6.   Summary

In some respects, the employment landscape in the HCT sector, particularly in relation to training and development, has not changed radically as a result of recent economic turmoil. Notwithstanding the complexity, fragmentation and diversity of the sector, it has long been recognized that education, vocational training, training upgrades and HRD are key requisites for the operational effectiveness of the sector.

Nevertheless, workers tend to have limited professional qualifications and, except among large operators, opportunities for on-the-job training could generally be enhanced, in particular for women employees who have long been in the lower echelons of the industry. [1] Because the competitiveness and productivity of the industry depends on the skills level, the professionalism, the commitment, passion, loyalty and soft skills of the workers, training and skills development remain a priority within the sector. The challenging work environment presented by HCT also enhances the value of social dialogue in the workplace and, where such processes are formalized, they create real opportunities for constructive collaboration within major HCT companies. At the same time, the central role of SMEs within the sector makes the application of universal and formalized social dialogue difficult to achieve; new and creative forms of social engagement need to be developed to match the operating reality of the small HCT company. This could take the form of regular consultation between owners/managers and workforce representatives as well as surveys of employee satisfaction and attitudes in order to highlight worker concerns.

The HCT industry, in common with the wider global economy, has faced real challenges over the past two years (since mid-2008) as a consequence of the global financial crisis. The impact of this has been varied, with some regions (including parts of Asia and the Middle East) performing far better than others, notably Europe and North America. The financial crisis has led to changes in work practices in the sector and a propensity to reduce staff, to depend more directly on ICT-based strategies and to look for outsourcing solutions. All these responses have clear and serious implications for employees but also, potentially, for customers. One agenda item for debate and consideration within the social dialogue process is: how can such changes be accommodated without excessively damaging the interests of businesses, their employees and, ultimately, their customers as well?

This issues paper illustrates examples of best practice by a range of international organizations to highlight the potential for positive responses to these changes. At the same time, it is necessary to recognize that such responses are not universal and that more traditional practices remain widespread in the sector, challenging aspirations towards the achievement of decent work throughout the sector. Many of the principles of decent work have proved particularly challenging for SMEs and operators in less developed regions of the world.

The UNWTO and the ILO – frequently with national government endorsement, kindred international and national organizations and advocacy groups – have together articulated clear principles with respect to many of the themes addressed in this issues paper (agreement between the World Tourism Organization and the International Labour Organization, March 2008, see Appendix XI). These focus on key employment themes that underpin discussion here – workplace practices, industrial relations, HRD and qualification needs – together with wider issues of social and environmental responsibility. While

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[1] ILO, 2001, op. cit., pp. 86 and 101.

adopted in whole or part by some major multinational companies, it is fair to conclude that the HCT industry as a whole, particularly SMEs, could strengthen their application. It is also important to recognize that there is a significant grey economy within HCT, businesses where employment practices operate on the margins of or outside prevailing legal and ethical codes.

The tourism industry and its internationally operating enterprises are considered as actors of social development and poverty reduction in the destinations. However, it is recognized that the path towards sustainability in the tourism industry has been a long process and remains unfinished business. Today's challenges consist in the enhancement of the ratification and/or implementation of Convention No. 172, in order to achieve the effective implementation of good standards of HR practice and of existing sustainability initiatives, while promoting decent work and taking into consideration workers' rights, social protection, employment and social dialogue, which is not common across the sector. To what extent can this be realistically achieved within the diverse and fragmented structure of the international HCT industry?

At the same time, the wider environment within which HCT businesses operate – with respect to demographics, business ownership, management structure, financial performance, use of technology and approaches to managing relationships with the natural and social environment – continues to change radically in response to both short-term need and longer term realities. The long-term impact on employment and the workplace of these environmental changes is difficult to assess at this point, although there are clear indicators of changing behaviour and changing attitudes within the industry and its customers worldwide. It is also difficult to predict the long-term impact of the current financial crisis on employment and social responsibility in the HCT sector. Clearly, change has taken place in HCT workplaces in developed countries and elsewhere as a result of recent financial challenges, but whether these are temporary or herald more fundamental and structural change in this regard remains to be seen.

Changing consumer expectations and behaviour towards environmental issues and climate change give the sector the opportunity to modify its ways to operate in terms of consumption levels, efficiency, and impact on the environment. Through sustainable tourism, innovation and the creation of competitive advantage, is it possible for companies and destinations to change their approaches to operations and management and to the employment environment within their businesses? [2] Clearly, environmental and sustainable engagement within HCT companies is a collective responsibility of all stakeholders (employers, employees, customers) and there are excellent opportunities to achieve such engagement through consultation and sharing of ideas between all parties. Enhancing the sustainability actions of companies is also an important agenda item within the social dialogue process and is one where employees' contributions can make a real business contribution to the success of the organization.

Although labour relations structures are formalized in some international hotel chains at diverse levels in the organization, only two hotel chains have established an international agreement with the IUF. Does this suggest the need for alternative approaches to the enhancement of labour relations and a decent work environment that take better account of the structural and geographical diversity within HCT at international level?

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[2] T. Chiesa: "Navigating yet another perfect storm: The promise of sustainable travel and tourism", in *The Travel & Tourism Competitiveness Report 2009*, Geneva, World Economic Forum, 2009, p. 97.

The role of government is recognized as an integrating force in the organization and marketing of tourism. To become an attractive destination for tourists, a location requires a wide range of services including infrastructure such as power and water utilities, airports and roads to facilitate the provision of hotel, restaurant services and mega-events together with effective destination marketing. In return, hotels and restaurants provide numerous opportunities to reduce poverty in many parts of the world. The sector has the potential to create local jobs and significantly contribute to economic growth. Therefore, governments play a major role in boosting tourism growth within their country or region. They are also the basis for the application of statutory conditions such as safety, security, sanitation, and transport infrastructure. How can partnerships between the private and public sectors be enhanced to ensure more effective coordination and benefits for local communities?

Operational and service standards and the criteria employed to measure them lack any form of international comparability except through the branding schemes employed by multinational enterprises. This has a negative impact on consumers but also on employees with respect to vocational mobility and the relevance of their qualifications and experience in the industry. Can effective steps be taken to change this?

A gap can be observed between perceived industry needs and the outcomes of training. The HCT sector depends heavily on soft skills including language and communication skills, courtesy, ethics, friendliness, good behaviour, discipline, conscientiousness, self-confidence, adaptability, creativity and punctuality. Some of these skills can be enhanced through training, along with other more specific technical and occupational skills. There are also gaps in the capabilities of management within the industry. These are frequently addressed with little success through training in HCT institutions. What steps can be taken at national and international levels to enhance the quality of training within public and private sector schools and colleges and to support the HCT industry in upgrading its in-house training capability? Effective social dialogue, alongside a well-managed employee appraisal system within companies, can enable the development process for workers at all levels to operate in a manner that better meets the needs of companies and of individual employees.

Education and training can consist of the promotion of individual development, the need to advance knowledge and to be practical and relevant to the business requirements of the sector. Even though it may be debated what exactly should be taught, in general tourism training helps understanding the phenomenon of tourism and becoming more managerially oriented. [3] Vocational education and training provides personalized knowledge for human capital. It supports the ability to learn and of lifelong learning. In the long term it has the capacity to improve the productivity of labour, especially within SMEs. To what extent can effective employee development enable tourism-related industries to balance the cost and price disadvantages resulting from the predominance of small businesses of the sector? [4]

The growing significance of technology and increasingly demanding customers require more effective customer/employee interaction. What is the role of education and training in enhancing the ability to manage information and leveraging competitive advantage for businesses?

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[3] M. Riley, A. Ladkin, E. Szivas: *Tourism employment analysis and planning, aspects of tourism*, 2002, p. 171.

[4] OECD: "Towards an innovation-oriented tourism policy", in *Innovation and Growth in Tourism*, 2006, p. 34.

Trends towards ageing populations and changes in the workforce necessitate engagement from enterprises to invest in progressive workforce development strategies, which means they will need to engage their target workforce and enhance the skills of the existing employees (including on health-related issues) by motivating their workers and keeping their most talented employees. Satisfied employees will be more willing to stay within their company. [5] The changing workforce of the future within HCT will also include greater diversity in terms of gender, ethnic background as well as the age profile of workers. Migrant workers will become increasingly important to HCT businesses in many developed countries. How can businesses and social partners respond to these changing demographics of the HCT workforce?

To be effective, sectoral approaches to skills development should be part of long-term national growth strategies so that skills development and labour market policies are linked. Sustainable vocational training needs to be based on social dialogue structures at national, local and enterprise levels. There is a need to promote vocational training, improve working conditions and generally stable labour relations to enable the industry to continue its sustainable growth for the benefit of employers, workers and governments – and for those people who depend on the industry. To what extent can ILO activities assist the constituents in the HCT sector to ensure that professional training is closely linked to the needs of the industry and its workforce and support the development and/or improvement of labour–management relations at all levels?

Involvement by governments, employers in public and private enterprises, trade unions from the sector as well as the education and training system – including its teachers, trainers and instructors – is required to make vocational education and training provision more effective. To be effective, sectoral approaches to skills development might want to include long-term national growth strategies and governments might want to collaborate with social partners and other labour market stakeholders to identify gaps and shortages of skills. [6] The G20 Summit (Pittsburgh) recognized the importance of education and job training and the necessity to go beyond training workers to meet their specific current needs; the aim should be to "ensure access to training programs that support lifelong skills development and focus on future market needs". [7] G20 Employment and Labour Ministers may wish to consider guaranteeing that governments respond to declines in training by ensuring that school-to-work transition is facilitated for young workers, that enterprises offer sufficient training places and apprenticeships, or that quality skills and employment merges labour market measures with lifelong learning. [8] What role can the social partners play in supporting the training and transition to work needs of young people for the HCT sector at a time when their opportunities elsewhere are curtailed?

Major research and information gaps hinder effective analysis of the employment and social environment in the HCT industry worldwide. The industry continues to operate in what might be called an "information fog" with respect to areas such as gender balance and

[5] B. Loh: "Trends in training "What business teaches us", Cobalt Strategic Partners, Presentation at annual meeting, 18 June 2004.

[6] ILO: *Upskilling out of the Downturn, Consensus-based recommendations,* Global Dialogue Forum on Strategies for Sectoral Training and Employment Security, Geneva, March 2010 (GDFSTES/2010/8).

[7] Paragraph 44 of the "Leaders' Statement: The Pittsburgh Summit", 24–25 September 2009, at www/pittsburghsummit.gov/mediacenter/129639.htm.

[8] ITUC, TUAC, Global Unions: *Global Unions statement to the G20 Employment and Labour Ministers' Meeting*, Beating the Job Crisis, Apr. 2010, p. 7.

roles within HCT industries across countries and regions; the role of tourism-related FDI and its impact on the enhancement of employment and social responsibility; and the likely long-term impact of demographic and consumer attitudinal and behavioural change on employment and social responsibility.

The HCT industry worldwide is one that offers tremendous opportunity for decent work and is one that is projected to grow significantly over the coming decade, notwithstanding the current financial crisis. The present time provides an excellent opportunity for effective engagement by government, employer and worker representatives in addressing both the opportunities that the sector affords and the workplace challenges that it faces. Effective social dialogue, tailored to the realities of all operations within the HCT industry, offers a great opportunity to address the challenges of employment growth; changing demographic profiles within the workplace; sustainable practice; skills development; and decent work. The question, therefore, is: how can meaningful social dialogue be implemented within HCT workplaces in ways that are relevant and accepted by all parties in both large multinational companies and within the SMEs that dominate the industry in many countries?

Points for discussion

1. The impact of the economic crisis on the HCT sector

2. Ways towards recovery – Recent trends and developments in the sector

3. New ownership patterns and their impact on employment, industrial relations, HRD and qualification needs

4. Diversification of accommodation, operations and consumption and their impact on employment, industrial relations, HRD and qualification needs

5. Strategies to promote social dialogue and sustainable tourism

6. Suggestions for future ILO action