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**SKILLS, ORGANIZATIONAL PERFORMANCE AND ECONOMIC
ACTIVITY IN THE HOSPITALITY INDUSTRY:
A LITERATURE REVIEW¹**

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¹ We would like to acknowledge the research assistance of Sharon Blair, Eli Dutton and Rivanda Teixeira

Editor's Foreword

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INTRODUCTION

Policy-makers and academics have always maintained a keen interest in reviewing and debating the link between skills, knowledge and organisational performance at national, sectoral and firm level. The extent though to which policy-makers, in particular, are willing to admit anything other than the need to aspire to a putative high skill, high wage, high quality route, means such debate can remain somewhat static. As Keep and Mayhew (1999: 7) recognise, in their noting of the Department of Trade and Industry's (DTI) (1998: 6) White Paper on competitiveness, for policy-makers the received wisdom is that, 'The UK's distinctive capabilities are not raw materials, land or cheap labour. They must be our knowledge, skills and creativity...which help create high productivity business processes and high value added goods and services.'

Keep and Mayhew, whilst not disagreeing with the sentiments expressed in the DTI White Paper, do aim to offer a more nuanced view of routes to competitiveness and the skills mix it may generate, both at a national and sectoral level. Specifically, in their comprehensive review of these issues there is an increasing recognition that this link is complex and that nations and organisations may be adopting differing models of competitive advantage such that a high skills route is not the only route to competitive advantage². Consequently, they argue that there is a need to shift the debate from concentration on supply side issues in relation to skills provision and instead concentrate as well on demand side concerns. Thus, other issues need to be considered such as skill deployment, the relationship between skills, job design, career and employment structures, work organisation and product market strategies. A further aspect of this concern to develop a more searching analysis is the need to develop a comparative focus across sectors. The emphasis on this sectoral focus can be seen in relation to things like the impact of sectoral institutions on strategy, training and the labour market in that sector.

² For a more detailed critique of the somewhat idealised view of policy makers towards the high skills route, see also Keep (1999) and other contributors to a special issue of the *Journal of Work and Education*, Vol. 12, No. 3, and Brown, Green and Lauder (2001) on the question of national routes to a high skills economy.

productivity. The need to find a way between much of the ideal types described to this point is to seek to review a number of issues within a specific sectoral context to examine how these issues are played out within that context.

Pursuant on this situation the key aim of this monograph is to:

- Determine the influence of companies product market strategies, in-company and external structural factors on skill levels, work organisation, job design and people management systems.

More specifically the review has a number of secondary objectives:

- To develop active definitions of service quality and its specification and review operators' conceptions of different dimensions to quality.
- To review the different elements of the product and service that make a given offering 'high spec' or 'low spec' in relation to issues such as physical capital, equipment, décor, ambience and the role of people.
- To assess the contribution of employees to the dimensions of quality; modes of involvement and type of staff involved; skills involved by type (technical, aesthetic, social, emotional); and level.
- To analyse the relationship of skills 'fit' to broader system of work organisation and job design and the relationship of high/low specification operations to forms of work organisation using a variety of models such as that provided by Lashley and Taylor (1998).
- To assess the extent to which people management systems support or hinder the delivery of quality.

Where possible, and particularly on the question of HRM outcomes, these considerations will be illustrated by empirical data gathered from a number of different sources. It is recognised here that the use of this data is merely illustrative and should be recognised

In order to assess some of these issues we will firstly engage with the debate about the 'uniqueness' which is often ascribed to the service sector generally and how this is likely to impact on the product market strategies of firms. Related to this point we will review definitions of quality and suggest that the lack of a definitive consensus on the issue of service quality has implications for the differing approaches to product market strategies and HRM adopted by organisations. Following this, the next section will further develop some of these issues by reviewing a number of important models, most obviously Schuler and Jackson (1987) and Lashley and Taylor (1998) which have sought to theorise the relationship between competitive strategy and HRM. From this general discussion attention will then turn to the particular dynamics of the hospitality sector. An integral point to emerge from descriptions of the hospitality sector is the SME dimension. Often overlooked in wider debates about skill acquisition and usage there is the need to be aware that the SME sector can offer specific challenges to both policy-makers and owner-managers. This is especially true in the hospitality industry due to the preponderance of SMEs in the sector (Morrison, 2002). Recognising this point, the review specifically considers the impact of the SME dimension. The description of some of the key characteristics of the sector, including the SME dimension, and the likely impact on HRM approaches provides the framework to offer a considered view of two potentially antithetical responses from organisations. These responses are characterised, rather crudely, as the 'pessimistic' 'poor' HRM approach and the 'optimistic' high quality approach. To develop these positions we will draw heavily on the extant work which has sought to address the issue of HRM in the hospitality sector, as well as our own illustrative empirical material. Consideration of these approaches also allows for the description of putative 'best practice' approaches. The review will then move on to consider some of the methodological issues generated by the discussion, and particularly how the future research agenda reviewing the nature of HRM in the hospitality sector is best carried forward.

In sum, this monograph seeks to synthesise a number of different themes to offer a comprehensive picture of the hospitality industry. In doing we aim to understand the

a useful distinction that allows us to examine the strategies adopted by service organisations in relation to the 'hard' or 'hardware' and the 'soft' or 'software'. Hardware can be broadly conceptualised as the physical product (for example, the interior and exterior of a hotel, its rooms, meals, beverages and leisure services). The software consists of the more amorphous notions of service quality, service delivery and the emotional interaction between the producer and consumer. Thus, it could be suggested that both the hardware and the software comprise the overall product and in the normative view held by much of the services marketing and management literature must successfully coalesce to ensure organisational success. Nonetheless, it is widely recognised that within the notion of intangibility, service organisations which offer a product that is, in the words of Lashley and Taylor (1998), 'intangible dominant', increasingly seek to differentiate themselves on the basis of the software aspects such as seeking high quality and 'authentic' service interactions for the increasingly discerning customer.

The key feature of inseparability is the high level of face-to-face or voice-to-voice interaction between buyer (that is, the customer) and seller (that is, the employee) resultant from the simultaneous production and consumption within the service process. This process has been variously described in hyperbolic terms as the so-called 'Moment of Truth' (Carlzon, 1987) as enacted by what Tom Peters has called 'service stars' (Armistead, 1994) or more prosaically as the 'service encounter' (Czeipel et al., 1985). Carlzon's description neatly fits in with the theatrical metaphor. Indeed, this dramaturgical view of service suggests that the organisation, via its front line staff, has to 'get it right first time' in order to ensure a flawless performance which will result in the customer returning to any given service business. More measured and less prescriptive accounts of the service encounter are concerned to recognise a number of elements which pose a range of issues for organisations. This is particularly so on the issue of quality assurance where 'the consumer finds it difficult to isolate service quality from the quality of the service provider' (Enderwick, 1992: 139). Organisations, then, may face significant problems in attempting to manage and control interaction between their front line employees and

service offered to the customer. Thus, in this 'win win' scenario satisfied and committed employees offer high quality services to equally satisfied customers, and differentiation comes from organisations not only meeting, but 'exceeding' customer expectations. Prima facia, then, there appears to be a polarisation between, on the one hand, differentiation in terms of service quality (premised on high levels of multi-skilling, staff development and training) and on the other hand, rational standardisation of product and service delivery (with its concomitant deskilling, low pay, low status and alienating work). These strategies could be crudely characterised as an empowerment-based strategy to managing employees or what Ritzer (1993) has characterised as McDonaldization. Depending on their market positioning, organisations will respond by pursuing particular HRM strategies, an issue which the paper will further develop later.

To-date, there has been implicit consideration of the issue of quality in services marketing and management. However the next section of the report aims to assess these issues in more explicit detail and to consider the issue of whether it is, indeed, the hardware or software which is the most important element of the customer experience.

The challenge of service quality definition and evaluation

The identification of the main services characteristics, the study of service encounters and service experience suggest that service quality is more complex to evaluate than in the case of goods. Services are more difficult to measure and standardise and consequently establishing an instrument attempting to measure quality has become a central challenge for the delivery of good service quality and service companies' success.

The challenge of evaluating service quality has been motivated by recent research and debate, as noted above, which increasingly demonstrates the significance of service quality as a central factor of business success. Service quality has consequently become a focus of any management and marketing strategy and high levels of service are seen as a means for organisations to achieve a competitive advantage and position themselves more effectively

service is delivered. Edvardsson et al. (1994) also proposed a division of service quality into four dimensions: technical quality, integrative quality (the ease with which different portions of the service delivery system work together), functional quality and outcome quality. Other work by Mels et al. (1997) identified that service quality could be distinguished in two main dimensions, functional and technical quality.

Arguably though, the seminal work on quality measurement in services is the SERVQUAL scale as developed by Parasuraman, Zeithaml and Berry (1985; 1988; 1991). SERVQUAL emanated from the American school of thought and aimed to develop a quality scale that would be applicable across many different services. Parasuraman et al. did not rely on previous studies but aimed at identifying a range of dimensions developed from their own empirical research on a variety of services. The authors first identified a range of dimensions in 1985 that reflect the notions of hardware and software mentioned earlier. The five chief dimensions were named and described as:

- Tangibles – The appearance of physical facilities, equipment, personnel and communication materials.
- Reliability – The ability to perform the promised service dependably and accurately.
- Responsiveness – The willingness to help consumers and provide prompt service.
- Assurance – The knowledge and courtesy of employees and their ability to convey trust and confidence.
- Empathy – The caring, individualised attention provided to the customers.

Each of the dimensions contained four to six statement sets. The intent of the statement set was to provide a score for components of the dimension that could also be averaged to provide an overall score for the dimension. Each statement had a corresponding perceived quality score calculated by subtracting the perception score from the expectation score.

As a result of the important research effort that this scale demanded, and because of its innovativeness and the contentious issues it raised, the scale has been the subject of a

compared the SERVQUAL and LODGSERV scales and concluded that 'both scales fail to replicate the proposed dimensions and to provide content validity in this specific application [*resort hotels*]' (1997: 163). Furthermore, another application of SERVQUAL to hotel and motel services conducted by Knutson et al. (1991) identified LODGSERV but this scale simply replicated SERVQUAL to the context studied. The authors confirmed the SERVQUAL format but commented on high expectations scores observed. Some items were also classified as dissatisfiers and were defined as elements that would cause dissatisfaction by their absence but would not influence customers' satisfaction by their presence since customers assume that they would be present. Johns and Tyas (1996) also replicated the scale to fast-food outlets and found that the six SERVQUAL dimensions (Parasuraman et al., 1991) were present in their study but a seventh dimension relating to food was also identified.

Lastly, and most recently, Mei et al. (1999) surveyed 155 three to five star hotels in Australia using a modified version of the SERVQUAL scale. Their research aimed to test the reliability of the SERVQUAL model by establishing the number of dimensions of service quality in the hospitality industry in an attempt to determine which dimension is the best predictor of overall service quality. The amended version of SERVQUAL developed by Mei et al. added eight items which were considered to specifically pertain to the hospitality industry and deleted three items. This customised version of SERVQUAL was renamed HOLSERV. Based on their findings Mei et al. (1999: 141) suggest that there are three dimensions of service quality in hospitality, employees, tangibles and reliability (see Table 1) and argue that '...the employees dimension emerged as the best predictor of overall service quality.'

services involve situations in which consumers buy a service chiefly for rational and functional purposes. The service delivery usually encompasses a short service encounter principally monitored by an employee and the delivery takes place in a limited environment. It is in fact highly questionable that this context might be relevant to all other services and particularly to the provision of tourism and hospitality services. Indeed, most tourism and hospitality services may potentially involve complex processes, multiple encounters and a longer involvement with the service firm. For example, the consumption of a tourist attraction involves contacts with different staff, with a multitude of tangible aspects (the attraction itself, décor, ambience, comfort, objects looked upon, rides) and the evaluation of different services provided (the attraction, restaurant, cafe, shop). Similarly, consumers using a hotel will come across a multitude of tangible aspects (the hotel, décor, layout of the rooms, atmosphere) and a variety of services (room service, cleaning, catering services, reception, bar, leisure centre). Therefore the encounters are multiple and varied and all need to be integrated in the evaluation processes of service quality. More importantly, these different service features imply that the nature of the service delivery might follow different patterns. For example, in certain hospitality services the encounter with staff might remain relatively limited and the tangibles aspects might be quite important suggesting that the evaluation processes could be based on different criteria.

This recognition of diversity is believed to be at the centre of the SERVQUAL controversy. It is recognised that the potentiality to build a generic scale is unrealistic since it would wrongly suggest that all services display similar service delivery features and that customers would use similar criteria to evaluate service quality in every case.

In fact, recognition of the limits of SERVQUAL to represent the diversity of services has already been recognised by several authors. For example, Dotchin and Oakland (1994) criticised the SERVQUAL scale building process for not including services portraying differing characteristics:

hospitality, for example hotel services, the tangible elements of the hospitality product are also extremely important. This, in part, is due to the fact that when using those services, consumers will tend to spend a longer period of time within the premises than for other services. For instance, the tangibles (the business premises) of a bank or a repair company can be assumed to be of lesser importance to consumers because these are not central to the service provision but also because the consumers will spend a relatively shorter period of time within those premises. In the case of hotel services, it can be argued that since consumers will spend a longer period of time, tangibles will become a central part of the product consumption (layout, presentation, décor and so on). Indeed, the notion of product consumption is key here because in a hotel, compared to a bank, as well as the longer temporal dimension customers are also consuming the tangible aspects of the room, restaurant, leisure centre and so on as an integral aspect of the core product. This is less likely to be true in a bank where the tangibles would ordinarily merely provide a meeting place between consumers and producers, they do not represent the product which is being bought and consumed by the customers.

Similar conclusions on the importance of the physical product were reached by Ostrowski et al. (1994) in a study on the determinants of service quality in airline services. This study indicated that physical dimensions such as food quality or seating comfort were very important factors in service quality evaluations, again this was a service where consumers spend a relatively longer period of time in the physical space. More importantly, a recent study on hotel services clearly highlighted the specificity of that service context: 'Services differ in the proportions of tangibles they contain. It would be reasonable to suppose that the importance of tangible aspects is higher in customer experiences such as hotel services, which contain a high proportion of clearly differentiated tangible components' (Johns and Lee-Ross, 1997: 351-352).

Indeed, Losekoot et al. (2001) have argued for the increasing importance of seeing customer satisfaction and needs, even in upper market hotels, in terms of the harder more

quality may be as much about consistent delivery to the specified offer, whether high or low specification. As a corollary, this review of the dimensionality of service quality clearly reinforces the notion that the relative importance of quality dimensions will change between a fast food restaurant and Michelin starred restaurant or a basic budget hotel and a deluxe hotel. Equally this also underlines the obvious point that differing HRM approaches are likely to be appropriate to differing service settings and it is this issue which is now considered by firstly reflecting upon the relationship generally between competitive strategy and HRM before moving on to the service sector specifically.

Introducing the models – the relationship between product market strategies and HRM

One of the earliest and most influential attempts to develop a model which theorised the relationship between competitive strategy and HRM was that offered by Schuler and Jackson (1987). Building on the earlier seminal work undertaken by Porter on competitive strategy, and particularly routes to gaining competitive advantage, Schuler and Jackson developed a series of typologies of 'needed role behaviours' that enabled the link between competitive strategy and HRM practices to be made. The type of needed role behaviours within Schuler and Jackson's model was contingent on the overall strategies that an organisation could adopt to seek competitive advantage and the concomitant HRM approaches adopted to sustain this.

First, there is an *innovation* strategy, where organisations seek to develop products or services which are different from competitors, such that the focus here is on companies offering something new and different. Organisations adopting this approach seek to develop an environment where innovation is allowed to flourish. Resultantly, the employee needed role behaviour in such a scenario is characterised by things like a willingness to tolerate ambiguity and unpredictability, the need to be creative and risk taking. Given these characteristics the type of HRM strategy flowing from this approach is based on having a large number of highly skilled individuals who are likely to enjoy high levels of

inexpensive, speedy service – not TLC⁵ – the...production-line approach of procedurally driven, low employee-discretion jobs might be the best fit. Alternatively, if the strategy is to compete on the provision of differentiated, TLC service, then designing an HRM mix to empower employees might provide customised service to customers would be appropriate.

Clearly Bowen et al. are arguing for the importance of HRM practices ‘fitting’ the organisations own strategically defined market segment. This support for the need to generate congruence between the three crucial functional areas of marketing, operations and HRM is commonplace in much of the service marketing and management literature. Indeed, in an earlier work Schneider and Bowen (1995) warned organisations not to fall into what they term the ‘human resources trap’, wherein service firms place excess reliance on their employees as a means to customer satisfaction⁶. Even, then, within the more prescriptive work on service management generally there is a clear recognition of the need for a measured reading of the relationship between product market strategies and HRM. To-date the extent to which this relationship has been empirically tested in the hospitality sector is limited, with the notable exception of the work of Hoque (1999; 2000) and Kelliher and Perrett (2001) which is discussed in greater detail later. One other piece though worthy of mention at this juncture is the model offered by Lashley and Taylor (1998).

Again, though not explicitly mentioning the work of Schuler and Jackson, Lashley and Taylor’s work evidences much the same thinking in their description of four basic archetypes within which hospitality organisations can be potentially located. Having firstly offered the caveat as to the extent to which the strategy making process remains rational and clearly developed by managers, Lashley and Taylor (1998: 155) go on to advocate a ‘hierarchy of effects’ that should flow from the strategic level down and through

⁵ TLC or ‘tender loving care’ is one of the potential dimensions suggested as being important in denoting customer expectations, the others being speed and customisation.

⁶ In this sense ‘Rule 33’ of the ‘service game’ is that ‘Even though service is a game between persons, it takes more than good people to win the service game. Don’t make the mistake of expecting human resources alone to get the quality job done. Service quality requires good people *and* good facilities, equipment and technology – all superbly co-ordinated’ (Schneider and Bowen, 1995: 175, emphasis in original).

to individual customers and a high degree of labour intensity, as exemplified by hospitality management consultants.

Again, the key point which emerges from the work of Lashley and Taylor is the likely relationship between the service operation type adopted by the organisation and the style of HRM which best fits it. For example, it is apparent that in the four star hotel sector a broadly 'soft' approach to HRM - or what Lashley and Taylor term 'the participative style', as exemplified by high discretion in relation to the intangibles, moral involvement and a moderate trust culture - is suggested as being important to sustain a high quality, TQM-based approach to the service offering. At the other end of the spectrum, McDonald's are suggested as exemplifying a command and control style which is characterised by things such as low discretion for employees, limited responsibility and autonomy and scripted service encounters. Importantly, Lashley and Taylor (1998: 161) do not see the command and control approach in a pejorative way and indeed recognise:

...the historic success of the McDonald's organisation in delivering their market offer...is partly due to the ability to develop and maintain a close fit between the key characteristics of the strategic drivers and actual service delivery through utilisation of an appropriate HRM style.

Having discussed at some length the choices potentially available to hospitality organisations in developing product market and HRM strategies the paper now turns to consider the sector in more detail. Consideration of the sector offers some potential answers as to why there may be reliance upon cost based competitive strategies, with low specification goods and the attendant 'poor' HRM practices and lack of skills within the hospitality workforce.

BACKGROUND TO THE SECTOR: SOME KEY FACTS AND FIGURES ABOUT THE HOSPITALITY INDUSTRY

This section of the paper draws on a number of sources (Brown et al., 2001; DfEE, 2000; HtF, 2000; 2000a; 2001; 2001a; 2002; IDS, 2001; 2001a; 2002; 2002a) to offer a brief

(2001a) notes experts within the industry project major growth in branded products, such as budget hotels, pubs, café bars and coffee and sandwich shops, and a major decline in small and independent pubs and small bed and breakfast establishments.

There is a preponderance of women and young people within the hospitality workforce. Women make up around 67 per cent of the workforce, reflecting that hospitality has a higher proportion of part time employees (57 per cent) than most other industries. Young people are also prominent within the sector, for example employees under 21 make up around 40 per cent of the workforce within the fast food sector. Related to this last point a significant part of the workforce consists of student, seasonal and migrant workers⁸. Only 3.4 per cent of employees in hospitality have a degree or equivalent compared to an all industry figure of 16.9 per cent. Around 25 per cent of employees have gone no further than O level or GCSE, with 18.5 per cent of the workforce having no qualification compared to 11.5 per cent of the total workforce.

Despite the introduction of the national minimum wage (NMW) hospitality remains a poorly remunerated sector with employees receiving lower pay than their counterparts in all other industries and services. For example, average gross earnings for adult full time employees in the hotel and restaurant sector were £289.10 a week in 2001, the lowest of the main 17 industrial categories. The average gross earnings figure can also be compared to average earnings in the whole economy, which were £444 per week. Indeed, the New Earnings Survey for 2001 found that four of the ten lowest paid occupations are to be found in the hospitality industry. In the pub and restaurant sector the majority of companies have minimum rates at or near NMW rates⁹. Compared to most other sectors, hospitality has higher than average levels of labour shortages and labour turnover. For example, the annual survey of labour turnover undertaken by the then Institute of

⁸ An interesting recent example of this was reported in the *Caterer and Hotelkeeper* ('Serbian students ease Claridge's staff problems', 5 July 2001, p. 4) which noted how Claridge's hotel, part of the Savoy group's five star properties, was using students from Serbia to address labour shortages.

⁹ That is not to say that the NMW has had no impact on the hospitality workforce. Indeed, a large proportion of the 2 million or so workers who had their wage raised by the NMW were in the hospitality

the implication of this point for skills. 'The degree of complexity of products, both in terms of scale and sophistication, had implications for the range and levels of skills required.'

Clearly, then, this sectoral profile offers a number of structural features that may be inimical to sustaining good practice HRM. Aspects like the predominance of small businesses and a youthful, part-time, female and lowly qualified workforce may mean, as Keep and Mayhew (1999a) argue, the relatively low level of skills in the hospitality sector is a 'third order problem'. Therefore although the low skills base in hospitality is potentially problematic Keep and Mayhew (1999a: 7) suggest that 'it is not the main [problem] and is often contingent upon other structural factors.' Thus the first order problem is the ownership structure of the industry and the predominance of very small, owner-managed micro businesses. Secondly, within the hospitality sector generally competitive strategy is based on cost based competition. These product market choices then give rise to and serve to exacerbate the second order problem of the structure of the labour market and poor personnel management. Some of the issues emerging from this second order problem will be further addressed later in the paper with a review of examples of 'bad' and 'good' HRM practice in hospitality. At this point though we aim to further explore some of the issues emerging from the predominance of small businesses. As we have just noted SMEs play a crucial role in the hospitality industry and consequently there is a need to consider in greater detail the specific exigencies facing these organisations. In particular, this section on SMEs will consider potential ways to increase owner-manager learning and upskilling, which in turn is likely to impact on SMEs human resources practices.

Small firms – an inevitable brake on progress?

This section on small firms is driven by an informed belief that the owner/manager in small hospitality firms is pivotal in the development of a skilled workforce within their organisation and consequential quality and performance outcomes.

and Storey, 1997; Hemmington, 2000). Of note is a dearth of research into the relationship between small firm owner/managers, learning, professional development and the business performance of those firms (Cosh et al., 1998). Furthermore, it has been found that a central concern of professional development is not simply competency-based, it has to contextualise aspects which influence the relationship between the personality set, management competence and experience of the owner/manager, the organisation and managerial action (Morrison, 2000).

Small firm business performance

The business performance profile of small firms is a complex matter and multi-dimensional in scope and character (Scase and Goffee, 1989). It embraces a convergence of: owner/manager specific aims, objectives and competencies; internal organisational factors; region specific resources and infrastructure; external relationships and network configurations (Storey, 1994; Shaw and Conway, 2000). These in turn will undoubtedly impact on the quality of the product and services within the small firms. Beaver et al. (1998: 160) emphasise that 'competitive advantage in small firms is an elusive concept. It is fashioned by the actions and abilities of the principal role players, and owes much to their personal perception of satisfactory performance and business direction.' A range of obstacles to improved small firm business performance and achievement of competitive advantage has been identified (EC, 1998; Morrison et al., 1999; Sherwood et al., 2000; Heffernan and Flood, 2000), as presented in Table 2, these obstacles are concerned with variables of a managerial, skills and size nature.

are varied, reflecting owner/manager's aspirations, but may focus on customers, investors, proprietors, and local communities.

It would appear that small firm owner/managers are rather 'disrespectful' of models and classifications and rarely exhibit any consistent behavioural pattern. Most will surf across models of tendencies and oscillate between the range of typologies, possibly excelling in one or two types, but resembling more of the jack-of-all-trades reliant on in-house expertise and/or external agencies. What clearly differentiate small firm owner/managers from the corporate executive are their erratic, unpredictable behaviours, and the extent to which their personal variables drive business orientation and human resource development and practices.

The variable set associated with small firm owner/manager profile is presented in Table 3, categorised according to personal, career, and education/training components.

Table 3 Profile of small firm owner/managers

PERSONAL	<ul style="list-style-type: none"> • Age/gender/geographic origin. • Business/personal goals. • Family background. • Parental role model. • Critical incidents.
CAREER	<ul style="list-style-type: none"> • In/out-sector experience. • Selection of self-employment. • Preference for industry sector.
EDUCATION/TRAINING	<ul style="list-style-type: none"> • Formal management qualifications. • Management competencies.

The organisational profile of the small firm serves to clarify the internal operating, and external factors of relevance.

innovate and remain profitable. Ideally, this should lead to the embedding of an appropriate learning style that will improve market responsiveness to future interventions.

Table 4 Obstacles to participation in small firm learning programmes

ATTITUDINAL AND BEHAVIOUR	<ul style="list-style-type: none"> • General resistance and negative attitudes. • Autocratic behavioural traits rejects a critical assessment of management competencies. • Apathy relative to economic development agencies and public sector organisations. • Antipathy towards educational institutions which may provide the training. • Opposition to what is viewed as formalised learning.
NATURE OF LEARNING PROVISION	<ul style="list-style-type: none"> • Mismatch in cultural approaches between public and small firm sector. • Previous experience unsatisfactory due to perceived inappropriateness of content and delivery. • Poor communication relative to availability, potential benefits and measures of effectiveness. • Difficulties in articulating actual learning needs.
FIRM CHARACTERISTICS	<ul style="list-style-type: none"> • Insufficient time and resources allow for participants. • Geographically and socially isolated. • Weak market/competitive position.

This section has pointed to a number of things which may be inimical to management and skills development in the specific context of the SME sector. In particular, and especially so in the micro business sector, too often the potential for human resource development is likely to be dependent on the individual owner manager who may or may not see this as an important issue. Whilst so many small businesses are affected by resource poverty then their willingness or wherewithal to improve human resource development and practices is likely to remain questionable. Of course, there will be examples of good practice in small

(Mars and Nicod, 1984; Gabriel, 1988) and, to a lesser extent, accommodation. Coverage of this discussion is well served by reference to Wood (1997), Guerrier and Deery (1998) and others. Research into wider areas of hospitality work, particularly those that have emerged with the expansion of services and functions in the area (front desk, leisure, entertainment, reservations call centres) is much more poorly served and this study draws on a limited range of work in these areas. The 'newer' areas include functions and tasks that exhibit considerable crossover with work that falls outside normal definitions of hospitality in food and drink manufacture, office administration, IT systems management and specialist areas of sports and leisure. Indeed, it is fair to say that although there is long-standing debate as to whether the hospitality industry is 'unique' (Mullins, 1981; Lashley and Morrison, 2000), there is little doubt that there is little that is unique about hospitality skills. Most of the skills that are employed within the sector also have relevance and application in other sectors of the service economy. Those employed in areas where there is considerable skills overlap with hospitality, such as the areas listed above, may well see themselves in terms of their generic skills area rather than as part of the hospitality labour market and some of these skills have been subject to separate assessment (Ecotec, 2001) in a manner that has value and crossover implications for the hospitality sector.

The characteristics and the organisation of the hospitality industry are subject to on-going re-structuring and evolutionary change. There are major labour market and skills implications of such change as businesses re-shape the range of services they offer (Hjalager and Baum, 1998) or respond to fashion and trend imperatives in the consumer marketplace (Nickson et al., 2001; Warhurst and Nickson, 2001).

Vertical diversity in hospitality work is represented by a more traditional classification that ranges from unskilled through semi-skilled and skilled to supervisory and management. This 'traditional' perspective of work and, therefore, skills in hospitality is partly described by Riley (1996: 18) in terms that suggest that the proportionate breakdown of the workforce in hospitality is as follows:

- High levels of labour turnover.
- Difficulties in recruitment and retention.

The skills profile of hospitality, in turn, is influenced by the labour market that is available to it, both in direct terms and via educational and training establishments. The weak internal labour market characteristics in themselves impose downward pressures on the skills expectations that employers have of their staff and this, in turn, influences the nature and level of training which the educational system delivers. There is an evident cycle of down-skilling, not so much in response to the actual demands of hospitality work or of consumer expectations of what it can deliver, but as a result of the perceptions of potential employees and the expectations that employers have of them.

Hospitality work is widely characterised in both the popular press and in research-based academic sources as dominated by a low skills profile (Wood, 1997) or, as Shaw and Williams (1994: 142) rather brutally and, probably, unfairly put it, 'uneducated, unmotivated, untrained, unskilled and unproductive.' However, Burns (1997) questions the basis for categorising hospitality employment into 'skilled' and 'unskilled' categories, arguing the postmodernist case that this separation is something of a social construct that is rooted in, firstly, manpower planning paradigms for the manufacturing sector and, secondly, in the traditional power of trade unions to control entry into the workplace through lengthy apprenticeships. Burns bases this argument on a useful consideration of the definition of skills in hospitality, noting that:

...the different sectors that comprise tourism-as-industry take different approaches to their human resources, and that some of these differences...are due to whether or not the employees have a history of being 'organised' (either in terms of trade unions or staff associations with formalised communication procedures). (ibid.: 240)

This strong internal labour market analysis leads Burns to argue that skills within 'organised' sectors such as airlines and hotel companies with clearly defined staff relationship structures, such as Sheraton, are recognised and valued. By contrast, catering

personal skills also demand considerably more by way of prior learning, whether this pertains to language skills (English is a widespread pre-requisite for hospitality work in countries such as Thailand) or wider cultural communications. On the basis of this argument, Baum contends that work that may be unskilled in Europe and the USA requires significant investment in terms of education and training elsewhere and cannot, therefore, be universally described as 'low skilled'. This issue is one that is beginning to assume significance in Western Europe as a combination of service sector labour shortages and growing immigration from countries of eastern Europe and elsewhere means that skills assumptions in hospitality can no longer be taken for granted. The current hospitality labour market in the Republic of Ireland illustrates this situation where service standards are under challenge as the industry recruits staff from a wide range of former eastern block countries. A government-sponsored response has been to organise special training programmes of three months duration for new workers from Poland and Russia.

The low skills argument also tends to neglect the opportunities that hospitality provides for the relatively easy access to the use of entrepreneurial and management skills. Weak internal labour market characteristics mean, as already noted, that it is readily feasible for those with limited specific hospitality or business training to enter the industry at ownership or senior management levels, especially in the independent sector. Keep and Mayhew (1999) note that the aim of many who enter the sector is to eventually start up their own business. Others may choose to do so after careers in different areas of employment or enterprise, perhaps for 'lifestyle' reasons (Andrews et al., 2001). What they have in common is the desire to build upon a skills base in hospitality that may be relatively limited in order to utilise wider enterprise and business skills within the sector. On this basis, the initial or base skills that are used to describe hospitality work do not provide a complete basis for describing the nature of work in the sector.

It is clear that there is no ready resolution to this 'low skills debate'. Reich's (1991) occupational typology as presented by Keep and Mayhew (1999a: 11), identifies three discreet categories:

Parsons and Marshall (1995: 1-2) summarise the arguments of a number of studies about changes in skills across various industry sectors. Their analysis of research from the mid-1980s onwards shows

- Traditional skills and functional boundaries breaking down in many occupations, leading not to functional fragmentation, but to multi-skilling in more integrated tasks.
- The effect on skills not easy to predict, due to different management strategies on task reorganisation.
- Relatively little de-skilling, disproportionately concentrated on lower skill and craft-level jobs where barriers to cross-trade re-skilling had reduced the potential for integration.
- Much inter-occupational hybridisation of skills at all occupational levels and in manufacturing and service sectors, combined with both up-skilling and de-skilling.
- Demand for higher-level occupations stimulated by the effect of structural trends and labour supply on employers' interpretation of skill needs.

This analysis has relevance in the context of changing skills in hospitality. The argument that hospitality is moving towards increasingly multi-skilled models of training and work has been aired since the early 1980s (Baum, 1987). The focus of this argument has been targeted towards meeting employer needs, particularly in smaller businesses where the notion of flexible rotation between different hotel departments in a way to suit the demand cycle is presented as a logical business solution. In reality, such work represents multi-tasking because the level and nature of the work in question (food service, bar service, portering, housekeeping) offers little by way of enhancing the actual skills of employees other than extending the operational context within which they are exercised (Baum, 1995). The specialist educational programme described by Baum (1987) represents the accumulation of complementary but not progressive skills in various hotel departments. The programme discussed in this paper has, subsequently, evolved to include 'higher order' skills in front office, representing a degree of skills progression.

1990; Christou, 1997, 2000) note demand for communications, people management and problem solving as the priority in both the US and Europe. It is, of course, an issue that informs a debate across the service sector - see for example, Tesco (1999) as well as within the wider economy (FEFC, 1998, QCA, 2000) with their development of core or key skills. QCA identifies key skills as:

- Communications.
- Application of number.
- Information Technology.
- Working with others.
- Improving own learning and performance.

These key skills represent capabilities that have, traditionally, been integrated as 'normal' expectations within hospitality curricula at operational and management levels and a specific focus on the development of these skills, outside main curriculum delivery objectives, may be questionable in the context of this sector.

However, HtF (2000c) continue to report employer demands for improved generic skills as a priority. These skills include communications, showing initiative, delivering customer service and demonstrating a willingness to learn. Recommendations to tackle the generic skills gap include:

- Building generic skills development into full-time education programmes.
- Funding for training providers to deliver key skills and develop appropriate aptitudes and attitudes within young people.
- Ensuring providers are developed to be able to deliver key skills.
- Recruitment practices need to encompass generic skills requirements.

HtF's (2000b) Delphi study of skills requirements in hospitality also reports that the skills gaps, as seen by the hospitality industry, focus on what can be styled the generic agenda -

HtF's skills and employment forecasts (HtF, 2000c) raise an interesting paradox in the hospitality skills debate. Employers, as has been demonstrated, place value on generic skills such as the willingness to learn and the ability to be flexible and adaptive. At the same time, initiative is also a valued skill and one found to be lacking in the industry. HtF raise two important questions:

1. Are employers being unrealistic in their expectations? People who are good at following instructions may not be able to show much initiative.
2. Are employers recruiting the 'right' people? If, when recruiting, employers focus on people they feel are good at following instructions, they may find later that they cannot expect them to show much initiative.

These questions are of particular relevance in the context of trends towards and advocacy for greater empowerment in learning and work. The concept of empowerment is presented in the hospitality management literature as a human resource strategy with relatively widespread application.

Skills and the education/training process in hospitality

The development of skills to meet the needs of various stakeholders in hospitality is frequently seen as a partnership between the industry and the educational/training providers, with each playing a complementary role. The extent of their respective involvement depends upon the objectives and level of training as well as upon the system in which such training is located. Guerra and Peroni (1991) note a relatively homogeneous hospitality industry in Europe but point to considerable diversity within the educational and training systems that operate alongside the industry, reflecting differences in national vocational education systems as well as diversity in the status and focus of tourism and hospitality at a national or regional level. This diversity is clearly reflected in the structure of hospitality skills programmes in different European countries. Within the German apprenticeship system, apprentices spend the majority of their training time in the

and training system. This is a complex issue and there is relatively little evidence to suggest that 'industry needs' are represented by a single perspective. Indeed, given the diversity within the industry, it is unlikely that unanimity could ever be achieved with respect to the training and education that is required. Recognition of this diversity and the problems associated with trying to provide uniform training for a fragmented sector is at the heart of Baum's (1997) argument that educational providers should tailor their skills development provision to meet the needs of a targeted segment of the industry rather than attempting to be 'all things to all hospitality businesses'. It is also an argument against the notion of a core or common curriculum for tourism or hospitality education.

Keep and Mayhew also note the disparity caused by a 'free market' in educational supply whereby enrolments in GNVQ programmes in Tourism and Leisure far outstrip those in Hospitality and Catering (HtF, 1998) while employment opportunities lie clearly within the latter skills area. This analysis points to an absence of employment and skills planning for the hospitality and tourism sector, something that CERT in Ireland, through their regular employment surveys (CERT, 2000) and national curriculum development initiatives based on this research, are able to avoid to a considerably greater degree. The case for integrated skills planning and development in hospitality and tourism is widely argued in the literature (for example, Amoah and Baum, 1997; Baum, Amoah and Spivack, 1997). Keep and Mayhew (1999a: 19-20) question where responsibility for such integration of skills development lies. In the Irish case and elsewhere (Esichaikul and Baum, 1998), it is clearly that of the state but this is clearly not the only option.

Traditional models of education and training for hospitality place considerable responsibility for skills development and the consolidation of learning on vocational work experience or internship. Mulcahy (1999: 164) describes the process as one that benefits all three stakeholders involved and is valued:

By education, because the trainees were getting an opportunity to learn more about the structure of the industry in a more formalised way; by the tourism industry because trainees proved to be a useful source of inexpensive skilled or

Of course this point is likely to be true of any industry, but as Riley et al. point out it carries a particular resonance in hospitality, due to the nature of the sector. That is not to say that organisations and managers in the hospitality industry are not well aware of new managerial thinking on HRM. However, they also find themselves wrestling with 'traditional problems', which are underpinned by 'fundamental labour economic imperatives' (2000: 120). Importantly, these problems circumscribe managerial actions and this leads Riley et al. to posit that the behaviour of managers is determined 'by the structures and forms under which they live' (2000: 119). Riley et al. base this view of industry structure triumphing over managerial agency on four assumptions, these being (2000: 120-1):

- The economics of labour has an 'immediacy' in daily life that goes beyond its normal role as the foundation of HRM policies.
- Employers and employees willingly depend on the external labour market.
- Due to the above factors, organisations adopt a weak internal labour market to facilitate interaction between themselves and the external labour market.
- The proportion of skilled to unskilled in the workforce influences management's approach to HRM.

These arguments are further exemplified in relation to key HRM outcomes such as productivity, pay and skill structure. In terms of productivity, the key issue is the unpredictable nature of demand for labour. Recognition of the stochastic demand for labour in hospitality points, according to Riley et al., to productivity simply becoming a matter of matching labour supply to demand in the short term. Resultantly, this economic imperative creates a short-term perspective on managerial decision making and strategy in relation to HRM, and also means that management are more likely to deploy a weak internal labour market. An obvious impact of this is that HRM concerns of hospitality organisations are constantly directed to recruitment, selection and basic training. Consequently:

Another rather more prosaic reason for continuing pessimism is the general attitude of employers and particularly the extent to which they are willing to recognise the extent of the HRM problem in hospitality. The DfEE (2000) registers with some incredulity the awareness of low pay, for example, existing alongside the naïve view of employers of hospitality as a 'good' employing sector. Thus, although in a number of locations labour shortages were clearly reflective of an unwillingness of employers to offer competitive pay and terms of conditions of employment, the DfEE (2000: 35) notes how, 'We were struck by the extent to which employers described pay and working conditions as "reasonable" or even "good" while at the same time reporting extensive recruitment problems, skills gaps and labour turnover.'¹¹ This inability by industry to recognise the most glaring of issues is long-standing and can also be seen in relation to things like outright hostility and opposition from the employers association in the industry, the BHA, to governmental initiatives such as the minimum wage and working time directive¹². Indeed, the latter point can be seen in terms of the high number of hospitality employees who have opted out of the provisions of the working time directive. For example, a recent report from the Institute for Public Policy Research suggested that many hospitality workers are 'forced' into working longer hours through fear of losing their jobs ('Fear forcing staff to work longer hours', *Caterer and Hotelkeeper*, 29 March 2001, p. 4).

There is an interesting point here in terms of how hospitality may be seen in relation to other potential comparator sectors, such as retail. Although the labour turnover rates noted earlier in the paper would seem to suggest that hospitality organisations are

¹¹ On this issue it is interesting to note the fall out from a recent interview with the Tourism Minister, Kim Howells, in the *Caterer and Hotelkeeper* ('Tourism minister slams high prices and low wage', 12 July 2001, p. 10). The minister responding to suggestions that foot and mouth was the root cause of problems in tourism and hospitality argued that the sector '...is often a low wage economy, a low skill economy'. Furthermore he noted that, 'Any business that claims it has to depend on paying slave wages to its employees shouldn't be in business. I'm a firm supporter of the minimum wage. God knows it's not set very high. If we're going to win international markets, we have to have high skills and decent wages.' Interestingly, much of the considerable correspondence to *Caterer and Hotelkeeper* over the following two issues was largely supportive of the minister's remarks.

I actually met someone who worked here on our switchboard and she's working for BT in the call centre and I said 'how do you like it' and she said 'I hate it and I'd love to be back in the hotel, but I just couldn't afford to come back to you' (HR manager, large international hotel chain).

Given this situation it is unsurprising to see a long history of empirical support for the proposition that hospitality remains a poor employing sector. From Orwell's *Down and Out in Paris and London* in the 1930s to recent work by the likes of Price (1994), Kelliher and Perrett (2001), Lucas (1996), Kelliher and Johnson (1987; 1997), McGunnigle and Jameson (2000) and Wood (1997) the dominant paradigm has tended to stress the negative aspects of working in hospitality. For example, McGunnigle and Jameson surveyed a selected number of hotels from the top 50 hotel groups ranked by ownership of bedroom stock, which were considered to be most likely to exhibit good practice HRM. Despite this they concluded, 'This study suggests that there is little adoption of HRM philosophy in corporately owned hotels in the UK sample...[and hospitality]...has a long way to go before it can claim that it is encouraging a "culture of commitment"' (McGunnigle and Jameson, 2000: 416). Similarly, Kelliher and Perrett (2001), drawing explicitly on Schuler and Jackson's typology, develop a case study analysis of a 'designer restaurant'. Such a restaurant might be thought of as potentially developing a more sophisticated approach to HRM as they sought to differentiate themselves from chain establishments such as Hard Rock Café and TGI Friday's. However, although the restaurant had moved to a more sophisticated approach to HRM in areas like planning, training and development and appraisal, and ostensibly sought an 'innovation' strategy, 'there was little real evidence that human resources were seen as a source of competitive advantage' (Kelliher and Perrett, 2001: 434). Instead, the HRM approaches adopted by the restaurant were much more reflective of immediate environmental constraints, such as the difficulties in recruiting and retaining staff.

In sum, then, any number of reasons may account for poor personnel practice in the hospitality industry. Economic determinism, the predominance of SMEs, a low skills base, employer antipathy to a more progressive approach to HRM, labour market

personality, interpersonal skills and problem-solving abilities of potential employees to assess their 'service orientation'.

Retention – and the need to avoid the development of a 'turnover culture', which may of course be particularly prevalent in the hospitality industry. For example, the use of 'retention bonuses' to influence employees to stay. Ordinarily these would be used in conjunction with a number of the other HRM practices described here.

Teamwork – Redman and Matthews believe that the use of semi-autonomous, cross-process and multifunctional teams is likely to positively affect service quality. This is likely to require a culture change from traditional organisations where people were compartmentalised according to functions, something which is particularly true in hospitality.

Training and development – for example, the need to equip operative level staff with teamworking and interpersonal skills to develop their 'service orientation' and managers with a new leadership style which encourages a move to a more facilitative and coaching style of managing.

Appraisal – Redman and Matthews support the move away from traditional top down approaches to appraisal and support things such as customer evaluation, peer review, team-based performance, and the appraisal of managers by subordinates. Generally, all of these performance appraisal systems should focus on the quality goals of the organisation and the behaviours of employees needed to sustain these.

Rewarding quality – it is suggested that there is a need for a much more creative system of rewards and in particular the need to payment systems that reward employees for attaining quality goals.

effectiveness of training budgets leads to higher skill levels among a more flexible workforce.

At the time of writing, IiP UK state that across all industrial sectors 24,259 organisations are recognised as meeting the standard, with hospitality companies numbering 1,215. This means that in excess of five million employees work for IiP recognised organisations. In an analysis of 41 industrial sectors of organisations recognised or committed to recognition, 'Hotels, Restaurants and Bars' were 5th in terms of the total number of organisations, and 7th when ranked by number of employees working in the sector. This is particularly impressive when one considers the number of part-time and casual employees working in hospitality. However, less encouraging is the discovery from these statistics that in terms of 'sector penetration', the hospitality sector has less than 33 per cent of organisations recognised or committed to the standard - 17th out of 41 industry sectors. This suggests that there is still considerable scope for improvement in the sector (www.iipuk.co.uk, 2001).

The vast majority of reports on the IiP standard's usage in hospitality appear to be positive. For example, De Vere Hotels, the first national hotel chain to gain recognition, claim that as a result of IiP, productivity gains have funded salary increases in excess of inflation without increasing wage cost percentages. Job vacancies are advertised internally for a fortnight before being sent externally, and more than 90 per cent of job vacancies are filled internally. Cumulative annual labour turnover is 36 per cent (well below the industry average). The group was first recognised by IiP in September 1993 and re-accredited in 1996. Lawrence Young, Chairman of the Freedom of the Glen group of hotels, and Scottish Chair of the BHA, is in no doubt about what IiP has done for his business - effective empowerment, improved customer satisfaction, 18 per cent increase in revenues, and 22 per cent increase in profits, labour turnover down by 34 per cent, and senior management retention improved by 250 per cent. His businesses were first accredited in 1994 and re-assessed in 1997.

Table 5 The ETP 10-point code of good employment practice

<p>Recruit & Select with care – to promote a positive image and attract quality staff</p> <p><i>A good employer attracts, selects and employs quality staff, whether full-time, part-time or casual, who are legally entitled to work in the UK.</i></p> <ul style="list-style-type: none"> • Equal opportunities/widening access • Targeted recruitment
<p>Offer a competitive package – to ensure that staff know what to expect and are well cared for</p> <p><i>A good employer ensures that staff are fully aware, in writing, of their terms and conditions of employment and provides a healthy and safe environment for them.</i></p> <ul style="list-style-type: none"> • Contract of employment • Health and safety
<p>Develop skills and performance – to enhance standards of customer service and productivity</p> <p><i>A good employer constantly seeks to increase productivity, business efficiency and customer service by improving staff competence, motivation, effectiveness and job satisfaction.</i></p> <ul style="list-style-type: none"> • Job design • Training and development
<p>Communicate effectively – to ensure the business and its staff are working towards the same goal</p> <p><i>A good employer ensures that staff know what is expected of them, keeps them informed of performance and has arrangements for dealing with discipline and grievance</i></p> <ul style="list-style-type: none"> • Communication • Grievance and discipline
<p>Recognise and reward – to retain highly motivated staff</p> <p><i>A good employer takes steps to keep and motivate quality staff by rewarding them equitably by means of a well understood remuneration package</i></p> <ul style="list-style-type: none"> • Performance and review • Rewards and recognition
<p>A further five stars can be achieved by employers if they commit to each of the following:</p> <ul style="list-style-type: none"> ★Forging links with local schools or colleges. ★Opening access for employees to employment training and qualifications. ★Taking on at least one Modern Apprentice. ★Having in place appropriate skills in people management. ★Making a formal commitment to IiP.

Source: ETP promotional literature, February 2001.

models such as IiP and ISO9000, the focus in HA is very clearly on the customer and satisfying their needs.

Table 6 Areas of service excellence in HA

12 Key areas identified to achieve service excellence		
Customer research	The service concept	Business goals
Service standards	Service planning	Process & procedures
Resources	Training	Service delivery
Service performance assessment	Process improvement	Customer service improvement

Source: Hospitality Assured promotional literature.

HA is keen to stress how it dovetails with IiP. The De Vere Hotel Group were the first hotel group to gain IiP and the first to gain HA. In their literature they explain that it will help organisations identify and deliver effective customer service. It claims to be able to 'reveal the gaps in people policies and practices' and suggests that achievement of the HA standard can be 'a valuable first step towards the achievement of IiP'. HA also suggest that organisations consider the ETP standard. The self-assessment leads to a score which can then be compared to other organisations in the benchmarking database. The minimum overall score required in order to achieve accreditation is 65 per cent.

There has been international interest in the standard, with Malta being the first country outside the UK to adopt the standard. It was incorporated into the Malta Tourism Authority's strategic plan for 2000-2002. UK demand for the standard seems to be high. By the middle of 2000, 33 organisations were accredited to HA, with an average score of 73.5 per cent, and with three organisations achieving 80 per cent (generally recognised to be achievable only by 'world-class' organisations). Hospitality Assured have also worked with the Meetings Industry Association to design 'Hospitality Assured Meetings', a version of the HA standard specifically created for the meetings industry, and launched in January 1999. As of March 2002, more than 80 organisations had been accredited, with a further 100 committed to achieving it. These organisations covered 2200 trading outlets and employed 50,000 staff between them (HtF, 2002). The Hospitality Assured

The first hotel to achieve ISO 9000 accreditation was the Avant Hotel, Oldham in 1990 (Callan, 1992). Driven by its Managing Director Michael Bertano, the aim was both to improve the system and also to gain a great deal of publicity for being the first in the industry. He felt Avant's accreditation would, 'endeavour to see that the customer gets no surprises, what he should expect is what he gets. An independent assurance of a firm's capability of working to specifications' (cited in Callan, 1992: 20). Performance standards and procedures were developed together with the staff who would operate to them. The claimed benefits of the journey to accreditation included a focus on staff training, reduced staff turnover, waste reduction, detailed job specifications leading to better recruitment and selection of staff and a considerable amount of publicity for being the first hotel to achieve the standard.

The first group-owned hotel to achieve ISO 9000 certification was the Cardiff Copthorne hotel in March 1993. Shortly after that the Scandic Crown in Edinburgh also achieved the standard. Simon Read, General Manager of the Cardiff Copthorne, warned that, 'gaining ISO9000 registration cost more than £35 000 and produced nothing tangible in the way of sales, but was nevertheless worthwhile' (cited in Lockwood et al., 1996: 127). The company now has a comprehensive set of minimum standards contained in their quality manual. These standards are based on the AA/RAC criteria but also had considerable staff input. They have also been the foundation for departmental S/NVQ training manuals. The system addressed the concern they had that previously the only measurement of guest satisfaction were complaints and guest comment cards (with the usual problems of being too late and low completion rates). Benefits were felt to include a tighter control over the operation, consistency of service, appropriately trained staff, control over suppliers, reduced waste, and an inspection and testing mechanism which could be used to prove 'due diligence' in case of accidents or illness. One of the main reasons for the hotel to apply for the standard was that many of the companies in the locality worked to ISO 9000, so they felt they should too. While it was difficult to isolate the effect of having the standard, the property is reporting increased customer satisfaction, higher occupancy rates

Excellence Through People I am not very sure about that one and Investors in People I presume are a couple of 'personnel' type of courses and we are of the opinion that if you treat your people well, if you treat them like people, they will help you. So as I say it's things we try to do anyway but certainly nothing that I would go and do because if you don't have these qualities anyway you are in the wrong business (Small hotel owner).

However, there was a couple of interviewees from the SME sector who tended to be rather more positive about the initiatives, particularly IiP. As one of them noted:

If you take on board something like IIP, what you're doing is you are making your company much more efficient and hence your company is more profitable. So you make more money...we are getting the best part just to make the company stronger, maintaining the company where we want to take it. We are not getting our IIP so we get the lovely silver logo to stick on our letterhead, that's of no use to us.

Nevertheless, in sum, it is generally argued the initiatives described above, either in isolation or in tangent, can be considered as a step in the right direction and, as noted, within the industry are considered as signifiers of good practice. Further to this the consultant who was responsible for helping hospitality organisations gain the ETP kitemark even went so far as to advocate the standard as something that companies should have to even be in business. As he argued '...if there was some sort of licensing process which meant you had to demonstrate capability in this area through accreditation to the standard, then you could only be licensed to employ people if you had the standard.' He was quick to recognise the inevitable outcry this would cause in an industry that, at best, remains suspicious of government intervention or regulation generally. Perhaps, though, as the ETP kitemark continues to gain visibility and credibility it may well become a de facto signifier of good practice and a good employer, something which is liked to be helped by the publication of *Your First Choice* and the holding of the annual awards (and see Harmer, 2001). Having described in some detail the likely defining features of good practice organisations the emphasis now shifts to the more interesting question of the extent of good practice within hospitality.

Hoque's theoretical and empirical refutation of the view that hotels are somehow 'unique' and 'different' (in relation to challenges facing managers) is telling. For employers it means that claims as to the immutability of poor personnel practice should be rigorously questioned. Equally the support for what Hoque terms, drawing on Schuler and Jackson's (1987) typology, a 'HRM quality enhancer approach' is a recognition of the synergistic links between quality and HRM strategies that increasingly support a service quality focus as the source of competitive advantage. Such a strategy requires organisations to develop a sophisticated bundle of HRM practices (and see Box 1)¹⁴.

Box 1 – The HRM quality enhancer hotel

The hotel in Hoque's research, which is termed the HRM quality enhancer hotel, employed 140 staff and was part of a large international chain. The hotel had IiP accreditation. In relation to the HRM bundle a number of things were prominent. Recruitment and selection emphasised the need for employees to have an aptitude for customer care, although this tended to be 'spotted' at interview rather than through psychometric or behavioural tests. The hotel used extensive induction programmes to lessen the potential of employee turnover. Use of cross-functional teams aimed to generate co-operation and team building and staff were encouraged to view the hotel as a unit rather than a collection of discrete functions. Allied to this extensive multi-skilling and cross-functional flexibility was encouraged, this 'cross exposure' allowed staff to see a number of the other parts of the hotel. There was extensive decentralisation, which sought to encourage responsible autonomy, for example through a well-understood empowerment scheme operating in the hotel. Consultation via a representative consultative committee allows employees to voice their views on the running of the hotel. Further to this the hotel also operates an annual attitude survey. Employees are appraised on a yearly basis. The appraisal system was used for succession planning and the hotel was also working towards linking appraisal with a merit-based remuneration system. Employees were also encouraged by a strong internal labour market which promoted from within, whenever possible. Finally, throughout the hotel there was an overriding emphasis on quality and the need to offer 'outstanding customer service'.

other industrial sectors. For example, Doherty cites WERS on the question of conducting staff attitude surveys, where 53 per cent of hospitality employers conducted such surveys, in comparison to much lower proportions in manufacturing, construction, other business services and health.

¹⁴ Many of these aspects of the HRM quality enhancer hotel are also described in Haynes and Fryer (2000). This work contains a useful discussion of the attempts by a luxury hotel in New Zealand to move to a HRM approach premised on 'delighting the customer'.

is the impressive body of work developed by Lashley (1995, with Ashness; 1999; 2000; 2001). Although primarily concerned with the impact of empowerment in the restaurant sector, Lashley's work does offer a useful description of the range of HRM practices introduced by organisations to support such a strategy. A notable feature of Lashley's work is the extent to which his description of good practice is contingent and context specific. In that sense, none of the case study organisations described by Lashley wholly adopts the entire 'bundle' of HRM practices likely to create a high commitment/performance workplace. In this, the findings from Lashley's work is somewhat contrary to general descriptions of best practice/high commitment HRM which stress that individual practices can not be implemented effectively in isolation, and the combination of these into a coherent package is what counts (Marchington and Gurgulis, 2000). To illustrate this point about the partial nature of best practice observed in Lashley's work it is worthwhile briefly describing some of the key practices adopted by the case study organisations; McDonalds, Harvester Restaurants and TGI Friday's.

As already noted, McDonald's is characterised as a service factory, wherein the management of employees focuses on the delivery of a consistent standardised service. In support of this McDonald's use a variety of mechanisms to ensure 'one best way', for example training and reward systems are very much focused on rewarding conformance to the rules. Specific HRM practices include a relatively unsophisticated approach to recruitment and selection, especially for part time staff who make up 90 per cent of McDonald's operative staff. Similarly, as noted training is focused on the immediate job task and has only a limited concern to encourage functional flexibility. Appraisal and rewards also aim to ensure that employees do the job as trained. Finally, employee involvement initiatives, such as 'rap' sessions, crew meetings and suggestions schemes are equally task centred and offer little participation beyond the immediate task environment. The brief description would seem to exemplify very much a 'best fit' approach to the overall strategy, nonetheless there are also elements of good practice. Within the labour market in which they operate McDonald's are considered to offer above average pay rates, such that 'the company has ambitions to be seen as an employer of first choice

Despite all of these relatively sophisticated HRM practices labour turnover remains very high and retention rates can suffer. For example, Lashley (1999) reports that the labour turnover rate at national level is 90 per cent, which is noted as being inimical to attempts to establish employee involvement and empowerment.

The final example discussed by Lashley is Harvester Restaurants. Offering traditional 'English' fare, the company aims to sustain an informal approach to hospitality that reinforces the brand standards of homeliness, hospitality, traditions and naturalness. Again, within the company particular emphasis was placed on developing appropriate relationships with the customers. To achieve this the company embarked on a significant restructuring and culture change programme. By reducing the number of layers between the guest and the Managing Director from five to three the company aimed to get closer to the customer to improve service quality. At the same time Harvester were attempting to change the culture from one characterised as 'them and us', wherein employees were not trusted and ideas not considered, to an empowerment-based culture. Key to this change was moves to organise the staff into three autonomous work groups in individual restaurants. In doing this the company sought to give employees the power to make decisions, which in the traditional structure had been the responsibility of managers. Examples of this would include things like shift co-ordination and taking responsibility for closing the restaurant in the evening. To support this shift the HRM practices utilised by Harvester are not necessarily entirely redolent of best practice HRM. Recruitment and selection is frequently based on 'word of mouth' and selection typically involves just one interview. Training was task focussed, though it did try to encourage a service orientation and the organisation did also encourage staff to take up more training in support of career progression. Linked to this appraisal and reward packages were largely focused on job performance and extra payment was available to employees willing to undergo extra training. Communication was improved with weekly meetings allowing for employee input and the sharing of information on operational performance. Lashley reports that the shift to these autonomous work groups was deemed to be a success by both managers and

minimalist interior coated in a metallic covering. In its early days, the chain's brushed steel stools, magenta tables and immaculate chrome bars seemed the ultimate in industrial chic. The food is relatively cheap, without any preservatives or additives, well packaged and avoids a mass produced feel and taste. The company offers the 'super sandwich' which is seen as being high quality fast food served with the service speed of McDonalds for the cost of an ordinary sandwich (Whitley, 1999). All sandwiches are freshly prepared daily on the premises each morning and whatever has not been sold by the end of the day is either given to charity or just given away. It does not operate a central production factory or employ mass-production techniques (Bozec, 2001).

As well as aiming for a distinctive high quality approach to the product Pret a Manger also aims to offer what Farthing (2002: 14) describes as a 'successful employment formula – a fun working environment, rewards, openness and career opportunities.' Seemingly, this approach has been successful. Recently the company was voted 34th in *The Sunday Times* list of top UK employers, *100 Best Companies to Work For 2002*, a publication based on employee feedback, including a confidential questionnaire sent to 250 employees in the company (Anon, 2002a). Equally, *Fortune* magazine has latterly rated Pret A Manger as one of the top ten places to work in Europe (Moskowitz and Levering, 2002). So what is it that gives Pret A Manger such a good reputation as both a producer of a high quality product and crucially as an employing organisation?

Pret A Manger products and services

Pret is a company whose success has always been finely balanced between affordability and luxury, environmental awareness and pre-packaged convenience and has made attempts to maintain their thorough and tightly defined standards. Although Pret's main focus is to sell top quality sandwiches at reasonable prices, they also offer more than eighty different products including a wide variety of coffees. The company claims that there are three things that really matter; the food they sell, the people who prepare and sell it and the well being of the company. This is why they repeatedly talk about being

For example, sandwiches should be 'picture perfect' and employees should aim to present themselves in the 'style' of a Pret Ambassador.

The company has managed to standardise the tangible aspects of food and drink through certain procedures. The food is highly standardised to ensure that sandwiches are prepared exactly the same, and as one manager explained, 'If you go to a Pret in London or you go into a Pret in Scotland, everything is the same.' The coffee also has to be within one or two grams of the specified weight. As with many other fast food deliverers who operate in businesses which supply standardised products, customers who use these services demand the predictability and security of the branded service (Lashley, 1998) where they know exactly what they are buying.

There are also standard requirements for the service offer. Although employees have a certain amount of freedom to interact with the customers in their own way, there are certain procedures that need to be followed such as repeating the items, asking customers if they would like a coffee, whether they are eating in or taking away, and so on. From joining the queue, customers are to be served by Team Members within 90 seconds in a friendly and individual way and for tea and coffee orders it has to be within 60 seconds. The company aims to set high standards with regards to the products they use and the services they offer:

Something we do pride ourselves on is definitely good customer service and quick customer service. That's why the whole concept works so I would say that is something we do definitely focus on and we train our staff very well so that they adhere to the service criteria that we set down (Manager, Glasgow store).

Although a quick service is considered a high priority the company focuses on recruiting staff with personalities so that they can talk to customers during the service provision. Standardisation only goes so far and it is important for the employees not to be entirely scripted as one manager explained, 'we specifically ask them to thank the customer for coming in and specifically to make a parting comment. We don't tell them what they should say'. This is where the company differs from other fast food operations such as

with relatively little skill involved (service factory) and similar to McDonalds, they offer services which can be easily quantified and calculated. Customers know what they will be offered in different Pret A Manger outlets and even the prices to be charged and how long the process will take. Like Schmenner's service factory, production and service operations are centrally designed and individuals are trained to produce and serve dishes according to the standards laid down. The menu of products on offer, the contents of the sandwiches, their appearance to the customer, the manner of their production are substantially planned and executed at national head office in the UK. However from an employment perspective there is less external control over employee performance, although there is tight control over the output there is scope for employees to be empowered. Such empowerment as does take place is through commitment and is largely focused on gaining commitment to the company's definitions of service quality through the detection and replacement of service faults and customer complaints.

Therefore Pret A Manger fits best within a service that is highly standardised with relatively low levels of intangibility in the service offer. Resultantly in relation to the characterisation of Pret A Manger it would seem reasonable to assume the approach to human resource management would match the service factory with the command and control style as outlined by Lashley and Taylor (1998). To assess this point the case study will now briefly review a range of important HR practices such as recruitment and selection, training, performance management and career development, pay and rewards, turnover and employee involvement and communication. The intent is to consider the extent to which these practices are similar of the service factory, or more redolent of a more progressive approach to HRM, which might be expected in an organisation that has recently gained a number of plaudits for being such a 'great' company.

Recruitment and selection

Nearly half of the employees are women, the average age is 26 and more than 60 per cent of the company's employees are European workers, mainly situated in their London shops.

...we invite them in to spend the day with us and work with the team and I explain to them there and then that it is not up to me if they get the job but it's up to the staff...that's how I got the job and that's how everyone else gets the job because they have to be working with them and it's in their best interest to get the right people.

This type of recruitment and selection is very powerful as managers are seen very much as part of the team with evidence of a weak hierarchical structure. The key input to good selection is a clear job description and by inviting people to work for a day they can experience exactly what the job involves and have the choice at the end of the day to state whether or not it is for them. This process therefore has the potential to eliminate any candidates who would not remain in the job long-term.

Training

When someone is employed, they have to go through an induction with an area trainer, which lasts around three hours and gives new recruits background knowledge of the company and a 10-day training plan. Once accepted, new recruits embark on a 10-day induction programme of on-the-job training covering health and safety, food hygiene, customer service and food preparation which culminates in two written tests, which if passed confers the title of Team Member. There is a lot of training within these 10 days and they learn how to do all the procedures which are checked to standards followed by a quiz to test their knowledge. Initially new recruits will become a 'team member' and within the three-month probationary period they will be trained to become a 'team member star'.

Trainers and Baristas – those who possess expertise in coffee – have their own special courses, with the Trainers course lasting two days which focuses very much on coaching skills and how to make perfect coffees respectively. More generally the company seems to believe in training people and makes a commitment that all employees have at least two weeks training annually (Farthing, 2002). To progress further, there is a team leader course which involves three different courses to complete focusing primarily on leadership

Pay and Rewards

Pret offers a variety of rewards and aims to ensure that salaries and bonuses are above average in food retail with a good package of bonuses, benefits, training and career progression that make it attractive for good staff to remain with the company. Employees start off at £4.50 an hour which increases when they have moved up the career ladder and if they gain the weekly bonus they are entitled to an extra 50 pence an hour which, when full time can mean an extra £30 a month. The company suggests the employees would ordinarily earn, with bonuses, at least £5.25 per hour, and that average pay for front line staff currently stands at £6.75 per hour (<http://www.pret.com/careers/nav/html>, accessed 31 May 2002).

The 'mystery shopper' bonus is available to all retail staff and is paid on top of hourly rates for every hour worked that week, as long as certain criteria are met. It is administered through mystery shoppers, employed by an external agency, who visit each store every week and award points for efficiency, quality and speed of service. The score has to be 90 per cent or over on the mystery shoppers questionnaire to qualify for the bonus. It is a team-based bonus so all retail staff receive the extra payment if their shop is judged to be performing to the required standard. Over 80 per cent of company's sites achieve this bonus every week (Farthing, 2002). Allied to team bonuses, the mystery shopper can also reward individuals with a card for 'outstanding service', which is instantly redeemable for a cash sum of £50 (Anon, 2000a). As one manager said, 'it is hard work but they can definitely see the benefits there, even with their bonuses and stuff like that they can earn a couple of extra thousand pounds a year if they are nice to customers and do their job'. If one member of the team is late or has a disciplinary action against them then the whole team misses out on the 'team bonus'. The questionnaire guidelines to achieve the bonus are relatively strict because if one person makes a mistake the whole team is affected and is not offered the bonus for that week. However these rewards give staff the incentive to comply with the standards and frequently receive these benefits.

subsidises Friday night 'beer bashes' at bars and clubs and also helps with setting up bank accounts for European workers moving to London.

Employee involvement and communication

Managers argued that the success of a Pret shop tended to depend on teamwork and in a sense the company aims to sustain a social contract between members of a team rather than between the company and each employee. This was recognised by one interviewee who noted, '...we definitely do make team decisions. So for the next three months we say what our goals are and how we want to achieve them. So I might have an idea in my head but they will very much come up with how we are going to do it and how we are going to get there.' This emphasis on teamwork aims to encourage collectivity due to the fact that if there is one person who does not perform then everybody has to make up for that. As one employee stated, the reasons he liked working at Pret was 'the opportunities to develop and the social side of things...everybody is very social and gets on. It's good that staff can have a say in who should be recruited.'

Each shop manager feels that they can run the shop as their own business by monitoring sales, profit and responsibilities such as the development of the team and setting standards. In most shops they have a team meeting twice a day. These meetings allow staff to communicate about what is happening in the shop. They talk about what went right and wrong the day before, any information through from head office and the comment cards from customers. The meetings provide a forum for a feedback session that allows the team to look at the strategy for the day. Allied to the daily meetings, each store also has a longer monthly staff meeting where they set goals and targets for the next quarter. As one interviewee noted, the monthly meetings:

...talk about performance, the development of the team, problems and issues. There is good communication within the team. Each meeting there is a nominee who will voice the opinions of the staff. Pret is an open book, there are good communications and opportunities for staff to air their views.

In sum, it is worth reiterating that in none of the case study organisations described by Lashley, or in our own illustrative example from Pret A Manger, was there complete implementation of a putative 'best practice' approach. Rather, in specific contexts, elements of best practice existed alongside much less sophisticated HRM practices. This co-existence of both 'best fit' and 'best practice' is something which is not necessarily understood in the literature, although to an extent it could be said to reflect the argument of Boxall and Purcell (2000: 199) in their recognition that:

While all employers will benefit from avoiding the real 'howlers' of HRM practices that are well known for their dysfunctional or perverse consequences – they are often constrained by industry and organisational economics from implementing a deluxe version of 'best practice'.

We would argue here that there is a need for continuing research to further explore these issues and particularly the reasons as to why large numbers of hospitality organisations may not be seeking the deluxe version of best practice. For example, notwithstanding the work of Lashley, the general lack of sustained analysis of HRM in the restaurant sector would seem to be an obvious area for further research. This relative lack of research in the restaurant sub-sector is just one of a number of issues worthy of consideration in terms of the possible future research agenda for HRM in hospitality, and it is to this issue which the paper now turns.

THE HOSPITALITY RESEARCH AGENDA

Lashley and Watson (1999) have recently reviewed the research agenda for HRM in the hospitality industry and offer a useful framework in which to consider these issues. Their aim was to highlight the current trends and concerns within the hospitality literature which is broadly concerned with what is described as the 'management of people'. Based on a number of key words, such as 'hospitality', 'hotel and catering', 'tourism', 'employment', 'staff', 'personnel' and 'human resource management', Lashley and Watson searched a range of selected hospitality journals over a five year period. The intent was to review the work that encompassed people management issues in hotels, catering, restaurants, pubs

The Sunday Times as a good employer. However, further research could fruitfully explore these issues in greater depth.

In addition, the predominance of research carried out within the hotel sector tends to concentrate on the upper end of the market to the exclusion of other market segments. For example, HRM within the fast growing budget hotel sector remains under-researched. A good example here might be the recent guarantee by Travel Inn, part of the Whitbread group, to offer 100 per cent customer satisfaction in their hotels (Guild, 2001). If customers do not feel as though the hotel has delivered on the promise they do not have to pay. This extensive commitment to customer service by Travel Inn carries with it particular human resources challenges and how the company manages this process is worthy of investigation. Equally, there is clearly scope for significantly more research examining the people management strategies of the small business sector in hospitality, and particularly the extent to which they can aspire to putative best practice models. The earlier identification of significant numbers of 'lifestyle' entrepreneurs in the SME sector arguably points for the need to re-appraise what might be considered best practice HRM in the sector. As Worsfold (1999: 346) notes, 'In the case of small hotels we may need to abandon the search for formal HRM approaches and attempt to establish whether "caring management" can provide the "concern for employee well being" which appears to be linked to service quality.' Moreover, given the general acceptance of a lack of good quality provision of management development in the hospitality SME sector (DfEE, 2000; Keep and Mayhew, 1999a) and the general lack of a skilled managerial cadre, further research in this area would seem appropriate. If it is accepted that, to date, management development interventions targeted at small firm owner/managers have had little impact, then it would appear that there is merit in extending research on future owner/manager learning programmes that is geared to the rhythm and exigencies of small firms.

A further issue that has already been alluded to is the over reliance on the managerial voice. As Lashley and Watson (1999: 39) note 'Much of the applied research which studies the management of people within the hospitality industry can be accused of being

- How does the composition and nature of the most appropriate bundle vary with change in the competitive strategy adopted?

DISCUSSION AND CONCLUSIONS

This review has sought to offer a comprehensive review of competitive strategies, and their concomitant HRM practices and skills in the hospitality sector. It has painted a complex picture of the sector, and particularly the differing routes to competitive advantage which organisations may adopt. Clearly, the paper has demonstrated that it is virtually impossible to entirely generalise the 'hospitality' sector. From differences in the extent to which the physical product may play a key role in customer perceptions of quality to the extent to which organisations may be aspiring to best practice HRM there are major differences and clear potential for distinctive approaches. From these considerations a number of points are worth reiterating in general terms, before we move on to the much more specific question of likely HRM outcomes which stem from attempting to understand the general competitive environment within the hospitality sector.

In seeking to review the definitions of service quality, and particularly the dimensionality of quality, a key point to note which is often overlooked is the extent to which customers judge a service on its tangible aspects. While most of the existing literature examining service quality has focused increasingly heavily on personnel contacts with customers, we would argue that within certain areas of hospitality, for example hotel services, the tangible elements of the hospitality product remains extremely significant. This is important in suggesting that even in high quality, high value added sub-sectors of the industry, such as upper-market hotels, the physical and tangible aspects of the product does remain an important consideration in consumers' minds. That is not to say the people dimension is not important, clearly it is. It is merely to recognise the point that this review supported the proposition that the importance of service quality dimensions would differ

environmental, cultural and structural features that can nurture and support high performance, high value added industries and sectors' (ibid.: 4). These conditions do not exist in any meaningful way across the hospitality sector and resultantly the 'best fit' approach of designing HRM practices which are contingent upon the particular customer definition of 'good service' would seem apposite. As was noted in the discussion of service quality, notions of 'good service' will differ markedly across market segments and between tangible and intangible aspects of the hospitality product. Given this reality, practices which may be desirable to employees such as levels of high pay, extensive training and job security, are unlikely to be cost effective for many hospitality organisations, a point which Riley et al. (2000) strongly advocate in their arguments about economic determinism. In this sense then 'poor' personnel practice may reflect any number of reasons. However it is important to stress that there is still an element of choice here for employers and claims to the immutability of 'poor' personnel practice should be treated with some caution. As the DfEE (200: 13) notes in describing employment practices in the sector:

Some of these deficiencies reflect labour market circumstances, commercial constraints and lack of awareness of options, but some reflect poor human resource management, unwillingness to take risks or invest in innovation and short-termism: most vividly exemplified by the low pay, crisis management culture of the less impressive establishments.

Equally, though, there is clearly some evidence for good practice HRM in the hospitality industry, though it does remain relatively sparse (and see Lucas, 2002). An obvious question stemming from this recognition of good practice, which we have sought to answer is: if best practice does exist, what does it look like? More often than not it is likely to be large, foreign owned organisations who exemplify a number of the practices, as described by the likes of Hoque (1999; 2000). That said, there is also evidence for good practice in the SME sector (DfEE, 2000; and see also Jameson, 2000 on the extent to which hospitality SMEs had a reasonably sophisticated approach to training, compared to other SMEs). Indeed, recognising our earlier discussion of the exigencies and

environments, such as McDonald's good record on career progression. Thus, although the 'deluxe' version of best practice may remain out of reach of large numbers of hospitality organisations, at the very least there should be aspirations to at least go for the 'economy' version. Indeed, this might be best achieved by organisations aspiring to things such as ETP to offer a more rewarding and meaningful employment experience for the many who work in the sector.

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