

**SKILLS, ORGANIZATIONAL PERFORMANCE AND ECONOMIC ACTIVITY  
IN THE HOSPITALITY INDUSTRY: A LITERATURE REVIEW<sup>1</sup>**

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## **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 advantage<sup>2</sup>. 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.

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<sup>2</sup> 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*,

Based on the foregoing, hospitality, as an employing sector, becomes a particularly interesting focus of research<sup>3</sup>. As a sector it is heterogeneous, both in relation to the predominance of small and medium-sized enterprises (SMEs) but equally in relation to the way that organisations adopt differing routes to competitive advantage.

Notwithstanding that latter point hospitality is generally considered as a sector which has traditionally erred on the side of adopting a model of competitive advantage which has been premised on a low skills model or ‘poor’ human resource management (HRM) practice (Lucas, 2002; Price, 1994). Given this situation there is a need to understand some of the pressures pushing firms to pursue such an approach and why this model is more likely to win out in particular organisational settings. Equally, though, there is a need to recognise the increasing importance of the rhetoric (and reality?) of quality service and the implications of this for hospitality organisations. In particular, there is a recognition that certain product markets in the hospitality sector must be seen to be offering quality service, which in turn is reliant on a sophisticated approach to HRM, for example the upper/luxury market of the hotel sector.

In many respects this dichotomy between ‘poor’ HRM and the ever increasing rhetoric of quality service could rather crudely be characterised as a debate between whether HRM strategies in hospitality should be, to use Boxall and Purcell’s (2000) descriptors, ‘best fit’ or ‘best practice’. On the one hand, the ‘best fit’ school argues for an approach to HRM which is fully integrated with the specific organisational and environmental context and argued most strongly by the likes of Schuler and Jackson (1987). On the other hand, proponents of ‘best practice’, such as Pfeffer (1998), argue for a universalistic approach to HRM wherein all firms who adopt a prescribed range of HR policies and practices are more likely to create a high performance/commitment workplace. As a corollary the notion of ‘best practice’ is also dependent on employers

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Vol. 12, No. 3, and Brown, Green and Lauder (2001) on the question of national routes to a high skills economy.

<sup>3</sup> As discussed later, hospitality as an industry covers both commercial and non-commercial sectors. For most people though ‘the hospitality industry’ is likely to bring to mind the sub-sectors of pubs, clubs and

adopting a high cost, high skill employment strategy, as organisations aim to compete on the basis of high quality and 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 paper 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.

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bars, restaurants and hotels and it is these three areas of the commercial sector that this monograph concentrates on.

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 with due caution as to its generalisibility. In this sense the data sources utilised for this monograph include:

- A small number of interviews with small business owners or managers and managers in a large international hotel chain.
- Interviews conducted with five managers and two focus groups with employees from several Pret A Manger shops.
- Interviews conducted with ‘significant others’ such as representatives from local enterprise networks, the employers organisation for the hospitality industry, the British Hospitality Association (BHA), and a consultant working with the Excellence Through People (ETP) initiative.

In a wider sense the review of the hospitality sector is particularly important as traditionally there is a paucity of work considering the implications for HRM within service work settings<sup>4</sup>. As Frenkel (2000: 474) notes:

...service work comprises a large and growing part of the workforce in the advanced societies, with knowledge work in both goods and service production making an increasingly important contribution to economic growth. The absence of debates about alternative ways of organising and supporting service work indicates that service work and its HRM implications has not received the attention they deserve. The heterogeneity of service work, including the settings in which it is undertaken, suggest a wide field of exploratory research. On the other hand, there is a need for theorising that will define the direction in which cumulative empirical research might progress.

This review of the hospitality sector aims to add to this theorising in offering a comprehensive picture of a sector which is particularly important in the wider service sector. The importance of the sector is evidenced by recognition that it is one of the

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<sup>4</sup> Though see the recent masterful synthesis of HRM in the service sector offered by Korczynski (2002).

largest employers within the service sector, with the largest overall employment growth of all sectors in recent years (DfEE, 2000).

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 paper 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 paper 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 pressures which push organisations to adopt particular routes to competitive advantage and ultimately recognise that the high skill, high wage and high quality route is one which remains rare in the hospitality industry.

## **THE NATURE OF SERVICES AND THE RELATIONSHIP BETWEEN MARKETING AND HRM**

Much of the services marketing and management literature points to a range of broadly similar and 'special' characteristics (see, for example, Bowen and Schneider, 1988; Lashley and Taylor, 1998; Schneider, 1994). These characteristics, first noted by Regan (1963), are usually described as intangibility, inseparability and heterogeneity.

Generally services are intangible or at least much less tangible than physical goods or products. This lack of possession means that services generally cannot be owned in the same way that manufactured goods can, they can only be experienced, created or participated in, with the result that customers may find it difficult to evaluate the services rendered (Edgett and Parkinson, 1993). Essentially, 'pure' services are more concerned with a performance rather than an object and unsurprisingly this has engendered the use of theatrical metaphors to characterise service work, an example being Disney's well-known use of 'back-stage' and 'on-stage'. Campbell and Verbeke (1994: 96) suggest that often the lack of a tangible product makes it difficult for service organisations to differentiate themselves 'since customers do not always understand what information is being conveyed by different competitors.' In response to such problems they suggest that service companies may seek to 'tangibilise' (Bowen and Schneider, 1988: 50) the intangible via such things as standardising the exterior and interior of buildings to create an image which customers will immediately recognise, a strategy pursued with considerable success by companies such as McDonald's.

This process can be considered as a reflection of what Segal-Horn (1993) calls the ‘hard’, more tangible, elements of service that may be more responsive to standardisation. This is 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 customers. These problems are given a particular focus when we recognise the notion of heterogeneity.

Heterogeneity refers to possible variations in service quality due to the labour intensity of most service production, such that 'the quality and essence of a service can vary from producer to producer, from customer to customer, and from day to day' (Zeithaml et al., 1985, cited in Edgett and Parkinson, 1993: 26). As a result of this possible variance in employee-customer interactions, service organisations may face difficulties in ensuring uniform quality of service between outlets, especially in branded services. Enderwick (1992) suggests that one of the ways in which organisations have sought to resolve this problem is to reduce the human element in service production by the use of mechanisms such as Automatic Teller Machines in banking for example. An alternative to this approach is to 'industrialise' services, by breaking down service operations into minute and discrete simple tasks to enable semi- and unskilled front line staff to follow a routinised, simple, standardised and often scripted approach to each service encounter, typified by fast food outlets such as McDonald's. This approach has engendered a wide literature which can broadly be seen as polarising between those who see this paradigm as one to be admired and copied (for example Levitt, 1972; 1976) or those who excoriate its dehumanising effects (for example, Leidner, 1993; Ritzer, 1993). On the other hand Enderwick (1992) suggests that increasingly, in addressing this problem of heterogeneity, a key strategy adopted by many service organisations is extensive employee training and development. This involves organisations recognising and acting upon the idea of front line staff being crucial to organisational success and, as a result, supporting things like 'soft' HRM, internal marketing, total quality management (TQM) and empowerment (Lashley, 1997)

Prescriptive, and often uncritical accounts, represented by what Korczynski (2002) terms 'the new service management school', support the adoption of these HRM practices and have usually done so on the basis of recognising that the source of competitive advantage for many service firms is likely to stem from a perceived difference in the quality of the

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 in the market place. Customers are also becoming more aware and

critical of the alternatives on offer and rising standards of services, prompted by competitive trends, have increased customer expectations. However, as Hoque (2000: 28) notes whilst service quality may well be increasingly critical to competitive success, 'defining what exactly is "service quality" is somewhat problematic'. Generally service quality cannot be objectively measured as can technical quality for manufactured goods and it therefore remains an elusive and abstract construct. The characteristics of intangibility, heterogeneity and inseparability presented earlier also constitute a challenge for managers because they do not allow for an easy process of quality evaluation. More importantly, a customer judgement of a service depends as much on the service process as on the outcome, therefore customers' quality evaluation can be seen as depending on the production of services as well as on their consumption. The services marketing and management field has displayed different views of how this construct might be assessed. For example, Akehurst and Harrington (1996) in a review of managerial perceptions of service quality in UK hotels note two schools of thought – American and Nordic – which have sought to address this issue. Though they differ in the detail of their approach, both schools of thought largely adopt a common approach in seeking to group a range of quality items into dimensions.

### **The dimensionality of quality**

Lehtinen and Lehtinen (1982) offer an important distinction in their identification of process quality, which is judged by consumers during a service, from output quality, evaluated after a service has been performed. These authors also distinguished between the physical quality, relating to the physical supports of the service, corporate quality, which involves the company's image and profile, and finally interactive quality, which refers to the interactions between a consumer, the service organisation and other customers. Gronroos (1984) proposed a model in which he distinguished two types of quality: technical quality, 'what the consumer receives as a result of his interactions with a service firm' (p. 38) and functional quality which involves the manner in which the 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 different services. Parasuraman et al. did not rely on previous dimensionality studies but aimed at identifying a range of dimensions developed from their own empirical study on a variety of services. The authors first identified a range of ten dimensions in 1985 which reflect the notions of hardware and software identified earlier. The five 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 of 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 suffered various criticisms (and see Buttle, 1996, for a review of such criticisms). Beyond the measurement issues linked to the contentious gap measure and other methodological issues that will not be raised in this paper, its most problematic limitation has been

encountered within its lack of replicability across services. Indeed the original authors' goal was to produce a generic scale which would translate consumers' quality judgement in any service setting:

The instrument has been designed to be applicable across a broad spectrum of services. As such, it provides a basic skeleton through its expectations/perceptions format encompassing statements for each of the five dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular organisation.

(Parasuraman et al., 1988: 30-31)

However, further replications of the scale to different types of services have clearly demonstrated that its pre-supposed universal nature was refutable. This does not necessarily mean that the scale should be rejected completely but rather that consideration should be given to its suitability to specific services and its necessary adaptation to new service contexts.

Hospitality has been a fertile ground for research with numerous different applications of SERVQUAL. Saleh and Ryan (1991) applied the scale to hotels. The authors followed the SERVQUAL methodology but produced their own number of items (40) and identified five dimensions. The five dimensions did not confirm the SERVQUAL dimensions since they related to conviviality, tangibles, reassurance, avoid sarcasm and empathy. Their analysis shows that the first dimension explains most of the variance observed therefore giving poor credibility to the four other dimensions and the multidimensionality of the service quality construct. Another study on hotels by Getty and Thompson (1994) provided different findings from the previous application, and the reproduction of the SERVQUAL dimensions were not confirmed either. The authors followed step by step the SERVQUAL methodology and created a new scale, named LODGSERV, which displayed only three dimensions: tangibility, reliability and contact. To add to the confusion Ekinici and Riley (1997) 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*]' (p. 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 dissatisfies and were defined as elements which 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.'

**Table 1 Dimensions of service quality in the hospitality industry**

<b>Factor</b>	<b>Elements from SERVQUAL</b>	<b>Main emphasis</b>
<b>Employees (factor 1)</b>	Responsiveness Assurance Empathy Tangibles	Prompt service, willingness to help, confident in the delivery of service, polite, knowledgeable, skilful, caring, understanding sincere, neat and professional employees.
<b>Tangibles (factor 2)</b>	Tangibles	Modern-looking equipment, fixtures and fittings, appealing facilities and materials, comfort, cleanliness, user friendly equipment and facilities, variety in food and beverages, operation of services at a convenient time.
<b>Reliability (factor 4)</b>	Reliability Responsiveness Assurance	Keeping promises, accurate and timely service, safe and secure stay.

Source: Mei et al. (1999: 138)

This exhaustive list of applications of SERVQUAL within the hospitality industry might seem to bring more confusion than clarity. However, the purpose of this section was primarily to demonstrate the difficulties that various researchers have encountered when attempting to replicate the scale to a different setting. The list of cases clearly confirms this problem but the next step remains to identify the possible reasons that might explain this difficulty. The question remains therefore to identify a possible pattern among those studies.

### **The reasons for the limited generalisation of SERVQUAL**

It is believed that the problems encountered in the limited generalisation of SERVQUAL might be linked to the particularities of the services upon which it was developed. Indeed, the SERVQUAL scale was built from the study of four commercial services,

namely repair and maintenance, retail banking, credit card and securities brokerage. These services involve situations in which consumers buy a service 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 services display similar service delivery features and that customers would use similar criteria to evaluate service quality.

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:

If other services categories had been included (*in the SERVQUAL scale*), particularly professional services which are high in terms of opportunities for

consumer intervention and adaptation, it is possible that other factor groupings would have emerged, possibly associated with one or more of the ‘incorporated’ dimensions: competence, credibility, security or knowledge for example.

(Dotchin and Oakland, 1994: 11)

The SERVQUAL authors believed they had built their scale upon services whose ‘categories were chosen to represent a broad cross-section of services that varied along key dimensions’ (Parasuraman et al., 1988: 18). However, Rosen and Karwan (1994) argued that SERVQUAL was in fact built on very similar services. Consequently, the SERVQUAL authors’ conclusion that the relative importance of the dimensions identified were consistent across service settings, was considered as unrealistic.

More importantly, these authors compared the relative importance of the SERVQUAL dimensions across services displaying different degrees of interaction and customisation. The study examined the relative importance of the five SERVQUAL dimensions in four new service contexts: teaching, restaurants, health care and bookstores. The results showed that the reliability dimension always remained the most important predictor of overall satisfaction (first or second position by importance) for all the services investigated. However, services appeared to display different importance ratings for the dimensions according to their characteristics: in high interaction - high customisation services (such as restaurants) ‘knowing the customer’ was rated as the most important dimension whereas in low interaction-low customisation services (such as budget hotel chains), ‘reliability’ and ‘tangibles’ were the first two dimensions. This study therefore supported the proposition that the importance of service quality dimensions would differ according to the service characteristics.

### **Implications of existing knowledge for hospitality – further discussion**

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 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 tangible aspects. This view recognises that whilst hotels can be both labour and capital intensive it is the former which has often generated the greatest interest and initiatives:

The modern hotel industry has tended to promote its obsession with customer service delivery standards while ignoring the need for the hotel product to meet the expectations of the customer. Put another way 'soft' human and interactional processes are promoted as the principle means of ensuring customer satisfaction to the extent that attention to the 'hard' elements of the hospitality product is diminished.

(Losekoot et al., 2001: 298)

Losekoot et al. though are concerned to reject this dominant paradigm to argue that customer expectations have evolved and that evidence points to an increasing interest in the quality of the product rather than the service. To support this they present the results of an analysis of self-completed guest questionnaires and feedback through a guest satisfaction survey in two upper market hotels. Based on this analysis Losekoot et al. suggest that approximately one in three guest complaints are more about the hardware elements of the hospitality product rather than the software. This leads them to argue that:

...in pursuit of the holy grail of customer satisfaction, on which hotels spend increasing amounts of resources and management time there is a need for re-examination of priorities... There is little point using additional resources on improving on the 'soft' customer interaction part of the service offer, if an important underlying cause of customer dissatisfaction is attributable to the facilities on offer.

(ibid.: 303)

Despite Losekoot et al.'s scepticism of the need for organisations to consider the softer aspects of the service encounter, as noted earlier, much of the work that has emerged in relation to more prescriptive accounts of service quality have tended to point to the human dimension. Thus, although the tangibles are perceived as being important, the human dimension through the employee service is also particularly relevant.

In sum, customer perceptions of quality will vary from service to service and will, at various times, encompass different aspects. Indeed, in many respects notions of service 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 points to 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 autonomy. Second, is the *quality enhancement* strategy wherein firms seek to gain competitive advantage by enhancing the product and/or service quality. The approach once again points to certain HRM practices to support a total quality approach.

These practices include the encouragement of feedback systems, teamwork, decision making and responsibility being an integral part of an employees job description and flexible job classifications. The intent of these practices is to create needed employee behaviour such as co-operative, interdependent behaviour, and commitment to the goals of the organisation. Lastly, the *cost reduction strategy* sees firms attempting to gain competitive advantage by aiming to be the lowest cost producer within a particular market segment. The characteristics of firms seeking to pursue this strategy are tight controls, minimisation of overheads and pursuit of economies of scale, in the pursuit of increased productivity. In following such a strategy organisations may use higher number of part timers, seek to simplify and measure work via narrowly defined jobs that encourage specialisation and efficiency, and offer short-term results oriented appraisal. Needed employee behaviours include, repetitive and predictable behaviour, low risk taking activity and a high degree of comfort with stability.

As Schuler and Jackson freely admit the description of these three competitive strategies as pure types often does not reflect the reality of, for example, organisations pursuing two or more competitive strategies simultaneously. Nevertheless, this work remains useful for its clear delineation of differing approaches to HRM and the concomitant support for a ‘best fit’ approach to HRM. Although not necessarily explicitly providing the basis for much of the work which has emerged on these questions in the more specific context of the services marketing and management literature, the influence of Schuler and Jackson can clearly be seen. For example, Bowen, Schneider and Kim (2000: 450) note:

When a firm competes on low-cost, high-volume service offerings, it needs to question whether there is any value added from spending additional resources on the more complicated selection, training and even higher compensation that might be necessary to support empowerment. If the targeted market segment values inexpensive, speedy service – not TLC<sup>5</sup> – 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.

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<sup>5</sup> 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.

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 satisfaction<sup>6</sup>. 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 functional and tactical levels. They further note, ‘In simple terms having formulated its basic mission statement, the service organisation would decide upon both its marketing and competitive strategy.’ Lashley and Taylor developed their model by utilising matrices provided by Schmenner (1995) and Heskett et al. (1990) to identify different processes in service operations management. These processes are the service

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<sup>6</sup> 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).

factory, the service shop, mass service and professional services. These characterisations are based on the degree of customisation and labour intensity involved in the service offer, in terms of the degree of customer contact required between employees and customers.

The service factory is relatively low labour intensity and low customisation, i.e. high standardisation. The service factory is most obviously exemplified by fast food operators, especially McDonald's. The service shop involves more customisation, but relatively low labour intensity. The defining difference to the service factory lies in the degree of standardisation within the process. Lashley and Taylor draw upon the example of TGI Fridays to argue that although there are high levels of standardisation in the tangible aspects of the organisation, such as the menus, layouts, décor and staff uniform, there is also some scope to customise the customers' eating and drinking experience. This customisation is by virtue of their more extensive menu, and more importantly, greater spontaneity and authenticity in the intangible aspects of the service provided by front-line staff. The next classification is mass service where service processes involve a relatively high degree of labour intensity, though a limited amount of customisation. Lashley and Taylor assert that the Marriott hotel brand typifies a mass service organisation. The rationale for such an assertion lies in the fact that their four star offering is similar to others in relation to the hardware of the tangibles reflecting the highly competitive nature of the mid to upper segment of the hotel market. As a result of this convergence of the tangibles the key lies in the intangibles and the scope available to organisations to differentiate themselves on the basis of service quality. Within this process of differentiation a key role is played by the staff via the relatively high level of contact with customers. The final grouping is professional services where there is a high level of service 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 review of the context in which organisations in the hospitality industry are making their HRM choices.

Hospitality is, without doubt, one of the most important industries in the UK, contributing around 5 per cent of UK GDP and 25 per cent of foreign invisible earnings. The industry employs 1.9 million people, which denotes 7.3 per cent of total employment

in the UK. Moreover the sector is set for substantial job growth in coming years, with the National Training Organisation (NTO) for the sector, the Hospitality Training Foundation (HtF), suggesting that the sector is likely to create 300,000 new jobs between 2002 and 2009 (HtF, 2001)<sup>7</sup>. The majority of employees in hospitality, around 1.1 million, are in the commercial sector of the industry, which consists of pubs, clubs and bars, restaurants, hotels and contract catering. The remaining number are in the hospitality services sector, where the main function of the business is not hospitality, for example hospital catering, school meals and so on. Within the commercial sector the vast majority of businesses are SMEs, many owner-operated. This arguably creates particular problems in relation to attempts to sustain 'best practice' HRM, of which more soon. The DTI (1999) indicated that 99.8 per cent of hotel and restaurant businesses employed less than 50 persons in 1998. Indeed, across the commercial sector small or micro businesses with between one and ten employees make up 90 per cent of business. This is particularly pronounced in the restaurant sector where 94 per cent of businesses employ ten or less employees. Those businesses employing 25 or more employees consist of only 3.6 per cent of all establishments but employ 45 per cent of the hospitality workforce. The majority of these larger employers are found in the hotel sector, with an increasing number of these being brand or chain affiliated. Indeed, this point is equally true of the restaurant and pubs clubs and bars sub-sectors. As the HtF (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

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<sup>7</sup> Interestingly, as part of the re-organisation of the NTO network into the new Sector Skills Councils (SSC), hospitality as represented by the HtF, is part of a broader formal expression of interest to become a SSC for the hospitality, leisure, travel and tourism sector. It will be instructive to see whether the submission wins one of the approximately 25 available licenses from the Sector Skills Development

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 workers<sup>8</sup>. 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 £289.1 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 rates<sup>9</sup>. 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 Institute of Personnel and Development (IPD) in 2001 notes that hospitality, with a labour turnover rate of 55.3 per cent, was second only to retail and the wholesale industry at 58 per cent. It is also noteworthy that unsatisfactory pay is the main specified reason (25.6 per cent) for those who had left hospitality jobs.

To date, this section has largely talked of the hospitality sector as a relatively homogenous sector. However, recognising the earlier discussion of differing product market strategies, it is worth reiterating the point that the industry, and particularly the commercial sector, is anything but homogenous. Most obviously the heterogeneity is

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Agency, thus qualifying the sector as being one considered to be ‘economically and strategically important’ (IRS, 2002: 5)

<sup>8</sup> 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.

<sup>9</sup> 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 industry. For example, HtF (2001a) recognises that around 30 per cent of hotel and restaurant employees were earning below the rate at which the NMW was set in 1997.

exemplified by the predominance of SMEs. Equally though within the key sub-sectors of hotels, restaurants and pubs and bars there is considerable diversity in terms of market offerings and the increasing emergence of the importance of niche segments. For example, a particularly noteworthy development within the hotel sector is the rise of budget hotels. In 1998 this sector accounted for 554 hotels and by 2003 it is expected that this figure will have risen to 1,169. Equally of interest is the rise in speciality coffee bars the number of which has increased by 60 per cent since 1997. This translates into an estimated 1,900 branded chain outlets, a figure that is expected to rise to 2,700 by December 2004 (Gibbons, 2002).

This recognition of diversity within the various sub-sectors is important and has implications for both competitive strategies and related approaches to HRM. As the DfEE (2000) notes two star hotels tend to compete with other two star hotels within their immediate area and not three star hotels. Likewise fast food restaurants and Michelin starred restaurants will compete in completely different and separately defined consumer and *labour* markets. The DfEE (2000: 18) goes on to recognise that, ‘The diversity of products, operational scales and technologies makes it difficult to compare the overall degree of product complexity among sub-sectors, because, essentially, the “products” are actually services – and these have diverse components.’ Importantly, the report also notes 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 break to 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.

The significant domination of the small firm within the hospitality industry has been traditionally explained by three main factors that lower the barriers to entry. These are minimal capital requirement, specialist knowledge is not a necessary requirement, and qualification barriers to entry are low in comparison to many other industries (Lockyer and Morrison, 1999). Furthermore, hospitality market demand is highly segmented, frequently best satisfied by a wide range of small firms offering a variety of geographic locations, quality ranges, physical facilities, and special interests to niche markets (Morrison, 1998).

Some small firms are dynamic in creating employment, while many others suffer from, what is generally termed, resource poverty (Storey, 1994; Ogden, 1998), operating at the margins of profitability and requiring significant public subsidy for key activities such as

marketing and training (Baum, 1999). Furthermore, Keep and Mayhew (1999a) conclude that there are major skill gaps amongst the existing hospitality SME workforce including those of an entrepreneurial and management nature. Thus, it would appear that the augmentation and leveraging of owner/manager competencies in a significant, but precarious, small firm sector is at the heart of creating sustainable competitive advantage, and a necessary condition for the successful performance of the hospitality industry. The issue of owner/manager professional development in small firms is clearly complex. They cannot be coerced, rarely conform to 'type', have to cope with absolute power and leadership responsibilities, and are subject to a number of competing and conflicting influences which may lead to behaviours that defy logic (Beaver et al., 1998).

Also converging is the concept of 'Lifelong Learning' that has been selected by the Labour Government as a platform through which to communicate the need for individuals and firms to continuously seek to acquire and apply new knowledge (Chaston et al., 1999). NAGCELL (1999: 29) states that 'urgent and imaginative action is required to help those working in small firms get into the learning age.' If this concept is to permeate small firm management culture, then there requires to be an improved understanding of the conditions and infrastructure to support learning and professional development (Westhead 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.

**Table 2 Obstacles to improved small firm business performance**

<b>MANAGERIAL</b>	<ul style="list-style-type: none"> <li>• Lack of ambition, vision and inclination to increase production.</li> <li>• Constrained resources to solve gaps in managerial competence.</li> <li>• Perception that business growth would negatively impact on product/service quality.</li> <li>• Anti-business ‘hobbyist’ approach.</li> <li>• Quality of lifestyle protectionism.</li> </ul>
<b>SKILLS</b>	<ul style="list-style-type: none"> <li>• Multi-skilling in every category of staff needed.</li> <li>• Limited resources available to narrow skill gaps.</li> </ul>
<b>SIZE</b>	<ul style="list-style-type: none"> <li>• Weak power position within the industry sector and markets as an individual unit.</li> <li>• Limited capacity to solve skill problems.</li> <li>• Physical constraints curtail expansion.</li> <li>• High dependency on externalities.</li> </ul>

The traditional image presented of small hospitality firm business orientation is that, for many, maintenance and protection of a certain lifestyle will be prioritised over a commercial focus on profit-maximisation, and by extension the development of sophisticated human resource approaches (Dewhurst and Horobin, 1997; Morrison, 1998; Andrews et al., 2001). This viewpoint contrasts with the findings of Buick et al. (2000) who intimated the ‘death of the lifestyle entrepreneur’ in their study of Scottish hotel proprietors. Clearly, lifestyle is an extremely elusive and qualitative concept, determined

by the values and expectations that the owner/managers largely select for themselves (Sherwood et al., 2000).

The intangibles associated with small firm business orientation do not lend themselves to tidy packaging in conceptual frameworks. Dewhurst and Horobin (1997) present a model to depict owner/manager tendencies relative to business orientation. They argue that many small firm owner/managers in the hospitality industry might be positioned towards lifestyle oriented goals, as opposed to other goals such as being commercially oriented. Frohlich and Pichler (1996) offer typology classifications describing small firm owner/managers as: pioneers open to change and risk; organisers with more pronounced administrative strengths; all rounder ‘jack-of-all-trades’; and routineers who are more risk averse. Goals 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**

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

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

### **Small firm learning**

One route towards improved business performance and human resource development may be that of participation in learning programmes. While an intention for small firm owner/managers to increase their learning is generally expressed, it was found that they are the least likely people to participate in any training interventions (Leeds Metropolitan University, 1998; Matlay, 2000). In their survey of Scottish small hotels Buick et al. (2000) found that 62 per cent of owner managers had attended some form of training course, 60 per cent of these indicated that the courses filled a need while 40 per cent rated them as little or no use. Concern has been expressed that a significant cultural gap exists between support agencies' promotion of a lifelong learning philosophy and the small firm sector's perceptions of its utility to their business performance (Chaston et al., 1999; Sherwood et al., 2000; Matlay, 2000).

The apparent failure of a range of formal vocational education training and management development programmes to engage small firm owner/managers represents a real concern as outlined by Matlay (2000: 336):

It appears, however, that the specific training needs of the vast majority of owner-managers operating in the small business sector of the British economy remain unfulfilled despite the concerted efforts and sizeable funding that have been invested, over the last two decades, in this type of support initiative.

This failure is recognised by the public sector who identify that small firm owner-manager needs are ‘diverse yet much provision is not yet aimed at meeting them nor is it geared to the different rhythms and exigencies of their business’ (NAGCELL, 1999: 29). From the perspective of the owner/manager learning interventions have failed to take account of a range of variables such as attitudinal and behavioural characteristics, nature of the learning provision, and firm characteristics (Westhead and Storey, 1997; Marlow, 1998; Beaver et al., 1998; Sherwood et al., 2000 and see Table 4). Particularly relative to the endeavours of support agencies, Chaston et al. (1999) emphasised that understanding the way that small firm owner/managers learn represents a key determining index to the way they 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**

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

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 businesses and equally the size of the organisation, in itself, is no guarantee of a more progressive or sophisticated approach to people management and

development. These issues will be further considered shortly. However at this juncture there is a need to explore in more detail the question of skills in hospitality before we move on to a broader description of both bad and good practice HRM in hospitality. The importance of considering skills and skill formation in greater detail lies in the recognition that there is likely to be a broader fit between skills and systems of work organisation and job design employed by hospitality organisations. In particular, the following section, whilst recognising the credence of the low skills descriptor often applied to the hospitality industry, will also seek to explore the question of whether such a description is universally accurate.

## **REVISITING THE SKILLS DEBATE IN THE HOSPITALITY INDUSTRY**

The skills issue, in the context of hospitality, is one that is informed by wider, generic debate about changing employment and vocational education within both developed and developing economies. This section on skills draws upon these sources but is, primarily, focused on developments within hospitality and tourism. Key themes addressed here are:

- The nature of work and skills in hospitality.
- De-skilling within the hospitality workplace.
- The technical/generic skills debate within hospitality.
- Skills and the education/training process in hospitality.

### **The nature of work and skills in hospitality**

Hospitality work (and thus the skills that it demands) exhibits diversity in both horizontal and vertical terms. In a horizontal sense, it includes a very wide range of jobs, the extent depending upon the definition of the sector that is employed. The traditional research focus on hospitality work concentrates on areas that provide, primarily, food and beverage (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:

Managerial - 6%  
Supervisory - 8%  
Craft (skilled) - 22%  
Operative (semi-skilled and unskilled) - 64%

This simplification masks major business organisational diversity in hospitality, reflecting the size, location and ownership of hospitality businesses. The actual job and skills content of work in hospitality is predicated upon these factors so that common job titles (for example, restaurant manager, sous chef) almost certainly mask a very different range of responsibilities, tasks and skills within jobs in different establishments.

Riley is useful in his application of the weak-strong internal labour market model to illustrate the relationship that his workforce structure has to a number of externalities including educational requirements, points of entry into the workforce, workplace pay differentials and level of trade union membership. This analysis has important ramifications for the status of hospitality work and the perceived attractiveness of the sector both for employment and educational/training opportunity. Keep and Mayhew (1999a: 8-9) summarise a list of the characteristics of hospitality work that tend to confirm Riley's weak internal labour market attribution:

- Tendency to low wages, except where skills shortages act to counter this.
- Prevalence of unsocial hours and family unfriendly shift patterns.
- Rare incidence of equal opportunities policies and male domination of higher level, better paid work.
- Poor or non-existent career structures.

- Informal recruitment practices.
- Failure to adopt formalised ‘good’ or ‘best’ practice models of human resource management and development.
- Lack of any significant trade union presence.
- 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 and fast food ‘operate within a business culture where labour is seen in terms of costs which must be kept at the lowest possible level’ (ibid.: 240) and where skills, therefore, are not valued or developed. Burns’ definition of hospitality skills also seeks to go beyond the purely technical capabilities that those using ‘unskilled’ or ‘low skills’ descriptors assume. He draws upon the oft used dramaturgical analogy for the service workplace to argue that ‘Working in such an environment requires more than an ability to operate a cash register; emotional demands are made of employees to constantly be in a positive, joyful and even playful mood. An ability to cope with such demands must be recognised as a “skill” par excellence.’ (ibid.: 240). This case is also argued by Poon (1993: 262) who notes that new employees in hospitality ‘Must be trained to be loyal, flexible, tolerant, amiable and responsible...at every successful tourism establishment, it is the employees that stand out...Technology cannot substitute for welcoming employees.’ Burns’ emphasis on ‘emotional demands’ as an additional dimension of hospitality skills has also been developed in the work of Seymour (2000). Seymour, drawing on Hochschild’s (1983) notion of ‘emotional labour’ makes the point that work in *both* fast food and traditional areas of service work areas demands considerable emotional elements in addition to any overt technical skills.

Furthermore, Burns rightly argues that the low skills perspective of hospitality is context-specific and is drawn from a western-centric view of hospitality work and skills generally. He cites the inappropriateness of these assumptions when applied to environments such as the Solomon Islands, Sri Lanka and the Cook Islands. Likewise, Baum (1996) questions the validity of claims that hospitality is a work area of low skills. His argument is based on the cultural assumptions that lie behind employment in westernised, international hospitality work whereby technical skills are defined in terms of a relatively seamless progression from domestic and consumer life into the hospitality workplace. In the developing world, such assumptions cannot be made as employees join

hospitality businesses without western acculturation, without knowledge of the implements and ingredients of western cookery, for example. Learning at a technical level, therefore, is considerably more demanding than it might be in western communities. Social and inter-personal skills also demand considerably more by way of prior learning, whether this pertains to language skills (English is a widespread prerequisite 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:

- High-level symbolic manipulators or analysts.
- A dwindling group of those engaged in routine production.
- A group providing interpersonal services – waiters, hotel receptionists among others.

Within this classification, it is clear that skills which are most highly valued in society fall within the first category. Hospitality work, on the face of it, falls, in part, into the second category (chefs) and predominantly into the growing third category, a grouping that does not readily accommodate the consequences of the arguments of Burns or Baum or those relating to emotional labour.

### **De-skilling within the hospitality workplace**

The extensive debate that surrounds the issue of ‘McDonaldization’ as introduced to the literature by Ritzer (1993) and developed by Leidner (1993), Lyon et al. (1994) and others, has suggested that de-skilling is an inevitable consequence of growing standardisation or routinisation across the service sector. There is evidence to support this process in hospitality and tourism in the form of a growing fast food sector; within budget accommodation; and through the growth of no-frills airlines (Baum, 1997; Pender and Baum, 2000). The growth of these sectors all point to a simplification of tasks in the workplace, aided in part by technology substitution but also by changes in consumer demands and expectations. It is also arguable that these sectors have grown in response to new consumer demand as opposed to displacement of demand for traditional services. Therefore, while their growth may have had the global effect of ‘dumbing down’ average skills levels in hospitality and tourism, it is difficult to argue that they have eliminated

demand for higher order skills within other sectors of the industry<sup>10</sup>.

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)

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<sup>10</sup> Indeed, there is an interesting point here on the extent to which service jobs more generally are McDonaldized. Korczynski (2002) offers a compelling refutation of Ritzer's characterisation of more and

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.

The German Hotelhausfrau/Mann apprenticeship programme, by far the most widely offered apprenticeship scheme in the hospitality sector, offers a similar generalist training that 'provides work and training in all hotel departments on a rotational basis. Typically, administrative areas include Bookkeeping (4 months), Control (3 months) and Reception (3 months) but the highest status and prestige is accorded to Food and Beverage areas' (Odgers and Baum, 2001: 26). The assumption that such work would best suit smaller businesses is, generally, borne out by the German experience (and see Finegold et al., 2002). However, Odgers and Baum also note cases where similar training and work structures have been adopted in larger properties operated by chains including Hilton, Jurys and Marriott. The issue of multi-skilling or multi-tasking should also be seen in the context of organisational change within hospitality and the manner in which organisations are separating core employees in whom significant training and skills development is invested and those at the periphery for whom such enhancement is not common (Guerrier and Lockwood, 1989). It is argued that developing skills across a range of functional areas enhances the likelihood of acceptance within the core although evidence for this is not readily available.

Creating the opportunity to develop a wider range of skills within the workplace is frequently included within models of job enrichment. Multi-skilling or multi-tasking across departments, as generally practiced within the hospitality sector, does not offer much to employees that can be described as 'enriching'. Of probably greater value to employees is the breakdown of job demarcation within hospitality departments, such as the virtual elimination of the traditional *partie* system within kitchens in Britain and the merging of front office functions (cashier, reception, concierge) in many hotels (Odgers and Baum, 2001).

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more jobs becoming so-called 'McJobs' by his citing of research which suggests that just 4 per cent of service jobs in the US are McDonaldized jobs.

## **The technical/ generic skills debate within hospitality**

Skills shortages in hospitality are increasingly seen in terms of generic rather than specific technical competencies. Studies of employer expectations of graduates (Tas, 1988; Baum, 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 - communications, problem solving and customer service in addition to job specific skills.

Empirical evidence from a study of front office work and skills requirements across a number of European countries (Odgers and Baum, 2001; Baum and Odgers, 2001) shows clearly that this focus operates in practice. Hotels in all quality categories in seven European countries recruit on the basis of generic employability rather than specific skills and experience. Odgers and Baum (2001: 9) note that even five star hotels 'accept the reality of the marketplace and are willing to recruit staff without Front Office experience provided they have good general education and a willingness to learn.' The same report also notes that:

A key evolving change in Front Office work is the integration of technical and interpersonal skills in all aspects of work. This is the result of a growing emphasis on the latter while technology has developed as a support for the delivery of service rather than as an objective in itself. In a technical sense, technology will continue to reduce the skills demands of Front Office work as systems become more user friendly and share their basic operating features with widely used office and domestic computer software. (ibid.: 18)

Odgers and Baum further note the weakening of traditional workplace hierarchies in front office, with a decline in the position of junior or assistant receptionist so that given 'the virtual elimination of traditional, routine office-related tasks such as basic typing, filing and photocopying, it is, in any case, difficult to distinguish between the job content' of various levels of work within the area (pp.19-20). They conclude that 'in the absence of experienced, qualified staff, many hotels will increasingly look to generic, non-technical competencies (communication, problem solving, customer service and IT) in recruiting new personnel and build in extended on-the-job-training within the induction phase'

(p.21). In addition to these generic skills considerations, the work of Nickson et al. (2001) suggests that aesthetic criteria also feature increasingly prominently in the recruitment of front line staff for hospitality work.

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 workplace with a short, normally eight-week release period to college within any one-year. By contrast, Scottish/National Vocational Qualification (S/NVQ) training in the UK can be predominantly within the so-called 'real work environment' (RWE) of the college with only limited formal and assessed exposure to the industry during the programme.

Higher level education and training for hospitality and tourism generally maintains a clear commitment to the development of skills designed to complement more generic educational and business development objectives. In the hospitality context, Gillespie and Baum (2000) consider the changing role of practical, vocational education within hospitality degree programmes and note considerable retrenchment but not elimination of this process. Busby (2001) analyses the content of tourism degrees in the UK and concludes that what he describes as vocationalism is a strong feature in provision. Such vocationalism includes the development of specific skills in hospitality and travel-related areas and, Busby argues, these elements play an important role in ensuring the employability of graduates.

Within hospitality, a key skills issue that is bound up in the traditions of the sector, particularly in Europe, is the significance of food and beverage skills development as a necessary stepping stone towards the application of general management skills within hotels. Ladkin's (2000) study of the careers of hotel managers confirms the widely held perception that food and beverage experience remains the single dominant career characteristic of successful general managers although the revenue contribution of this area is relatively less important than that of accommodation (Horwarth and Horwarth, 1999). Ladkin notes that few successful general managers have significant training or experience in rooms, accounting and marketing functions prior to their entry into general management. This suggests a continuing focus on traditional food and beverage skills development within the educational process despite the stated expectations of employers.

Keep and Mayhew note the importance of the debate that addresses the fit between hospitality industry 'needs' and the programmes provided within the vocational education 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 semi-skilled labour on a regular basis; and by the trainees themselves because the work experience has resolved a vicious circle (cannot get a job without experience, cannot get experience without a job) into a career opportunity.

The value of working experience as part of a platform for skills development towards job finding and career development is widely accepted. The training responsibility of employers in supporting the work-based element of skills development is represented by Anne Walker of Springboard who argues ‘Employers need to get more involved in work placement schemes... They should be thinking long term about the future of recruitment. At the moment there are not enough employers involved and the schemes are not always comprehensive enough’ (cited in Anon, 2000: 6).

Clearly, then, it should be recognised that the skills debate in hospitality is not as straightforward as characterisations of the industry as ‘low skilled’ suggest. Equally, though, it is true that as Keep and Mayhew (1999a) argue skills does remain a third order problem, and the most pressing issue remains the industry’s record of poor personnel management. An important issue here is the extent to which this situation is universal and/or immutable. The following section aims to consider this question by outlining a range of theoretical and empirically-based reviews of HRM in the hospitality industry. Rather crudely this work is delineated as either representing a ‘pessimistic’ or ‘optimistic’ view of HRM in the hospitality sector. Nevertheless, this does allow for an appreciation of the diversity in approaches by which organisations may be sustaining competitive advantage, and in particular the extent to which hospitality organisations may be seeking to aspire to good practice HRM.

## **THE PESSIMISTIC VIEW OF HRM IN THE HOSPITALITY SECTOR – IS POOR PERSONNEL PRACTICE INEVITABLE?**

Riley, Gore and Kelliher (2000) synthesise many of the concerns about poor personnel practice in their work on economic determinism and HRM in hospitality. Riley et al. argue that economics is the key determining factor on HRM policies and practices in hospitality. 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’ (p. 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’ (p. 119). Riley et al. base this view of industry structure triumphing over managerial agency on four assumptions, these being (pp. 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:

By definition, the more control is handed to external market forces the less control is available to managers and the more HRM policies are circumscribed. Management accept this constraint because of the economic benefits brought by the ability to manipulate labour in the short term. This 'immediacy' does not prevent long-term perspectives on HRM but it does make them more difficult to sustain (p. 121).

A further issue discussed by Riley et al. is pay determinism. Notwithstanding the impact of the minimum wage, the main determinant of pay in hospitality is the nature of skills and the unpredictable nature of demand, with the further context of a fragmented industrial structure and lots of competing firms. For example, skills are usually easily and cheaply acquired from the large unskilled labour market, exerting a downward pressure of pay. Equally skills are transferable within the industry and the wider service sector leading to high levels of labour mobility, which tends to create a (low) market rate for these type of jobs. Currently, then, 'pay strategies are market focused and have stronger links to recruitment issues and incentive strategies than to motivation at work' (p. 123).

One final issue that has already been discussed at some length in the paper is the skill structure of the industry and the proportion of skilled to unskilled employees. Although echoing our earlier argument Riley et al. recognise the relativity of the skills debate - 'It would be absurd to call airport ground staff or waiting staff unskilled, but they are relative to some other workers in their organisations' (p. 123) - the key point as far as Riley et al. are concerned is that that hospitality remains relatively unskilled. This relativity also extends to the proportion of unskilled to skilled workers and in this case 'The proposition is that the proportion of skilled to unskilled influences management's approaches to HRM' (p. 123). As an unskilled worker is often likely to be equated with the idea of being an 'unstable' element of the workforce, i.e. more likely to leave, then the key issue becomes does the organisation manage in a contingent way in terms of skilled or unskilled workers, or is everybody managed in the same manner? Riley et al. believe that 'In the hotel industry there is a case to suggest that the workforce is assumed

to be unstable and is managed accordingly; consequently the skilled as well as the unskilled display high labour mobility' (p. 124).

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.'<sup>11</sup> 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 directive<sup>12</sup>. 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).

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<sup>11</sup> 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.

<sup>12</sup> The BHA still remain unsure of the benefits of the minimum wage and working time directive despite support from other sources, such as the HtF, who have recognised in a number of publications that these initiatives are likely to have a potentially positive impact on the industry (see for example, HtF, 2000c).

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 marginally better at keeping their staff, compared to retail, the perception from a number of our interviewees tended to be different. Indeed, much of this debate was seen in terms of the ‘image’ of the hospitality industry, compared to other industries, as an employing sector. For example, when asked what the biggest problem was for employers in the hospitality sector the BHA representative replied simply ‘Image. It’s as simple as that. It’s image.’ Later, though, the same interviewee did go on to acknowledge that there may be problems with some employers in his recognition that ‘...as an industry, where we’re good, we’re very good, and where we’re bad, were bloody awful. And of course, unfortunately, it’s always the bad that gets the headlines and we’re still in that little bit of quagmire.’ Rather more critical was a representative from the enterprise network who talked of ‘significant’ employment problems facing the hospitality industry, further suggesting that:

...from a personal view and from a Scottish Enterprise view, the industry isn’t doing enough to realise the issues that are facing them or enough to address the issues that are facing them. There is increasing competition from other sectors – retail, call centres and so on – where if the industry doesn’t get its act together it is going to be severely hit.

Indeed, this was something that was noted by a number of owner/managers and managers interviewed. Typical of these views were the following comments:

The biggest problem is and it is really in the hospitality industry as a whole, it is because it is so competitive, labour costs are forced right down. I’d love to be able to pay my staff more but, unfortunately, it would mean that we would no longer be competitive. Because of the relatively low wage in the hospitality industry, the staff turnover can be quite high (Small hotel owner).

People perceive it as being a low pay industry and therefore, the best people tend to go elsewhere because they feel they can get more money. So quite often the calibre of staff that you get tends to be disappointing because as I say, the best go into other industries where the pay is higher (Bed and breakfast owner).

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"' (ibid.: 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' (p. 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

characteristics, organisations ensuring best fit HRM practices to support a high volume, low cost strategy; all are plausible reasons for a view of HRM which is not necessarily premised on high skills, high wages and a high quality route to competitive advantage. That said, it would be equally wrong to paint a wholly pessimistic picture. It was recognised earlier in this paper that there are also examples of good practice HRM, particularly in market segments where organisations are likely to seek differentiation on the basis of what Bowen et al. (2000) term TLC and it is this approach to which the paper now turns.

### **Best practice organisations in the hospitality industry – the provision of TLC?**

A number of recent articles in the general HRM literature is indicative of the increasing interest in ‘best practice’ HRM and its link with commitment, organisational performance, service quality, productivity and profitability (for example, Boxall and Purcell, 2000; Marchington and Grugulis, 2000; Purcell, 1999; Redman and Matthews, 1998). Whilst much of this literature is as much concerned with offering a critique of the overly optimistic prescriptions of the universality of best practice models, it is also useful in offering a number of descriptions of any putative best practice model. Usually couched in terms of ‘bundles’, the HRM practices that are offered in support of a high commitment and performance model are generally fairly consistent. For example, Redman and Matthews (1998) outline a range of HR practices which are very similar to those initially introduced as best practice by Pfeffer (1998). Thus, Redman and Matthews suggest the following key practices that are likely to support organisational strategies aimed at securing high quality service:

**Recruitment and selection** – Redman and Matthews note the need to ensure the recruitment and selection of staff with the correct attitudinal and behavioural characteristics which will support a quality approach. In particular, there is a need to ensure ‘fit’ between the individual and the organisation’s business goals. A range of assessments in the selection process should be utilised to evaluate the work values,

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.

**Job security** – the use of organisational restructuring, delayering and re-engineering are suggested as often being fatal for quality initiatives. Conversely promises of job security are suggested as being an essential component of any overall quality approach.

**Employee involvement and employee relations** – generally by seeking greater involvement from employees the emphasis is on offering autonomy, creativity, co-operation and self-control in work processes. The use of educative and participative mechanisms, such as team briefings and quality circles are allied to changes in the organisation of work which support an ‘empowered’ environment.

In relation to the hospitality industry as well as the practices described above there are a number of other signifiers of good practice. The DfEE (2000) notes that 80 per cent of those organisations considered as exemplifying good practice in their sample held the Investors in People (IiP) accreditation, as well as a large number also having the Excellence Through People (ETP) kitemark, Hospitality Assured and ISO 9000. Given their centrality to notions of good practice, these various initiatives will all now be briefly described.

### **Investors in People**

Many benefits are claimed for organisations with IiP accreditation. It is suggested that skilled and motivated people work harder and better, leading to improved productivity and greater profitability. It can be used in conjunction with other quality initiatives such as ISO 9000, but focuses more on the people rather than the process. Higher staff morale resulting from business success and confidence as a result of appropriate training leads to better retention of staff and reduced absenteeism. It is also argued that IiP can lead to staff becoming more customer-focused. The prestige of the standard assists in the recruitment process. It also allows organisations to benchmark their practices against the best in the business world, both within and outside their own sector. The end result of this is increased profitability through greater market share. Moreover maximising the

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 5<sup>th</sup> in terms of the total number of organisations, and 7<sup>th</sup> 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 - 17<sup>th</sup> out of 41 industry sectors. This suggests that there is still considerable scope for improvement in the sector ([www.iipuk.co.uk](http://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.

## **Excellence Through People**

A report published in October 1996 by the (then) Department of National Heritage, entitled *Competing with the Best: People Working in Tourism and Hospitality* showed the hospitality industry in the UK to be one offering poor wage levels, poor image, long and often anti-social hours, and not surprisingly a high staff turnover. The vicious circle of poor employment practices and high staff turnover was identified by the BHA as the underlying cause, and in January 1998 the ETP initiative was launched. The aim is to identify best employment practice and then to disseminate this through half-day workshops around the country. The hope is that this will challenge employers to sign a ten-point pledge. This will allow them to use the ETP logo on their company literature. In addition, they will be encouraged to aim for five further good employment practices. One of those is a commitment to seek IiP accreditation. While both schemes have much in common, IiP focuses on aligning training to business goals, and communicating this to staff. ETP is more specifically concerned with the employment practices in place to recruit staff, both the minimum legal requirements (such as contracts of employment), and aiming to match the best employment practices in the industry. The aim is to ensure that employers recruit and select with care, offer a competitive employment package, develop employees skills and performance, communicate effectively and recognise and reward employees (and see Table 5 overleaf). The argument is that if the right staff are recruited, and rewarded properly, then subsequent investment in training and IiP accreditation is less likely to be lost due to staff turnover.

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

<p><b>Recruit &amp; Select with care – to promote a positive image and attract quality staff</b></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"> <li>• Equal opportunities/widening access</li> <li>• Targeted recruitment</li> </ul>
<p><b>Offer a competitive package – to ensure that staff know what to expect and are well cared for</b></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"> <li>• Contract of employment</li> <li>• Health and safety</li> </ul>
<p><b>Develop skills and performance – to enhance standards of customer service and productivity</b></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"> <li>• Job design</li> <li>• Training and development</li> </ul>
<p><b>Communicate effectively – to ensure the business and its staff are working towards the same goal</b></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"> <li>• Communication</li> <li>• Grievance and discipline</li> </ul>
<p><b>Recognise and reward – to retain highly motivated staff</b></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"> <li>• Performance and review</li> <li>• Rewards and recognition</li> </ul>
<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"> <li>★Forging links with local schools or colleges.</li> <li>★Opening access for employees to employment training and qualifications.</li> <li>★Taking on at least one Modern Apprentice.</li> <li>★Having in place appropriate skills in people management.</li> <li>★Making a formal commitment to IiP.</li> </ul>

Source: ETP promotional literature, February 2001.

All certified employers are audited annually, and listed in an annual directory of ‘five star’ employers (*Your First Choice*), distributed to schools, careers advisors, job centres and employment agencies. Currently 934 employers have been recognised by ETP, which still only denotes 0.6 per cent of all hospitality establishments (HtF, 2002). An annual awards scheme for recognised employers, which is supported by *Caterer and Hotelkeeper* and sponsored by the Savoy Educational Trust and the Department for Culture, Media and Sport, allows for the identification of the most innovative idea for improving employment practice. One of the runners-up in the 1999 awards was Malin Court based in Turnberry. Managing Director Bill Kerr explained that to enable staff to better promote the restaurant, staff have four invitations to dine in the hotel restaurant each year. They eat free of charge, a partner they bring pays only £10, and any other guests pay £15. This has led to staff being far more confident in promoting the restaurant to residents, as well as much valuable feedback for the kitchen and restaurant staff.

### **Hospitality Assured**

Launched in 1998 under the auspices of the hospitality industry’s professional association, the Hotel and Catering International Management Association (HCIMA) and the BHA, Hospitality Assured (HA) is based on the concept of best practice. Specifically, HA targets the customer focus of an organisation - its aim being to recognise and reward high standards of customer service in hospitality. The standard is designed to let those holding the award to benchmark their customer service against the best in their industry. Based on a self-assessment process, the organisation will then be able to compare their performance against a database managed by Andrew Lockwood at the University of Surrey. The model around which the standard is based is the Quality Map, which contains 12 areas, each of which is inter-linked with the others. Pilot testing and extensive research (since 1992) has led to 30 ‘minimum standard’ indicators within these 12 areas. HA are keen to stress that these are not prescriptive - it is up to each individual organisation how they can best achieve consistent delivery of a quality customer service. The 12 key areas are outlined below in Table 6. Although elements of these areas are

evident in other HRM/quality 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**

<b>12 Key areas identified to achieve service excellence</b>		
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. 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

Benchmarking Database is also strengthened by the increasing number of organisations providing data for it.

## **ISO 9000**

BS EN ISO 9000 was introduced in 1979 as BS 5750. It was a departure from the many other Standards produced by the British Standards Institute (BSI) in that it was not a product specific standard. Instead, it was a generic standard for a process, such that ‘the standard provides a national series of guidelines for suppliers and manufacturers on what is required of a quality system’ (HCIMA, 1998). Its aim was to provide organisations with a framework within which they could develop their own quality management process in a cost-effective manner. The main part of the standard shows organisations how they can ‘establish, document and maintain an effective quality system that will prove to its customers that the company is committed to quality and has the necessary ability to meet their requirements’ (HCIMA, 1998). BS 5750 was amended in May 1987 to allow it to take the same form as other international standards. It was then assimilated and renamed as the ISO 9000 series in 1994. The last major revision of the standard was in 2000, when it was amended to make it more customer-focused, concentrating on the quality process and emphasising continuous improvement.

The standard outlines a number of key elements that any organisation’s quality system should include. An organisation wishing to be certified must be able to prove that the system has been in operation for at least three to six months. Most organisations find it takes them one to two years to prepare for accreditation. The elements are: management responsibility, quality system, process control, training, purchasing, product identification and traceability, inspection and testing, control of non-conforming product, corrective action, internal quality audits, statistical techniques and quality records. An organisation’s quality manual must cover these areas, although the amount of detail will depend on the type of business.

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 and better cost control (best Food and Beverage Gross Profit percentages of the group) compared to other properties.

### **A cautionary word on 'initiative-itis'**

Of course, these various initiatives should not be seen in wholly panacean terms and a number of criticisms of their applicability and utility have been noted (see Losekoot, 2000 for a review of such criticisms). Most obviously, the extent to which the initiatives may be affordable, appropriate and applicable to the predominant small business sector is a largely unanswered question. This was something that was certainly recognised by those in the enterprise network, with one interviewee suggesting that the hospitality industry ‘had not responded well enough or quick enough’ to the initiatives. He went on to posit that ‘...it could be because there are too many of them about. I think you get “initiative-itis”, if there is such a term. I mean they are continually promoting new things, IiP, ETP, VQs, short courses – everybody seems to have their own wee agenda and I think that confuses the market, it confuses an already confused market. So I think there is an issue round about that, but having said that I would qualify it by saying all those initiatives have their place but it’s just understanding where that place is in relation to businesses’. Indeed, this point was one which was noted by a number of those from the SME sector who were interviewed for this project, typical of their confusion, or more usually scepticism, was the following comments:

Well, again, being an ex-professional person, in the last five years of my profession we got so many lectures from people doing the circuit and they earn major bucks for doing the circuit and most of it at the end of the day was common sense, from a professional point of view. And I feel exactly the same about a lot of the courses that are being run today. Most of it is common sense. It depends on the person, but most of it is common sense if you are hoping to establish a good running business (Bed and breakfast owner).

I heard about Welcome Host and I have seen some very bad examples of companies who have sent people on Welcome Host, Hospitality Assured. We assure people of good hospitality here but I would not go and do a course for it and the staff are encouraged to speak to people and help people and they do. 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.

Some of the most important work to emerge in recent years on the question of the extent of good practice is from a non-hospitality academic, Kim Hoque (1999; 2000). Based on his work on the hotel sector, he argues, 'Much of the evidence portraying the hotel industry as backward and unstrategic dates back to the 1980s. Such conventional stereotypes must now be view as increasingly dated, at least where larger hotel

establishments are concerned' (1999: 73). It is unsurprising, then, to see Hoque critiquing the dominant research tradition in this field of enquiry. In his review of the literature he argues that the trend demonstrated by a range of studies over recent years is to a more progressive approach to management in the hotel sector, which eschews the enhancement of managerial prerogatives and cost reduction strategies. Consequently he suggests, 'it is perhaps time researchers stopped highlighting the example of "bad management" and branding the industry as under-developed or backward, and started identifying approaches to hotel management capable of generating high performance' (2000: 154). Such a view clearly offers a challenge that adds significantly to the debate about the nature of HRM in the hotel industry.

The research conducted by Hoque consists of a questionnaire-based survey that generated 232 usable responses from questionnaires sent to 660 hotels and a number of follow-up interviews conducted in targeted hotels, based on the results of the survey.

Based on this research he discusses three key issues. First, the extent to which hotels have experimented with new approaches to HRM. Secondly, the factors that influence HRM decision-making and whether these factors are any different in the hotel industry compared to elsewhere. Finally, he reviewed the relationship between HRM and performance in the hotel industry. Hoque is able to claim that, compared to a sample of over 300 greenfield-site manufacturing establishments, the hotels in his sample were utilising a number of practices that were redolent of an HRM approach. Furthermore these hotels were approaching the management of human resources in a more strategic manner in terms of the integration of the HR strategy within a wider business strategy<sup>13</sup>.

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

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<sup>13</sup> See also Doherty (2002) on the extent to which the 1998 Workplace Employee Relations Survey (WERS) found that hospitality could be compared favourably on a number of measurements in relation to 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.

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)<sup>14</sup>.

### **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'.

Of course, it is worth noting here Huang's (2001) view that there is significant overlap between Schuler and Jackson's quality enhancement and innovation approaches with much of the 'best practice' approaches, as described by the likes of its leading proponents such as Pfeffer (1998). As Hoque argues the adoption of a HRM quality enhancer approach is likely to lead to more committed staff and a better performing organisation, compared to cost reduction strategies which are unlikely to achieve comparable performance results. Indeed, the discussion allows Hoque to point to the innovative and

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<sup>14</sup> 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

important nature of his findings in relation to HRM, business strategy and performance, such that ‘these results represent a considerable advance on previous work examining the HRM and performance relationship’ (2000: 153).

Hoque’s work remains useful both as a comprehensive review of the literature on HRM in hotels, but equally in offering a description of organisational practices that support a professional, high quality approach to service. That said, there are also a number of criticisms that can be levelled at the research (Nickson and Wood, 2000). As Hoque himself recognises his sample of hotels is large by industry standards, averaging 125 employees per unit compared to an industry ‘standard’ of 81 per cent of establishments employing fewer than 25 people, and thus as Hoque (2000: 51) himself recognises ‘patently unrepresentative of the industry as a whole.’ Furthermore his reliance on city-centre hotels with a high proportion of corporate clients is equally unrepresentative. Lastly, the reliance on managerial voices in his research, to the exclusion of those on the receiving end of many of the initiatives described (i.e. employees), may be considered an important omission. To be fair, Hoque’s exclusive reliance on managerial voices is not unique and is shared by much of the ‘mainstream’ literature on HRM (a point which will be further developed shortly).

Whilst Hoque’s work is particularly important in describing good practice in the hotel sector, generally there is a paucity of similar work in relation to other sub-sectors of the hospitality industry. For example, the restaurant sector is the largest sub-sector within the hospitality industry yet remains relatively under-researched. An obvious exception to this 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

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HRM approach premised on ‘delighting the customer’.

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 within the segment' (Lashley, 2001: 125). A further aspect of good practice in McDonald's is the encouragement of rapid career development for those willing to stay within the organisation. The company has a very good record of promoting from within and around half of managers at unit level and a substantial number of senior managers started as crew members. For example, Paul Preston, the European President followed this route.

This picture of partial best practice is also seen in TGI Friday's. Although offering a relatively standardised tangible product, the spontaneity and performativity required in the service encounters in TGI Friday's requires a particular set of skills from front line staff. To sustain such an approach, TGI Friday's have adopted a relatively sophisticated approach to a number of key HRM practices. For example, recruitment and selection is directed at finding individuals who can exercise considerable skill in interpreting customer service needs. To assess the creativity of potential front line staff (of which 80 per cent are full time), restaurants use a variety of rigorous selection techniques, such as psychometric tests, role plays or 'auditions' and up to four interviews. The company also requires above average qualifications with a 'good clutch' of GCSE's a minimum, though it is not uncommon to have large numbers of graduates working in individual restaurants. All employees undergo an assessed training programme before working in their designated position and waiting staff are given extensive initial product knowledge training. New employees also shadow experienced employees and as Lashley (2001: 103) notes no employees are 'let loose' on the customer without satisfactorily completing their training. Appraisal and rewards are directed at sales generation through payment related to sales, or customer satisfaction, as defined by reaction from customers, whether good or bad. Reward is particularly noteworthy as some waiters/waitresses, albeit around a third of them, can earn anything up to £30,000. To earn such a figure they would have to supplement their basic pay, which is set at the level of the NMW. This process of adding to the basic is achieved through commission on sales and tips from customers. To alleviate some of the potential tension which may arise from an overtly individualised reward, system team briefings are held prior to each shift to engender a collective team ethic. 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 employees and this seems to be borne out with increased sales and a decrease in labour turnover of 19 per cent.

One final case study worthy of attention here is based on a small piece of empirical research conducted for this project. This research sought to consider how Pret A Manger have also sought to address some the issues described above.

## **CASE STUDY: PRET A MANGER**

Pret A Manger<sup>15</sup> was created in 1986 by two entrepreneurs, Julian Metcalfe and Sinclair Beecham, who recognised a gap in the market and sought to change the world of fast food to incorporate their innovation. Metcalfe and Beecham acquired the Pret A Manger name from a bankrupt café in Hampstead to open their first Pret A Manger sandwich shop in central London. From these beginnings the company has expanded rapidly and currently has over 120 shops and a workforce of approximately 2400. In 2000 the company opened 20 new outlets and plans to expand further, doubling the workforce to some 4000 employees (Anon, 2000a). In 2001, McDonalds acquired a 33 per cent stake in the company which has helped them to expand overseas with outlets opening in New York and Hong Kong, with further overseas expansion planned for the future (Anon, 2002). Within the UK, the company operates within central areas of key cities and with healthy eating becoming a fad in the early 1990s the idea of freshly prepared food that could be picked up from the shelf became very appealing to consumers. The company prides itself in using natural, chemical free ingredients and claims to put quality ahead of profit, claiming its corporate culture is based on being ‘passionate’ about food and people.

Pret is a true ‘high concept’ in food – a combination of food, service, design and image. Everything about Pret A Manger emphasises a simple, no-nonsense approach with a 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).

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<sup>15</sup> In line with the company’s own description of themselves the case study will use the full title of the company and its shortened name of Pret, which is used throughout a number of company documents.

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 34<sup>th</sup> 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 claim 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 ‘Passionate about Food, Passionate about People and Passionate about Pret’. When asked about the products one manager said that they sold ‘good quality food, inexpensive...Pret are passionate about people, coffee and food.’

The declared mission of Pret is ‘to create hand made, natural food, avoiding the obscure chemicals, additives and preservatives common to so much of the prepared and fast food market of today’. This defines the two major competitive areas within which the company wants to operate. The statement clearly places the organisation in the fast food industry and it defines the market segment focusing on quality and time as extremely important factors in order to succeed – what is now termed the ‘fast casual’ market segment in the United States (Parker, 2002). Given the type of market the organisation

aims to satisfy, the company's mission statement focuses on a specific niche market with which it has targeted (Whitley, 1999).

Pret has always been clear about who its customers are and they are considered different from those who shop at other fast food retail shops. The customer base is considered a different market from those that shop at other fast food retail shops like McDonalds and Burger King in that the company is targeting urban professionals with little time on their hands, and as one manager stated, 'people come in and get their food and leave, very few of them sit in, they just want to be served quickly'. According to several interviewees, Pret shops often have regulars who the staff get to know both by name and what they order so there tends to be more contact between customer and employees than within traditional fast food outlet. As one employee recognised:

When I moved up to Edinburgh I worked as a waiter but I didn't like it because of the customers. People would be very rude if they had to wait for things whereas in Pret everyone is very polite and we can serve the customers when they want and we can give them what they want.

Quality and service have always been core values and workers are given a card of twelve key points for 'great' production and service. The twelve key points are given to employees to ensure that certain standards are adhered to and a quality service provided. 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 McDonalds, who attempt to standardise the intangible element of the service encounter by scripting employees, with training that includes particular phrases and words to use during service (Lashley, 1998). As Whitley (1999) notes the friendly staff at Pret are more redolent of an example of the good service usually found in excellent restaurants rather than the robotic smile of the normal fast food operators.

With highly standardised operations across the company it would be expected that employees have little room for empowerment. However, the discretion afforded to employees seems to be greater than that found in most fast food companies. The managers at Pret appear to give their employees a degree of empowerment and especially when dealing with complaints, they feel that staff can rectify the situation themselves if it

is relatively minor. Similarly staff can discard substandard ingredients or even completed but unsatisfactory sandwiches. For example, one employee in the focus groups recalled how a customer was astonished to see a Team Member at Pret stopping a sale because he did not feel the sandwich was quite up to the usual standards although the item had been pre-selected by the customer. Staff are also encouraged to 'up sell' as one manager explained, 'there are certain things we need to concentrate on per week, for example last week we tried to sell as many croissants as we could, and this week it is cold drinks'. Within this process of up-selling employees are expected to encourage people to buy products using their own style and approach. As one of the managers interviewed noted:

...in terms of giving free coffees away, they have got some control of that as well, maybe they will give one to a regular customer if we are trying to sell a double strength coffee then we will give one away free if somebody asked for it so we have that kind of control.

When examining the operational issues and the interaction between employees and customers, as previously noted Schmenner provides a matrix for identifying different processes in service operation management. With reference to the matrix it is unclear as to which type of service Pret A Manger can be classified under. It is evident though that there is a low degree of labour intensity in the service, however the degree of customisation is uncertain. It is low in the sense that the product is highly standardised 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 platitudes 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. There is a formal selection process known as the Pret experience and for practical reasons there exists an Academy in London so that the quality of candidates can be maintained through one centre<sup>16</sup>. Due to the large number of enquiries, Pret opened up the recruitment centre in London to select potential employees (Stockill, 1996). Candidates fill out an application form, which they then run through with a member of the recruitment team. To pass this stage, applicants must be able to speak English

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<sup>16</sup> Even the current Chief Executive Officer had to go through much the same recruitment and selection regimen as front line employees. In this sense he spent two weeks in the shop making sandwiches and serving coffee, before being fully accepted into the company (Moskowitz and Levering, 2002).

fluently, possess a work permit and have a combination of team-orientation and friendliness. It also helps if they can show initiative, adaptability, energy, a sense of humour and a willingness to work hard. Personality is an important factor and the company's criterion is simple, they must be a 'Pret person' (Mullen, 1997).

The ultimate aim of Pret's focused approach to recruitment and training is to achieve its mission of excellent customer service. Although there is an emphasis on systems and 'one best way' of producing products the company does require that potential employees have the right personality for the job. Thus, although the employees are clearly not employed because of their technical skills it is highly important for them to have the right attitude and be seen as a 'Pret person'. Previous experience is not considered a pre-requisite because of the training available to new staff. Outside of London, the recruitment process at the shops is similar whereby a standardised advert is placed in the window and applicants are interviewed by managers, and as one employee noted 'the interview process was so lengthy I knew it was a good company, they won't take just anybody.'

If they pass this initial interview stage, applicants become a paid employee for the day and at the end of this trial period, the manager and the shop staff decide whether they will be offered a permanent job. This is a company standard which allows the team member to take ownership. As one manager explained:

...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 skills. Other courses on offer to employees are for example assistant manager module courses, recruitment courses, retention courses, appraisal courses, business planning courses and financial workshops. By looking at the Pret career path employees can see that there are opportunities available to develop with the outline of specific training programmes. Within a store people move from team member to coffee-maker and then into management and from the start of their career can see the development opportunities available.

More experienced team members are given specialist training in how to induct new recruits but until a few years ago this was the end of the career advancement process for most people at Pret. In 1997, a new company structure was introduced with the development of two new tiers of responsibility. The management hopes that this will persuade people to stay longer with the company and anyone who demonstrates superior performance during random checks over a month can win the 'team member star award'. Employees who have gained this accolade and have also completed their training-for-trainers programme can attend formal training workshops. These qualify them to be a team leader, supervising small groups of staff either at the front of house or in the kitchen, (Mullen, 1997).

### **Performance and career development**

At the end of the three months all new employees have a performance development review where employees and managers plan and set goals to achieve. Appraisals are not based on performance of tasks against tightly defined standards as they tend to measure more intangible elements such as personal drive and achievement and communication. On an on-going basis a four monthly review and appraisal basically offers the chance for employees to discuss how they are getting on at work and also the opportunity to voice their opinion. Managers also receive annual 360-degree feedback, which is not related to their pay, but is used as a means of self-development.

### **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.

Many of the benefits provided by the company have a team building element to them for example its Shooting Stars incentive, which allows newly trained recruits to write company 'cheques' to the value of £250 to staff who trained them. 'Shooting Star' vouchers worth £50 for team member stars and £100 for Team Leaders, are awarded to staff after they have been promoted to the next level of grading structure. The team-building factor in this is that the vouchers are not for personal use but have to be given by the promoted employees to the people they feel helped them to succeed.

Flexible benefits are further enhanced in a number of ways leading the company to claim it has some of the widest range of work/life choices available in Britain. For example, employees are able to exchange up to 15 per cent of salary for additional holidays and medical care. One of the more innovative benefits the company is considering is the provision of discounted language lessons. This could prove to be a big incentive as 75 per cent of their retail staff are from other European countries and many come to the country primarily to improve their English (Anon, 2000a).

In response to recent legislation, Pret has introduced a number of family friendly benefits. There is a generous maternity/paternity package available after a year of service, where new mothers have 10 weeks on full pay, 10 weeks on half pay and another 20 weeks unpaid. During pregnancy they are given a new pair of jeans and they get flowers at the birth and a voucher for a month of nursery care. Fathers are given a pager for the last two weeks of the pregnancy and a week off at full pay, while adoptive parents have four weeks at full pay (Anon, 2000a).

Other benefits for employees that may not relate to financial rewards are the uniform, free lunch and the fact that they get paid for their breaks, leaving one employee interviewed to state that 'they really look after us here at Pret.' Although basic salaries and hourly pay are not significantly ahead of the market rates, the social benefits appeal especially to those people that are new to London. Pret spends £250,000 on staff parties twice a year, 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.

## **Turnover**

A major stumbling block facing the company is the perennial problem of high labour turnover in the fast food industry. The problem the company is attempting to tackle is that of hanging on to enough of its employees for longer, crucially over the nine month threshold (Anon, 2000a). However the turnover rate has decreased dramatically over the past few years and is now at the average level for the industry as the expansion of the chain has meant more career opportunities have become available. Managers at the Pret Academy has suggested that this will put the company into a virtuous circle: the more it expands, the easier staff retention becomes, the more people will be better motivated and

the more impressive its services become (Mullen, 1997). Moreover as one of the managers interviewed argued, turnover can be reduced by, ‘basically giving them something to work towards and so that they feel part of the team and have responsibility.’

Although turnover is problematic, managers when interviewed felt that turnover for Pret was lower than other companies within the industry. In London there are problems because the staffing scene is very transient whereas in cities outside of London it is less so with many choosing to develop a career with the company. Reasons for low staff turnover are partly due to the career opportunities, the fact that there are few part time employees and because Pret treats its employees better than similar companies within the sector. In previous employment, one manager noted that the particular company he worked for ‘did not treat staff well, they treated the managers quite well but not their staff’. The same interviewee also pointed out that employees ‘do see it as a career. Even if they don’t see it as a career they find it hard to leave the company because they see that they are on to a good thing.’ Pret accepts that there will always be a certain percentage of employees who will leave the company before nine months or even earlier. But it hopes that the improvements it has made to pay and the introduction of a flexible benefits package will persuade more staff to stay longer.

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. The aim of the work by Lashley and Watson 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 and tourism within the UK context. This search included commercial and non-commercial organisations. Lashley and Watson eventually came up with 136 articles which allowed them to assess either what they term 'macro' issues (research conducted at industry level in general or at a national level) or 'micro' issues (research at an organisational or sub-organisational level). These articles covered a wide variety of issues and allowed for categorisation by Lashley and Watson of a number of areas which were: training and development, labour markets, human resource practices, hospitality management, management role and behaviour, employee behaviour, industrial relations and strategic human resource management. Clearly, Lashley and Watson's much more inclusive categorisation of people management issues goes beyond the scope of this particular paper. Nonetheless, the work of Lashley and Watson is important and based on their findings and our own

understanding of current research practice in relation to the explicit issue of HRM in the hospitality sector several points seem worthy of note.

Firstly, much of the current research is conducted in hotels and there seems a relative lack of work on other sub-sectors within the hospitality industry. Moreover within the hotel sector a disproportionate amount of research is carried out in larger hotels, and often branded hotels at the upper-end of the market. The hotel sector – from guesthouses to luxury hotels – only represents just over 10 per cent of all hospitality establishments in the British hospitality industry (HtF, 2001a). Moreover only 9 per cent of hotels employ 25 or more people, with the majority employing less than 10 staff (HtF, 2001a). Thus, there are a whole range of other types of hospitality establishments that are being omitted from research, for example restaurants, bars and clubs. An obvious area here is the fast growing up-market sandwich bar and coffee bar sector which are perceived differently from the likes of McDonald's. Despite this perception, as yet no real research has been undertaken to review the extent to which HRM practices may *actually* differ and why this might be the case if this is so. Our illustrative example from Pret A Manger is instructive in suggesting that the company perceives itself differently from other hospitality or fast food companies and importantly this seems to be borne out by its recognition by the likes of *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 concerned with a managerial agenda.' Whilst the search for ways to improve quality service and customer responsiveness, in themselves, are worthy areas of research they need to exist alongside more searching and critical analysis of how these initiatives are experienced by the employees who are expected to provide such service. The work of Gabriel (1988) is noteworthy in this regard and provides a blueprint to ensure that issues such as employee resistance and alienation are fully understood and considered in relation to headlong rushes to embrace best practice. An obvious question to explore is whether employees have the inclination, motivation, capacities, skills and potential to operationalise a high value added strategy. For example, as touched on earlier, what might explain the differences between the way employees at Pret A Manger and McDonald's perceive their jobs and themselves, given that work processes are arguably essentially largely similar?

Lastly, there is the explicit question of the link between product market strategies and HRM. As noted earlier, the work of Hoque on the hotel sector, and to a lesser extent Kelliher and Perrett and Lashley on the restaurant sector, remain rare examples of an attempt to address the potential relationship between these two areas. Lashley and Taylor (1998) support the notion of further research to address issues such as the extent to which actual service organisations deviate from their ideal types – and the reasons they do so. Equally, they suggest that it would be useful to examine the extent to which the matching of the organisation’s type and HRM style affects a service organisation’s performance. In those terms, further research on the different ‘bundles’ of HRM, and whether they denote ‘best fit’ or ‘best practice’ seems a worthy aim and one that is articulated by Haynes (1999: 201) who suggests that future research in this areas should seek to address two key questions:

- What bundles of HRM policies and practices are most effective in enabling and motivating hospitality workers to provide customers with the type of service which will maximise customer satisfaction and perceived quality in such a way as to maximise return custom?
- How does the composition and nature of the most appropriate bundle vary with change in the competitive strategy adopted?

## **DISCUSSION AND CONCLUSIONS**

This paper 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 understanding 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 according to the service characteristics, and the mix of tangibles and employees. At the other end of the scale many organisations in the hospitality sector have remained profitable by concentrating on low cost and low quality products and market strategies often delivering low specification services, but to a consistent standard. Within such an approach competitiveness has generally relied on flexible and low wage labour.

Clearly these considerations have a major impact on the skills make up of the hospitality industry. There are a relatively large number of jobs that can be broadly conceptualised as low skilled. Equally though the extent to which these are entirely McDonaldized and evidencing high levels of routinisation and generally operating within a tightly constrained work system, perhaps remains arguable. Indeed, within a broader revision of our understanding of what equates to 'skill' in the modern economy the time may be ripe to move the debate on. We argued strongly for a reappraisal of skill and suggested that the hospitality sector presents a potentially rather more complex picture than its common descriptor of 'low' skills would suggest. That is not to say though that many of those

characteristics which have generally been attributed to creating a low skilled workforce or a weak internal labour market do not still continue to exist. Indeed, a more nuanced attempt to review the skills debate does not necessarily equate to large numbers of organisations in the hospitality industry aiming for a more progressive or sophisticated approach to HRM.

In that sense from a HRM point of view, in crude terms, there is much evidence to support an approach in the hospitality sector to HRM which is more 'best fit' than 'best practice'. Marchington and Gurgulis' (2000: 1121) view that 'Best practice, it seems, is problematic' is certainly borne out by the hospitality sector. Much as policy-makers would like the national economy to be premised on the high wage, high skill, high quality, high value added approach, clearly in the low and mixed skill context of the hospitality sector a more nuanced approach is called for. As Keep and Mayhew (1999) note more generally, large number of UK employers do not want nor need skilled workers. As a consequence, high value added approaches have to be seen in relation to 'a broader package of 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 unpredictable nature of the SME sector it may well be that notions of best practice for this sector need to be reconfigured anyway.

There is one other interesting point which emerges from this recognition of good practice being generally synonymous with larger organisations, and this is the extent to which it may lead to greater professionalisation throughout the industry. Although there are very real concerns about the increasing dominance of big players in all of the sub-sectors, most obviously exemplified by the McDonaldization discourse, it may be that this dominance can lead to a greater sophistication in approaches to HRM, something that the HtF generally argues. As larger organisations usually aim to present a uniform and reliable standard of product and service then this requires an appropriate HRM response, whether best fit or best practice.

Generally, whilst this paper concludes that the HRM strategies of firms are heavily shaped by contextual contingencies, including national, sectoral and organisational factors, and therefore are more redolent of best fit, such a conclusion does not necessarily

invalidate best practice thinking. For example, Haynes (1999: 200) argues that in relation to best practice HRM in the hospitality sector:

Sometimes the critical verges on the hysterical...In an industry characterised by relatively low levels of pay and high levels of arbitrary management practice, the adoption of many of the HRM practices in question would undoubtedly improve the work experience of hospitality workers. For that reason alone the model should not be rejected out of hand by hospitality researchers.

As Boxall and Purcell (2000: 1930) suggest ‘...there are certain broadly applicable principles and processes of good labour management.’ The diffusion of these practices as best practice does remain problematic and difficult to achieve and in this sense we would strongly agree with those who question the universality of best practice approaches, both within and across sectors and organisations. However, the fact that diffusion of these sorts of practices is limited does not invalidate their utility. As was noted in Lashley’s work, there may be elements of good practice even in ostensibly McDonaldized work 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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