.

³³ *Subcontracting in the hospitality industry*, Report by the HERE Department of Research and Education, June 1997.

³⁴ Available on-line: <http://www.hotrec.org>.

for flexibility with workers' needs for security. Table 3.2 shows the percentage of tourism personnel working part time in 13 countries in the European Union.³⁵

Table 3.2. Full-time and part-time employment in hotels and restaurants, European Union, 1995-97

	Absolute values (thousands)				Share (%)		Variations (%)	
	1995		1997		1997		1995-97	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
EU-15	4 439	1 382	4 449	1 615	73.6	26.4	1.4	16.8
EUR-11	3 505	774	3 550	927	79.3	20.7	1.3	19.7
Belgium	99	26	99	31	76.4	23.6	0	18.8
Denmark	38	26	42	37	53.1	46.9	10.3	41.9
Germany	835	218	865	300	74.2	25.8	3.7	37.4
Greece	212	11	219	11	95.3	4.7	3.3	-5.4
Spain	687	85	677	108	86.2	13.8	-1.4	27.5
France	592	144	558	169	76.8	23.2	-5.7	17.2
Ireland	52	17	54	22	71.3	28.7	4.7	28.7
Italy	753	87	781	102	88.4	11.6	3.7	17.8
Luxembourg	7	1	8	1	91.5	8.5	7.3	25.4
Netherlands	94	143	90	130	41.0	59.0	-4.8	-9.4
Austria	155	32	171	34	83.3	16.7	10.4	7.6
Portugal	194	10	206	13	94.1	5.9	6.0	24.8
Finland	38	12	42	18	69.6	30.4	10.9	51.7
Sweden	63	32	61	40	60.4	39.6	-4.3	25.0
United Kingdom	621	539	628	601	51.1	48.9	1.2	11.4

Source: Eurostat (Labour Force Survey).

The European Commission's High Level Group on Tourism and Employment³⁶ has acknowledged that tourism has difficulty in providing sustainable employment throughout the year for all its high season staff. Table 3.3 shows the percentage of staff on fixed-term contracts in 13 European Union countries.

³⁵ *Tourism in Europe – Trends 1995-98*, Office for Official Publications of the European Communities, Luxembourg, 2000, p. 11.

³⁶ *European tourism – New partnerships for jobs*, Conclusions and Recommendations of the High Level Group on Tourism and Employment, European Commission Directorate General XXIII, Brussels, Oct. 1998.

Table 3.3. Percentage of employees on fixed-term contracts in 13 European Union countries

Percentage	Country
> 50 per cent	France
30-50 per cent	Finland, Italy, Netherlands, Austria
10-30 per cent	Belgium, Norway, Denmark, Luxembourg, Spain, Germany, Sweden, Ireland
< 10 per cent	

Source: C. Juyaux: *Quels emplois dans le tourisme?* (ETLC paper).

(a) Casual staff

The Swiss trade journal, “*Expresso*”,³⁷ defines casual workers as those who are employed on an occasional and irregular basis in connection with specific short-term requirements. In Switzerland, the casual worker has the same legal rights as a full- or part-time worker, and the only difference lies in the fact that holidays may be paid in the form of a 10.65 per cent supplement to the hourly wage for regimes allowing five weeks’ annual holiday, or an 8.33 per cent supplement for regimes of four weeks’ annual holiday. A similar system prevails in France. A hotel in London has sought to solve the problem of irregular workload peaks by employing university students on a part-time basis for a fixed number of hours annually, in this instance 500 hours, which can be used as required, with students able to exchange hours among themselves according to their individual availability. According to the IUF, the need for labour flexibility has always given rise to problems in respect of maintenance of permanent staffing levels in the hospitality industry, and there is a very high proportion of part-time and casual work compared to other industries.³⁸ The union notes, however, that the greater the degree of flexibility, the weaker the employer’s direct control over labour. Moreover, casual employees are likely to be less committed to the enterprise. Employers, too, are conscious that the casualization of the workforce results in less loyalty to the enterprise and lower skill levels.

(b) Seasonal variations

In the context of a considerable overall increase in the HCT sector’s workforce, seasonal employment and part-time work have also grown substantially. In Austria, there is a 26 per cent seasonal variation in employment in the sector; in Spain the figure is 47 per cent; in Italy it is more than 50 per cent, while in Denmark the number of employees in the sector doubles during the summer season.³⁹ Part-time work has also been growing faster than full-time employment in the service sector in Australia, where its incidence is relatively high by international standards, particularly among women. Although part-time labour has been used frequently in the Netherlands, employers have recently sought to retain

³⁷ *Expresso*, No. 35, 29 Aug. 2000, p. 4.

³⁸ IUF: *HRCT Bulletin*, No. 19, op. cit.

³⁹ *ibid.*

more full-time personnel: the figures show a reduction of temporary and seasonal employees from 82,100 in 1995 to 67,100 in 1997, and a corresponding increase in permanent full-time contracts from 132,500 to 160,300. In the rest of Europe, the incidence of part-time employment is increasing. In Italy, part-time contracts in restaurants have increased by 80 per cent over the same two-year period and by almost 30 per cent in hotels.⁴⁰

(c) Advantages and disadvantages of non-standard forms of labour

The 1995 Joint ECF-IUF Declaration on Flexibility of Labour and Organization of Working Time, Part-time Work and the Creation of Jobs, while stating that the creation of full-time jobs is a priority, lists a number of advantages which part-time work may present for both employers and workers. Such employment may correspond to the needs of certain groups of workers – students, parents wishing to accommodate family responsibilities, workers in need of time for training or a flexible transition to retirement through reduced working time. It may also provide a means of reintegration into the labour market for the long-term unemployed. On the other hand, there is the risk that such employment may lead to the creation of a kind of secondary labour market, lacking the same levels of social security cover as a result of minimum hourly thresholds for access to entitlements including training, proportionately lower pay, and the inability of these employees to participate in the collective bargaining process. Moreover, regulatory attempts by governments to create employment by reducing the charges payable on part-time labour can encourage over-reliance on such labour, to the detriment of full-time jobs.

(d) Measures to alleviate the negative impact of non-standard working arrangements

In Australia, research in 1996 showed that casual workers accounted for over 50 per cent of employees in the industry. The unions responded by advocating the replacement of casual jobs with permanent, part-time posts, thus seeking an improvement in, rather than the elimination of, part-time work.⁴¹ The rates of pay received by casual employees remained higher than those paid to permanent part-time workers, but did not include benefits such as paid holidays. Some employees enjoyed the very wide degree of flexibility offered by casual employment, while for employers it presented the advantage of allowing them to dismiss employees without a period of notice. As a result of union activity, some industry agreements were reached, containing an explicit management and union commitment to convert casual hours to permanent, part-time hours, but enforcement has remained limited. These agreements have still not enhanced workers' access to training, and they continue to provide considerable potential for highly irregular working hours.

⁴⁰ C. Juyaux: *Quels emplois dans le tourisme?*, op. cit.

⁴¹ G. Whitehouse; G. Lafferty; P. Boreham: "From casual to permanent part-time? Non-standard employment in retail and hospitality", in *Labour and Industry*, Vol. 8, No. 2, Dec. 1997.

An example of good practice is provided by the Granada Entertainment and Hotel Group in the United Kingdom, which owns several theme parks, nightclubs and hotels. The group has extended to its part-time employees, who represent 50 per cent of the workforce, the same rights and privileges as those enjoyed by full-time employees. Annual performance reviews are carried out for all workers, and the company has introduced formal training for part-time employees to enable them to study for national vocational qualifications.⁴²

Another case in point is the Netherlands, where working hours have been made very flexible. Although hotel, restaurant and catering workers may have to work irregular hours, they reportedly have an increasing choice available to them. A law has also recently been passed according to which workers have the right under certain conditions to switch to part-time work should they choose to do so.⁴³

In areas where the seasonal element of the trade is particularly marked, and where the hotels or restaurants will only function during a limited period of the year, tourist establishments are obliged to close during the low season, with many of the staff, including hotel and restaurant owners, drawing unemployment benefit. The Scottish winter sports centre at Aviemore has made considerable headway in countering this problem by promoting itself as a centre for “green” tourism and an ideal base from which to explore the surrounding Cairngorm region. The area has undertaken this promotion in partnership with conservation societies to ensure the sustainability of the venture, and much of the business now takes place during the summer months.

3.7. Employment effects of more recent forms of tourism

(a) Cultural tourism and ecotourism

The rise of these forms of tourism, in which indigenous peoples also play a role, reflects an interest in other environments, ways of life and cultures. Moreover, it reflects a desire on the part of the tourist for more socially responsible types of tourism, underscoring the idea that some profits should be returned to indigenous peoples in the form of income, and in keeping with environmental concerns.

Ecotourism is a fruitful source of jobs and, if provided with the appropriate means, can provide lasting employment in regions not reached by other industries. Local inhabitants can be employed as guides and rangers, in the lodges or hotels created to deal with the influx of tourists, or as interpreters. Labour is required to build and maintain the infrastructure needed to open up access to the regions in question. The economic benefits to remote communities, if carefully managed and shared fairly among the local people, can be used sensitively to raise educational and living standards without obliterating local culture. Local populations also have

⁴² *The Times*, 14 Aug. 1998.

⁴³ IH&RA communication to the ILO, 31 Oct. 2000.

great expertise in the conservation of their own surroundings and may therefore be well employed as experts on the safeguarding of the biodiversity in their regions.

Research suggests that ecotourism is growing substantially. A 1996 report by the United States Departments of the Interior and Commerce found that expenditure on wildlife-watching trips rose by 21 per cent between 1991 and 1996. The Santa Ana National Wildlife Refuge on the Rio Grande River in the south-western part of the country attracts 100,000 visitors annually and contributes around US\$14 million to the local economy each year.⁴⁴ The State of Texas has been promoting this type of tourism, having realized that its rare and varied flora and fauna represent a unique natural capital. A task force established to investigate the question defined such tourism as “discretionary travel to natural areas that conserves the environmental, social and cultural values, while generating an economic benefit to the local community”.⁴⁵

In Africa, safari tours have existed for many years, but over time negative effects have become apparent, and a more careful approach has been adopted in certain cases. An example is Kenya, where the Masai people were evicted from their traditional lands in 1984 to make way for conservation and safari tourism. As a result, the Masai began poaching and killing the wild animals, in the belief that this would stop tourists coming and they would get their lands back. Negotiation concluded with the Masai people by a Kenyan organization, Porini Ecotourism (in association with a British tour operator), resulted in the Masai receiving a rent for the lease of their land, plus an entry fee for each tourist visitor. In an inspired piece of reconversion, skilled members of the Masai who had been active in tracking and killing wild animals are now engaged as game scouts and guides and, as wildlife watching has grown, poaching has declined. Subsidiary employment effects include jobs in transportation and building and as hotel and catering staff in the many safari lodges in the area. The profits realized by this system are used for the maintenance of boreholes, animal husbandry and education for the Masai. Tourism can thus be seen to work for the local population, both in terms of providing job opportunities and in raising education and training levels.⁴⁶

One of the challenges presented by ecotourism is not just the creation of employment in remote areas, but the offer of higher quality opportunities for indigenous people. In Brazil, local people were initially employed in lower paid, less visible positions in hotels and lodges, since they had little notion of how to deal with tourists. Subsequently, the Brazilian Ministry of Labour, with funds from FAT (the Worker Assistance Fund), established the National Professional Tourism Education Programme. Over the past three years the programme has been used to provide a large body of professionals in various tourism-related activities and is

⁴⁴ H. Youth: “Watching vs. taking”, in *World Watch*, Washington, May/June 2000.

⁴⁵ T. Var: “Nature tourism development, private property and public use”, in *Tourism, Development and Growth, The Challenge of Sustainability*, Routledge, 1997.

⁴⁶ S. Wheat: “Green tourism: Guilt-free safaris”, in *The Guardian*, 24 July 2000.

expected to lead to greater numbers of local people being engaged in employment in national parks and reserves.⁴⁷

Similarly, in Uganda, the Budongo Forest Ecotourism Project (BFEP) was started in 1993 with the specific intention of involving the local population in forest conservation. Local communities were included in discussions regarding the planning of the project and encouraged to participate in its development and management. By 1997, 28 local people (eight women and 20 men) were employed by the project. The women work as guides, facilitators and caretakers, and the men perform similar tasks, as well as working as trail cutters. Women are able to sell their craftwork at the tourist sites to supplement their income; six primary schools have received assistance through funds provided by the project, while the local community is provided with a forum in which to resolve its conflicts with the Forest Department.⁴⁸

(b) Negative effects of ecotourism

In western Malaysia, the Taman Negara National Park is a privately owned park and resort which can house 260 visitors at a time. The park employs 270 people and 60 per cent of the staff in the administrative headquarters are locals, who in 1999 earned about US\$120 a month; by comparison, Malaysians living off the land at that time were earning on average about US\$40 a month. Despite the positive employment effects, the differences in income between the two groups have led to social tension and driven up boat fares and the cost of everyday goods. Little of the tourism money goes to the country of destination, while park employees spend almost 90 per cent of their income outside the region or on imported goods. Thus local inhabitants, whose culture has been marketed to attract tourists, benefit only to a very limited extent. Indeed, many have taken to illegal hunting and fishing in the park, contrary to the protective regulations established by the park authorities.⁴⁹ There is a clear need to establish guidelines and engage local people in dialogue to ensure that the regions and their populations benefit from the tourists' visits.

(c) Adventure tourism

Activities such as biking, horse riding, trekking, rafting and kayaking, as well as relatively high-risk and more recent sports such as canyoning, are becoming increasingly popular. The Adventure Travel Society, based in Colorado, estimates that the industry expanded by 38 per cent between 1991 and 1997, generating US\$220 billion through sales of adventure travel and associated equipment. A number of vocational training institutions – for example, the Nelson Polytechnic in

⁴⁷ C. Jonsson: *General developments in the ecotourism sector – Focusing on Brazil*, Paper produced for the ILO, 2000.

⁴⁸ *Local communities and ecotourism development in the Budongo Forest Reserve, Uganda*, Paper produced under the auspices of the Overseas Development Network, reproduced in the Mountain Forum's on-line library.

⁴⁹ K. Adelman: "Misguided tours", in *Akzente*, GTZ GmbH, Mar. 1996.

Wellington, New Zealand – are offering courses in adventure tourism, which shows the rising popularity of the field and points to possibilities for employment as companions, monitors and guides. In India also, the Karnataka State Tourism Development Corporation (KTDC) has decided to set up three adventure sports/tourism academies to provide two-year courses to train skilled adventure tourism personnel. The KTDC operates three adventure tour camps near Bangalore and has difficulty finding staff to operate the camps. The training institutions are to be run by private sector partners and adventure tourism companies, but the KTDC plans to arrange tour operator sponsorships for the students, linked to employment following completion of their courses.⁵⁰

(d) Rural or nature tourism

The globalization of agriculture markets has placed a strain on certain domestic markets, at the same time as agreements within the World Trade Organization have reduced subsidies to producers and liberalized trade. Farmers in traditionally agrarian areas of Europe have had to seek alternative means of supplementing their income. This may partly explain the rise of rural and nature tourism. In the United Kingdom, it is estimated that 90 per cent of all farms provide some form of tourist accommodation, while the figures also show that 25 per cent of European holidays are taken in rural, as opposed to coastal, areas.⁵¹ The break-up of farming collectives in countries in transition to a market economy has also encouraged the spread of rural tourism establishments.

The sector remains largely unstructured. It is characterized by large numbers of owner-operators who expand their activities to include the provision of board and lodging. While it may stabilize a precarious financial situation for a population whose income has fallen, its effect in terms of job creation is doubtful. This is not to underestimate its popularity: in 1997, the French public spent a total of 315 million nights in rural vacation areas in France. French rural lodging includes 76,715 hotel rooms, 55,000 beds in vacation villages (*villages de vacances*), 237,558 places in campsites, 41,868 rentable country residences (*gîtes ruraux*), 1,500 hiking lodges (*gîtes d'étapes*) and 21,466 bed and breakfast rooms.⁵² In Italy also, agritourism is seen as a means of providing or supplementing livelihoods, and a list of farms and other establishments providing this service is available from the Italian State Tourist Board. In Cyprus, a plan for the development of such tourism was launched in 1991 and has resulted in the establishment of 30 traditional holiday centres with a capacity of 300 beds.⁵³ In this instance, most of these centres remain open throughout the year, although in most countries rural tourism

⁵⁰ According to an article in *Business Line*, 8 Aug. 2000.

⁵¹ L. Becherel; C. Cooper: *Human resources development, employment and globalization in the catering and tourism sector*, Paper commissioned by the ILO, Geneva, 2000.

⁵² *La demande touristique en espace rural*, les Publications de l'Observatoire, Observatoire Nationale du Tourisme, Paris, 1999.

⁵³ Cyprus Workers' Confederation (SEK): *Report on human resources development, employment and globalization in the hotel, catering and tourism sector*, supplied to the ILO, 6 Dec. 1999.

is marked by a strong degree of seasonality. In India, the Karnataka State Tourism Development Corporation has introduced a “bed and breakfast” concept in Coorg and Chikmagalur near Bangalore, where there are very few hotels but many large private residences where house owners could provide paying-guest accommodation. The scheme has proved successful and is to be extended to other parts of the State.⁵⁴

The professional part of the sector appears keen to safeguard itself from what might constitute unfair competition, since the type of rural establishments described do not have to meet the same standards as fully fledged hotels. The 1995 Joint ECF-IUF and HOTREC Declaration on tourism in rural areas, while recognizing the decline in agricultural employment and the growing demand for countryside holidays, seeks to protect the hotel industry from any imbalance which might be caused by subsidizing the rural sector. The Declaration stresses that the development of rural tourism “should at all times be market-led rather than grant-led”, and that “no form of tourism should be supported to the detriment of another”.⁵⁵

3.8. Policies to strengthen the tourism sector and the employment effects of such policies

(a) Regulatory and deregulatory measures

The proliferation of regulations in the HCT sector is increasingly a subject of debate in certain regions such as the European Union.⁵⁶ In the United Kingdom, one estimate suggests that a small restaurant must comply with 86 Acts of Parliament.⁵⁷ In France, where the rule concerning smoking areas in public eating establishments has been poorly applied and, perhaps as a consequence, widely ignored, enforcement of many European Union regulations will be slow, since the premises in which restaurants are installed cannot be brought into line with the required standards so soon. This will inevitably cause problems for many small enterprises, especially those established in old buildings. These will disappear from the sector if the regulations are rigorously implemented, with obvious employment

⁵⁴ *Business Line*, 8 Aug. 2000, loc. cit.

⁵⁵ *Joint Declaration by HOTREC and ECF-IUF on principles and guidelines for maintaining and developing tourism, jobs in rural areas*, published under the auspices of the EU Commission, 1995.

⁵⁶ For example, the Confederation of National Associations of Hotels, Restaurants, Cafés and Similar Establishments in the European Union and the European Economic Area (HOTREC) in 1998 published *150 European Union measures affecting the hotel, restaurant and café sector*, summarizing measures which directly or indirectly influence legislation in European countries; the IH&RA contends that many of these measures will adversely affect the European Union industry’s competitive position.

⁵⁷ See: *Tackling the impact of increasing regulation – A case study of hotels and restaurants*, produced by the Better Regulation Task Force, an independent United Kingdom advisory group, June 2000.

consequences, at least in the short and medium term. The HOTREC has compiled “200 European Union measures affecting the hotel, restaurant and café sector”, most of which will be or have already been implemented through national legislation. The industry in the European Union is concerned that they will adversely affect its ability to compete with other countries. United Kingdom employers are expressing concern about the European Working Time Directive, while in France, the more stringent requirements of the 35-hour week are reportedly causing problems for employers. Consequently, the United Kingdom’s Ministry for Tourism in September 2000 announced the establishment of a new group to provide far simpler guidelines to regulate the industry. It has also suggested that a task force be established to perform a similar function at European level. Switzerland’s Federal Council in January 1997 presented a programme designed to reduce the burden of “red tape” on SMEs.⁵⁸ A number of European Union and other OECD countries have already engaged in a deregulatory process.

(b) Taxation of business in the hotel, catering and tourism sector

The industry is in favour of ongoing tourism investment and accepts the need for effective taxation. However, large increases in tax on international tourism and travel, which is basically an indirect tax on export earnings, cannot be implemented without an impact on levels of business, and consequently on employment. The globalization of the economy and the ease with which we can now move about the world will only serve to highlight this, as comparative costs of different destinations become apparent through ICT. Recent WTTC figures reveal, however, that between 1994 and 1999, taxes increased in 42 out of 52 destinations, stayed level in two and decreased in eight. The WTTC is of the opinion that industry growth, investment and job creation is most likely to occur in destinations with supportive tax regimes.⁵⁹

The European Union allows a lower rate of value added tax (VAT) on accommodation and certain other tourism and leisure facilities. Ireland chose to lower VAT on accommodation and restaurants in the 1980s, and it is estimated that this led to the creation of 30,000 jobs in the industry. A 1997 study by Deloitte and Touche concluded that reducing VAT in all sectors of the tourism industry would result in the creation of 50,000 jobs. The WTO argues that reductions of this sort, by improving international competitiveness, can also result in higher total tax receipts, rather than the opposite.

Within the European Union, the situation regarding taxation is highly complex, with different rates of VAT and other taxes applying in different countries, and different rates applied within countries depending on the sectors. A similar situation prevails elsewhere. In India (Tamil Nadu State), a luxury tax of

⁵⁸ A. Schoenenberger; A. Mungall: *Réglementations – Coûts et effets sur le PME des branches touristiques*, Office fédéral du développement économique et de l’emploi (OFDE), Geneva and Châlet-à-Gobet, Aug. 1998.

⁵⁹ See: WTTC Year 2000 TSA Research website: www.wttc.org/TSA/tsa.htm.

25 per cent has been imposed on hotels with a tariff of more than Rs.1,000, and Tamil Nadu is thus placed at a disadvantage compared to neighbouring States, where taxes of 15 per cent or less are applied. Travel agencies offering packages will clearly link up with hotels charging lower taxes.⁶⁰ The industry therefore sees a need for reductions in taxes that are perceived to be damaging productivity, and for harmonization of taxation levels, not only within the European Union, but at international level. The 1999 Joint ECF-IUF and HOTREC Declaration for the promotion of employment in the European hotel and restaurant sector⁶¹ refers (in section II.2a) to the need for a “level playing field”, stating that many countries now competing with the European Union as tourist destinations, particularly the non-European Union Central and Eastern European and Mediterranean countries, “do not pay European Union level VAT, energy taxes, environmental taxes, social charges and the numerous other taxes and charges which burden European enterprises”.

(c) Importance of SMEs in the HCT sector

The last two decades have seen a growing recognition of the important role of small and medium-sized enterprises (SMEs) in employment creation and the promotion of economic growth and development. The general characteristics, potential and problems of SMEs have been a subject of debate within the ILO for many years. A comprehensive discussion on the subject took place at the 72nd Session of the International Labour Conference in 1986, which adopted a resolution concerning the promotion of SMEs.⁶² This was followed by more recent discussions on the subject in the context of the promotion of self-employment at the 77th Session of the Conference in 1990 and at several recent regional conferences, including the Eighth African Regional Conference in 1994. Finally, the topic was included on the agenda of the 85th Session of the International Labour Conference in 1997, leading to the adoption in June 1998 of the *Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)*. These debates reflect the extent to which the focus on the enterprise is central to the ILO approach to economic growth, job creation and decent work, an approach exemplified by the InFocus Programme on Boosting Employment through Small Enterprise Development.⁶³

⁶⁰ See article in *Business Line*, 12 July 2000.

⁶¹ Published in the special issue of the newsletter from the European Commission – *Employment and Social Affairs DG/D*, May 2000.

⁶² ILO: *Resolution concerning the promotion of small and medium-sized enterprises*, adopted on 23 June 1986. The following international standards refer either directly or indirectly to SMEs: the Employment Policy Convention, 1964 (No. 122), and the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169); the Human Resources Development Convention, 1975 (No. 142), and the accompanying Recommendation (No. 150); and the Co-operatives (Developing Countries) Recommendation, 1966 (No. 127).

⁶³ ILO: *General conditions to stimulate job creation in small and medium-sized enterprises*, International Labour Conference, 85th Session, 1997, Report V(1); ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999.

SMEs form the majority of enterprises throughout the world in general and in the tourism and hospitality industry in particular.⁶⁴ The characteristics of SMEs in the tourism industry include flexibility, direct control of service delivery, personalized and tailor-made service, entrepreneurial activity, strong local character, willingness to cater for special interest groups, employment of family members, flexible timetables and multiskilled personnel.⁶⁵

SMEs play an important role in the European hotel and catering sector, as seen from table 3.4. The average number of employees per enterprise ranges from 3.3 to 7.5, except in the United Kingdom, where it can be up to ten. The table also shows that, with the exception of the United Kingdom, receipts per person correlate positively with the average size of enterprises, that is, SMEs generate less income per employee than larger enterprises.

Table 3.4. The hotel and catering sector in the European Union in 1996 – Average size of enterprises by employment and receipts

	No. of enterprises	Employment	Total receipts (million ECU)	Receipts per enterprise (thousand ECU)	No. of persons employed per enterprise	Receipts per person employed (thousand ECU)
EU-15	1 412 987	6 544 710	278 706	1 977	4.6	43
EUR-11	1 146 173	4 755 060	189 903	166	4.1	40
Belgium	54 253	206 168	6 499	118	3.8	32
Denmark	11 545	79 724	3 293	285	6.9	41
Germany	270 737	1 274 830	51 625	191	4.7	40
Greece	–	–	–	–	–	–
Spain	259 594	915 519	29 334	113	3.5	32
France	191 281	811 510	38 934	204	4.2	48
Ireland	–	–	–	–	–	–
Italy	211 796	736 708	33 164	157	3.5	45
Luxembourg	–	–	–	–	–	–
Netherlands	40 197	303 429	–	–	7.5	–
Austria	37 688	188 102	8 450	224	5.0	45
Portugal	64 705	213 990	4 432	68	3.3	21
Finland	9 544	43 524	3 458	362	4.6	79
Sweden	10 256	70 008	4 685	457	6.8	67
United Kingdom	148 860	1 484 014	52 220	351	10.0	35

Source: Eurostat.

⁶⁴ On the predominance of SMEs in European tourism, see for example: *Agenda 2010 for small business in the “World’s largest industry”*, op. cit.; A. Holjevac; A.H. Vrtodusic: “Small hotels in European tourism: The necessity of reconstruction of Croatian hotel industry”, in *Tourist Review*, International Association of Scientific Experts in Tourism, Apr. 1999, pp. 43-49.

⁶⁵ D. Buhalis: “Information and telecommunications technologies as a strategic tool for small and medium tourism enterprises in the contemporary business environment”, in *Tourism – The State of the Art*, John Wiley & Sons, 1994, pp. 254-274.

(d) Support to small enterprises

SMEs, because of their fragmented nature, lack opportunities to make economies of scale. They are often operated by non-professionals who lack the marketing skills required to optimize their business opportunities, and they experience difficulties in gaining access to training. The Tourism Conference held from 20 to 22 May 1998 in Llandudno under the United Kingdom's Presidency of the European Union, proposed a ten-point framework for action in support of SMEs in tourism. These recommendations were aimed, among other things, at modernizing the sector in the light of globalization by raising awareness among SMEs of business support systems, information technology and the possibilities open to them in respect of finance, and by providing affordable possibilities for better training for managers/owners and staff.

Governments seek to create an enabling environment for SMEs. In this respect, the move noted previously towards a simplification of the regulations governing the sector is positive, since the high cost, in both time and money, of lengthy administrative procedures raises difficulties for small structures. However, this does not mean that social objectives should be undermined. The European Union High Level Group on Tourism and Employment has called for a Community initiative which "promotes the development of innovative tourist businesses by young entrepreneurs".⁶⁶ Large hotel chains are able to establish their own training programmes, often by linking up with public or private education and training establishments. Governments may also provide assistance to SMEs unable to upgrade their employees' skills themselves. One example from the United Kingdom is the Tourism Opportunities Programme (TOPS), which was set up to provide public sector subsidized training. The scheme provides affordable training in areas where individual hotels could not justify creating specialist courses, and may thus benefit from economies of scale.⁶⁷

Large hotel groups such as Accor and Radisson have their own central reservation systems (CRSs) which the public can access via the Internet. While a degree of interactive reservation may come to the SME sector, especially in view of the potential marketing possibilities provided by the World Wide Web, SMEs are for the time being largely dependent on traditional distribution channels. Through their tourist offices, many governments provide networking and marketing services for their hotels and tourist establishments at national or regional level, either free of charge or at a reasonable cost. In France and Spain, tourist offices in larger towns and cities are able to give information about availabilities in establishments within the regions they cover. In the United Kingdom, in the London districts of Greenwich and Islington, the visitor and tourist information centres provide information not only regarding the larger hotels, but also on bed and breakfast establishments in their areas. These centres provide an important support mechanism and marketing tool for very small businesses, which might otherwise

⁶⁶ *European tourism – New partnerships for jobs*, op. cit., p. 13.

⁶⁷ *Employee development in tourism hospitality, a comparative study of hotel employment and employee development in Finland, Spain, United Kingdom and Bulgaria*, funded by the European Commission under the Leonardo da Vinci Programme, 2000.

remain marginal.⁶⁸ The problem of how to classify the levels of service provided in such establishments is another area in which governments could act.

(e) Access to credit

Finance is a recurring problem for small enterprises. The entrepreneurs concerned may have no professional background or training, and this naturally deters banks. Their financing requirements tend to be small, with consequently higher transaction costs for banks, and such businesses also have a problem finding guaranteed collateral. Many governments intervene by providing interest rate subsidies or guarantees to lending institutions, and some governments, as in India, Indonesia, the Republic of Korea, Malaysia, Pakistan and the Philippines, have imposed minimum quotas on financial institutions for loans to SMEs. Experience has shown, however, that the underlying problem for small entrepreneurs is not the cost of credit, but obtaining access to it via the lending institutions.⁶⁹

(f) Policies concerning the informal sector

According to ILO estimates, the informal sector worldwide employs about 500 million workers.⁷⁰ With the process of globalization, the informal sector is gaining importance as a result of its job creation capacity. It generated 80 per cent of new jobs in Latin America between 1990 and 1994, while in Africa it was expected to produce 93 per cent of new jobs in the 1990s.⁷¹ These employment trends give an idea of the number of workers engaged in unorganized and unprotected jobs, most of them with low income and often poor working conditions.

Since the industry is a labour-intensive sector, the high labour costs may be one reason for recourse to undeclared work in some areas, and employers have criticized governments for failing to integrate informal sector activities into the formal sector. Hotels and restaurants, by providing entry-level employment, play a role in bringing workers from the informal sector into a more formalized labour market, and employers argue that lower labour costs would increase this effect.

The ILO National Workshop on the Strategic Approach to Job Creation in the Urban Informal Sector in India⁷² has considered a new approach to the informal

⁶⁸ *The participation of local communities in tourism*, a study of bed and breakfast in private homes in London, Tourism Concern, London, 1999.

⁶⁹ ILO: *General conditions to stimulate job creation in small and medium-sized enterprises*, Report V(1), op. cit.

⁷⁰ ILO: *World Employment Report 1998-99: Employability in the global economy— How training matters*, ILO, Geneva, 1998.

⁷¹ ILO: *Your voice at work – Global report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work*, International Labour Conference, 88th Session, 2000, Report I(B), Geneva, 2000.

⁷² Held at Surajkund, India, 17-19 February 2000.

sector which reflects current thinking in that country. Recent estimates suggest that the informal sector accounts for 90 per cent of new jobs in the country. Both employers and workers at the workshop were concerned at the increasing informalization of labour in the economy. One solution to the problem would be to increase the capacity of the sector to offer decent employment, extending social protection as widely as possible to avoid compromising social objectives. This would involve transfers of technology, efforts to increase the informal sector's access to training, credit and markets, and measures to ensure that workers' interests are represented through social dialogue mechanisms.

3.9. Vulnerable groups

The situation of some particularly vulnerable groups of workers is a key issue in view of the technological changes occurring in the hotel and tourism industry. The ILO's *World Employment Report 1998-99*,⁷³ which deals with national policies in a global context, stressed the need for equity in reform programmes to ensure that vulnerable groups benefit from the processes of globalization in general and from new economic opportunities created by market reforms in particular. Tourism employment is an alternative to traditional and more rigorous work, such as agriculture or fishing, and provides both men and women with greater occupational choices.

(a) Young people

Young people who are marginalized are generally poor, with little education and training. Migration also tends to exacerbate the process of marginalization. Eighty-five per cent of young people live in developing countries, and that proportion is expected to increase to about 89 per cent by 2020. UNESCO estimates that approximately 96 million young women and 57 million young men are illiterate, the majority in developing countries. AIDS also increases the vulnerability of the young: the Joint United Nations Programme on HIV/AIDS (UNAIDS) notes that over a third of the 30 million people with the HIV infection or full-blown AIDS are aged between 10 and 24 years.⁷⁴

The number of younger people employed in formal sector tourism, either as "apprentices" in fast-food chains such as McDonalds and Pizza Hut or as casual workers in occasional or seasonal employment in catering, is also growing rapidly. These types of labour have raised concerns regarding contraventions of labour regulations such as those concerning the minimum legal working age.⁷⁵

⁷³ ILO: *World Employment Report 1998-99*, op. cit.

⁷⁴ ILO: *Generating opportunities for young people – The ILO's decent work agenda*, InFocus Programme on Skills, Knowledge and Employability, ILO, Geneva, 2000.

⁷⁵ C. Plüss: *Quick money – Easy money? – A report on child labour in tourism*, published by the Swiss Agency for Development and Cooperation (SDC) as SDC Working Paper 1/99, Berne, Switzerland, 1999.

Research into the Australian youth labour market shows that the impact of labour market deregulation on young workers in the hospitality industry has caused increased income insecurity, wage polarization and deteriorating conditions of employment. Full-time permanent employment is being replaced by part-time and casual work, and average weekly earnings for teenagers in full-time employment have fallen compared to those of young and older adults.⁷⁶

(b) Women

ILO estimates dating back to 1983 indicated that a third of the global workforce in tourism was made up of women. According to more recent estimates, the proportion of women in the tourism industry (excluding the informal sector) has risen to 46 per cent, while in catering and accommodation they represent over 90 per cent of all employees. They occupy the lower levels of the occupational structure in the tourism labour market, with few career development opportunities and low levels of remuneration (some estimates suggest that wages for women are up to 20 per cent lower than those for men). The greater incidence of unemployment among women is attributed to their low skill levels and their low social status in many poor countries. They also tend to be the first affected when labour retrenchment occurs as a result of recession or adjustment to new technology. It should also be noted that the majority of workers in subcontracted, temporary, casual or part-time employment are women. For differences in remuneration between men and women, see Appendix 2.

(c) Child labour

Child labour is a matter of grave concern, robbing children of their childhood, stunting their growth and hindering the development of their countries.⁷⁷ An estimated 13-19 million children and young people below 18 years of age (10-15 per cent of all employees in tourism) are employed in the industry worldwide.⁷⁸ However, these figures take no account of the number of children working in the informal sector in ancillary activities. Other estimates also suggest the extent and scale of the phenomenon in the industry.⁷⁹

⁷⁶ J. Lauritsen: *Labour market flexibility and jobs in the hospitality industry*, Paper presented to the Sixth National Conference on Unemployment, Newcastle, Australia, 23-24 September 1999.

⁷⁷ According to 1996 ILO estimates, there were 250 million children between 5 and 14 years old engaged in economic activities worldwide; 120 million of them were working on a full-time basis while the rest were combining their work with schooling. Analysis by region show that Africa has the highest incidence of child labour, with approximately 41 per cent of children working, compared with 22 per cent in Asia (which, however, has the largest absolute number of child workers) and 17 per cent in Latin America. See ILO: *IPEC action against child labour*, Geneva, Oct. 1999.

⁷⁸ M. Black: *In the twilight zone: Child workers in the hotel, tourism and catering industry*, ILO Child Labour Collection, ILO, Geneva, 1995; the figures are based on World Tourism Organization estimates.

⁷⁹ In Turkey, the number of workers in the 12-19 year-old age group has been estimated at 90,000, that is 16.4 per cent of employees in this sector. In the Philippines, a projection based on a national

Child labour in tourism is common in both developing and in developed countries. Many boys and girls below 12 years of age are engaged in small business activities related to hotels and restaurants, the entertainment sector or the souvenir trade, often as porters or street or beach vendors. They are frequently subjected to harsh working and employment conditions. Table 3.5 shows the principal occupations of children and young people in tourism.

Table 3.5. Occupations of children and young people in tourism

Sectors	Workplace	Occupations
Accommodation	Hotels, holiday resorts, boarding houses, guesthouses, lodges, bed and breakfast places, rooms in private homes; subcontractors such as laundries, cleaning firms	Receptionists, baggage attendants, bell-boys, lift-boys, chambermaids, room-boys, domestic servants, grooms, porters, garden hands; helpers in laundry and ironing, cleaners
Catering food and beverage	Restaurants, cafes, teashops, snack bars, beer gardens, pubs, bars, beach shacks, street stands, itinerant food vending stalls	Kitchen and scullery helpers, dishwashers, water-carriers, cleaners, waitresses and waiters, delivery boys, vendors of fruit, snacks and ice-cream
Excursions, recreational activities, entertainment industry	Excursion sites, tourist sightseeing spots, sport and beach activities, fitness centres, animal shows, circuses, folklore performances, casinos, nightclubs with go-go dancing, massage salons, brothels	Tour guides, vendors of postcards or tickets, flower girls, "photo models", shoeshine boys, beggars, beach cleaners, caddies and "umbrella girls" on golf courses, attendants in surf and diving schools, attendants for pony rides, "Thai boxers", snake and crocodile exhibitors, acrobats, divers for pennies, beach boys, "hospitality girls", "guest relations officers", dancers, masseuses, prostitutes, and procurers
Tour operating and transport	Travel agencies, airports, train stations, bus and taxi firms, excursion and transfer boats	Small handling agents, errand-boys, baggage attendants, bus attendants, car washers and guards, ship-boys, deckhands, porters (on trekking tours)
Souvenir production	Wood carving and plastic processing, textile industry, sewing shops, straw and palm leaf manufacturing (mat weaving, etc.), shell, coral and mother-of-pearl processing, carpet-weaving, tanning, leather production, lacquer industry, precious stones mining, gem industry	Manufacturers of all kinds, shell and pearl divers
Selling of souvenirs	Shops, hotel boutiques, stands, itinerant sales activities on streets and beaches	Souvenir vendors of all kinds

Source: C. Plüss: *Quick money – Easy money?*, 1999, p. 27.

survey of working children and young people between 5 and 17 years of age estimated that approximately 66,000 young people were working in the tourism industry. See: C. Plüss, op. cit., 1999.

It is estimated that about 2 million children throughout the world are subjected to commercial sexual exploitation and thus exposed to such concomitant risks as HIV infection. Tourism must bear its share of responsibility for this trade.⁸⁰

There are many factors which can drive families and children away from their homes towards poles of tourist attraction in city centres or coastal regions. Those factors include: civil or national conflicts; ethnic rivalries; family breakdown; excessive urbanization which aggravates overcrowding and creates a range of social ills; diminishing agricultural resources; and other severe economic hardships, such as rising unemployment, national financial crises, and cutbacks in subsidies or other measures introduced under structural adjustment programmes. Child refugees from Somalia and Rwanda are exploited in a number of ways on the beaches of Mombasa. Active recruitment and trafficking agents are a factor in all this, but the lure of consumerism and its images cannot be ignored. These are all underlying reasons which help to explain why children and young people are driven into exploitative employment in the tourism industry, or, worse still, in the sex trade, which operates very lucratively in the tourist centres of Asia, Africa, Latin America, the Caribbean, and the transition countries.⁸¹

Child sex tourism

The sexual exploitation of children of both sexes, as practised through child prostitution and child pornography, forms a sometimes hidden part of the overall commercial sex sector. Although a worldwide phenomenon, it is more prevalent in Asia than elsewhere. In the Philippines, frequently quoted estimates of the number of children involved range from 30,000 to 60,000; a very recent report quotes the figure of 75,000. The United Nations has defined child sex tourism as “tourism organized with the primary purpose of facilitating the effecting of a commercial sexual relationship with a child”.⁸² Certain holiday destinations are now frequented by paedophiles. At national level, pimps, taxi drivers, tour operators (by organizing package sex tours), hotel staff, brothel owners and entertainment establishments all work together to satisfy foreign tourists’ demand for prostitutes. At the international level, agents disseminate information about particular resorts where such practices are commonplace.

Increasing concern over the appalling conditions of child labour have led to the adoption of new international instruments and action plans by the international community.⁸³ In 1999, the International Labour Conference unanimously adopted

⁸⁰ C. Plüss, op. cit.

⁸¹ For an account of “push” and “pull” factors which explain the employment of children in tourism and hotels, see M. Black, op. cit., Ch. 2; and L. Lean Lim (ed.): *The sex sector: The economic and social bases of prostitution in Southeast Asia*, ILO, Geneva, 1998, Ch. 4.

⁸² L. Lean Lim (ed.), op. cit., p. 183.

⁸³ The ILO Worst Forms of Child Labour Convention, 1999 (No.182), unanimously adopted together with its accompanying Recommendation by the International Labour Conference at its 87th Session; the United Nations Convention on the Rights of the Child (1989); the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and

the Worst Forms of Child Labour Convention (No. 182), and Recommendation No. 190. These instruments declare “the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances” to be one of the worst forms of child labour, and urge ILO member States to take immediate and effective action to prohibit and eliminate it as a matter of priority. The pace of ratification of Convention No. 182 is the fastest in ILO history, with 41 ratifications in just over 16 months.

The quest for improved child protection can also be measured by the worldwide concern about child labour that has been expressed in a number of international forums. Among these are: the Stockholm World Congress against Commercial Sexual Exploitation of Children, 1996; the European Meeting on the International Dimension of Sexual Exploitation of Children, held in Madrid, 1998; the European Meeting of the Main Partners in the Fight against Child Sex Tourism, held in Brussels, 1998; and the UNESCO Expert Meeting on Sexual Abuse of Children, Child Pornography and Paedophilia on the Internet, held in Paris in January 1999. The Global Report on the international dimensions of sexual exploitation of children, which is a follow-up of the Stockholm World Congress, includes recommendations which cover a wide range of measures to protect children from sexual exploitation and ensure that their abusers are properly prosecuted and convicted anywhere in the world. UNICEF has presented a study on extraterritorial criminal laws against child sexual exploitation which includes a series of recommendations on ways of stopping the international market for sex tourists and paedophiles who travel to other countries to exploit children sexually.⁸⁴ The Stockholm World Congress is scheduled to be followed by the second of its type in December 2001 in Yokohama, Japan.

With regard to specific action-oriented initiatives originating from the tourism industry itself, IH&RA participates in a task force against child sex tourism coordinated by the World Tourism Organization along with other trade association partners such as the Universal Federation of Travel Agents’ Associations (UFTAA), the International Air Transport Association (IATA) and non-governmental organizations such as ECPAT (End Child Prostitution, Pornography and Trafficking). Apart from setting up its own task force in 1996 to confront the problem of child labour and running an awareness-raising campaign

Political Rights (both 1996); the action programme for the elimination of child labour adopted in 1993 by the United Nations Commission on Human Rights; the United Nations Working Group on Contemporary Forms of Slavery which has explicitly defined the commercial sexual exploitation of children as a contemporary form of slavery; the declarations and action plans of various conferences, e.g. the Stockholm World Congress against Commercial Sexual Exploitation of Children (1996); the WTO statement of 1995; and the two International Conferences on Child Labour in Amsterdam and Oslo (1997). Other initiatives on the elimination of child labour and child prostitution have been adopted by UNICEF, NGOs, the European Commission, the International Hotel & Restaurant Association (IH&RA), IUF, ECTAA, ECPAT, UFTAA and Children, Hope of the World (CHOW). Mention must also be made of the optional Protocol to the United Nations Convention on the Rights of the Child concerning the sale of children, child prostitution and child pornography adopted by the United Nations General Assembly in May 2000, which needs ten ratifications or accessions to come into force.

⁸⁴ V. Muntarbhorn: *Extraterritorial criminal laws against child sexual exploitation*, UNICEF, Geneva, 1998.

which provides guidelines on how operators and associations can combat child sex tourism, IH&RA is also involved in the work on a code of conduct for the protection of children against commercial sexual exploitation, initiated by ECPAT Sweden and a number of Swedish tour operators along with the partners mentioned above. The Youth Career Development Programme launched jointly by the Singapore-based Pan-Pacific Hotels and Resorts Group and UNICEF in 1995 is another commendable initiative. This 20-week programme sets as its objective the provision of basic skills in the hospitality industry and long-term social and economic security for young girls exposed to the risk of commercial sexual exploitation.⁸⁵

Trade unions have also undertaken action against child sex tourism. The IUF has drawn up a model collective agreement aimed at preventing child sex tourism for use by its affiliated organizations in the tourism industry.⁸⁶

(d) Migrant labour

The impact of international migrant flows on the tourism labour market of receiving countries is another important issue, whether it concerns daily commuters, seasonal workers or permanent migrants. The majority of them are drawn into lower paid, informal or casual employment in services. Although many migrant workers stay for a number of years, they often remain at low skill levels compared to local workers. Their social status is often equivalent to ethnic minorities, another group strongly over-represented in the HCT sector.

In Austria between 1970 and 1995, there was a marked increase in migrant labour employed in hotels and restaurants as compared to other sectors of the economy, but stricter immigration laws in the mid-1990s led to a reduction of new entries. In 1996, the percentage of foreign workers in hotels and restaurants was 51.2 per cent in Switzerland and 30.9 per cent in Germany.⁸⁷ In Spain, the coastal resorts employ a large number of illegal immigrants. A comparative study of hotel employment and employee development in Finland, Spain, the United Kingdom and Bulgaria suggests that increasingly global tourism markets and the more permeable national and labour market boundaries resulting from economic, political and social integration in Europe have led to a growth in numbers of transient workers and increasingly elastic labour market migration – mainly inwards to the United Kingdom (from Europe and globally) and Finland (from Russia), and mainly outwards from Spain and Bulgaria.⁸⁸ In Canada, the labour force in the accommodation sector has historically come from marginalized segments of the labour market, including immigrants. In the hotel sector, there has

⁸⁵ IH&RA: “Commercial sexual exploitation of children”, Doc.IND-99.79, 19 Feb. 1999.

⁸⁶ Available on the IUF website at <http://www.iuf.org/int/Childlabour/05.htm>.

⁸⁷ K. Weiermair et al.: *Verbesserung der Qualität touristischer Dienstleistungen*, Institut für Verkehr und Tourismus, Innsbruck, Austria, 1999.

⁸⁸ *Employee development in tourism hospitality*, op. cit., 2000.

been a gradual shift towards the employment of newer immigrant groups.⁸⁹ In Germany, McDonalds employs a large number of immigrants, mainly from the former Eastern Bloc, and others who are disadvantaged on the labour market owing to language problems and lack of recognition for previous qualifications.⁹⁰

In Denmark, the participation of immigrants in the tourism labour market is increasing markedly. From 1980 to 1995, the proportion of immigrants in the tourism workforce increased from 4.9 per cent to 7.6 per cent. More than 12 per cent of all foreigners active in the Danish labour market are employees or business owners in the hotel and restaurant sector, and in 1995, 16.7 per cent of immigrants active in tourism were running their own enterprise. Danish employees in tourism enjoy relatively better employment conditions than their immigrant counterparts, who have lower job status, lower earnings, and more family responsibilities. Danish workers in part-time employment are predominantly women, whereas the foreigners are mostly men. Turnover is high for both Danes and immigrants of comparable status, but Danes leaving the sector are absorbed in other sectors while immigrants more often face unemployment or are forced to set up their own enterprises.⁹¹

(e) Undeclared labour

The hotel, restaurant and catering sector remains an area in which use is frequently made of undeclared labour. In some countries, this may involve the clandestine employment of illegal foreigners who are willing to accept less advantageous conditions of employment than nationals. It may also take the form of employees being declared as working for a certain limited number of hours while actually working longer hours and receiving supplementary payments in cash, thus enabling both employer and employee to avoid payment of a proportion of social insurance contributions. Undeclared labour is employed mainly in small enterprises where cash is available outside the official accounts. In Switzerland, new legislation has been introduced whereby employers run the risk of imprisonment of up to one year and a fine of up to Sw.frs.500,000 for infractions involving undeclared labour, with more severe sanctions in cases of recurrent contraventions.⁹²

⁸⁹ J. Stamos: *Status report on the Canadian hotel sector*, op. cit.

⁹⁰ T. Royle: *Recruiting the acquiescent workforce: A comparative analysis of McDonalds in Germany and the United Kingdom*, Nottingham, 1999.

⁹¹ A.M. Hjalager; S. Andersen: *The immigrants on the tourism labour market*, Paper for the IGU Study Group on the Geography of Sustainable Tourism, Flagstaff, Oct. 1999.

⁹² *Tribune de Genève*, Geneva, 31 Aug. 2000.

4. Human resource development

4.1. Introduction

The traditional constraints of the hotel, catering and tourism industry – long, antisocial working hours, low pay, unstable, seasonal employment, low job status, etc. – make employment within the industry appear unattractive to many. A study carried out in 1996 in Germany found that employment in the hotel and catering trade was not the first choice for nine out of ten employees, while only one employee in seven was satisfied with the trade as a choice of career. Nevertheless, the industry does attract some people either on a short-term basis or for a long-term career.

The immediate and most obvious consequences of such a situation are the difficulty of recruiting suitable staff and high staff turnover; both these effects are costly to the industry. There is therefore a perceived need for human resource development, to raise the profile of the industry, increase productivity and provide decent, sustainable employment within the sector.

4.2. Estimating labour productivity

A wide range of technological developments in service in hotels may be affecting productivity. Integrated management systems are enabling hotel companies to computerize day-to-day reception operations. Clients are thus able to make their own reservations via the Internet, while electronic in-room installations make it possible to settle accounts from the hotel room. This technology will also make it possible to monitor the productivity of personnel, while new techniques in food preparation and storage are reducing the skills needed in the kitchen and the time required for food preparation.¹ Hotels are therefore seeking new ways to measure service delivery that take into account customer satisfaction and return visits, rather than sticking to a narrow “input/output” system.

In Europe, tourist-related activities account on average for 5.5 per cent of GDP in all European Union Member States and for a total of 9 million employees, representing 6 per cent of the total workforce. The precise percentages vary from country to country. According to WTTC simulated figures, the tourism industry’s labour force represents about 3 per cent of the world’s total labour force and produces about 4 per cent of total world GDP. The industry can therefore not be regarded as labour intensive throughout. Table 4.1 shows the figures for four countries where tourism is a labour-intensive industry.

¹ J. Stamos: *Status report on the Canadian hotel sector*, prepared for the ILO Tripartite Meeting on Human Resources Development, Employment and Globalization by the Hotel and Restaurant Employees International Union (HEREIU), Canadian Regional Office, Jan. 2000.

Table 4.1. Tourism characteristic industries: Share of gross value added and employment

Country	Gross value added (%)	Australia (1997-98) compared*	Employment (%)	Australia (1997-98)* compared
New Zealand (1995)	3.7	3.2	4.1	4.9
Canada (1997)	2.5	3.9	3.7	5.7
United States (1997)	2.3-2.8	3.3	3.3-4.0	5.1

* Adjusted to the conceptual basis used by the comparator country.

Source: Australian Bureau of Statistics: *Australian National Accounts: Tourism Satellite Account 1997-98*, Canberra, 2000, p. 9.

In order to estimate its labour productivity, the industry habitually uses – in addition to revenue per employee – the number of hotel rooms or beds per employee (see table 4.2).

Table 4.2. The hotel industry by global regions, 1995

	Total US\$ revenues (billion)	Number of hotels	Number of rooms	Number of beds	Number of employees	Number of beds per employee	Revenue per employee (US\$)
Africa	6.30	10 769	343 347	675 960	1 259 019	0.54	5 004
Caribbean	7.92	5 290	155 253	300 097	277 614	1.08	28 479
Central America	1.20	1 160	41 221	83 862	232 180	0.36	5 171
North America	62.13	66 943	3 738 977	6 725 390	2 268 256	2.97	27 396
South America	9.84	14 576	487 787	1 005 972	1 283 917	0.78	7 667
Northeast Asia	23.73	10 192	719 480	1 470 857	1 120 339	1.31	21 190
Southeast Asia	12.84	13 211	453 657	898 212	730 585	1.23	17 566
South Asia	3 08	3 663	159 417	223 519	472 092	0.47	6 532
Australasia	6.60	10 082	229 319	567 346	539 286	1.05	12 250
Middle East	9.24	4 735	162 178	326 131	455 432	0.72	20 302
European Economic Area	87.49	151 945	4 242 193	8 108 983	1 873 772	4.33	46 687
Rest of Europe	17.40	15 117	600 370	1 153 939	681 926	1.69	25 509
Totals/Average	247.78	307 683	11 333 199	21 540 267	11 194 418	1.91	22 143

Source: Into the New Millennium, A White Paper on the Global Hospitality Industry, 1996, International Hotel Association; calculation by the ILO, total revenue figures rounded to two decimal places.

The most striking thing to note regarding labour productivity in the different regions is the gap between Europe's average of about US\$47,000 per employee and the overall average of US\$22,000. The performance of the Caribbean (around US\$28,000) is also impressively higher than average.

In the hotel industry in developing countries there may be on average up to three people employed for each hotel bed, while in developed countries the inverse is true, with one person employed for up to three or even four hotel beds. However, figures of this sort can be affected by the range of services provided by a hotel: an establishment surrounded by a leisure complex, health resort or spa will naturally employ more ancillary workers. Labour productivity in hotels has increased over the last ten years by about 1 per cent per year. In the United States, the number of

employees per 100 hotel rooms sold has declined from 81 in 1986 to 75 in 1997.² The same productivity growth applies to the entire HCT sector whose GDP, according to WTTC simulated figures, has been growing by about 3 per cent per year, whilst employment in the industry has grown by only about 2 per cent per year.

Labour productivity in restaurants is hard to measure. Since only 50-60 per cent of all restaurant employees worldwide are full-time workers, the information available hardly allows us to establish absolute productivity ratios. For a comparison between regions, however, see table 4.3. Again, a striking differential of around six or more exists between industrialized and developing regions.

Table 4.3. The restaurant industry per region, 1997

Global region classified by IH&RA White Paper	Number of restaurants	Total number of employees	Number of full-time employees	Annual total revenue (US\$)	Revenue per employee (US\$) (calculated by ILO)
European Economic Area	625 327	3 215 990	1 797 957	109 317 592 916	33 992
Rest of Europe	659 747	3 612 166	2 026 501	34 577 445 428	9 572
Middle East	168 739	1 098 725	615 285	9 483 316 329	8 631
Caribbean	56 678	537 394	301 161	2 600 428 282	4 839
Central America	35 583	270 340	151 390	1 283 955 805	4 749
North America	1 011 833	11 391 773	6 379 392	355 676 557 387	31 222
South America	1 193 329	6 561 092	3 674 211	22 690 468 131	3 458
North-East Asia	3 490 200	14 667 881	6 174 269	120 091 447 755	8 187
South Asia	188 182	1 807 892	1 012 418	8 447 759 039	4 673
South-East Asia	578 886	4 693 962	2 633 125	29 707 285 409	6 330
Australasia	59 689	386 560	216 473	10 053 533 727	26 008
Total	8 066 233	48 243 774	24 982 187	703 929 790 208	14 591

Source: IH&RA: *The restaurant revolution – Growth, change and strategy in the international foodservice industry 1995-2005*, Paris, 1999.

4.3. New forms of work organization

(a) Flexible work

The First World Travel and Tourism Summit, held in 1977 in Vilamoura, Portugal, recognized that travel and tourism create an unparalleled number of entry-level jobs for young people and women and provides part-time or seasonal employment for people seeking flexible working arrangements. The Summit called for the reduction of rigid practices in labour markets to encourage greater staff mobility, productivity and innovation in a progressive employment environment, with emphasis on a flexible market economy, avoiding protectionist regulation.³

² Coopers & Lybrand L.L.P., United States Bureau of Labor Statistics, Smith Travel Research.

³ Vilamoura Declaration, WTTC, 1 Aug. 1997.

The Conclusions and Recommendations of the European Union's High Level Group on Tourism and Employment⁴ drew attention to the fact that notable adjustments were taking place in European tourism, that these were critical to its competitiveness, and that they would lead to important changes in the tourism labour market. Those are: a refocusing of core competencies; a deskilling of operational tasks in some sub-branches; upgrading of skills and specializations, in particular in large enterprises and tourist organizations and in complementary services; and the creation of new professional profiles to meet tourists' needs and preferences. The document draws attention to a tendency within the industry to transfer work operations from traditional core sectors to ancillary service suppliers.

A positive example of flexibility is provided by the Sheraton-Denver West Hotel in the United States, where two experienced sales managers share one full-time job, thus enabling the company to benefit from the energy and experience of two persons for the price of one. In this instance, both managers wanted to work part time to accommodate their personal and family needs. The arrangement was particularly effective, since both managers were in continual contact. Job-sharing opportunities of this kind will be even more viable in the future, as information becomes more comprehensively shared and more easily transmitted.⁵

(b) Seasonal employment

One opportunity which has been insufficiently investigated is the possibility of using the inter-season period as a time for training to impart new skills, guaranteeing re-employment of qualified staff in successive seasons so as to retain their services. A hotel located in Savonlinna (South-Savo, Finland), a city famous for its summer opera festivals, has adopted this approach. To deal with the multicultural and demanding clientele drawn by the summer festival, the hotel pays its core staff to attend off-season training courses in language skills, knowledge of food and wine and leadership skills. Employee development is seen not as a cost but as an investment which pays good returns during the summer season.

(c) Multiskilling

The employers argue that one way to create sustainable, realistic employment in the industry is to implement a policy of "multiskilling". This is also viewed as a means of reducing the problems of recruitment. Multiskilling has always been practised in small enterprises, but it is only recently that particular attention has been paid to it. As demand for general competencies in small enterprises as well as in major hotel and restaurant chains has grown, and as appropriate means of training for these competencies have been developed, awareness has grown of the importance of multiskilling in that segment. One person fulfilling several roles at different times of the day combines the tasks of several (part-time) jobs into one

⁴ *European Tourism – New Partnerships for Jobs*, Conclusions and Recommendations of the High Level Group on Tourism and Employment, European Commission, DG XXIII, Brussels, Oct. 1998.

⁵ C.A. Enz; J.A. Siguaw: *Best practices in human resources*, Paper presented at the third annual Cornell University European Hotel Industry Strategy Conference, 23-25 May 2000.

job. Multiskilling is also seen as a way to create or preserve a number of full-time jobs, as opposed to part-time jobs, since the tasks may be performed at any time of the day. Instead of employing specialists on a less than full-time basis, employees are trained to perform the tasks of several specialists, often supported by facilitating technology. In Finland, a relatively small hotel has adopted a “multitask” policy. All its employees must be willing to perform any of the tasks that are necessary to operate the hotel. When hiring staff, the hotel manager gives precedence to “right personality” over all other criteria. Some workers left when this decision was taken which suggests that the approach is not universally appealing to employees. According to the CBI, “... skills flexibility is indispensable for functional flexibility. It requires a strong basic education system and a commitment on the part of employers and employees to the acquisition of new and transferable skills. It helps maintain high employability and reduces frictional unemployment associated with skills mismatch”.⁶ The IUF, on the other hand, considers that such multiskilling may have the effect of devaluing specific skills, since the flexible worker, as viewed by the employer, has no specialized skills or job qualifications, and performing a variety of tasks requires a lower level of knowledge for each of them. The highly skilled, and consequently better remunerated, specialist worker may become a thing of the past.⁷ However, the unions also concede that an employee able to perform a variety of tasks is more valuable to an employer and should be remunerated accordingly.

4.4. New management methods

Corporate organizations are downsizing and restructuring, which means that they are cutting back on layers of management. This means that less direction is being imparted to employees, who are more frequently required to accept a greater degree of responsibility and accountability. Increased use of technology in the workplace also means an added responsibility for individual workers. It is estimated that the “knowledge revolution”, by providing clear information via the Internet on all the industry’s tangible elements (illustrations of accommodation and hotel facilities) will make the intangible elements (those imparted by personal contact and service) all the more important. Lower levels of staff will be empowered to act autonomously. Command and control structures are thus largely giving way to a participatory teamwork approach. Human resources trained to fit in with new working methods will have to be regarded as an asset in which investment must be made, rather than merely as a cost, or employees will seek employment elsewhere. Management is developing ways in which to attract and retain employees.

The advent of new technology will not stop the industry from being a supplier of entry-level jobs; clearly, a large number of routine jobs will continue to exist. However, the question of staff retention will remain a management problem.

⁶ ILO: *Impact of flexible labour market arrangements in the machinery, electrical and electronic industries*, Report for discussion at the Tripartite Meeting on the Impact of Flexible Labour Market Arrangements in the Machinery, Electrical and Electronic Industries, Geneva, 1998, p. 5.

⁷ IUF: “New technologies and HCRT workers”, in *HRCT Bulletin* No. 19, Feb. 2000.

Information technology will make potential entrants to the industry more aware of the possibilities available, compounding the problem for the industry. In order to retain staff, certain companies have already set up an incentive system. McDonalds introduced a broad-based stock ownership programme in 1995 to improve staff morale and productivity, while in Europe, one major hotel chain has established the CHAMPS reward programme, in which employees earn points for cleanliness, hospitality, accuracy, product quality and speed. These points can be used to buy catalogue merchandise.

4.5. Career development

Truly structured careers, in which workers have genuine prospects of career development, are not numerous in the hotel, tourism and catering sector, and efforts to retain employees through incentives or promotion are the exception rather than the rule. Not only do people tend to “pass through” the sector, but research has shown that it is often the most talented who leave, since they are the most confident of finding other employment, while the less confident stay for fear of becoming unemployed. However, for many young people the industry is an entry point to the world of work. It brings workers into direct contact with the public and can provide opportunities for travel. Moreover, for young people, the provision of food and lodging – a common practice in the industry – facilitates entry into active adult life. These factors combine to make tourism a major motor for the social and professional integration of the young.

(a) New and changing occupational profiles

With the advent of new technologies and an increasingly discerning public able to keep informed through the Internet, the hotel sector is being forced to widen its sphere of action beyond the traditional provision of food and accommodation. In the pursuit of improving the intangibles, major hotel chains are seeking to provide more services, both in response to customers’ needs and in an effort to provide an “experience” rather than simple lodging. For example, the French Accor Group has expanded into travel agency services, car hire, casinos and on-board train services, while other groups have established connections with sectors that are indirectly linked to tourism, such as insurance, travel articles and health and beauty services. The range of services now expected by customers naturally requires an upgrading of skills among front-desk staff, who will for the most part be required to administer these services. This will call for motivated personnel with excellent social skills and an understanding of what people want.

Advances in computer technology allow far more rapid and detailed generation of information on quality and economic performance. Hotel managers will thus be called on to react more quickly, to analyse situations and take appropriate decisions. The wider range of services on offer will also call for greater marketing skills than were previously necessary. In large hotels and hotel chains this is resulting in the creation of posts which are new to the industry, but which already exist in other fields, such as budget analysis and management accounting expert, quality manager, yield manager, technical and computer services manager. With greater emphasis being placed on environmental protection, there is also an increasing need for experts on the environmental impact and planning of tourism

development. Similarly, greater concern over food safety is creating a growing need for food safety and health experts. As the hotel sphere increasingly includes services catering for customers' entertainment needs, sports and games specialists as well as specialized tour guides are opening up as careers in the tourism sector.

(b) Women's careers

Women traditionally play an important role in the hotel, restaurant and tourism sector. However, their access to the higher levels of the corporate structure remains problematic. In the United States, a recent study found that less than half (43.8 per cent) of all managerial posts in hotels were held by women,⁸ while further figures show that although between 1985 and 1995 the number of women in restaurant supervisory positions rose by 34 per cent to 260,000, or 68.9 per cent of all food-preparation and service-providing jobs, they held only 8 per cent of seats on the boards of directors of 100 of the largest restaurant chains. Moreover, they represented only 4 per cent of the industry's highest ranking officers, and 4 per cent of its top earners.⁹ To an extent this is the result of friction between family and work responsibilities, especially given the prevailing long working hours in the food-service business. The lower wages paid to women make it more feasible for them to take time off from work to look after family needs than for their husbands to do so. To help resolve this problem, enterprises are starting to introduce family-friendly programmes involving flexi-time, tele-commuting and childcare schemes.

At the level of line employees, a United Kingdom hotel has found an innovative solution to problems it had been encountering in recruiting and retaining room service staff. The hotel decided to target its recruitment efforts on mothers of school-age children and agreed to provide a play leader to look after the children during school holidays. The cost of the play leader was made up by saved advertising and recruitment costs previously incurred as a result of high staff turnover.¹⁰ Nonetheless, it remains generally true that there is a gender-based income disparity across all segments of the hotel, catering and tourism industry.

(c) Measures to promote career building in the enterprise

New divisions of labour and changes in the nature of jobs within the tourism sector mean that the industry is employing an increasingly varied range of employees. However, although tourism is a diverse sector which can provide many working opportunities for a wide range of skills, there is a shift within Europe away from specific skills towards broader, more generic competencies. Good practice in

⁸ R.H. Woods; W. Heck; M.Sciarini: *Turnover and diversity in the lodging industry*, American Hotel Foundation, 1998.

⁹ B.J Knutson; R.S. Schmidgall: "Dimensions of the glass ceiling in the hospitality industry", in *The Cornell Hotel and Restaurant Administration Quarterly*, Cornell University, 1999.

¹⁰ *Employment development in tourism hospitality*, a comparative study of hotel employment and employee development in Finland, Spain, United Kingdom and Bulgaria, funded by the European Commission under the Leonardo da Vinci Programme, 2000.

training is largely limited to large hotel chains, and small, individual enterprises tend to rely on training given “on the job”. According to research in Spain, managers of three-star hotels recognized that older workers rarely had any of the formal training required to deal with a more sophisticated clientele, and younger workers lacked industry-specific practical skills. However, they were generally reluctant or unable to invest in training, on the grounds that the cost could not be sustained by their operations.¹¹ The key training needs established by employers and trade unions are food safety, IT, environmental awareness and foreign language skills. The industry provides few post-experience training or retraining opportunities, and, indeed, commitment by the private sector to human resource development appears slight, especially where such development lies beyond their immediate operational needs: “European companies, especially smaller businesses, provide little by way of financial and practical support for human resource development within the wider educational and training framework.”¹²

Within the multinational hotel industry, however, there is a trend towards investment in education, training and development, to meet the need for a higher level of customer-oriented service. The Radisson Hotel Group acknowledges that the success of the company depends on the knowledge, skills, abilities, motivation and dedication of its employees, and consequently has a well-developed internal training system, with links to outside training establishments as well, to which 0.4 per cent of each hotel’s total revenue is dedicated. Through the Radisson SAS climate analysis system, outstanding efforts and exceptional results, both individual and on a team basis, are rewarded through local incentive schemes. The training emphasis is shifting towards continuous learning and increasing the potential of individual employees. A total of 515 employees were trained in 11 different areas in the Radisson SAS Management School in 1999, with specific training in business finance, revenue management, euro handling and business planning. Efforts have been made by the enterprise to establish relations with European and American hotel schools, so that a steady flow of students takes up internships at a Radisson hotel. The Per-Axel Brommesson Scholarship enables four talented employees a year to develop management skills through professional development programmes at institutions such as Cornell University, and other business schools.¹³

In order to bring the training provided by formal education institutions into harmony with the requirements of the everyday operation of the trade, the industry has entered into partnership with teaching establishments, to ensure that the content of their courses is relevant to work in the sector, and to offer students, through that linkage, practical experience in all fields. In the United States in 1996, the Hospitality Business Alliance (HBA) was formed between the National Restaurant

¹¹ *ibid.*

¹² A. Hjalager; T. Baum: *Planning the tourism labour market in a united Europe: Towards a policy*, 1999, Conference paper based on a report to the European Commission’s High Level Working Group on Tourism and Employment, p. 6.

¹³ Information regarding the Radisson Hotel Group’s training systems is taken from Radisson SAS Hotels and Resorts Annual Report for 1999.

Association and the American Hotel and Motel Association to create a school-to-career programme. Worksite experience is an integral element of the training. During the school year, students work between 15 and 20 hours a week in the enterprise, gaining experience in front-desk operations, housekeeping, room service, safety and health, reservations, sales and marketing and convention services. The system has grown from involving three high schools in 1997 to 600 high schools in 1999, covering 25 States and 11,000 students.

One hotel group in the United Kingdom noted a training gap which was preventing the company's (multi-)unit managers, whose role is a largely implementational one, from progressing to a more strategic role within the enterprise. The company's human resource department has organized strategic management development schemes at a number of leading business schools in the United Kingdom and the United States. The courses are designed to expose area managers to the strategic concepts of operational management, including corporate governance, finance, marketing and human resource strategy.¹⁴ This move to supply appropriate training is appreciated by unit managers aspiring to strategic, policy-creative posts.

A number of hotel chains have introduced schemes to enhance careers within their structures, with a view to reducing staff turnover. Choice Hotels International in the United States analysed the requirements for its senior executives on the basis of suitable existing competency models, then assessed the competencies of current top executives and compared these with the competencies needed for the future. This enables the company to carry out annual readiness assessments and to establish a genuine career structure within the group, thus avoiding the disruption and expense of replacing executive staff. A further example is provided by Motel 6, which has established an HRD approach whereby every employee is eligible to become a manager, via a three-tier training scheme. By early 1998 this system had allowed around 300 Motel 6 employees to reach the grade of general managers, thereby helping to fill a need for qualified managers by providing employee training and the basis of a career structure.

(d) Developing language skills

An increasingly culturally diverse clientele has necessitated specialist training in the field of knowledge building for staff. ITT Sheraton operates a number of resort hotels in the Hawaiian islands, where the presence of Japanese clients has encouraged the creation of Japanese language and culture courses. This initiative has resulted in a significant increase in the number of Japanese guests frequenting the hotels, while the courses themselves have become problem-solving sessions with staff. In 1992, the Four Seasons Hotel and Resort developed the Self-Access Learning Centre in Indonesia, where the company was opening a new resort, to teach English to locally recruited staff. The courses were designed to take account of the fact that around 80 per cent of the staff had no more than primary-school education. The centre now teaches French and Japanese as well as Bahasa

¹⁴ S. Gross-Turner: "The role of the multi-unit manager in branded hospitality chains", in *Human Resource Management Journal*, London, 1999.

Indonesia. Employees are rewarded as they complete each of the five levels of the course with bonuses ranging from Rps.100,000 to Rps.250,000 (about \$8-20), and a certificate of achievement. Turnover at the resort is low, at 4-6 per cent.¹⁵

(e) Career enhancement through increased employee responsibility

The Ritz-Carlton Company has identified the empowerment of individual staff members as a way to retain staff through increased job satisfaction. Employees were invited to take on certain management duties: the front-office employees, for example, were invited to take over the role of the front-office manager. As an incentive, the hotel proposed dividing half of the savings obtained through the elimination of the post among the employees who had taken on the duties (about \$1.00 each an hour). The replaced staff members were not sacked, but redistributed elsewhere in the company. At another hotel, a system of self-directed housekeeping teams was established and responsibility given to the teams for choosing their own work areas, evaluating room quality and conducting room inspections; this has increased the staff retention rate and morale among room attendants.¹⁶ In 1993, Accor launched a three-year programme to “re-engineer” the structure of Sofitel North America. The programme was designed to empower employees to make decisions to benefit guests, and called for volunteers eager to make improvements in services provided by the hotels. Since suggestions for improvements and alterations were now originating from the employees, peer resistance within each department was minimal: a culture of trust and communication was established. The result has been an increase not only in customer satisfaction, but in employee satisfaction as well. Staff turnover fell from 58 per cent in 1993 to 39 per cent in 1998, below the industry average.¹⁷

Among the reasons frequently cited for reluctance to taking up employment in the hotel, tourism and catering trade, lack of promotion possibilities features prominently. The broad pyramid of the hierarchy within the industry renders interpretation of the word “career” difficult. While careers are possible in the sector, and it is theoretically possible to progress from waiter to managing director of a major hotel chain, the increasingly flat management structures can only make this increasingly difficult. On the other hand, systems designed to reward staff financially for their performance, with the aim of reducing staff turnover and encouraging a feeling of “belonging” to the enterprise, are not yet accepted by all staff, and vertical career aspirations are still widespread. Modern-minded employers trust that job satisfaction is tending to shift away from hierarchical feelings. Bonuses to enhance job satisfaction can be awarded (and sometimes withdrawn) at any time, according to individual or collective performance.

¹⁵ G. Dutton: “Case study: A language for all seasons”, in *Management Review*, New York, Dec. 1998.

¹⁶ C.A. Enz; J.A. Siguaw: *Best practices in human resources*, op. cit.

¹⁷ “Re-engineering from the bottom up”, in *Steps to success: Global good practices in travel and tourism human resource development*, Vol. 2, No. 1, World Travel and Tourism Human Resource Centre, North Vancouver, Canada, Mar. 1998.

4.6. Tourism education and training

(a) Recognizing the need for tourism education and training

Employers maintain that many enterprises, especially SMEs, cannot pay wages commensurate with formal training and recognized qualifications. Others argue that the greater productivity made possible by training will make higher wages possible. In general, many of the operational activities in the industry require learning on the job, rather than formal training, and managers frequently state their preference for recruitment on the basis of personality rather than formal qualifications. More than 60 per cent of operational staff in Germany¹⁸ and more than half the labour force in Austria¹⁹ have had no formal training.

The industry displays a reluctance to give formal recognition to acquired skills, and this may reflect a wish to avoid claims for higher wages and prevent undesired mobility. On the other hand, a recent study also suggests that practical training and experience is more highly valued in the countries covered than formal, accredited training qualifications.²⁰ Moreover, high staff turnover in the industry makes returns on training investment hard to evaluate. Employees, who may not wish to develop a career in the industry or may be discouraged by poor scholastic performance, also avoid measurement by public standards.²¹

At middle management level and higher, however, tourism education is a formal requirement. In Canada, it is estimated that more than one-third of jobs in hotels require post-secondary education, including language proficiency,²² but a Brazilian study shows that only 12 per cent of hotel and restaurant staff have completed secondary school.²³

Tourism-related degree programmes have been slow to acquire recognition as a truly academic discipline although, given the increasing social and economic importance of tourism, a sound knowledge of its economic, social, cultural, environmental and political dimensions is essential. This is particularly the case in countries, including developing countries, where tourism is growing rapidly. In

¹⁸ According to the Gewerkschaft Nahrung, Genuß, Gaststätten (NGG).

¹⁹ T. Biegel; G. Lehar: "Das österreichische (Tiroler) Weiterbildungssystem im Tourismus", part of a paper published in *Rettourism II Strategiekonferenz – Zukunftsstrategien für eine optimale Humankapitalentwicklung-verwertung in der Tourismuswirtschaft*, ITS-Series, Series 4, Tourism, Labour Force Development, Innsbruck, 1998, pp. 119-124.

²⁰ *Employee development in tourism hospitality*, op. cit., p. 17.

²¹ *ibid.*, p. 33.

²² J. Stamos: *Status report on the Canadian hotel sector*, op. cit.

²³ Instituto de Hospitalidade: *Demanda por capacitação profissional no setor de turismo na Bahia*, Salvador, Brazil, 2000, p. 52.

Europe, tourism training is seen as a means of boosting employment and recouping Europe's dwindling market share in the industry.

(b) New skill requirements

In the Rhône-Alpes region of France, 7,000 new hotel and restaurant workers are required. Half the posts do not match formal training schemes. The bipartite committee on vocational training is therefore proposing that graduates acquire additional certificates to become waiters or wine-cellar specialists, as well as cooks, and is considering replacing the certification system with a system listing a variety of competencies. Given the higher customer expectations of quality in a one-to-one relationship with the service personnel, an important part of the required skills concerns personal behaviour and communication, as opposed to specialized operational skills. The new skill requirements have an undeniable vertical element. The joint vocational training committee in Rhône-Alpes therefore recommends recruiting waiters with higher school qualifications (baccalauréat).²⁴ However, workers with that level of education rarely seek employment as waiters.

More complex workplaces have brought about a shift in training concerns from operational or vocational skills to personal and social skills. Operational skills are still required, but are increasingly focused on technological innovation. A capacity to learn and develop activities, and to assimilate all elements of a complex process, and effective communication skills, including negotiation in cases of conflict, are among the skills needed to enable today's worker to attain the necessary autonomy at work.²⁵ This presents a challenge for training institutions geared towards operational skills, rather than "soft" skills.

New technical skills which need to be acquired by line-level employees include: deeper and more up-to-date knowledge of materials and production processes; knowledge of computer programs and other new technologies employed in kitchens and the concomitant new working methods; awareness of safety and health issues, an understanding of the house "business culture"; and an ability to impart an increasingly broad range of information to customers. Language knowledge and a developed inter-cultural sensitivity are key skills for tourism personnel who have direct contact with customers.

Management-level requirements mirror the qualities listed above, but also embrace a new approach to human resource management and development. Enterprises are espousing a philosophy by which workers receiving "good service" from their superiors are more likely to provide "good service" to customers. Another important area of innovation and emphasis for management training is quicker response to – or anticipation of – market developments. This requirement is

²⁴ "Hôtellerie-Restauration: Vers une adéquation marché de l'emploi et formation", in *Le Progrès*, Lyon, 28 June 2000.

²⁵ European Centre for the Development of Vocational Training (CEDEFOP): *The impact of information and communication technologies on vocational competencies and training*, Case studies in Italy, France and Spain, synthesis report, Office for Official Publications of the European Communities, Luxembourg, 2000.

nothing new for top chain hotel managers, but it is new for many managers of smaller units and for department chiefs or supervisory-level managers. Adjusting in an autonomous way and developing innovative strategies require a capacity to generate the necessary flux of market information, and consequently also the ability to manipulate computer programmes. This marks a significant departure from the traditional picture of the independent hotel manager as “a jack of all trades” who does not work within budgets or performance targets.²⁶

(c) The importance of continuous training

Formally structured initial or primary training, including apprenticeships with practical and technical schooling, seems less adapted to the new “soft” skill requirements of today’s industry than continuous training, and current thinking holds that it might be restricted to a minimal, multisector learning platform to raise the employability of young people and their mobility between different sectors.²⁷ Continuous training, which has the advantage that it may be used to react quickly to changing circumstances, is being directed towards imparting the new skills.

Traditional initial training systems prepare students for a limited number of occupations, more or less as listed in table 4.4 below.²⁸ Their exact designation can vary from one system to the other, and in some systems there is an additional occupation of fast-food specialist. However, occupations in “real life,” subdivided in a hierarchical order, can make up a matrix of up to 100 different positions.

Table 4.4. Core occupations in hotels and restaurants

General manager	
Hotel	Restaurant
Front office (receptionist)	Production of meals (cook)
Accommodation services (housekeeper)	Distribution of meals (waiter)
	Beverages (bar specialist, sommelier)

Continuous training in the industry is rare, and courses are insufficient in number and in quality. Spain has one of the most generous publicly financed continuous training schemes, under which in 1997 about 17 per cent of the 800,000 workers in the sector participated on average in one week’s training. Elsewhere, this figure hardly exceeds a few per cent. A survey carried out in all 15 member

²⁶ *Employee development in tourism hospitality*, op. cit., p. 27.

²⁷ E.F. Guggenheim: *The low-skilled on the European labour market: Prospects and policy options*, Report on the meeting Agora-IV, published by the European Centre for the Development of Vocational Training, Thessaloniki, 1999.

²⁸ D. Guerra; G. Peroni: *Occupations in the tourist sector – A comparative analysis in nine Community States*, European Centre for the Development of Vocational Training, Berlin, 1994, p. 50.

countries of the European Union in 1996 showed that 86 per cent of all employees in the hotel and restaurant trade had never received any further training.²⁹

(d) Learning for competencies

Exchanging the concepts of skills, capacities and qualification for that of competencies is consonant with the idea of the enterprise as a learning organization in which personnel have enhanced strategic and problem-solving capacities at all levels. Competencies are described in terms of the results to be achieved, whereas earlier methodologies prescribed tasks, abilities and desired attitudes, leaving the responsibility for the result to the hierarchy.³⁰ To promote the new concept, the European Working Group on improving training in the tourism industry” convened by the European Commission recommends that research should be undertaken into ways to develop individuals’ capacity to make full use of general, technical and personal skills as well as the “soft skills” needed to make use of the other skills, and into how the enterprise can engage and combine the competencies of individuals in an organic manner.³¹ The concept of competencies and their standardization and certification can more easily be introduced where training schemes are flexible. Modular training has always been the basis of training systems in countries where no neat distinction was made between initial training and continuous training. Courses of varying duration, institutional backing, and funding modalities were extended to students of all ages. The new concept of competencies can therefore be introduced speedily to satisfy an increasing need for certification arising from more flexible employment relationships. Training systems in Costa Rica, the Dominican Republic and Mexico now provide standards for competencies in the hotel, restaurant and tourism sector. Whilst employers offer “earning with learning” to encourage multiskilling, i.e. each acquired competency leads to an increment in salary, trade unions observe that the acquisition of various competencies by workers who occupy jobs outside conventional job classifications tends not to be remunerated appropriately.³² Bargaining for appropriate remuneration is more difficult where qualifications are diffuse and do not fit into any pre-established scheme. Moreover, bargaining collectively can hardly take account of all possible individual skill combinations. Indeed continuous training has been far less subject to social dialogue than has initial training. Where training for competencies has been introduced, standardization and certification of acquired skills are therefore essential.

²⁹ European Foundation for the Improvement of Living and Working Conditions: *Second European Survey on Working Conditions*, Dublin, 1997, quoted in an address by H. Wiedenhofer, General Secretary of ECF-IUF, to the EU Conference on “Employment and Tourism – Maximum Scope for Action,” Luxembourg, 4-5 November 1997.

³⁰ ILO: *Tasks to jobs: Developing a modular system of training for hotel occupations*, Hotel and Tourism Management Series, No. 3, Geneva, 1979.

³¹ European Commission, DG Enterprise, Tourism Unit, Interim Document of Working Group B: *Tourism and employment process*, Follow-up to the Council Conclusions of 21 June 1999, Brussels, Sep. 2000, pp. 7, 28.

³² IUF: “New technologies and HRCT workers”, in *HRCT Bulletin*, No. 19, Feb. 2000.

(e) Certification

Globalization of the travel and tourism industry and the increased use of e-commerce require a common international understanding and certification of core skills in order to facilitate distance business transactions and assure buyers and sellers that the services they deal with meet certain standards anchored in the qualifications of the labour force. The competitiveness of small tourism enterprises will increasingly depend on the credibility and reliability of the services they can offer. Hotel and restaurant management training provided by colleges and universities is quite transparent even across national borders, but for operational level workers it is often developed by industry associations of the different sectors involved, and it is difficult to avoid overlapping even at the national level.

In recent years, the certification of skills has also been debated as a means of improving the functioning, transparency and permeability of local and national labour markets. Greater workers' mobility between different employers, seasonal locations and ultimately across borders would enhance human resources allocation and create benefits for all players in the sector. On the other hand, there could be immediate disadvantages for some. Increased mobility of workers would counteract efforts made by employers to promote in-house human resources development, as the training and incentives provided would not necessarily pay off within the enterprise. Where elaborate initial training systems exist, they are regarded by trade unions as an acquired right. Certification of skills is therefore not endorsed as a substitute for formal initial training (where it exists), but only as a new way of presenting its results.

Greater international recognition of certification is needed where economic integration creates greater mobility within the labour market. In Latin America, an ILO project in the 1990s assisted nine countries on an inventory of qualifications with a view to agreeing on a common classification at a later stage.³³ The European sectoral social partners are considering a proposal to make the description of acquired skills compatible between the European Union countries. The ECF-IUF and HOTREC are examining the possibility of implementing a "European qualifications passport" for the hotel and restaurant sector. Objections have been voiced on the grounds that certified skills for migrant workers might lead to higher wage claims; however, a qualifications passport could also help employers to find and recruit the right personnel much more easily.³⁴

³³ ILO/CINTERFOR: Proyecto RLA/91/M08/SPA, *Análisis comparativo: Perfiles ocupacionales del sector turismo, Argentina, Brasil, Chile, Colombia, Costa Rica, Paraguay, República Dominicana, Uruguay, Venezuela*, Montevideo, 1996.

³⁴ European Commission High Level Group on Tourism and Employment, Working Party 8: *Contribution of the social dialogue to the promotion of growth and employment in the tourism sector*, p. 6.

(f) Providers of continuous education and training

There is a very wide range of private, public and semi-public institutions offering continuous education and training in the HCT sector. In some countries, such as Austria, entrepreneurs are required to obtain an entry certificate to the industry from the public authorities. In Switzerland, this practice has been abolished by most local governments. In these countries, and in others with a strong tradition of public training, the social partners run institutions to deliver continuous training, especially at a higher or middle level.³⁵ Although continuous training features frequently in public debate in Austria, only 5 per cent of the workforce had recourse to it in 1996. This may be explained by the reluctance of employers to give workers time for training or to pay for the courses, or it may be caused by the workers' own disinclination to undergo training.

(g) Private and semi-private institutions

Private hotel and restaurant training facilities are many and varied and employers as well as students tend to criticize the weakness or absence of public or joint (employer/government) control of private training establishments unless they have the authority to issue government-guaranteed certificates. In Switzerland, tight public control is exercised over the six establishments that issue government certificates. Their owners include government, employers' organizations, a workers' organization, a mixed foundation, and a fully private institution.³⁶ The remaining 31 private hotel and restaurant schools in Switzerland are not publicly monitored: the Swiss Association of Hotel and Restaurant Schools performs this function. These establishments tend to recruit students from abroad and charge annual fees of up to Sw.frs.20,000.³⁷ The training provided by the Swiss schools has already assimilated the requirements of the new skills and concentrates on continued general education, languages, and personality skills for managers. On the technical side, the emphasis is on marketing and product development, while more basic skills are dealt with in training blocks.³⁸

In the 1960s and 1970s, universities and colleges in the United States were the first to offer hotel and tourism degrees at the tertiary level. Since then, hotel and tourism curricula have been established at college and university level in Germany, Austria and Switzerland. In Spain, tourism schools used to have agreements with British universities to issue college certificates, but they have now linked up with local universities and their work has been integrated into the official Spanish

³⁵ T. Bieger; G. Lehar: *Das österreichische (Tiroler) Weiterbildungssystem im Tourismus*, op. cit., p. 120.

³⁶ *ibid.*, p. 129.

³⁷ "Wolken über dem Tourismusland Schweiz", in *Neue Zürcher Zeitung*, 4 Sep. 2000.

³⁸ T. Bieger; G. Lehar: *Das österreichische (Tiroler) Weiterbildungssystem im Tourismus*, op. cit., p. 131.

education system.³⁹ The training at universities, colleges and generally private specialized schools focuses on management of tourism enterprises or developing tourism destinations and also provides a grounding in both conceptual and practical skills geared to a sector dominated by small and medium-sized enterprises. The schools are responding to criticism, heard mainly in developing countries, regarding a lack of practical skills in their graduates. In recently industrialized countries, such as Brazil and China, local centres are upgrading their curricula through cooperation with renowned American and European hotel and restaurant schools.

Tourism education and training provided by trade associations is widely available in many industrialized countries. This in general consists of non-degree programmes of a more practical nature. In the United States, as an outstanding example, the Educational Institute of the American Hotel and Motel Association has provided educational services to almost 300,000 persons within the country and elsewhere. The institute offers its own diplomas and certificates in six areas of specialization using textbooks and distance learning materials produced by leading educators from various universities.⁴⁰ Distance training systems with interactive Internet technology and worldwide outreach are starting to operate in all sectors, to the benefit of employees unable to leave work.

New work structures require more direct customer contact. Training institutions will accord greater attention to this area which is critical to improvement in productivity. However, there is little information available about changes in the area of traditional apprenticeships, through which (in Austria, for example) apprentices continue to be trained for the classical occupations of cook or waiter. It is probable, in view of the emphasis on personality and social skills, that training will become less formalized. These changes pose a considerable challenge as regards certification of skills for career purposes.

(h) Training provided by the employer

Elaborate human resource development strategies are usually linked to long-term business development plans, and these are more frequently associated with large enterprises. They are based on a budget set aside for training and providing for trainers to be contracted from outside the hotel. Training budgets can account for up to 3 per cent of a hotel's financial turnover although 1 per cent of payroll is considered substantial. A system of assessing training requirements through frequent staff appraisal is found at establishments where staff development is taken seriously. Where training is less formalized, on the other hand, it is done by managers or supervisors who are not training specialists; there may be no budget set aside for it in spite of a declared willingness to offer training to staff. In such cases, training is often reactive rather than proactive, i.e. restricted to

³⁹ F. Moreno: "Las necesidades de formación del capital humano en la industria turística: La experiencia de Baleares y sus objetivos en el futuro", in *Human capital in the tourism industry of the twenty-first century*, World Tourism Organization, Madrid, 1997, pp. 237-248.

⁴⁰ C.Y. Gee: "In search of professionalism for the twenty-first century", in *Human capital in the tourism industry of the twenty-first century*, op. cit., p. 184.

induction training for newly recruited staff and statutory (compulsory) safety and health training. It is also common for scheduled training sessions to be cancelled when employees are not replaced at their workplaces and therefore fail to turn up.

Major hotel chains rely largely on their own internal training systems. The Accor Group employs about 140,000 people in 132 countries. Five per cent of staff-related expenditure goes on training in three main areas: initial training for basic qualifications or as an introduction for new employees (delivered in-house); continuous training for director-level employees (department chiefs and others), covering areas such as sales, leadership, customer contacts and so on; and inter-cultural education. Accor's training is delivered by the group's own Paris-based academy which has training centres in various locations and countries. The Accor academy receives 14,000 trainees each year. In addition, the group has concluded agreements with a number of schools to accept Accor personnel for certain courses and to run fellowship programmes for Accor.

In spite of notable efforts by employers, the HCT industry comes bottom of a table of 16 industries in Germany in terms of the percentage of its enterprises that provide training for their employees (24.4 per cent, the median being about 70 per cent). On the other hand, continuous training for employees of hotel chains is quite common at management level. The Hyatt Group, to give one example of many, runs a "corporate management training programme".⁴¹ In-house training at management level generates a strong commitment to the company culture among beneficiaries and yields very high dividends in terms of competitive advantage. In the United Kingdom, a recent survey showed that 60 per cent of all hotels, 53 per cent of restaurants and 70 per cent of pubs and caterers arranged some form of continuous training.⁴² Enterprises employing 11 or more workers provided significantly more continuous training than smaller establishments, as did hotel chains, as opposed to individual, private hotels. This was also the case in Brazil, where research shows that it is generally large or medium-sized hotels that provide training, and that courses are short (21 hours on average).⁴³ Since the larger hotels also tend to offer better employment conditions in other respects too, they can lure workers away from smaller hotels, to the detriment of any staff development policy in the independent hotels.

An example of the way in which some independent hotels address the problem of skills deficiencies is provided by one group of United Kingdom hotels. The group in question has formed a training consortium which works with a regional college to run an employee training and development programme, thus allowing

⁴¹ K. Weiermair et al: *Verbesserung der Qualität touristischer Dienstleistungen*, Institut für Verkehr und Tourismus, Innsbruck, Dec. 1999, p. 39.

⁴² The Hospitality Training Foundation: *Look who's training now: Perspectives on training in the hospitality industry*, London, 1999.

⁴³ Instituto de Hospitalidade: *Demanda por capacitação profissional no setor de turismo na Bahia*, op. cit., p. 23.

economies of scale. All the hotels in the group can send one or two staff members to attend the courses as required.⁴⁴

Employers use training as a means of curbing staff turnover and of encouraging staff loyalty to the enterprise so as to maintain a core staff. In some cases, training is also given to casual but frequently employed staff who do not want a permanent contract. Training may also be used as a means to make up for difficult working conditions and low remuneration. However, it should be noted that although most workers have received induction training and safety and health training, specific career-building training was generally provided only for a minority of staff, such as those in the upper hierarchy. Table 4.5 shows the types of training received by staff.

Table 4.5. Types of training received

Type of training	Percentage of employees having received this type of training
Induction training	82
Craft training	14
Health and safety training	64
Customer service training	18
Non-job-related training	9
Supervisory level training	9
Other training	18

Source: International Hotel and Restaurant Association (IH&RA): *Training and employee development in the hotel sector in the United Kingdom*, June 2000, p. 38.

4.7. Defining the training gap

The hotel and restaurant industry suffers from a discrepancy between training supply and demand. The specialized training institutions tend to lag behind developments in the industry, and these developments are particularly radical at present. The current skills gap is felt to be at the operational level, whereas training institutions, especially private institutions, are largely geared towards management training. This situation is seen in Brazil, where a study shows that training institutions are relevant only for the higher qualification levels and the majority of staff recruited by enterprises have not undergone any formal training (see table 4.6).⁴⁵

⁴⁴ *Employee development in tourism hospitality*, op. cit., p. 25.

⁴⁵ Instituto de Hospitalidade, *Demanda por capacitação profissional no setor de turismo na Bahia*, op. cit., p. 50.

Table 4.6. Bahia (Brazil): Composition of the labour force and training offered, by occupational levels and minimum schooling

Demand		Supply	
Most employed occupational groups	%	Most provided skills	%
Operational staff	63	Entrepreneurs	86
Administrative staff	8	Managers and supervisors	57
Managers and supervisors	7	Technical staff, specialists	43
Maintenance staff	6	Operational staff	29
Technical staff, specialists	5	Maintenance staff	14
Minimum schooling		Minimum schooling	
Secondary	12	Tertiary	8
Primary	30	Secondary	68
Basic literacy	25	Primary	24
No requirement	27		
(Travel agencies: Secondary	70)		

Source: Instituto de Hospitalidade: *Demanda por capacitação profissional no setor de turismo na Bahia* (Salvador, Brazil: Contexto e Arte Editorial, 2000), pp. 50 et seq.

(a) New techniques of training delivery

Education and training are benefiting from developments in information and communication technologies and are increasingly being delivered through multimedia devices such as interactive on-line connections and CD-ROM. Investments in competitive training packages can be immense: the cost of a recent training CD-ROM for the hotel and restaurant sector was US\$1 million. Large chains of hotels are also making use of this technology to fulfil their training needs: Holiday Inn spent US\$2.5 million in 1995 to create online training multimedia for its employees. In 1998, Cendant's Days Inn launched an interactive web-based training programme to maximize the efficiency of the training budget and employee time.

Traditional schools are finding themselves in competition with "cyberschools", and where multimedia training devices are used within traditional schools, teachers are moving away from their traditional role as sources of knowledge towards a new role as "coaches" who help students to tap into much better (electronic) sources of knowledge. Hotel and restaurant firms are already developing and using multimedia components to guide employees through everything from making a pizza to providing a help desk for night auditors.⁴⁶ Students will be able to choose when and where to undergo their training, and to adapt it to their individual learning speed. Education and training will shift from being teacher-centred to being learner-centred.

⁴⁶ International Hotel and Restaurant Association: *Visioning the future – Major forces driving change in the global hospitality industry* (undated).

In the Netherlands, the Hotel School of The Hague has developed an innovative teaching method. There are no traditional classes. Students are set problems individually or in groups and then seek the information they need to solve them, coached by former teachers. In order to do this they have to develop technical and behavioural skills of various kinds and in different areas which hitherto were taught separately. Students are expected to return to the school throughout their professional life for recycling and “lifelong learning”, supported by more or less permanent on-line learning. Increased motivation has been noted both among staff and students. However, performance measurement was harder,⁴⁷ and prospective employers will have to adjust their selection criteria in order to assess the new type of training.

Conditions for electronically supported learning are almost ripe for a further “quantum leap”. The interconnection of individuals and the formation of virtual learning groups, as well as the ability to call up from a local workstation all the knowledge accumulated by a company or made available through leasing contracts, will change lifelong learning into a continuous updating of personnel. Expert support will be made available on line and in real time, and there will be virtually no limits, other than those of cost, to the instant accessibility of the multimedia training material needed for individual learning plans.⁴⁸

(b) Social dialogue on training

Tripartite or bipartite cooperation on training policies is common in many countries, at central or local levels. In many countries, developed or developing, staff training is guided by tripartite bodies, some of them sectoral. In Canada, the Hotel Employees and Restaurant Employees International Union (HERE), the Canadian Auto Workers (CAW) and the United Food and Commercial Workers sit beside management on the board of the Canadian Tourism Human Resource Council (CTHRC) which provides labour-oriented input to new certification and training programmes.

The dual system of initial training common in a number of European countries has long been based on a firm consensus between employers’ and workers’ organizations and on detailed legislation. Proposals for changes in pertinent legislation go through solid consultation procedures before they can be adopted by the competent authorities. Quicker action and intensive consultation is required in the sphere of continuous training, particularly where the improvement of workers’ skills is part of a broader strategy for the development of the hotel, catering and tourism sector on a national or regional basis.

Spain provides an example of an effort to rapidly improve the quality of the tourism product in the face of increased international competition. Joint sectoral

⁴⁷ World Association for Hospitality and Tourism Education and Training (AMFORHT): *Forum proceedings*, Nice-Monaco, 9-12 February 2000, Presentation by Ruud Reuland, L’Ecole de la Haye, p. 144.

⁴⁸ European Centre for the Development of Vocational Training (CEDEFOP): *The impact of information and communication technologies on vocational competencies and training*, op. cit.

committees composed of delegates from representative workers' and employers' organizations, technically supported by the Foundation for Continuous Training (FORCEM), appraise training plans with a view to submitting recommendations for public funding to a central (inter-sectoral) joint committee. The sectoral committees propose certification criteria for continuous training courses in accordance with a national qualification system. Women's training heads the list amongst the target group criteria of the Spanish joint committee on hotels and restaurants.⁴⁹

In a number of Latin American countries, tripartite committees on vocational training have been in existence for decades and have influenced some vocational training policies. However, as most efficient vocational training systems were run by sectoral employers' organizations using payroll-based funding modalities (Brazil, Colombia), unions felt that their participation in steering committees did not always have the desired effect. Designing standards for competencies is a new area in which tripartite cooperation is developing at a rather technical level.

In the European Union, an important step was taken by the ECF-IUF and the European Federation of Contract Catering Organizations (FERCO). In 1999 they concluded an "Agreement on vocational training in the European contract catering sector," which provides for joint initiatives in the area of continuous vocational training. In particular, it refers to non-discrimination between men and women, full-time and part-time employees and professional categories, in respect of access to continuous training measures. Before the agreement, the ECF-IUF prepared a survey on continuous training in the European contract catering industry based on a questionnaire.⁵⁰ It produced a very heterogeneous picture across the countries in terms of regulations (none at all, legislation or collective agreements), volume (in terms of percentage of payroll spent on continuous training), distribution (between blue-collar and white-collar workers), participation of workers' representatives in planning, certification, and other areas. The survey concluded that continuous training was provided by enterprises, and that the skills required were not recognized officially. It noted that such training still helped workers to advance in their careers or to find alternative employment. However, such training did not fully meet workers' expectations, and there was inadequate trade union involvement.

⁴⁹ Comisión Paritaria Sectorial de Hostelería: *Memoria 1997 de la aplicación del II ANFC, Hostelería*, Fundación para la Formación Continua, FORCEM, Madrid, 2000.

⁵⁰ ECF-IUF: *Continuous training practices in contract catering*, Evaluation of questionnaire, July 1999.

5. Social dialogue

5.1. Introduction

The social dialogue relationship between the social partners in the hotel, catering and tourism sector in general seems to need more development. Both workers and employers agree that much remains to be done. There are differences, however. Trade unions' concerns are centred on being recognized as partners for social dialogue everywhere, as pointed out below. Employers generally favour greater social responsibility of the enterprise, but not all employers actively promote partnership with trade unions as a means of achieving their social goals. Whatever the current and future shape of partnerships, the understanding of the International Hotel and Restaurant Association (IH&RA) is that the social role of enterprises will be determined by a general trend towards democratization.¹

Employers also see better partnership between management and labour arising from a common response to the challenges of global competition. They anticipate that workers' organizations will adjust to the discipline that capital markets impose on business,² while trade unions are worried by practices such as subcontracting and franchising which they feel create divisions among those working at the same location. They also favour the ratification by ILO member States of the Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172), and the promotion of equality between women and men at the workplace.³

A trend towards improving social partnership can be observed in the Caribbean, where the tourism industry is by far the most important economic sector and where employers' "increasing recognition of the need to engage the cooperation of labour is matched by an increasing recognition on the part of labour that the transformation of business into more productive and competitive operations could mean higher levels of employment and income security".⁴

5.2. Organizations

The coverage by workers' and employers' organizations of the hotel, catering and tourism sector can vary from country to country and from region to region. In general, workers' organizations are more diverse than employers' associations. For historical reasons, trade unions either: (a) cover a number of sectors, of which the

¹ M. Olsen: *Think tanks on human resources: Hong Kong, Netherlands, South Africa, United States of America*, International Hotel and Restaurant Association (IH&RA), Paris, 1999, p. 9.

² *ibid.*

³ IUF: "Our weapons: Trade union rights", in *HRCT Bulletin* No. 19, Feb. 2000.

⁴ ILO; United States Department of Labor: *Standards at work – Promoting new enterprise strategies in the Caribbean*, Draft project document, Geneva, 15 June 2000, p. 7.

hotel, catering and tourism sector is only one; such is the case of those trade unions that represent the entire food production chain from farms to restaurants or groceries; or (b) cover a proportion of workers in the hotel, catering and tourism sector as a result of overlapping with their main sectors, such as office workers (travel agencies), transport workers, workers in services in general (France) or in personal services in particular (Austria).

On the other hand, employers' organizations in the HCT sector are more uniform, as hotels and restaurants form a clear majority amongst their membership. As far as the restaurant subsector is concerned, however, representation of employers in a number of countries is subdivided into three different types of specialized organizations covering conventional restaurants, collective or institutional catering, and, more recently, fast-food restaurants, as in Germany.

At the European level, there are two federations of employers' organizations: the Confederation of National Associations of Hotels, Restaurants, Cafés and Similar Establishments in the European Union and European Economic Area (HOTREC), for conventional hotels and restaurants; and the European Federation of Contract Catering organizations (FERCO), for collective or institutional restaurants.

The International Hotel and Restaurant Association (IH&RA) is the largest organization of hotel and restaurant employers at the international level, representing over 750,000 establishments in more than 150 countries. Among its affiliates are some 50 national and international hotel and restaurant chains, many independent hotel operators and restaurateurs, over 110 national hotel and restaurant associations, a number of industry suppliers, and 130 educational institutions in the hotel and restaurant industry.⁵

The largest workers' organization at the international level, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), has 326 affiliated organizations representing 10 million workers in 118 countries.⁶ Other international trade secretariats, the International Transport Workers' Federation (ITF), and Union Network International (UNI), which represents workers in travel agencies, coordinate their action with the IUF. At the European level, this coordination has resulted in a special European Trade Union Liaison Committee on Tourism (ETLC).

⁵ IH&RA website: *About the IH&RA*, <http://www.ih-ra.com/about/detail>; IH&RA and WTTC: *Tourism and sustainable development – The global importance of tourism*, Background Paper No. 1, prepared for the United Nations Commission on Sustainable Development, Seventh Session, New York, 19-30 April 1999, p. 4.

⁶ See IUF website: <http://www.iuf.org>.

5.3. Obstacles to workers' organizing

Workers in the hospitality sector are in general organized in trade unions to a lesser degree than workers in other sectors. This is due to a number of circumstances including the following:

- *The small size of enterprises:* Owing to the prevalence of small enterprises, trade union affiliation in the HCT sector may be as little as 10 per cent on average in industrialized countries. However, major hotels in large cities are often unionized, even in countries where smaller units or hotels located outside the centres of large cities are not. For example, in Canada (Vancouver, Toronto and Montreal), an estimated 80 per cent of large full-service downtown and airport hotels were unionized in the mid-1990s.⁷ In the United Kingdom, the role of trade unions is stronger in institutional catering, mainly in the public sector, and in a minority of large hotel groups.⁸
- *The mainly young workforce:* Most workers in the HCT sector lack experience with labour issues as they are in their first formal employment, which in most cases is still of a transient nature.
- *High staff turnover:* Even those workers who stay in the sector will change employers frequently or leave work altogether during certain periods of their life; this is notably the case with women when their children are small.
- *Prevalence of part-time and casual work, irregular hours:* Part-time or on-call arrangements, as well as irregular working hours, keep communication between workers at a low level. In particular, the increasing number of students working in the sector are not necessarily inclined to join trade unions.
- *Varying employment contracts:* Subcontracting, fixed-term employment, and internships in many modern hotel and restaurant enterprises split workers up into several segments with different employment conditions, even when they perform the same tasks. This results in individualization of workers and competition between them.
- *Gender:* Weak affiliation to workers' organizations is more common among women workers since they are disproportionately represented among part-time, casual and young workers and in small enterprises. As they form the less qualified and less well-remunerated segment of the labour force, they also tend to have less access to information and are less able to contribute to workers' collective bargaining power.

⁷ D. Stokes: "Bargaining power", originally published in *Hotelier*, Toronto, Mar.-Apr. 1997, pp. 27-30.

⁸ *Employee development in tourism hospitality*, Comparative study of hotel employment and employee development in Finland, Spain, UK and Bulgaria, funded by the European Commission under the Leonardo da Vinci Programme and supported by the IH&RA, 2000, p. 8.

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- *Attitude factors:* Low self-esteem among the workforce as a collectivity is specific to the hotel and restaurant sector. This is due, firstly, to its generally poor image from which only modern enterprises are immune. The sector is still associated with service in the traditional sense, which involves a “submissive” relationship . Secondly, success in hotel and restaurant services is hard to measure objectively, as it depends on the subjective feelings of customers. The modern customer relationship is built on individual capacities, skills and style, and there is little collective kudos to be had from excellent service.

These factors are reflected in the attitudes of many employers who do not favour the organization of workers in independent bodies with roots outside the enterprise. This is particularly marked in small and medium-sized enterprises and in multinational enterprises whose central management is not used to a trade union culture. Some observers stress the paternalistic management style prevalent in small hotels and restaurants as a factor working against any collective workers’ representation.

5.4. Subcontracting and franchising

Trade unions in the hotel and restaurant sector take the view that subcontracting is a method increasingly used to divide workers and thereby weaken collective bargaining power. Moreover, subcontractor enterprises are normally less unionized or belong to a different sector from that of the contracting enterprise. As a result, they tend to pay lower wages and provide less stable employment conditions. Increasingly, subcontracted services relate to security and surveillance, maintenance, cleaning, catering for hotel personnel and restaurant services for guests. As profit margins are considerably lower for restaurants than for hotel operations, subcontracting of restaurants is being increasingly used in large and medium-sized hotels.

The Hotel Employees and Restaurant Employees International Union (HERE) in the United States and Canada acknowledges that leasing out a hotel restaurant is economically attractive where the hotel is unionized and the leasing enterprise is not. The phenomenon is “exacerbated [for the unions] because in most major North American cities the restaurant industry is largely non-union”.⁹ At the “New York-New York” Casino in Las Vegas, for example, where virtually all food and beverage services have been subcontracted, HERE represents 900 workers; it would represent 2,700 workers in the hotel if food and beverages were not leased out.

Safeguarding workers’ interests in the context of subcontracting has become one of the main objectives of collective bargaining in the hospitality sector. Trade unions are not opposed to subcontracting in principle but want to negotiate the modalities in order to protect workers against dismissal or deterioration of employment and working conditions. The IUF regards subcontracting as a priority

⁹ *Subcontracting in the hospitality industry*, Report prepared by the HERE Department of Research and Education, June 1997, pp. 7, 21.

area. An example of employment and subcontracting arrangements in a large hotel in France is described in box 5.1.

Box 5.1. Employment and subcontracting in one Paris hotel

A variety of employment arrangements is reported from the Sofitel Forum Rive Gauche in Paris owned by Accor. The hotel has 785 rooms, three restaurants and a congress centre with more than 50 meeting rooms made to receive over 7,000 persons at a time. It is hard to say exactly how many people are employed. In an annual report (1997), 308 employees were noted as "permanent", 80 interns over the year stayed from one week to several months, between 30 and 80 occasional workers were paid by the hour and about 40 had fixed-term contracts. Relations between permanently employed personnel and temporary workers are rather competitive as part of the latter want to become permanent. Solidarity between them is difficult to develop.

Due to subcontracting, established staff and subcontracted staff sometimes do the same work, albeit for different employers and under different employment conditions. There were five subcontracted companies. For room cleaning, there were 16 (female) workers employed directly by Sofitel whilst about 60 were working for Klinos. Both did 16 rooms per day each, but the employees of Sofitel were permanent and received a higher remuneration including a thirteenth salary and social protection, whereas most of the workers employed by Klinos were holding fixed-term contracts and received the legal minimum wage. In the laundry, the subcontracted enterprise had taken over the existing employees' contracts but offered different conditions to newcomers.

With a view to reduce undue differences between the social conditions of workers under different types of contract, a joint statement by the IUF and HOTREC of 1999 calls for non-discrimination towards part-time workers and for a pro rata temporis accounting of part-time work (for social benefits, etc.).

Sources: *European Social Dialogue Newsletter, special on Highlights 1999*, May 2000; N. Charvet, "Contrats à tous les étages" in *Liberation*, 27. Apr. 1998.

Some of HERE's local affiliates bargain to establish joint liability of the employer and the subcontractor. Agreements include a commitment on the part of the (old) employer, e.g. "to require such contractor to offer employment to existing personnel, to recognize their length of service, and to recognize the union as the collective bargaining agent".

The franchising system creates similar difficulties with regard to worker representation as subcontracting, especially where legislation provides for company-wide workers' representative bodies based on minimum numbers of employees per unit. Franchised units have the legal status of independent employers, although in terms of their workplace activities they are an integrated part of a larger company. Trade unions therefore believe that there is an imbalance between the actual size of a company and the legal status of its smaller units. Franchised units benefit from the support of central management in areas such as labour relations, marketing, technological innovation and standardization of procedures. However, agreements concluded between trade unions and companies such as Accor or McDonald's apply only to those units that are owned centrally, not to other franchised units which may well represent the majority of all units, as is the case with McDonald's. The IUF therefore proposes to its affiliates a strategy aimed at creating the same social conditions for workers in franchised units as for the workers in units fully owned by the multinational company in question, in accordance with the principle "same brand-same rights".

The example of McDonald's is illustrative. By the end of 1999 the McDonald's Corporation employed well over one and a half million workers in

more than 25,000 units in over 110 countries (about half of all of the units were in the United States).¹⁰ Some 70-80 per cent of its outlets are franchised, and the company owns 60 per cent of the sites.¹¹ At the same time, trade union membership at McDonald's restaurants is extremely low, as can be seen from table 5.1.

Table 5.1. Trade union membership density in Europe's hotel and restaurant sector compared to McDonald's

Country	Hotel and restaurant sector 1995 (%)	McDonald's 1999 (%)
<i>North</i>		
Denmark		6.0
Finland	65.0	7.0
Norway		3.5
Sweden		15.0
<i>West</i>		
Ireland	20.0	0
UK	8.0	0
<i>Central</i>		
Austria	40.0	20.0
Belgium		1.5
Germany		4.0
Netherlands	15.0	4.0
<i>South</i>		
France	5.0	1.5
Italy	25.0	20.0
Spain		1.0

Source: J. Visser: "European trade unions in the mid-1990s", in B. Towers and M. Terry (eds.): *Industrial Relations Journal: European Annual Review 1997*, Blackwell Publishers Ltd., Oxford, quoted in: T. Royle: *The problems of trade union organization in the European fast-food industry: The case of McDonald's*, Paper for the 14th Annual Employment Research Conference, Cardiff Business School, 8-9 September 1999, p. 5.

5.5. Workers' representation at the enterprise level

It has been pointed out in previous sections of this report that the hospitality sector, with its subdivision into relatively small units, its service industry character and its flexible orientation towards the customer, has been guided by teamwork for a long time. Bodies that organize workers within the enterprise on the basis of

¹⁰ T. Royle; B. Towers: *Regulating the multinational enterprise: The case of McDonald's in the European Union*, Nottingham Business School, Nottingham Trent University, 2000, p. 4.

¹¹ Market Research Europe: *Consumer catering*, 26 Aug. 1994, pp. 1-24; quoted by T. Royle, in *Recruiting the acquiescent workforce: A comparative analysis of McDonald's in Germany and the UK*, Nottingham Trent University, Nottingham, UK, unpublished manuscript, 1999, p. 4.

teamwork structures, such as quality circles, are therefore more common than formalized works councils.

Workers' representation at the employer's initiative rarely addresses fundamental interests such as pay or working time. It is intended more to improve communication between staff and management and among staff members, and to deal with questions concerning the improvement of day-to-day business operations and staff training. For example, the British Hospitality Association (representing 25,000 establishments in the United Kingdom) advises that the issues dealt with in consultation with the workers should be selected at the discretion of the employer and as required by legislation.¹²

The actual presence and activity of employees in non-elected workers' participation structures seems to vary considerably depending on the subject dealt with, whether the meeting takes place during working hours, at what time of day, and other factors. Participation is therefore largely on an ad hoc basis. An Accor hotel manager in Paris, referring to meetings with staff on hotel refurbishing options, stated that as a rule one-third of the staff had participated actively, another third remained rather passive but were present at the meetings, and the rest did not attend.

An example from the United Kingdom is shown in box 5.2.

**Box 5.2. Communications and workers' participation in
a UK restaurant chain (Pizza Express)**

Pizza Express (UK) realized that the enterprise had grown from its original family firm ethos where everyone just picked up what was happening on the grapevine to a corporate entity that needed some communications structure.

The management launched the Pizza Express Forum, a network of staff representatives. Staff were invited to join a working party to set the terms of reference.

The new job of Forum Coordinator was won by Steve Perkins who is 31 years and was working as a waiter. The job has already grown into that of communications manager. Perkins has started area meetings with the representatives who have been elected – one per restaurant. He has met 16 of 27 so far. On the whole, there are 27 areas. The representatives were elected at branch-level staff meetings convened by branch managers. Nominations were submitted on nomination forms sent out via the Involvement and Participation Association.

Issues brought up by the staff representatives so far were: a discount scheme for employees who want to use the restaurant; bringing in a children's entertainer on Sundays; allotting trainers to the branches; training for staff representatives; and first-aid training for more staff.

Discussion at the Forum meeting is no guarantee of action, and decisions are made by the board, but colleagues reportedly value the opportunity to raise suggestions, whatever the outcome.

Source: D. Goymour: "Let's talk", in *Hospitality*, 6 July 2000, p. 28.

Where staff representation in the enterprise is based on the election of representatives, whether required by law or not, trade unions are generally involved even where their candidates do not stand for election under the trade union label. The existence of works councils in turn greatly facilitates the activities of workers' organizations, including trade unions, and is a precondition for a high affiliation

¹² British Hospitality Association (BHA): *Where we stand*, on the BHA website, Sep. 2000.

rate. According to the Nahrung, Genuß, Gaststätten (NGG) trade union in Germany, referring to the setting up of a works council at McDonald's, trade union membership becomes well established and increases rapidly after a works council is created, rising on average from almost zero to around 50 per cent or more.¹³

However, legislation on works councils is applicable only to enterprises with a minimum number of employees. Given that the hotel, restaurant and tourism sector is dominated by rather small enterprises, most of its workers in reality are not yet participating in social dialogue.

5.6. Collective bargaining

Collective bargaining in the hotel, catering and tourism sector varies according to the social dialogue culture of a country or region. Collective agreements often differ from each other according to local conditions or enterprise cultures. Trade unionists say that the great variety of collective agreements in the sector may reflect a low level of coordination across geographic and enterprise borders and ultimately follows from low trade union density. Collective agreements are not yet fully applied to ensure decent working conditions for all and competitive human resource development, even where appropriate clauses are contained in the text. They normally cover mainly remuneration and working conditions, as well as non-discrimination and, more recently, the prohibition of child labour. Training provided by the employer is mentioned only in a minority of collective agreements. Among the working conditions reflected in most agreements, working time predominates owing to the prevailing irregular working hours and the difficulty of assessing overtime and guaranteeing rest periods. Works councils, where they exist, are often given ad hoc power to agree to changes at short notice. A brief description of the coverage of collective agreements in the HCT sector in Africa is given in box 5.3.

¹³ T. Royle: "The reluctant bargainers? McDonald's, unions and pay determination in Germany and the UK", in *Industrial Relations Journal* 30:2, Blackwell Publishers Ltd., 1999, p. 8.

Box 5.3. African collective agreements

Collective agreements exist for hotels, restaurants and drinking places including bars, cafés and dance halls in 12 African countries out of a sample of 14 (Benin, Burkina Faso, Cameroon, Central African Republic, Guinea, Kenya, Mali, Nigeria, Senegal, Sierra Leone, Swaziland, Togo, Tunisia, and Zimbabwe). Some were established in the 1970s and remain unchanged. Union rights are explicitly mentioned in almost all of them in one form or another, e.g. the right to join a freely chosen trade union established in accordance with the legislation in force, or the right to freedom of opinion. The agreements also stipulate certain conditions for working contracts and for promotion. General statements on training to be provided by the employer are found in almost all countries, whereas details on implementation are usually missing. A rather detailed matrix of occupations and hierarchies established by joint bipartite committees is included in half of the agreements. Most matrices distinguish about five hierarchical layers and seven different occupations, some of them subdivided in up to ten posts. In this respect, the hotel and restaurant trade in those African countries is reflected in a manner as diversified as any other country, whereas the available training systems hardly offer the conditions to produce the appropriate specialized skills. A certain degree of multiskilling and simplification of the set of occupations is the practice in most medium-sized and small hotels and lodges.

Working conditions are broadly covered in all collective agreements reviewed. They concern daily working hours, extra time, night work, rest periods, public holidays, paid leave, etc. Finally, most of them also refer to safety and health requirements including personal hygiene and protection from toxic chemicals.

Source: ILO.

Remuneration is determined in collective agreements according to occupational group, hierarchical level and personal criteria such as age and seniority. The definition of these criteria often creates difficulties, as classifications of occupations are not generally agreed by the social partners in all countries. Especially in the HCT sector, the definition of occupations is becoming increasingly fluid as phenomena such as multiskilling and flexible distribution of tasks in the enterprise prevail as a result of restructuring and new management methods imposed by competition. Trade unions are concerned with providing, through collective bargaining, minimum definitions in order to prevent salaries from deteriorating as a result of unclear notions of new work patterns. The classifications of occupations reflected in collective agreements are generally established by bipartite or tripartite bodies, often within the framework of vocational training policies.

The structure and scope of collective bargaining in the HCT sector varies according to legislation and national practice. In North America, Asia and Africa, the workforce of an enterprise tends to be the representative group for the purposes of bargaining. In European countries, on the other hand, negotiations are frequently undertaken on behalf of all workers in the sector or of a subsector on a geographical basis, i.e. at national or regional level. In Germany, collective agreements with geographical coverage at the regional (Länder) level stipulate minimum regulations and are complemented by collective agreements at the enterprise level. Recently, there has been a tendency to negotiate more issues at the enterprise level than was done in the past in order to take account of sharper differences between the economic performance of individual enterprises.

Collective bargaining in the HCT sector is based on the subsectors covered by employers' organizations, so that separate negotiations are often held for hotels and restaurants, catering and the tour operating and travel agency subsector. Chain enterprises may engage in collective bargaining, leaving small and medium-sized enterprises behind; this has been the case in France, where collective agreements were concluded for a number of years for hotel and restaurant chains, while the

independent hotels and restaurants adopted the procedure only recently. As many as 80 per cent of independent (predominantly small) enterprises are covered by the collective agreements, although their workers are normally not unionized. In addition, the collective agreement is regularly extended by Government decree to cover all enterprises and all workers in the sector.

Collective bargaining and collective agreements have been useful in mitigating the negative effects on workers of increased competition between enterprises resulting from globalization, and in preventing an unbalanced distribution between employers and workers of the burden resulting from rapid changes. A common challenge arises when ownership of an enterprise changes. In such cases, a general clause is sometimes introduced in collective agreements to guarantee the preservation of employment contracts and other arrangements for a certain period.

One example of this is an agreement between the Italian-based company, Autogrill and the Dutch trade union federation, Horecabond in 1998. Following Autogrill's purchase of the Dutch company AC Holding, the agreement guaranteed that no worker would be dismissed within a period of two-and-a-half years and that existing employment conditions and workers' rights would remain in force during that period.¹⁴ Collective agreements addressing similar situations have been concluded in other European countries.

Trade unions have had difficulties in bargaining on the continuity of working and employment conditions in cases where they are faced with a weak local interlocutor and the acting party behind the change is a multinational enterprise based outside the country. This situation may arise in cases of franchising or in cases of management contracts with strict decentralization of power with regard to labour relations. It is generally the policy of transnational companies to leave labour relations to the local level to ensure that local conditions are taken fully into account. Trade unions object to this policy, however, where it puts workers in a subsidiary of a multinational enterprise in a less favourable position than other workers of the same chain, or where the mother enterprise's absence from labour relations leaves the local employer in a weak position or unwilling to assume contractual responsibility.

Social dialogue in the hotel, catering and tourism sector does not provide for collective bargaining at the international level at present, apart from agreements concerning the recognition of trade unions and the right of employees to exercise trade union mandates (see box 5.4).

Box 5.4. An international agreement on trade union recognition in the Accor Group

Only one international agreement on trade union recognition has been concluded between the IUF and the Accor Group, in 1996. It guarantees that freedom of association and collective bargaining rights are respected at the various levels (plant, local, national or other) as provided for legally or by generally accepted practice. The agreement was a basis for IUF intervention with Accor headquarters in a number of cases, resulting in collective agreements at the local level.

Source: IUF.

¹⁴ IUF: "Autogrill: Everywhere you drive", in *HRCT Bulletin* No. 18, Feb. 2000.

5.7. Social dialogue plus: Community involvement

Organizations involved in campaigning for changes in the hotel, catering and tourism sector can find partners and supporters in different segments of the community because the sector overlaps with many others. This is more likely in countries where tourism is the most dynamic sector or where it is the major source of foreign exchange income, as is the case in many small island States, such as those of the Caribbean. An interesting example is the “living wage campaign” conducted in the 1990s in the hospitality sector in Los Angeles (see box 5.5).

Box 5.5. A living wage campaign in the hospitality sector of Los Angeles (United States)

Local 11 (Los Angeles) of the Hotel Employees and Restaurant Employees International Union (HERE) ran the campaign through a non-profit organization that helped organize low-wage immigrant workers in the tourism sector, the Los Angeles Alliance for a New Economy (LAANE). It won partners in the city such as tourism workers' neighbourhood organizations, immigrants' rights groups, environmental activist groups, and other community groups, including a new religious organization it helped to create, known as Clergy and Laity United for Economic Justice. It was supported also by the Los Angeles County Federation of Labor.

LAANE also organized workers who would benefit from the living wage ordinance. The coalition eventually overcame business opposition to the ordinance. An advantage was intended to be created for trade unions as unionized firms were allowed to obtain a waiver from the new living wage standards to give trade unions greater flexibility in negotiating.

Source: K. Quan: *State of the art of social dialogue: United States*, Social Dialogue Papers 2, ILO (Geneva, 2000), pp. 6 et seq.

5.8. Regional social dialogue: The case of Europe

At the level of the European Union and the European Economic Area (EEA), employers and workers of the hotel, restaurants and cafés sector engage in social dialogue at the sectoral level within a framework provided by the European Commission. A formal social dialogue committee at sectoral level was set up in 1999 after social dialogue activities had been launched by the social partners (ECF-IUF and HOTREC) in the early 1990s. The group meets four times a year for sessions conducted by the European Commission.

The results of sectoral social dialogue at European level include various joint declarations adopted by the social partners since 1995. The most recent one, dated 3 May 1999, is the Joint Declaration for the promotion of employment in the European hotel and restaurant sector. It reflects the major social issues concerning this sector at present.¹⁵ In order to achieve improved competitiveness and efficiency of European enterprises, provide better qualified and motivated staff and create new job opportunities, the social partners propose to adopt certain measures concerning, in particular, the reduction of taxes and non-wage costs, and improved

¹⁵ “Joint Declaration of HOTREC and ECF-IUF for the promotion of employment in the European hotel and restaurant sector”, in *European Social Dialogue*, Special issue of the newsletter from the European Commission – Employment and Social Affairs DG/D, May 2000, pp. 16-20.

training and certification to enhance workers' employability and mobility. Issues of part-time employment and flexible working hours are also addressed. The creation of full-time jobs remains a priority; the intention is that flexible working hours should be applied within the framework of agreements between the social partners and adapted to the respective needs of companies and employees.

An Agreement on vocational training in the European contract catering sector was reached by FERCO and ECF-IUF in October 1999. The Agreement covers joint initiatives in the area of continuous vocational training, commitments to equal treatment for men and women and for full-time and part-time workers, and commitments to non-discrimination against workers involved in training. It also stimulates joint action at the company level to identify training needs, elaborate programmes and evaluate their effectiveness.

Employers' and workers' representatives also participated, through individually named experts or the European Trade Union Liaison Committee on Tourism (ETLC), in the High Level Group on Tourism and Employment convened by the European Commission in 1998.¹⁶ The resulting recommendations have reportedly been useful in many bipartite or tripartite debates on the development of tourism as an employment-creating activity. They cover issues such as: negotiation of flexible employability systems and a dynamic approach to social protection; promotion of vocational training for career development; mutual recognition of qualifications between European countries to enhance workers' mobility; and structured, sectoral social dialogue.

5.9. European Works Councils

Social dialogue within multinational companies at European level is provided for by the EU Directive (94/45, of 1994) on European Works Councils (EWCs), which has initiated cross-border meetings between workers' representatives and managers of companies having business in more than one country within the European Economic Area (including the United Kingdom since the 1997 Amsterdam Treaty).

The essential requirement of the Directive is the creation of a European Works Council in every active enterprise with at least 150 employees in each of at least two countries and a total of at least 1,000 employees within the EEA. A procedure for consultation and information sharing must be established if at least 150 employees from at least two countries request it. Those meetings are not so much collective bargaining sessions as information and consultation procedures, and employee representatives cannot block management decisions.

Most of the European Works Councils in the hotel, catering and tourism sector were created by multinational companies that established "voluntary agreements" for a transitional period before full implementation of the Directive in September 1996. Those agreements could be concluded with appointed employee

¹⁶ See inter alia *European tourism – New partnerships for jobs*, Conclusions and Recommendations of the High Level Group on Tourism and Employment, Oct. 1998.

representatives instead of those determined in accordance with national law or practice, as required by the Directive. At present, there are 14 EWCs (see table 5.2, parts 1 and 2) of which only two were established after the deadline for voluntary agreements (by Sodexho, the world's largest institutional caterer, and in American Express).^{17,18} The achievements of the EWCs so far have only partially lived up to the expectations of the trade unions involved. This seems to be mainly due to the infrequency of (annual) meetings.

Table 5.2. European Works Councils (status as of August 2000)

Part 1						
Group	HQ	Date of agreement	Composed of workers only	Composed of workers and management	Agreement signed by:	
					Unions	Others
Tour operators						
American Express	US	30.10.98		X		Employees' representative
TUI (Preussag)	D	17.09.96		X		CEO
Hotels, catering, restaurants						
Accor	F	10.06.96		X	X	
Bass PLC	UK	06.06.96		X		Employees' representative
Club Méditerranée	F	18.09.96		X	X	
Compass	UK	20.09.96			X	
Granada Group Ltd.	UK					
Ladbroke	UK					
McDonald's	US	25.11.95		X		CEO
Scandic Hotels	S	20.09.96		X	X	
Scottish & Newcastle	UK	11.07.96		X	X	
Sodexho	F	14.04.98		X	X	
Steigenberger Hotel AG	D	11.09.96	X			X
Tricon Global Restaurants	US	08.05.96		X		Employees' representative
Part 2						
Group	Social areas dealt with				Number of meetings held	Experts admitted
Tour operators						
American Express	Employment, collective dismissals				1 and 1 extra	
TUI (Preussag)	Employment, collective dismissals				1 and 1 extra	X

¹⁷ Information provided by Infopoint of the European Trade Union Confederation (ETUC) at a Seminar on European Works Councils in Transnational Travel and Tourism Companies, Turin, 13-14 March 2000, organized by the European Trade Union Liaison Committee on Tourism (ETLC).

¹⁸ IUF: "SODEXHO: Being number one carries obligations", in *HRCT Bulletin* No. 18, Feb. 1999.

Hotel, catering, restaurants

Accor	Employment, working conditions, health, training, trade union rights	2	
Bass PLC	Employment, working conditions, health	1 and 1 extra	
Club Méditerranée	Employment, working conditions, training, equality	1 and 1 extra	
Compass	Employment, working conditions, health, training	1	X
Granada Group Ltd.			
Ladbroke			
McDonald's	Working conditions, training	1	
Scandic Hotels	Employment, working conditions, health, training	1 and 1 extra	X
Scottish & Newcastle	Employment, working conditions, health, training	2 and 1 extra	X
Sodexho	Employment, working conditions, health, training, collective dismissals	1 and 1 extra	X
Steigenberger Hotel AG	Employment, working conditions, training, equality, trade unions rights	2 and 1 extra	X
Tricon Global Restaurants	Employment, health, equality, collective dismissals	1 and 1 extra	X

Source: Database on European Works Councils (texts of signed agreements), Infopoint, ETUC.

The major concern of trade unions with regard to transnational companies is the loss of jobs in the restructuring process which often follows mergers or acquisitions. Consultation at that juncture is considered by trade unions to be the “litmus test” of how seriously management takes its obligation to consult workers under the terms of the EU Directive. Positive examples cited by trade union sources include: Club Méditerranée, whose management has consulted and came to an agreement with its EWC on closing operations and restructuring processes; Accor, which has concluded an agreement with IUF on trade union rights based largely on ILO Conventions Nos. 87, 98 and 135;¹⁹ and the policies adopted by the Compass Group (see box 5.6).

Box 5.6. Policies adopted in the EWC Compass Group

One of the largest institutional catering companies in the world, the Compass Group, employs 125,000 workers in 44 countries. Compass concluded a (voluntary) agreement on an EWC in September 1996. In October 1999, the company issued an “Equal Opportunities Policy Statement” for the subsidiaries covered by the EWC, referring to the “same opportunity regardless of gender, race, ethnic origin, skin colour, nationality/national origin, disability, religious beliefs, political beliefs, education, language, marital status, age, trade union membership, sexual orientation”. It also promises training for employees. Compass committed itself to a policy known as “Preferred Employer”, linking customer satisfaction to employee satisfaction, with both becoming high priorities for the company as stated to the EWC.

Source: Transport and General Workers' Union: *Compass European Council Newsletter*, No. 2, July 1998.

¹⁹ ECF-IUF: *European Works Councils in practice, Best practice examples*, Brussels, Feb. 2000.

5.10. Internationalization of information on labour issues

Communication technology makes it possible to post information for an international audience without delay. Labour disputes in hotels or restaurants are increasingly drawn to the attention of the public through trade unions websites. Those sites also contain recommendations on hotels to avoid and those that should be patronized in the light of management attitudes to trade union activities and workers' interests.²⁰ Detailed accounts of labour disputes are given in cases of non-recommendation by the IUF. Employers' associations object to the practice, which they maintain does not adequately distinguish between labour relations disputes which do not necessarily involve any illegal actions and acts which are "illegal and socially reprehensible".²¹

In response to the limited success of collective bargaining, trade unions have also resorted to international solidarity campaigns. A major labour dispute in the Lotte Hotel in Seoul came to an end on 21 August 2000 after several trade unions posted information on the dispute and the workers' claims on their website and representations were made by trade unions in different countries to Korean diplomatic missions. The agreement provides for an automatic mechanism to stabilize precarious employment of staff.²²

Information and communication technologies also increase the potential for pressure on tourism destinations that fail to comply with minimum standards. An example of this is the tourism boycott against the military regime in Myanmar pursued by the IUF through the Internet. A number of companies involved in tourism activities in that country and engaged in social dialogue with trade unions affiliated to the IUF have responded by discontinuing their engagement until the social and political situation in the country is stabilized and pending civil rights issues are resolved.²³

5.11. Social dialogue on tourism development policies

Workers' and employers' organizations are involved in tourism development policies in many countries where tourism boards include workers' and employers' representatives. In a number of cases, the structure was established following ILO technical cooperation.

²⁰ See, for example, the IUF website (<http://www.iuf.org/iuf/Fair/index.htm>) and HERE's website (<http://www.hereunion.org/callaction/boycott/>).

²¹ IH&RA communication to the ILO, 31 Oct. 2000.

²² Korean Confederation of Trade Unions: *The historic 74 days of Hotel Lotte workers' strike concludes in victory*, <http://www.nodong.org/english/action%20alert/lotte-0821-victory.htm>, accessed 24 Aug. 2000.

²³ IUF: "Burma: Boycott maintained", in *HRCT Bulletin* No. 19, Feb. 2000.

At the international level, workers' and employers' organizations are represented at the annual meetings organized by the United Nations Commission for Sustainable Development (CSD) as a follow-up to the 1992 United Nations Conference on Environment and Development (UNCED), which identified tourism as one of the key economic sectors which could make a positive contribution to achieving sustainable development.²⁴

At the Seventh Session of the Commission for Sustainable Development (CSD-7, 1999), which dealt with sustainable tourism development among other topics, business and industry was represented by the International Hotel and Restaurant Association (IH&RA) and the World Travel and Tourism Council (WTTC). Workers were represented by the International Confederation of Free Trade Unions (ICFTU) and the Trade Union Advisory Committee to the OECD (TUAC).²⁵ During the discussions, the social dimension of sustainable tourism development was widely recognized. Both groups called for training of hotel and tourism personnel in environmental protection, and emphasized the importance of making tourism sustainable so as to maximize its potential for job creation.

The workers and trade union representatives noted a deterioration of working conditions and labour rights in tourism arising from globalization and from competition among countries for foreign investment. The business group presented its environmental initiatives – WTTC's "Green Globe" label and the annual environmental award "Green Hotelier" given by IH&RA and UNEP²⁶ – and set out its views on the criteria for sustainable growth in the industry and many voluntary initiatives undertaken by it.

²⁴ United Nations Department of Public Information: *Press summary of Agenda 21*, New York, 1992.

²⁵ United Nations Commission on Sustainable Development, Seventh Session (CSD-7), New York, 19-30 April 1999: *Tourism and sustainable development: The global importance of tourism*, Background Paper No. 1, prepared by the World Travel and Tourism Council and International Hotel and Restaurant Association; and *Tourism and sustainable development: Workers and trade unions in the web of tourism*, Background Paper No. 2, prepared by the International Confederation of Free Trade Unions and Trade Union Advisory Committee to the OECD (TUAC).

²⁶ IH&RA; UNEP: *Environmental good practice in hotels – Case Studies from the International Hotel and Restaurant Association Environmental Award*.

6. Summary and suggested points for discussion

Summary

The hotel, catering and tourism sector, as defined by the ILO in 1980 within the framework of its sectoral activities, includes enterprises most of which fall under sections 55 (Hotels and restaurants) and 6304 (Travel agencies and tour operators, etc.) of the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 3, 1990. However, owing to the strong development of the tourism economy in the last decades both in developed and in developing countries, many other organizations focus their activities on the United Nations definition of tourism as all economic activities providing products and services to travellers or tourists. The ILO definition of the HCT sector differs from this in including not only services provided to travellers but also those used by residents. Although in national accounting the tourism ratio of hotels and restaurants, i.e. the proportion of their services provided to travellers, may range from one-quarter to three-quarters, it is normal practice to subsume the sector under “tourism”. On the basis of a United Nations recommendation of 1993, national statistical offices are starting to prepare Tourism Satellite Accounts in accordance with a methodology worked out jointly by the World Tourism Organization, OECD and EUROSTAT. An extension for tourism labour statistics is being contributed by the ILO. The private World Travel and Tourism Council (WTTC) has been issuing simulated Tourism Satellite Accounts based on input-output analysis of a number of countries.

The economic concept of tourism includes personal travel (for leisure and other purposes) as well as business trips, international as well as domestic travelling. The industry’s direct or “face-to-face” services to tourists represent between 3 and 4 per cent of GDP in most of the world economy and employ about 3 per cent of the world’s total labour force, although in some countries tourism employs up to 10 per cent of the workforce. Currently, the industry is growing worldwide by about 3 per cent annually, with Europe showing a lower than average growth rate of 2.3 per cent, and the Asia-Pacific region having the lowest, at 1.4 per cent in the aftermath of the Asian crisis. The highest annual growth rates have recently been seen in South Asia (9.1 per cent) the Caribbean (6.8 per cent) and Central and Eastern Europe (5.2 per cent). However, the travel and tourism industry’s share in the world’s GDP has been fairly constant because the largest tourism volumes are still in the regions where growth is in line with economic growth in general (according to the WTTC in 2000).

If we include the industries that serve tourists indirectly, i.e. those that do not involve face-to-face contact with tourists but provide infrastructure or inputs to the direct tourism industry, the total tourism-related economy has been estimated to produce as much as 11 per cent of GDP and to employ 8 per cent of the labour force worldwide (WTTC, 2000). Worldwide, one job in the direct tourism industry induces roughly one-and-a-half additional (indirect) jobs in the tourism-related economy. The figure has been estimated to vary from 1.2 (in North America and

Latin America) to about 2 (in the Caribbean and Europe), while falling somewhere between those values in Asia and Africa (WTTC, 2000).

Border-crossing tourism has grown faster than tourism overall. According to statistics published by the World Tourism Organization, international tourist arrivals have grown at an average annual rate of 7 per cent since 1950 and will grow at an average annual rate of 4.5 per cent over the next 20 years. In recent years, however, the growth of international tourism has been no more rapid than the growth of the world economy as a whole, i.e. about 3 per cent. During the year 2000, almost 700 million tourists crossed a border and spent over US\$500 billion while abroad. Border-crossing tourism adds about 25 per cent to domestic tourism GDP worldwide, with certain regions depending more markedly on international tourism than others. In the Caribbean, a fifth of GDP is produced for tourists, directly or indirectly, by one out of every seven workers. Latin America and Africa have increased their market shares recently, while that of Asia has declined but is recovering rapidly.

The demand for tourism services is also changing qualitatively. Travelling is increasingly becoming part of the lifestyle of a substantial proportion of some nations' populations, including the better-off in developing countries. Trips have become shorter but more frequent. New market niches are being exploited, such as nature tourism, ecotourism and adventure tourism. Tourists are becoming more knowledgeable and aware of issues such as the protection of the environment. The spread of information technologies enables tourism providers to cater more efficiently for a more diversified clientele.

Globalized tourism has been strongly supported by the deregulation of air transport. In developing countries, no less than 80 per cent of international tourists arrive by air. Air fares are falling drastically as a result of increased competition and the abolition of national monopolies. The General Agreement on Trade in Services (GATS) has had an impact on the liberalization of the international tourism economy. Most countries have made tourism-related commitments under GATS concerning issues such as commercial presence or access to technology. The liberalization of the "presence of natural persons", however, is not far advanced.

Economic blocs also promote the increase of tourism activities among their member countries and support their development as global tourism destinations. In particular, the European Union (EU) and the Association of South-East Asian Nations (ASEAN) are known for having specific tourism promotion policies, whereas in the Caribbean, regionally coordinated tourism is developing.

Concerns have been raised about the relatively low participation of developing countries in electronic distribution and reservation systems run by large air carriers, which do not sufficiently take into account the needs of small and medium-sized enterprises. However, the Internet is increasingly being used to market destinations worldwide, including by associations of independent enterprises. Tourism is among the most important application domains in the World Wide Web. It is estimated that up to half of all online transactions are tourism-oriented, but these still represent only a tiny proportion of total travel business (as yet not more than 1 or 2 per cent). However, this amount is increasing rapidly as Internet sales of travel products reduce costs and present low entrance barriers in terms of financial

investment and know-how. E-commerce therefore clearly increases the opportunities for developing countries to reap the benefits of their competitive advantage as tourism destinations.

Large hotel chains are constantly increasing their business through mergers, as well as franchising and management contracts. The largest hotel chain, Cendant, operates 6,000 hotels with a total of 500,000 rooms. The four next largest chains operate half as many hotels each, but still offer between 300,000 and 460,000 rooms. The 20 largest chains together operate as many as 27,000 hotels with 3.26 million hotel rooms out of an estimated world total of 15 million. Some operate in almost 100 countries (Bass Hotels and Resorts in 98 countries; Best Western in 84; Accor in 81; Starwood in 80). The value of the capital involved in a single merger or acquisition can amount to US\$14 billion. The last five years have witnessed nine major hotel merger and acquisition transactions involving a total of US\$40 billion. In Europe, only about 30 per cent of all hotels are affiliated to chains in some way, whereas the proportion in the United States is as high as 79 per cent. A large majority of five-star hotels in developing countries are managed by international chains. Some of the largest international hotel chains run all their affiliated hotels through management or franchising contracts. Most large hotel chains, however, own a majority of their hotels. Management contracts and franchising often raise questions regarding the identity of an employer in labour relations, as chain companies may be composed of large numbers of legally independent enterprises.

Tour operators are consolidating their operations through vertical integration as well as horizontal takeovers in order to have better control over their forward and backward linkages such as air companies, hotels, travel agencies and retail distributors. As the tour operating business generates only small profit margins, economies of scale represent only a few (if relatively important) percentage points of revenue.

Capital consolidation is also important in the institutional catering subsector, where the largest companies employ respectively 212,000 workers (Compass) and 125,000 workers (Sodexo). The institutional catering subsector has good expansion prospects, as its market is far from saturated. Catering is also growing in the restaurant subsector through the sale of pre-prepared meals.

Whilst large chain enterprises are growing dynamically, independent enterprises tend to be left behind. Small and medium-sized enterprises (SMEs) employ at least half of the sector's workers and represent a majority of its enterprises; in Europe, the figure is more than 90 per cent. Almost all of them are micro-enterprises with up to ten workers, often family members drawing little or no remuneration for unmeasured working time. They are hardly able to compete in global markets, as they suffer from low productivity, poor product quality and a lack of access to credit and training. Their strongest comparative advantage comes from low labour costs. In order to benefit from other advantages, such as presence in niche markets and adaptability to customer demands, they need to boost their technology and training. This is being undertaken by special schemes or through associations of entrepreneurs. Legal deregulation and lower taxation also make their survival easier.

Most HCT enterprises, large or small, employ only a core of permanent and full-time staff. Other staff are employed under atypical contracts including part-time, seasonal and casual labour arrangements. Flexible employment is convenient for many young workers who are studying or aim eventually to move to other sectors, and for female workers with children, but these workers are often unable to make a living as head of a family. Up to half the workers in the industry are under 25 years old and up to 70 per cent are women. However, women are much less represented at management levels, where they occupy just over 40 per cent of posts. The higher up in the hierarchy one goes, the fewer women are present, and women occupy a low percentage of the top earning posts in the industry.

The HCT sector pays its workers on average at least 20 per cent less than other economic sectors, as it employs a higher proportion of unskilled workers. Tips increase the income of workers with customer contact. However, little is known about overtime payments and remuneration for irregular work. Performance-dependent remuneration is not yet common in the HCT sector, although it has been introduced in some restaurant chains. Payment is in general less attractive in small enterprises and in enterprises performing subcontracted services. Large enterprises in general pay their core staff better.

Staff turnover is costly to employers, who have to find new staff for up to half or more of their posts every year, and is estimated to cost several thousand US dollars per employee. It is tempting to presume a correlation between unattractive working conditions and high turnover, a correlation frequently cited by employees. There are in fact a variety of reasons for employee turnover, of which poor career prospects, low pay, unsocial working hours and physical stress appear to play a part. Working hours are irregular for half of all employees in the HCT sector, most of whom perform work on Sundays and in the evenings, and almost half of whom also work at night. However, employees now also have a greater say in the choice of hours and can thus adjust them better to their needs. Chain employers have started to implement personnel development strategies, including training and career development plans, in order to improve staff retention.

Part-time and fixed-term work is increasing. However, the social partners stress that the creation of full-time jobs should be a priority, that workers in part-time and fixed-term jobs should not be subjected to discrimination and should receive all available benefits on a pro rata temporis basis. Casual workers are included in this category. In Australia, they account for over half of all employees in the sector. Atypical employment relationships, however, entail a weaker link between the partners, and trade union affiliation is rare.

Certain forms of tourism, such as nature tourism, rural, agri- or ecotourism and adventure tourism, have grown over the past decade. Populations living in remote areas, or peasant farmers with diminishing incomes, benefit considerably from employment opportunities and income generated by tourism. However, ensuring that the benefits exceed the potential damage is a delicate task. Indigenous populations need training to resist cultural destruction, natural parks need the proper involvement of local populations to guarantee their preservation, and agritourism needs regulation in order to reduce or prevent unfair competition with professional lodging. The sustainable exploitation of these “soft” forms of tourism

therefore requires participatory institutions and social dialogue in the communities concerned.

Very young children work in all kinds of HCT occupations, particularly in family-based enterprises, but also on their own as vendors or helpers. Probably the worst form of child labour in tourism is seen in the sex trade. The international community has expressed its concern at this phenomenon at a number of meetings. A task force against the commercial sexual exploitation of children, involving the participation of international employers' and workers' organizations and the World Tourism Organization, is promoting appropriate counter-measures. The industry is also engaging in innovative programmes to prevent and combat child prostitution in tourism.

Migrant workers are another vulnerable group over-proportionately employed in the HCT sector, mostly in the lower paid, less stable segment of the sectoral labour market. This is often due to language problems or inadequate knowledge of the host culture.

The hotel and restaurant industry is very conscious of the fact that human resources are becoming more valuable to the sector, given the new customer demands, new technologies, intense competition and continuing shortage of job applicants. Additional efforts are needed to make working conditions more attractive to a range of age groups, not just young workers, to increase worker responsibility and to make employment in the sector a prestigious lifetime engagement. The need to value labour is also reflected in the fact that output per worker has increased dramatically in recent years, as employment in the sector continues to grow more slowly (about 2 per cent a year worldwide) than its value added (about 3 per cent). The best performers, as far as hotels are concerned, are in the European Economic Area and the Caribbean. New forms of work organization are certainly an important factor boosting productivity. They include multiskilling, flat hierarchies and subcontracting of ancillary or specialist tasks. At the same time, a growing number of occupational profiles demand higher skills, especially among managers and staff in direct contact with customers. Some managers need to carry out planning exercises in order to identify and exploit market trends more rapidly, while others need to improve their knowledge, including ICT skills, in order to satisfy customers' demands for more meaningful experiences when travelling. All employees need enhanced social skills in order to play a full part in organizational teamwork, as more customer contact and more teamwork have brought about a shift away from operational or vocational skills towards personal and social skills.

Within the hotel chain industry, there is a trend towards greater investment in staff training, up to 1 per cent of revenue being earmarked for this purpose. In general, however, both employers and workers often fail to recognize the need for training. Employers often prefer to select staff on the basis of personality rather than formal qualifications, although, at management level, post-secondary education is generally required. Tourism-related degree programmes have proliferated all over the world and are on their way to recognition as an academic discipline.

Continuous training beyond initial vocational training is becoming increasingly important for workers at all levels, in response to rapidly changing

skill requirements. There are proposals that initial training should be reduced to a multisectoral learning platform. However, continuous training schemes are still very limited and benefit only a tiny percentage of workers, even in the most advanced countries. Policies on continuous training have been the subject of social dialogue far less than initial training policies. Standardization and certification of competencies is essential if continuous training policies are to make full use of workers' efforts and capacities in a context of flat hierarchies, teamwork and labour mobility. The new paradigm of competencies is replacing traditional occupational qualifications. Competencies are described in terms of the results to be achieved by a worker instead of tasks, reflecting the underlying concept of problem-solving responsibilities of workers at all levels. Their international recognition and certification will also help in the global marketing of quality services.

Tourism education and training is provided by a wide range of institutions, public, semi-public, such as trade associations, or privately owned. Distance training systems with worldwide outreach, based on CD-ROM and interactive Internet technology, are starting to operate and are changing the training business profoundly, raising quality and lowering costs despite the huge investments made in the new training instruments.

New training technologies will also be accessible to small and medium-sized enterprises. This will allow more training to be extended to lower skill groups which at present are largely restricted to spontaneous on-the-job training.

Social dialogue in the HCT sector still needs to be developed further. The primary concern of trade unions is to be recognized as genuine partners in social dialogue throughout the world, whereas many employers, while favouring greater social responsibility of enterprises, also expect trade unions to understand the pressures arising from increased competition. Trade unions are concerned with the anti-union attitudes shown by some multinational companies in countries where trade unions are traditionally strong and with the adverse impact on workers' representation arising from subcontracting, franchising and management contracts which split large enterprises into small units that are too weak to be effective partners in social dialogue. Among the positive developments from a trade union perspective is a collective agreement concluded with the Accor Group which guarantees recognition of free trade unions in all units carrying the group's brands around the world.

The largest international organizations of social partners represent, either directly or through their affiliates, some 750,000 establishments and 10 million workers in most of the world's countries. The SME subsector is under-represented in employers' associations and trade unions, but employs as much as half of the labour force. Among other factors limiting the trade union density in the HCT sector are the young workforce and the low level of education and training, the high proportion of women, high staff turnover, frequent atypical employment and working patterns, employment by different employers acting in the same unit through subcontracting, and the generally low degree of identification of workers with the sector owing to the poor image of personal services. Trade union density is generally not greater than ten per cent, although it is higher in a few European countries and in large enterprises located in urban areas, where it can reach as much as 90 per cent of the workforce.

Some workers' representation is initiated by employers at the enterprise level in various forms, including quality or safety circles or communication groups to comply with legal requirements or to promote improvements in day-to-day life in the enterprise. Where freely elected bodies exist, however, trade union presence is the rule. Works councils generally do not exist in small enterprises, whose workers are therefore largely left out of social dialogue, although they may be covered by any agreements that may be concluded.

Collective agreements in the HCT sector vary considerably even within countries and from enterprise to enterprise. They mainly concern remuneration and working time. Detailed matrices of occupations and hierarchies are used to reflect the value of the labour force, and these are challenged by flexibility requirements such as multiskilling, new forms of work and new "soft" skills. Ad hoc collective agreements have been important instruments for mitigating the negative effects on workers of increased competition and frequent changes of ownership in the context of globalization. They have provided workers with a certain minimum continuity of employment and working conditions.

Collective bargaining is not conducted at the international level, but other forms of international social dialogue are being developed. European Works Councils derived from EU legislation provide for yearly communication between the multinational companies and local trade unions from different countries. The meetings are considered an important means of dealing with questions of principle concerning possible redundancies or workers' training. Sectoral social dialogue between regional employers' and workers' organizations in the European Union has resulted in common statements on flexibility or the promotion of employment in the HCT sector. The sectoral social partners also engage in international forums not directly concerned with labour issues, such as those provided by the United Nations to promote sustainable tourism development or by the European Union to promote employment in tourism.

Information technology is starting to open up a new dimension of internationalization in the form of workers' solidarity campaigns and calls to boycott destinations or hotels that do not comply with established or perceived rights. In view of the dangers of biased or distorted information through the Internet and the possible economic losses involved, industry representatives have voiced concern at boycott appeals in general.

Suggested points for discussion

1. *Globalization*

- (a) What strategies should be pursued in the HCT sector to reap the benefits of globalization?
- (b) What measures should be adopted to help developing countries to enhance their capacity building in relation to market access and to the promotion of human resource development and employment in tourism?

2. *Employment creation and working conditions*

- (a) What are the barriers to employment creation in small and medium-sized enterprises and what role can the tripartite partners play in removing those barriers?
- (b) In view of the increasing importance of subcontracting, what measures should be taken to ensure that minimum working and employment standards are applied?
- (c) What are the reasons for the existence of seasonal, casual and on-call employment in the HCT sector and what measures should be taken to improve the conditions of such employment?
- (d) What measures should be taken to enhance the employment of women in the HCT sector?
- (e) What are the obstacles to the ratification and implementation of the Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172), and what measures should be taken to address them and to promote the ratification of the Convention?

3. *Human resources development*

- (a) What strategies should be adopted for human resources development to ensure that workers are attracted to and retained in the HCT sector?
- (b) What should be the role of the tripartite partners and the ILO in the provision of training in the HCT sector? What measures should be taken to increase training opportunities for workers in small and medium-sized enterprises? How can vocational training be enhanced particularly in developing countries?

4. *Social dialogue*

- (a) What measures should be taken to promote social dialogue, including collective bargaining, in the HCT sector?
- (b) How can the tripartite partners and the ILO contribute to sustainable tourism and employment?

Appendix 1

Tourism industry GDP, visitor exports and employment by country, 2000

	Visitor exports			Travel and tourism industry GDP			Travel and tourism industry employment		
	US\$ (million)	% of total exports	Growth ¹ (%)	US\$ (million)	% of total GDP	Growth ¹ (%)	(Thousand)	% of total employment	Growth ¹ (%)
Algeria	115.9	0.9	19.7	1 024.4	2.0	6.8	137.0	2.3	4.1
Angola	13.0	0.8	13.5	90.4	1.9	6.8	100.6	3.4	5.2
Anguilla	76.6	72.2	14.2	27.5	32.5	18.8	2.1	29.9	14.8
Antigua and Barbuda	352.7	67.9	5.5	117.0	16.8	8.4	6.8	15.0	3.7
Argentina	6 514.5	21.7	10.0	10 885.6	3.8	-2.1	455.5	3.4	1.6
Aruba	862.3	55.4	5.0	395.6	21.1	5.5	6.5	15.4	1.2
Australia	11 197.9	12.9	-1.0	18 669.2	4.3	3.0	402.8	4.7	1.3
Austria	13 187.5	12.2	3.2	11 995.5	5.1	2.4	180.1	4.9	0.9
Bahamas	1 632.6	69.1	6.0	849.5	20.8	5.9	29.0	19.8	4.6
Bahrain	451.5	5.8	8.3	356.1	5.2	4.4	10.1	4.3	4.8
Bangladesh	58.0	0.8	1.2	752.5	2.0	6.5	1 474.6	2.6	3.1
Barbados	833.7	56.0	5.3	390.2	14.6	5.8	16.5	10.5	1.9
Belgium	5 252.2	2.5	-20.6	7 974.2	2.9	-4.3	122.6	3.1	-5.1
Belize	91.4	30.7	-4.3	63.1	12.0	-7.9	9.2	8.9	15.3
Benin	56.6	8.1	9.4	77.3	3.0	7.1	33.8	2.3	5.1
Bermuda	484.4	34.5	-3.9	215.1	8.6	-3.3	2.8	7.1	-6.6
Bolivia	241.3	16.4	19.0	300.9	4.0	4.0	115.4	3.9	8.0
Botswana	240.8	8.4	11.6	186.9	3.6	11.1	12.3	3.3	8.4
Brazil	4 853.0	7.8	76.9	17 467.3	3.1	5.9	2 321.0	3.2	-1.9
British Virgin Islands	319.2	71.5	8.2	124.8	34.6	9.8	2.5	29.7	5.9
Brunei Darussalam	44.8	1.2	3.0	160.8	2.3	0.5	2.5	2.0	0.9
Bulgaria	534.0	11.9	2.0	288.2	2.2	4.0	70.3	2.2	2.7
Burkina Faso	49.1	11.6	12.9	73.6	2.6	10.5	64.7	2.6	4.6
Burma	42.9	0.1	2.6	7 691.6	2.7	-0.9	441.3	2.4	3.0
Burundi	1.9	2.9	15.8	17.9	1.7	3.0	33.5	2.3	4.5
Cambodia	108.9	6.8	-19.5	115.5	3.9	-13.4	112.4	2.9	-8.9
Cameroon	89.9	3.1	5.8	210.7	1.9	5.7	70.2	2.0	4.1
Canada	12 549.5	4.4	8.5	30 791.6	4.6	4.5	744.8	5.0	3.4
Cape Verde	71.4	37.4	9.5	53.2	10.0	9.5	8.3	8.4	5.2
Cayman Islands	401.5	49.2	-0.1	178.9	24.1	0.3	3.9	18.1	-0.8
Central African Republic	7.2	2.8	7.2	15.4	1.3	4.4	22.8	3.1	3.2
Chad	12.0	1.8	2.4	30.9	1.7	3.0	32.1	2.0	3.7
Chile	1 346.9	6.8	-4.0	2 560.3	3.7	-4.4	186.1	3.3	-1.1
China	15 368.4	5.5	2.5	27 387.1	2.4	4.2	14 307.0	2.0	2.6
Colombia	1 684.3	11.5	11.4	2 842.6	3.9	-1.3	687.9	3.8	1.9
Comoros	19.5	22.9	7.2	15.5	6.1	7.5	8.5	5.3	5.1
Congo	32.0	2.0	0.5	36.9	1.6	-0.2	10.4	1.5	2.3
Costa Rica	923.2	16.1	1.3	756.1	6.8	1.7	66.0	5.3	-3.0
Cote d'Ivoire	132.0	2.3	8.4	254.9	1.8	7.1	91.6	2.4	5.5

	Visitor exports			Travel and tourism industry GDP			Travel and tourism industry employment		
	US\$ (million)	% of total exports	Growth ¹ (%)	US\$ (million)	% of total GDP	Growth ¹ (%)	(Thousand)	% of total employment	Growth ¹ (%)
Cuba	2 061.0	22.6	18.4	957.7	4.7	19.1	353.6	5.1	13.0
Curaçao	208.1	16.2	4.1	85.2	2.6	7.1	18.8	2.9	3.8
Cyprus	2 580.9	62.3	30.2	1 637.1	17.5	27.6	48.0	11.7	20.8
Czech Republic	3 876.2	9.0	-5.5	1 894.9	3.2	-3.6	115.1	2.7	-2.0
Denmark	3 661.7	5.3	4.3	7 816.4	4.1	5.1	112.0	4.1	3.7
Dominica	39.1	20.2	6.0	16.0	5.8	8.7	2.1	4.9	5.2
Dominican Republic	2 758.4	30.8	13.3	1 273.4	6.6	13.2	294.0	5.1	5.5
Democratic Republic of the Congo	2.2	0.1	8.8	141.2	1.6	5.1	179.0	1.5	4.2
Ecuador	378.4	7.0	46.6	513.1	4.0	2.9	192.6	3.8	11.0
Egypt	4 593.3	14.9	41.7	5 544.0	5.5	25.8	693.4	4.9	17.9
El Salvador	339.2	11.5	57.4	486.0	3.8	16.3	74.9	3.4	13.8
Ethiopia	214.8	22.1	11.4	249.1	4.3	8.5	642.6	4.0	7.6
Fiji	476.3	35.6	3.2	284.1	11.8	3.3	36.0	8.3	1.0
Finland	2 493.6	4.6	10.1	5 926.3	4.1	8.0	95.1	4.0	7.4
Former Soviet Union	20 033.6	17.8	14.2	11 162.3	2.5	10.7	3 328.2	2.3	7.0
France	31 587.9	7.6	-10.0	68 159.8	4.3	-0.4	1 193.1	4.3	-1.3
Gabon	142.8	3.9	1.1	138.8	2.5	2.6	10.0	2.9	2.4
Gambia	40.5	14.5	9.5	32.1	7.0	9.5	15.6	5.5	6.9
Germany	27 996.0	4.1	19.5	61 556.4	2.6	6.2	736.4	2.1	4.8
Ghana	366.1	17.8	4.0	374.7	4.2	4.1	139.2	3.1	2.8
Greece	5 861.1	25.3	3.4	6 867.7	4.8	2.8	162.6	4.2	0.3
Grenada	71.0	40.5	5.9	30.7	8.5	7.5	3.6	6.3	6.3
Guadeloupe	686.3	28.7	7.9	277.0	5.7	10.0	15.5	5.5	6.6
Guatemala	571.9	16.7	31.7	809.9	4.4	-0.6	99.0	3.7	13.4
Guinea	16.2	1.0	8.0	94.0	2.0	6.4	37.0	2.0	4.2
Guyana	43.4	8.4	0.4	37.7	5.8	-8.9	17.3	4.9	12.6
Haiti	74.8	13.8	-1.1	75.1	1.8	3.5	114.2	2.4	3.2
Honduras	193.1	7.2	-2.3	247.5	4.1	-3.7	77.2	3.8	0.7
Hong Kong, China	14 723.9	6.6	9.6	5 527.0	3.3	2.2	58.0	2.7	-1.2
Hungary	2 638.4	8.3	-3.7	1 396.5	2.3	-1.2	79.2	1.9	-4.6
Iceland	455.4	13.5	7.3	632.7	6.3	4.7	8.5	6.3	1.2
India	3 763.3	7.3	7.6	11 334.0	2.5	9.2	8 410.4	2.7	4.5
Indonesia	1 974.5	3.5	-65.5	5 431.5	2.8	-31.2	1 732.2	2.3	-6.0
Iran, Islamic Republic of	850.5	2.3	0.3	9 822.5	4.3	3.7	533.6	4.0	3.1
Ireland	4 223.5	4.6	6.6	3 524.2	3.3	4.1	65.6	4.0	0.7
Israel	4 081.0	8.4	18.1	3 505.3	3.4	12.2	72.0	3.4	11.9
Italy	36 229.9	11.4	6.3	64 312.0	4.9	4.4	1 189.1	5.9	2.8
Jamaica	1 496.1	53.8	10.2	708.8	10.9	10.2	127.7	8.1	11.3
Japan	6 550.4	1.3	1.3	173 803.2	3.7	2.6	2 227.2	3.4	0.4
Jordan	1 586.2	33.4	14.0	1 041.0	12.5	12.2	63.7	10.0	11.4
Kenya	531.7	16.9	15.2	589.1	5.6	10.9	270.0	3.9	12.6
Kiribati	3.6	49.4	5.7	1.6	2.7	6.1	25.9	1.8	0.9
Korea, Republic of	8 000.8	4.3	-21.7	9 237.4	1.9	-7.4	396.8	1.9	-10.3
Kuwait	451.2	2.7	5.2	555.3	1.8	4.5	21.5	3.2	5.4

	Visitor exports			Travel and tourism industry GDP			Travel and tourism industry employment		
	US\$ (million)	% of total exports	Growth ¹ (%)	US\$ (million)	% of total GDP	Growth ¹ (%)	(Thousand)	% of total employment	Growth ¹ (%)
Lao People's Democratic Republic	121.7	34.1	20.3	104.9	6.3	15.8	142.6	5.6	13.0
Lesotho	26.6	18.6	21.4	23.5	2.9	15.4	9.3	1.9	1.9
Libyan Arab Jamahiriya	9.9	0.0	9.5	1 323.3	1.3	1.5	16.7	1.6	3.6
Luxembourg	331.4	2.6	1.9	446.0	2.5	4.9	5.6	2.5	3.4
Macau, China	2 940.0	35.3	-5.5	1 512.0	11.1	-5.0	29.4	8.4	-6.2
Madagascar	185.9	17.9	8.0	182.6	4.4	7.3	140.4	3.6	4.9
Malawi	39.4	7.2	159.1	52.8	2.8	53.3	72.9	2.8	41.8
Malaysia	3 368.7	3.5	5.3	3 195.2	3.8	7.9	285.3	3.2	3.7
Maldives	225.1	84.4	14.2	157.1	37.3	14.1	20.0	25.9	7.9
Mali	35.6	4.9	12.7	61.3	2.1	8.7	58.4	2.1	6.2
Malta	962.3	29.9	-0.1	737.1	20.3	-0.1	20.6	15.6	3.9
Martinique	466.5	0.4	7.7	173.7	3.4	11.2	8.7	3.6	6.9
Mauritius	854.3	28.8	14.8	600.2	13.8	13.8	27.2	10.0	11.2
Mexico	9 939.2	8.2	-9.3	13 049.8	2.6	-1.0	863.2	2.8	-1.2
Morocco	2 297.9	23.7	4.6	2 544.4	6.4	3.2	353.4	4.9	3.5
Namibia	415.9	23.8	13.4	26.5	9.3	11.7	26.8	6.9	9.6
Nepal	211.1	6.2	1.6	215.3	4.3	2.6	422.9	4.1	1.0
Netherlands	14 397.1	5.3	9.8	15 819.5	3.6	7.3	228.5	3.3	5.7
New Zealand	3 023.2	19.0	11.4	3 132.4	5.6	6.5	112.6	6.2	6.5
Nicaragua	113.2	17.6	15.2	101.4	5.7	-1.4	43.9	4.8	20.1
Niger	39.7	10.9	37.1	48.2	2.6	18.8	30.1	3.1	12.3
Nigeria	188.0	2.2	7.8	734.7	1.7	6.7	723.7	2.5	5.9
Norway	2 948.5	4.1	-2.5	5 917.5	3.5	3.8	80.6	3.6	2.8
Oman	222.3	2.9	11.0	332.4	2.0	7.0	10.5	1.9	6.8
Other Oceania	2 977.6	50.1	3.7	1 601.1	11.4	3.8	32.0	9.0	-0.1
Pakistan	563.3	6.3	19.1	1 333.1	2.6	8.4	838.2	2.5	7.3
Panama	494.0	5.5	-0.2	486.0	4.8	0.4	38.2	4.1	-1.2
Papua New Guinea	147.4	2.5	16.6	276.0	2.5	6.4	52.9	2.4	6.5
Paraguay	600.8	28.9	-28.7	517.1	7.0	-27.4	103.6	5.0	-3.6
Peru	1 031.3	11.9	10.2	2 213.0	3.7	0.0	312.3	3.4	0.8
Philippines	2 845.7	6.2	-10.5	3 170.6	3.7	-5.9	999.4	3.3	1.1
Poland	6 669.5	13.6	-4.4	3 847.5	2.2	-1.2	221.3	1.4	-3.8
Portugal	6 894.6	20.0	5.1	7 029.8	5.6	4.1	261.6	5.8	2.4
Puerto Rico	2 353.4	5.2	-8.4	1 089.4	2.7	-3.3	24.9	2.1	-5.3
Réunion	301.4	2.9	11.1	179.8	1.7	13.0	2.9	1.9	9.5
Romania	325.7	3.4	21.2	441.6	1.4	1.1	133.2	1.5	5.1
Rwanda	31.8	25.6	34.8	53.7	2.4	18.2	34.2	2.3	13.1
Saint Kitts and Nevis	80.0	47.6	-0.3	37.1	10.7	0.4	1.9	8.0	-1.7
Saint Lucia	333.3	69.8	5.9	149.8	22.1	6.5	15.3	15.6	5.8
Saint Vincent and the Grenadines	85.6	50.0	-1.9	38.6	10.7	-1.0	4.9	7.5	-3.6
Sao Tome and Principe	2.3	13.6	9.4	1.5	3.4	9.9	1.8	4.8	8.6
Saudi Arabia	1 801.8	2.3	-6.5	3 921.1	2.3	-1.4	131.7	2.1	1.0
Senegal	200.0	11.4	12.4	187.8	3.5	11.2	74.0	3.4	6.8
Seychelles	172.9	18.3	0.5	133.4	9.2	1.0	16.9	7.1	1.9

	Visitor exports			Travel and tourism industry GDP			Travel and tourism industry employment		
	US\$ (million)	% of total exports	Growth ¹ (%)	US\$ (million)	% of total GDP	Growth ¹ (%)	(Thousand)	% of total employment	Growth ¹ (%)
Sierra Leone	12.8	7.0	-9.8	21.9	3.0	-11.7	29.5	2.9	-0.6
Singapore	4 853.4	3.8	-14.8	4 198.7	4.5	-7.1	59.8	3.1	4.3
Slovakia	490.3	2.9	-8.4	354.5	1.5	-2.1	28.5	1.3	-3.6
Slovenia	1 039.3	6.7	3.6	574.7	2.3	3.9	15.6	1.9	-0.4
Solomon Islands	12.0	5.1	9.0	8.8	1.8	9.0	2.3	1.6	3.0
South Africa	3 801.7	10.4	2.4	5 146.1	3.6	1.8	337.2	3.4	6.5
Spain	29 281.7	15.1	-11.4	47 923.7	7.6	-2.3	1 175.4	8.3	-1.1
Sri Lanka	505.7	8.3	22.7	625.8	3.7	14.1	196.4	3.1	9.7
Sudan	17.8	10.8	7.2	136.7	1.1	6.7	86.0	1.4	2.2
Suriname	52.8	58.4	0.9	39.2	7.7	-5.5	10.7	6.6	16.0
Swaziland	51.3	9.6	8.7	52.4	3.3	7.1	7.4	3.4	5.9
Sweden	4 967.1	4.0	5.3	7 625.8	2.8	4.6	118.3	2.9	3.0
Switzerland	9 515.9	8.3	-8.0	14 931.8	5.6	-0.8	200.2	5.7	-1.4
Syrian Arab Republic	1 488.5	6.2	9.1	2 064.2	2.7	3.8	119.8	2.6	6.9
Chinese Taipei	4 188.0	2.6	10.7	4 867.5	1.5	6.2	172.5	1.8	1.8
Tanzania, United Republic of	468.7	8.4	-3.5	365.6	4.6	-1.7	308.7	4.0	-2.7
Thailand	8 874.7	11.9	0.3	8 421.7	6.3	-3.6	1 623.5	5.0	6.5
Togo	19.0	4.2	15.9	31.3	2.1	7.9	25.3	2.4	8.2
Tonga	17.7	40.0	7.4	11.7	5.2	7.5	1.1	3.3	0.3
Trinidad and Tobago	294.0	8.8	4.3	125.7	1.8	10.4	16.8	2.0	8.1
Tunisia	2 182.5	23.0	3.5	2 084.7	9.2	4.4	145.9	6.8	1.0
Turkey	8 630.2	14.3	-11.9	10 105.4	4.7	-3.8	848.4	3.9	-0.1
Uganda	171.3	17.8	23.7	241.7	3.7	13.4	186.0	3.7	8.5
United Kingdom	30 596.1	7.7	4.2	70 228.1	4.7	2.9	1 366.2	4.9	1.7
United States	100 733.0	9.3	2.7	496 358.3	5.1	4.0	7 629.4	5.6	1.6
Uruguay	996.6	26.0	8.6	1 062.5	5.4	1.3	52.9	4.2	3.8
Vanuatu	61.8	43.0	8.9	37.4	11.8	8.7	7.0	8.2	3.6
Venezuela	1 355.4	4.3	-6.8	3 022.0	2.9	-8.4	347.9	3.7	-2.5
Viet Nam	105.8	0.7	0.8	841.2	2.2	3.3	751.4	1.9	2.3
Virgin Islands	987.7	55.8	0.7	449.0	20.2	1.2	10.3	15.8	-2.2
Yemen	85.6	2.8	11.3	98.6	1.4	11.2	64.1	1.7	8.2
Zambia	123.9	7.6	13.2	123.8	3.2	9.5	81.1	3.6	9.6
Zimbabwe	185.4	8.7	3.0	244.5	3.6	1.9	90.5	3.3	2.9

¹ 1999 real growth adjusted for inflation (%).

Source: World Travel and Tourism Council: *Tourism Satellite Accounting Research Estimates and Forecasts for Governments and Industry, Year 2000*, CD-ROM, London, 2000.

Appendix 2

Table 1. Hourly remuneration indices of hotel and restaurant personnel compared with socially similar occupations in other sectors: Male workers

	Receptionist*	Bank teller	Office clerk	Waiter	Sales-person	Cook	Bricklayer	Room attendant	Sewing machine operator
Australia 1998	100	115	121	86	102	90	163	101	87
Bolivia 1997	100	187		76	171	108	77	81	75
Burkina Faso 1999	100	175		82	135	104	129	77	
Cyprus 1997	100	123	124	99	78	117	86		59
Egypt 1997	100			103	106	133	120		73
Estonia 1997	100	93	75	91		52	112		
Finland 1997	100	134	91	91		89	113	75	
Germany 1999	100	116	116	63	97	68	102	53	64
Hungary 1999	100	134	103	71	72	85	74		
Italy 1999	100	143	132	89	104	94	68	74	86
Korea, Republic of 1998	100	131		102	88	102	116	66	85
Malawi 1998	100	337	105	67	104	76	62	63	39
Mauritius 1997	100	211	174	70		96	130	66	56
Peru 1999	100	318			249	124	212		97
Poland 1998	100	144	115	90	93	90	65	94	93
Romania 1999	100	230	90	49	140		84		80
Togo 1998	100	400		49	141	191	145	59	

* In each country, the remuneration of a receptionist has been set as 100.

Source: ILO, *October Inquiry*, 2000.

Table 2. Hourly remuneration indices of hotel and restaurant personnel compared with socially similar occupations in other sectors: Female workers

	Receptionist*	Bank teller	Office clerk	Waiter	Sales-person	Cook	Bricklayer	Room attendant	Sewing machine operator
Australia 1998	100	114	114	111	95	95		76	88
Bolivia 1997	100			71	100	42		71	
Burkina Faso 1999	100			82	135	104	129	77	
Cyprus 1997	100	134	134	97	64	113		88	59
Egypt 1997	100			100	127	94			56
Estonia 1997	100	72	72	65		56		62	83
Finland 1997	100	101	101	92		90		83	74
Germany 1999	100	116	116	63	97	68	97	53	64
Hungary 1999	100	103	103	71	72	85	74	86	
Italy 1999	100	132	132	89	104	94	68	74	86
Korea, Republic of 1998	100			70	61	70	54	45	46
Malawi 1998	100	81	81	57	80	65	36	49	
Mauritius 1997	100	174	174	70		95		67	56
Peru 1999	100					69		98	72
Poland 1998	100	121	121	77	83	77	73	79	78
Romania 1999	100	105	105	64	108	94	104	90	97
Togo 1998	100	514		49	141	191		59	

* In each country, the remuneration of a receptionist has been set as 100.

Source: ILO, *October Inquiry*, 2000.

Table 3. Male-female ratios for monthly or weekly earnings, weekly working hours and earnings adjusted for weekly working hours (E/H): Hotel and restaurant workers compared with socially similar occupations in other sectors (selected countries)

	Receptionist			Bank teller			Office clerk			Waiter			Salesperson			Cook			Room attendant			Sewing machine operator		
	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H	Earnings	Hours	E/H
Australia 1998	1.08	1.04	1.04	1.08	1.02	1.06	1.14	1.03	1.11	0.84	1.03	0.81	1.14	1.02	1.12	1.01	1.02	0.99	1.38	1.00	1.38	1.05	1.02	1.03
Bolivia 1997	0.95	0.97	0.98	1.11	1.00	1.12				1.03	0.98	1.05	1.70	1.01	1.68	2.53	1.00	2.50	1.13	1.02	1.10			
Cyprus 1997	1.16	1.00	1.16	1.11	1.00	1.12	1.07	1.00	1.07	1.19	1.01	1.18	1.38	0.98	1.40	1.21	1.01	1.20				1.14	0.99	1.15
Egypt 1997	0.96	0.98	0.97							1.00	1.00	1.00	0.82	1.00	0.82	1.34	0.98	1.37				1.30	1.05	1.27
Estonia 1997	0.97	0.94	1.03	1.08	1.10	0.97	1.06	0.99	1.08	1.52	1.05	1.44				1.00	1.05	0.95						
Finland 1997	1.10	1.00	1.10	1.22	1.00	1.22	1.02	1.03	0.99	1.07	0.97	1.10				1.09	1.00	1.10	0.99	1.00	0.99			
Korea, Rep. of 1998	1.05	1.09	0.96	1.70	1.00	1.69				1.45	1.03	1.41	1.41	1.03	1.37	1.45	1.03	1.41	1.42	1.02	1.39	1.80	1.04	1.75
Malawi 1998	0.78	1.00	0.78	1.30	1.00	1.30	1.00	1.00	1.00	0.91	1.00	0.91	1.00	1.00	1.00	0.91	1.00	0.91	1.00	1.00	1.00			
Peru 1999	0.84	1.00	0.84	1.37	1.00	1.37										1.51	1.01	1.50				1.20	1.06	1.14
Romania 1999	1.39	1.03	1.35	1.02	1.00	1.02	1.17	1.00	1.17	1.07	1.05	1.02	1.63	0.93	1.75							1.10	1.00	1.11

Source: ILO, *October Inquiry*, 2000.