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SUSTAINABLE TOURISM IN EUROPE AND THE CASE OF THE TRNC

Ahmet Gürol ERSUN

Master Thesis

Department of Business Administration

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Approval of Director of Graduate School of Applied and Social Sciences

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We certify that this thesis is satisfactory for the award of a degree of Master of Business Administration

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LIST OF ABBREVIATIONS

AA	American Airlines
BA	British Airways
CEEP	European Centre of Public Enterprise
CEET	Central & Eastern European Team
CERT	Council Education Recruitment and Training
CoREPER	Committee of Permanent Representation
DG	Directorate General
EC	European Community
EEA	European Economic Area
EEC	European Economic Community
EFTA	European Free Trade Association
EIESP	European Institute of Education and Social Policy
ETC	European Travel Commission
ETUC	European Trade Union Confederation
EU	European Union
G7	Group of 7
GDP	Gross Domestic Product
HR	Human Resources
HRM	Human Resource Management
IATA	Air Transport Association
ICAO	International Civil Aviation
IHA	International Hotel Association
ILO	International Labour Organisation
KTHY	Kibris Turk Hava Yollari (Cyprus Turkish Airlines)
MNE	(Chain Catering Establishment)
MSDPM	Minister of State and Deputy Prime Minister
NTO	National Tourism Organisation
OECD	Organisation for Economic Co-operation and Development
QMV	Qualified Majority Voting
SAS	Scandinavian Airline System
SQWG	Social Question Working Group
THTC – OTEM	Tourism and Hotel Training Centre
THY	Turk Hava Yollari (Turkish Airlines)
TRNC	Turkish Republic of Northern Cyprus
UK	United Kingdom
UNICE	Union of Industrial and Employers Confederations in Europe
UNICEF	United Nations International Children's Emergency Fund
US	United States
USA	United States of America

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ABSTRACT

The main goal of this project is to contribute to the development of working environment in North Cyprus by developing the dialogue the dialogue attitude among the related parties, such as government, universities, unions and employers. The need for a better working environment conditions within the tourism industry has forced us to do this project.

In order to finalise such study, we addressed to certain studies regarding to the HRM applications in Europe. The harmonising and legislative aspects of the International Labour Market {ILO} and European Union {EU} also analysed in detail.

Final part of this study in detail gives us brief information about the similarities of the North Cyprus and the Republic of Ireland's tourism industries.

Main purpose of this study is to play a guidance role in order to have better working environment within the sustainable HRM concept in TRNC.

INTRODUCTION

The Tourism and the Hospitality Industry world-wide is one of the fastest growing economic sectors and claims are frequently quoted that it is about to become or already is the worlds largest industry, employing by some estimates over 10 million people. The people are central resource of this labour intensive service industry. Automation is taking important place for most of the industries and also for the tourism industry. On the other hand final delivery of the most of the tourism products needs human touch. That is why training, education and development of human resources at all levels, has to be primary objective for the success of the industry.

There are some features of the tourism industry, which have negative effects on the development of human resources and these are:

- Constant fluctuations in short-term consumer demand
- Seasonality

It is also obvious that management of human resources in tourism and hospitality are greatly influenced by their immediate geographical, social, economic a political environment.

Tourism industry has a focal point within the economies of almost all the countries. Domestic tourism's economic impact is more difficult to quantify but is very significant for sustainable HR development. Especially for the micro-states, international tourism is major contributor to foreign exchange earnings.

Labour intensity and contribution to foreign exchange earning are two most important features of the tourism and hospitality industry. Because of these two important features almost every nation has to develop policies to educate, train and

develop their workforces within the industry in order to deliver quality service. There is no doubt that tourism and hospitality industry have certain social, cultural, environmental, economic and psychological on host and tourist generating locations. At this study we'll be more concerned about the human resource management aspect of the industry. The key objective of this study is to demonstrate the importance of sustainable human resource management within the concept of sustainable development. The quality of the tourism products and sustainability of the tourism industry are directly related with the delivery of tourism products by the people to their final consumers.

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CHAPTER I

1. SUSTAINABILITY IN EUROPEAN TOURISM AND HR DIMENSION

Sustainable tourism is a positive approach intended to reduce the tensions and friction created by the complex interactions between the tourism industry, visitors, the environment and the communities which are host to holiday makers. It is an approach, which involves working for the longer quality of both natural and human resources. (Bramwell and Lane, 1993,)

Bramwell and Lane are unusual in addressing the concept of sustainability specifically from the perspective of tourism. Many sources derive their definitions from a wider discussion, of sustainability in economic, environmental and cultural term. Cooper et al. (1993), for example draw on the wider definition used by the World Commission on Environment and Development in 1987 (the Brundtland Report) which defines sustainability as 'meeting the needs of the present without, compromising the ability of future generations to meet their own needs.

Without specifically mentioning the word sustainability, one of the most refreshing new sources to address the issues facing contemporary tourism, Auliana Poon, implicitly also considers this contrast in her analysis of new and old tourism models. She applies this by comparing the characteristics of travel and tourism during the period up to the 1990s with that of the post 1985 period against a number of key characteristics (see Table1.1).

The concept of sustainable development explicitly, recognises interdependencies that exist among environmental and economic issues and policies. Sustainable development is aimed at protecting and enhancing environment, meeting the basic human needs, promoting current and international equity, improving the quality of life of all peoples (Action Strategy, 1990).

Table 1.1. Characteristics of tourism, pre-and post-1990

Characteristics	Pre-1990s	1980s/Future
Production Concept	Mass Tourism	Flexible travel and tourism options
Products	Mass, standardised and rigidly packaged holidays, mass markets	Flexible, segmented, environmentally, sound holiday
Instruments of production	Packaged tours; charter flights; franchises; holiday branding;	Yield management; specialised operators; destination competence; independent holidays
Organisation of production	Scale economics are important; anticipate demand growth; stocks held just in case	Scale and scope economies; flexibility; close to market; diagonal integration
Manning and training	Labour is seasonal; high labour turnover; reputation for lowest paying jobs; low labour flexibility	Human resource strategies for the travel and tourism industry not yet clear
Marketing	Mass marketing/advertising	Mass customisation
Customers	Inexperienced, apparently homogenous, sun-lust, predicTable, motivated by price	Experience, independent, flexible, changed values, mature responsibilities

Source: Poon (1993).

Examples of non-sustainable tourism development in practice, in terms of physical product are all too readily identifiable in Europe. Unplanned and uncontrolled development along parts of the Spanish coast, Turkish Aegean and Mediterranean coast, Ayia-Napa of Greek Cyprus provide good examples of building that took place in the name of tourism without serious considerations of its long term consequences, of the needs of the local community or of possible changes in consumer demand and expectations. Mass tourism developed in all these locations, as well as in many others, in response to immediate market demand and perceived needs without consideration of the long-term consequences. The problem with these developments when viewed with the benefit of twenty to thirty years of hindsight is one of renovation and reconstruction, in many cases an almost impossible challenge.

There are of course other dimensions to sustainability. The preservation of fragile natural, cultural or historic resources is equal significance. In many cases these are the very reasons why tourists come to a destination in the first place. This is true of coral reefs, rare wildlife, great cathedrals, unique works of fine art as well as mountain walks and delicate seashore cliff tops. Unrestrained tourist access while possibly commercially attractive in the short term, has the effect of killing the goose that laid the golden egg in other words it destroys by overuse and consumption the very attraction that drew visitors to the site in the first place.

The concept of location's carrying capacity as a measure to control access and ensure preservation is one that has gained is considerable currency in contemporary tourism development. ***Carrying capacity*** is, defined by Mathieson and Wall (1982) as;

...the maximum number of people who can use a site without an unacceptable alteration in the physical environment and without an unacceptable decline in the physical environment, and without an unacceptable decline in the quality of experience gained by visitors.

Cooper et al. (1993) go beyond what is an excessively physical definition when they talk about carrying capacity as:

...that level of tourists' presence, which creates impacts on the host community, environment and economy that, is acceptable to both tourists and hosts and sustainable over the future time period.

The second approach can readily accommodate the concept of sustainable human resource development in tourism.

The concept of sustainability in tourism can be developed and interpreted beyond the tangible impact of visitor numbers and their relationship to physical and socio-cultural phenomena within the tourism destination. Sustainable tourism can be interpreted to mean a form of tourism which develops in harmony with local community aspirations and is thus responsive to local democracy with regard to the kind of development which is accepted and indeed the control and ownership of such development. This is clearly a controversial dimension of sustainability and impinges on, for example local community influence on planning processes and relationships with outside investors, especially overseas among other things.

In the ideal world, sustainability is built into planning and development of a tourism and hospitality project or forms the centrepiece of tourism policy guidelines at the local or national level. It also reflects, community participation in the planning process and the application, if appropriate, of a veto and development. True sustainable tourism and hospitality planning anticipates the needs of future generations of tourists and thus creates or presents a product which is protected from over exploitation and has an in-built capacity for change and development as demand expectations alter over the passage of time. More importantly sustainable tourism planning recognises the rights and needs of the host community, its physical environment life-style and culture and also its right to determine the future of local resources, touristic and otherwise.

What one may reasonably ask, has the discussion of sustainability in tourism to do with the management of human resources? Sustainability is not a term that has been widely associated with human resource policies and is only addressed in passing in the mainstream of sustainable tourism literature. Lane (1992) touches on the issue when in his classification he refers to non-sustainable tourism features, including career structure and employment according to local potential within the sustainable tourism paradigm. Poon (1993) also implies this distinction when she refers to old best practice perceiving labour as a variable cost under new best practice; she refers to labour as human capital. Interestingly and significantly no

reference is made to changes in employment and the wider human resource agenda. In fact the theme of sustainable human resource development within the tourism is one that has not been fully developed in the literature except an introductory fashion by Conlin and Baum (1994).

It is widely claimed within the tourism and hospitality literature and indeed that pertaining to the wider service sector that people are the industry's most valuable asset. To some extent this claim can be described as 'humbug' representing the moral high ground if an industry within which some sectors, especially accommodation and catering, believe the claim in the way that they treat and remunerate their staff. The European Institute of Education and Social Policy (EIESP) (1991) in a wide-ranging analysis re-points one key problem in this respect, Investment in employees is often not a priority. Indeed employers admit that they are not always willing to provide training programs or to pay for additional skills required. When offered training is purely a short-term expedient, designed to teach staff to do their current job better and no more. It is arguable that tourism and hospitality is a people industry only in so far as people are an exploitable resource should the unlikely opportunity arise to offer the same standard of hospitality and service without human intervention, the industry would show few qualms in routing this route. Indeed there is considerable evidence that sectors of the tourism and hospitality industry are already edging down the road through technology substation, productivity, job distilling and above all standardisation or as Ritzer (1993) calls it `***Mc Donaldization***`.

However as things are currently standard, it is true, as Baum argued elsewhere that tourism and hospitality could be viewed as people industry from three different perspectives.

Firstly tourism is about people as the guest and the delivery of the tourism product and service is evaluated on the basis of the frequently illogical demands and expectations of the guest.

Secondly the delivery of a high proportion of the tourism product and service is by people and while productivity in many sectors may have increased and technology substitution has had an impact on delivery, the labour intensity of much of the tourism industry is inescapable and results in its variability, despite strenuous efforts towards standardisation by many companies. Tourism and hospitality employees are also part of the tourism product, as entertainers for example.

Thirdly, people as guests are part of the experience, which fellow tourists pay for, whether as fellow guests in restaurants or on storage or on the dance floor of a club or in sandals.

Applying the concept of sustainability in the context of human resources in tourism necessitates recognising this three-dimensional people input into tourism and hospitality transaction. Because of the human element, the delivery of the most tourism and hospitality product and service defies standardisation (despite the efforts of many companies) and is subject to variability and iconoclastic interpretations.

In part because of this; but also in order to maximise the benefits of human interventions in the delivery of tourism and hospitality in the long term, sustainable human resource development in tourism results in an approach that contrasts strongly with much traditional practice in the industry of which Wood (1992) is rightly very critical. It is characterised by, arguably somewhat idealistic principles.

Investment in people is a long-term commitment by parties, employees and employers.

Effective human resource management requires a faith in the capacity for good and the potential for enhanced achievement of each and every individual within an organisation.

Companies must recognise the impact that they have on the character and the balance of the local labour market and utilise its strengths and compensate for its deficiencies in so far as is possible.

Training is about more than attaining finite skills in order to undertake the immediate tasks.

It is also important to provide flexible and transferable capabilities ever the full length of persons working career to enable them to respond to changing work demands and opportunities for new responsibilities as they arise.

The detailed planning of human resources requirements is an integral part of all tourism development planning and must take place in tandem with the preparation of the physical facilities.

These principles, which provide us with a framework within which we may make a comparative analysis of human resource management and development according to the traditional paradigm and on the basis of practices, derived from the application of principles of sustainability to the human resource environment. In many respects this is an attempt to provide the framework, which Poon has already suggested 13 missing when, as shown earlier in Table 1.1. Her response to the new manning and training environment was to suggest that human resource strategies for travel and tourism are not yet clear (Poon 1993). Here we argue that the greater clarity is at hand and the outcome of this analysis is presented in Table1.2.

Table 1.2 Traditional and sustainable human resource practices

Old HR practice	New sustainable HR paradigm
Recruitment and staff turnover	
▪ Recruitment undertaken without reference to local community/labour market	▪ Recruitment based on careful analysis of local community and its labour market

▪ *Ad hoc,* unplanned recruitment to meet immediate needs	▪ Recruitment of staff based on long-term HR planning
▪ Staff recruited on basis of immediate skills needs	▪ Staff recruited on basis of potential development.
▪ Recruitment/'poaching' of staff from other companies	▪ Staff recruited locally from schools/ colleges/ universities
▪ Expatriate staff recruited on long-term basis	▪ Expatriate staff only employed to meet short-term needs and to develop local staff
▪ High staff turnover seen as inevitable / desirable	▪ High staff turnover seen as problematic, undesirable
▪ No measures to reduce staff turnover	▪ Active company policies designed to minimise staff turnover
▪ No interest in why staff leave	▪ Exit interview policy
▪ Continuing high staff turnover	▪ Relatively low staff turnover
Promotion and career development	
▪ Few opportunities for promotion / development within company	▪ Career planning/tracking within company
▪ No career ladder/unclear criteria for promotion	▪ Clearly defined career ladder/accessible criteria for promotion
▪ Promotion to 'plug gaps' no preparatory training	▪ Planned promotion with preparatory training programme
▪ Key staff imported' from outside/abroad	▪ Key staff grown/developed within company/ locality
▪ Part-time or seasonal staff excluded from training/development/promotion opportunities	▪ Part-time or seasonal staff integrated into training] development/promotion system
▪ No long-term commitment to seasonal staff	▪ Long-term commitment to key seasonal staff
▪ Career mobility seen as disloyal/disruptive	▪ Career mobility recognised as beneficial to the individual
▪ Opportunities limited for women, ethnic, minorities, disabled	▪ Genuine equal opportunities in employment
Rewards and benefits	
▪ Conditions to suit employer needs	▪ Company offers competitive rewards and benefits
▪ Flexibility demanded to suit employer	▪ Conditions reflect local/individual circumstances and needs
▪ Requirements	
▪ Company offers minimum rewards	▪ Flexibility seen as employer—

and benefits	employee partnership with mutual benefits
▪ Staff attitude to company a matter of indifference	▪ Fostering of commitment and feeling of belonging among employees
Education, training and development	
▪ Training and development not planned;	▪ Planned training and development policies and strategies;
▪ Training compartmentalised with specialist department;	▪ Training recognised as the responsibility of all supervisors/management;
▪ No senior management commitment to training;	▪ Full commitment to training from CEO down;
▪ Training operates in isolation from other HR practices;	▪ Training linked to opportunities for promotion etc.;
▪ Gap between industry and education system;	▪ Partnership between industry and education system;
▪ Education programmes with little industry relevance;	▪ Education programmes based on industry research/identified needs;
▪ Education/training programmes terminal and not integrated;	▪ Education/training courses provide for further development and progression;
▪ Industry-developed skills not recognised by education.	▪ Industry-developed skills recognised and certified by education.
Management culture	
▪ Staff seen as short-term expedient	▪ Staff seen as key resource;
▪ Staff perceived as a cost;	▪ Staff perceived as an asset;
▪ Authoritarian, remote management culture;	▪ Democratic, participative management cultures;
▪ Authority vested in management alone;	▪ Responsibility delegated to all levels of staff —empowerment;
▪ Staff remote from decision-making;	▪ Staff consulted/involved with decisions affecting their area of responsibility;
▪ Inflexible imposition of corporate culture.	▪ Corporate culture responds flexibly to local culture and needs.
National HR planning for tourism	
▪ Fragmentation of HR planning for tourism;	▪ Integrated approach to HR planning for tourism;
▪ HR considerations not recognised in	▪ HR considerations to the fore in

tourism policy planning; ▪ Quality in tourism seen in exclusively physical product terms; ▪ Local population detached from/hostile to tourism.	tourism planning; ▪ Human resource contribution to quality recognised and nurtured; ▪ Local population helped and encouraged recognising their role in tourism.

Source: Baum (1993, p.12-13).

The comparison in Table 1.2 provides an insight into how human resource practices which are compatible with models of sustainability within the tourism and hospitality industry can be developed. The reality is that few companies adopt policies and practices which are exclusively on one side of the divide or the other, within the traditional paradigm outlined on the left column of Table 1.2 employees are an after thought to the main focus of the business. Within the sustainable or integrative organisational model, business functions are designed around people. Schleginger and Heskett (1991) argue favour of the approach implicit within the sustainable model, which they term the `***cycle of quality service***`.

Capable workers who are well trained and fairly compensated provide better service, require less supervision and are more likely to remain on the job. For individual or companies this means enhanced competitiveness (Schleginger and Heskett, 1991, p72).

1.1 THE TOURISM AND THE HOSPITALITY INDUSTRY IN EUROPE

In order to gain an understanding of the major issues that affect the management of human resources within tourism and hospitality industry it is important to be familiar with the main features of the industry, from structural, organisational, cultural, historical point of view. These dimensions together with the impact of wider socio-economic and political environmental considerations need to be evaluated and policies developed.

The most important issue that arises in the conflicts of this chapter is that of the meaning of the term `***tourism and hospitality industry***`.

The conventional approach is to consider tourism and hospitality in terms of its component sub-sectors and thus defines the industry in terms of facilities businesses and other organisations with which the visitor comes into contact during his other stay.

An alternative approach is to consider the industry in terms of the economic activity; which occurs when a visitor interacts with a range of goods and services that are available for purchase, consumption or other usage. In this sense the tourism and hospitality industry is customer centred.

Another approach is that any business, which provides goods and services to a visitor, falls within the scope of the tourism and hospitality industry, irrespective of whether it also serves local community needs and without qualification on the basis of whether tourist related business is the major or minor component of the business activity. Davidson (1994) provides useful clarification in support of this approach when he argues that tourism can be viewed as;

- A social phenomenon, not a production activity.
- The sum of the expenditures of all travellers or visitors for all purposes, not the receipt of a selected group of similar establishments.
- An experience or a process, not a product an extremely varied experience that (Davidson, 1994).

In further analysis the structure of the tourism and hospitality industry. Leiper (1990) considers the environment in terms of the process of flow through which the tourist progresses. He considers the tourism system to consist of the travel generating region, the transit region and finally the tourist destination region.

1.2 SUBSECTORS OF THE TOURISM INDUSTRY

The tourism and hospitality industry consists of a number of major sub-sectors as well as a range of what might be called ancillary activities, which provide support services for tourists. At its simplest, the components of the industry identified as :

- Travel and transport
  - Accommodation and catering and
  - Leisure, recreation and business facilities (Davidson 1989)
  - A more comprehensive approach might include companies and organisations responsible for the following areas:
  - Travel and Transport
  - Air transport
  - Water transport (ferries, hovercraft, cruise liners, coral craft)
  - Road transport (private, car hire, bus, coaches, taxi)
  - Air transport infrastructure services (airports, information, handling services, air traffic controls)
  - Rail transport infrastructure services (information, stations)
  - Air transport infrastructure services (information, motorway services, garages, petrol stations, rescue services)
  - Tour operators
  - Travel agents

- Accommodation
  - Hotels/motels,
  - Self catering accommodation (apartments, cottages, sites)
  - Health farms
  - Camping sites/ caravan parks
  - Holiday camps / inclusive all weather parks)
  - Timeshare

- Ferries/ cruise liners

- Catering
  - Restaurants at all levels of service
  - Cafes
  - Bars, clubs (sports, country)
  - Fast food
  - Outdoor and speciality catering (sports events, outdoor, theatre,
  - Transport catering (airports, airlines, trains, stations)

- Entertainment
  - Clubs
  - Theatre / cinemas/ concert halls
  - Outdoor theatre and music revenues/ festivals
  - Sports (non participatory)

- Sports and Recreation
  - Participation sports (golf, water, etc)
  - Sports/ fitness facilities
  - Outward / activity centres
  - Organised recreation (hiking)
  - National, regional parts
  - Beaches and other waterfront locations
  - Gambling (casinos, sports)

- History and Heritage
  - Museums
  - Galleries
  - Historical buildings (cathedrals, castles, great houses)

- Historic sites (burial and warship sites, battlefields, land and maritime locations)
- Interpretation centres
- Heritage end geological sites

- Natural / scenic heritage and attractions/ sites
  - Coastlines, mountains, woodland etc.
  - Protected sites for flora and fauna

- Attractions constructed
  - Theme parks
  - Animal parks, zoos
  - Interpretation centres

- Events
  - Sporting (Olympic games, world cup, grand prix)
  - Cultural (European City hall, culture)
  - Festivals (Notting Hill Carnival, Garden Festivals, Cannes Film Festival)
  - Shows (Chelsea Flower show, Country and local agricultural shows)

- Retail
  - Tourist craft and souvenir shop
  - Duty free shopping
  - Boutiques and speciality shops
  - Major department stores and similar shops
  - Food stopping
  - Airport/ other transport shopping
  - Hotel shopping

- Business, conference/ convention tourism and hospitality
  - Business centres (hotel, free standing)
  - Conference/ convention centres (hotel/ independent)
  - Incentive organisers

- Tourism and hospitality information and facilities
  - Travel agents
  - Tour guides
  - Tourist information centres/ offices
  - National, regional and local tourist boards
  - Motoring/ travel organisations (AA, RAC)
  - Media tourism and hospitality presentations (Speciality magazines, newspapers, television, radio)

- Tourism and Hospitality support services
  - Bureau de change (banks, hotels, airports)
  - Customs, immigration, tourist police
  - Government (national, regional) ministry responsible for tourism
  - Industry and professional associations (International hotel association, IHA, Air Transport Association, IATA, International Civil Aviation Organisation, ICAO, European Travel commission, ETC, Tourism Society, Hotel Catering and Institutional Management Association HCMA
  - Voluntary associations, (national Trust)

This listing, while not fully comprehensive in its contents does however give a clear indication of the diversity of sub-sectors, which to a greater or lesser extent constitute the tourism and hospitality industry in Europe and worldwide. This complex analysis of public and private and voluntary organisations and businesses provides the basis from which the full range of entrepreneurial, technical operational

and management employment options within the tourism and hospitality can be identified. Consequently, it is important to retain this big picture of the industry in mind at all times when addressing various human resource perspective in fact focuses primarily upon the hotel and catering, sub-sectors or the provision of the three core services of food, drink and accommodation. This only represents the hospitality aspect of the industry. However the tourism industry does not only consist of hospitality and it is a more complex and cost industry as mentioned above.

1.3 THE TOURISM AND THE HOSPITALITY PRODUCT IN EUROPE

Beyond the identification of the various sub sectors of the tourism and hospitality industry and the presence of most of them within the majority of countries, is it meaningful to consider tourism and hospitality in Europe as a unified and identifiable industry? Such unity would imply, at least, that there are significant common element and features which are applicable to all or the majority of countries and regions in Europe. Such commonality could relate to:

- Similar tourism and hospitality product profiles (natural, historic, cultural, created, activity-based);
- Similar visitors markets;
- Similarities in size of business, ownership or organisational structure;
- Similarities in private/public sector involvement;
- Similarities in economic impact and importance;
- Similar social and political commitments to the tourism and hospitality industry; and
- Similarities with respect to the service and technical skills utilisation and productivity of the workforce in tourism and hospitality industry.

- Proximity and size of European countries.
- High population density close to many international borders, providing large, local markets for international travel.
- Good internal infrastructure, especially in Western Europe, making road, rail, sea and air travel relatively easy and efficient.
- Generally satisfactory facilities for tourist in most parts of Europe.
- Reduction and, in part, elimination of many of the technical barriers to travel, within Western Europe, especially in the European Union.
- Relatively affluent countries in Western Europe, generating high levels of international trade while also having the time and resources for considerable leisure travel.
- Lifestyle changes in Western Europe permitting more time for travel and enabling people to utilise short breaks for international travel.
- A concentration of population and relative affluence in northern countries of Europe, increasing the attraction of warmer southern countries as tourist destinations.
- Diversity in cultures and history of European Countries concentrated within a small area.
- Concentrated tourist attractions (natural, historic / heritage and constructed), all in relatively close proximity to each other.
- Perceived cradle of civilisation status which, whether justified or not, acts as a powerful magnet to visitors from outside of Europe, especially North America and the Far East.
- Strong family ties between affluent "new world", countries such as those of North America and Australia and all European countries.

The combination of these factors means that European countries take seven out of the top ten places in the world as international tourist destinations in terms of visitors arrivals (only the USA, Mexico and Canada feature from outside Europe)

and eight out of the top ten based on international tourist receipts (with only the USA and Canada from further field).

What is equally significant in European terms is that, even out of the top ten tourist generating countries in terms of expenditure are also European (the exceptions are the USA, Japan and Canada), confirming the importance of intra-European travel to the dominant position that is held by the region.

1.3.3 The Business Structure and Ownership

The Business Structure and Ownership, as a generation, it is fair to say that the European tourism industry is characterised by small businesses, generally family owned and managed. For example, in France over 55% of the hotel room's fall within one-star and unclassified categories and this is the highest level in Western Europe.

The small business structure of the European tourism and hospitality industry contrasts with that to be found in North America or Asia where larger multiples in all sub-sectors have a rather stronger but by no means totally dominating presence.

The business structures and ownership have certain impact on the training, education and development of the human resources. The size and ownership of the tourism businesses will have positive and negative affects on sustainable HR management. The organisation can be public or private ownership can be small, medium or large scaled business. Public ownership sometimes presents state monopolies and operating with high levels of public subsidy. Although, most of the industries businesses are privatised or, on the way to be privatised. The large scaled tourism enterprises can realise the development of HR on financial bases. Family owned and managed small businesses are and will have difficulties to train and

educate Human Resources. At this point the tourism industry will need the government interventions.

1.3.4 A common role of the public and private sectors

Both the public and private sectors are represented in the operation of the tourism and hospitality industry. There are some functions which, in effect, operate as extensions or part of government services and yet are important components within a visitors overall experience of a country or resort. These functions include immigration, customs and the police. For example police service has responded to the needs of visitors in some locations by designated certain offices. Tourist Police, thus identifying those with language and related skills who are best able to assist visitors.

Tourism planning, promotion and information tend to be public sector responsibilities in most of the countries. These functions may operate as a direct extension of the government ministry responsible for tourism or, alternatively, have a degree of independence as an autonomous agency such as Bord Failte Eireann, the Irish Tourist Board (Baum, 1994). The breadth of the role of such agencies also varies considerably from a concern that is primarily marketing and information related (the British Tourist Authority and equivalent bodies in other northern European countries including Denmark, Germany, the Netherlands and Belgium) to roles that are much wider in ambit, including product development, regulation and training. This is rather more common in Southern European states (Akehurst et al., 1993). Poetschke (1995) identifies a number of different models for the management of tourism policy development, which vary according to the level public and private sector involvement. Figure 1.1 represents these four alternative models, showing increasing private sector involvement.

Within Figure 1.1, as we move from Type I to the right, the degree of industry involvement and control over planning for tourism development increases. A type I

governing structure, where the private sector provides input through a lobby group which, it has formed, is the traditional form of government. Government sets and implements tourism policies and the private sector often finds itself in a position where it must lobby for change usually a some what antagonistic process.

A type II relationship is usually characterised by the participation of the private sector (non-advisory council). In this the government still sets and implements the policies but actively seeks advice from the private sector. This advice may or may not be listened to.

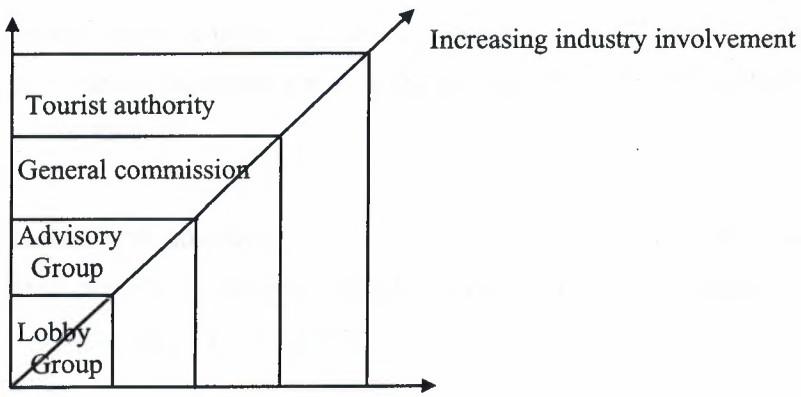

Figure 1.1. Public-private Sector partnership models for tourism policy management. (Source :Poetschke, 1995).

In types II and III the private sector actually gains some degree of control over the strategic decision- making process, Type III a commission, is typically more of Figurehead organisation than Type IV, a tourist Authority. Both these groups are often charged with overseeing the strategic function for a country or regions tourism industry, however the level of involvement by a commission is typically much less than that a tourist authority. (Poetschke, 1995)

The general trend in both European and Western Europe is a movement towards Type IV involvement and consequently at a practical level towards increasing the definition of the states role in tourism and hospitality.

1.3.5 Common Economic Impact

Tourism and hospitality industry has an economic impact and importance to the economies of all the countries. Economic impact ranging from lows of 0.7% of Gross Domestic Product (GDP) in Germany, 0.9% in Finland up to 7.4% in Austria, 5.4 % in Portugal and 5.2%in Spain (OECD 1988, in Williams and Shaw 1991). However, even in the countries where the actual proportion of GDP appears to be relatively low, the nature of the industry is such that it is frequently on considerable regional or local importance.

Tourism and hospitality tends to be strongest in those areas where other economic activity is weakest and the industry therefore makes a significant contribution to regional development.,

1.3.6 A common Social and Political Commitment to Tourism and Hospitality

At the national level, commitment to the tourism and hospitality industry is varied between the countries. All countries acknowledge the economic and related benefits of the industry and book this recognition through ranging levels of financial and related support for the development may have on the physical, social and cultural environment of locality. Consideration is focusing on alternatives to high consumption tourism, which can bring with it congestion, pollution, crime, health and other related problems.

Measuring social and political commitment to tourism is problematic. We can consider direct public-purse investment in the development and marketing of the industry as one indicator.

In general sense the economic reality of the late 1990's in most Western Europe countries was such that expenditures on tourism both by governments and at more regional or local level declined considerably in local terms. Governments argue that what they have attempted to encourage is increased focus and targeting of this public investment in order to maximise return. At the same time, there has been an increasing emphasis on developing a financial as well as policy related partnership between the public and private sectors. As a result increased involvement of private interests of the direction of tourism development and marketing is balanced by greater financial contribution from these sources.

Few countries in Western Europe have a dedicated government minister with specific responsibility for tourism. But on the other hand there are argument that governments have been excessively, responsive to the industries short-term business interests and insufficiently concerned at the impact of excessive development on the overall environment and the long-term future of tourism to the region or destination. Part of the Spanish Mediterranean coast, the Turkish Asian and Mediterranean coast and some ski resort developments in the French Alps exemplify this problem.

In the context of European Union, The Commissions of the Union has implemented measure in a variety of areas; which have implications for the tourism and hospitality industry. This include measures,

- to reduce restrictive trade practices
- to harmonise fiscal policies, especially protection,
- to provide consumer information and protection,
- to facilitate labour mobility within Union,

- to provide work-based protection to employees through the Social Chapter and other measures;
- to support environmental protection and standards, specially on beaches; and
- to facilitate investment and trade by citizens and companies from all member states with in other countries of the Union.

These and a variety of other initiatives, have considerably implications for tourism businesses, as they do for other industries. In some areas of the economy, the diversity of measures is given cohesion through specific-sector policy frameworks. Long standing examples includes steel and agriculture. Policy with respect to tourism and hospitality has been rather slower to evolve. However at a national level, support and commitment to the industry varies greatly from country to country.

1.4 CHARACTERISTICS OF THE EUROPEAN TOURISM AND HOSPITALITY INDUSTRY AND THEIR HUMAN RESOURCE IMPLICATIONS

It might be argued that such an extensive diversion in order to discuss some of the main characteristics of the European tourism and hospitality industry is something of an indulgence in the context of a human resource book. However, it is argued here that without an understanding of the diversity that exists within the industry it is impossible to approach a consideration of human resource concerns with any degree of certainty. This diversity relates to the activities that take place within the industry, its main markets as well as attendant characteristics such as ownership and organisation, economic impact, social and political commitment and the role of the public sector within the industry.

The planning and management of human resources is not a function that operates in isolation but is integral to all aspects of the operation of tourism and hospitality businesses. The same argument can be applied to human resource considerations at a

macro level, whether dealing with the matter from a community, regional or national perspective. The essence of the concept of sustainable human resource management and development for tourism and hospitality, which we introduced earlier, is that it is inclusive in the way that it addresses the needs of the community in which such management and development takes place.

1.5 THE DEVELOPMENT OF TOURISM AND HOSPITALITY AND THE NATURE OF EMPLOYMENT IN EUROPE

The development of tourism and hospitality can be described as a change from the elite to mass participation. The driving forces behind this change are, social, cultural, economic and technological. These same impulses have driven change with respect to employment in tourism and hospitality.

It is easier to explain the stages from elite to mass tourism in three different cycles. The initial stage is one where the first contact between the fashion trendsetters. The rich of the adventurous (whom we may call *Group A* visitors) with a specific tourism destinations or wider locale is made. This early phase relationship survives for a limited period of time, where upon increasing numbers (*Group B* visitors); perhaps more hedonistic in focus and more restricted in their recess to monetary resources follow; larger scale and cheaper travel and accommodation provision is developed and the cost of destination decreases or, its affordability becomes more widespread. The total value of new tourist influx may not be significantly greater than that of the original visitors and certainly, the environmental and social cost will be greater. The popularisation of the destination leads to its abandonment by the pioneering visitors who established its status for tourism and they more elsewhere, frequently further a field or to relatively underdeveloped tourist locations.

This process is repeated at both ends of spectrum. Continued development of the original destination and downward pressure on cost attractions visitors in large numbers and from groups previously unable to avoid themselves of the resort for cost and access reasons (*Group C*).

This influx, in turn, will result in the migration of *Group B* to new destinations, possibly those to which *Group A* moved earlier. This group, in turn then, moves on to new destinations and the process continue in effect in a continuous spiral, ever wider as the ripples in a pool after a stone has been thrown into it. The drive for change comes from a combination of economic, fashion, lifestyle and technological factors, which work together to provide tourism opportunities to an increasingly large proportion of the population. This process is essentially, that which Steinecke (1993) calls one of `imitation-segregation` Steinecke illustrates this process is tabular form and his ideas are presented and extended in Table below.

Table 1.3. Periods of development of tourism

Period	Landed Classes	Class Bourgeoisie	Lower class	Causes of change
17th / 18th c.	Grand Tour			
18th c.	Spa	Grand Tour / educational journey		Growing industrial middle class
18th c. /early 19th c.	Seaside resort	Spa		
Mid 19th c.	Mediterranean in winter/Rhine tour	Seaside resort (domestic)	Excursion train	Advent of railway travel; paid holidays
Early 20th c.	World Tour	Alpinism / Mediterranean in summer	Seaside resort / Spa (domestic) Holiday camps	Early impact of the motor car on leisure travel
Mid 20th c.	Multiple vacations (domestic and international)	Long-haul destinations	Mediterranean in summer; social tourism	Jet airline transportation; reductions in travel formalities / restrictions
Late 20th c.	Multiple, activity-linked vacations, long-and short-haul		Long-haul sun destinations	Jumbo jet travel
21st c.	Increasingly blurred distinctions between the three groups within developed countries?			

Source: Steinecke (1993).

This extension of Steinecke's model effectively maps the development of tourism from an elitist occupation of a small minority of the population to one with truly mass participation within most developed societies. Tourism development is not entirely externally driven by factors within originating countries and locations. The local environment and the responsiveness of the host community to the tourist invasion can, in its own right, influence the nature and volume of visitor arrivals.

The model, as extended after Steinecke, represents the movement of tourism from a minority; elite activity in its broadcast definition is accessible to majority of population. Tourism can be viewed as a normal consumer activity, competing with other commodities for a share of the discretionary income of most households, but nonetheless part of everyday consumption. Burton (1994) quotes Figures regarding the proportion of the population of Western European countries who travel abroad and, without defining the time frame within which the Figures regarding the population of Western European countries who travel abroad and, without defining the timeframe within which the Figures operate, points to international level of 69% for Germany, 67% for Belgium, 65% for the Netherlands, 50% for Sweden, 33% for the UK, 8% for Spain and 7% for Greece.

Clear inferences about links to, on the one hand, geographical factors and, on the other hand economic strength of the country can be made. Alternative sources look at the overall vacation participation rates, including domestic tourism in different countries and this leads to Figures of amount 80% in Scandinavian countries but lower Figures for southern Europe.

The change from elite to mass participation (consumption) which can be traced over a two hundred-year period with considerable acceleration since 1945, may be attributed to a diversity of social, economic, political and technological communication factors. It is easy to pin point key factors such as legislation to ensure paid vacations for employees, the railways, the motorcar and the advent of first and

cheaper air travel, and the relaxation of travel restrictions by most countries. However, the reality represents a complex amalgam of determinants.

1.5.1 The development of Employment

The development of tourism and hospitality industry; have developed the employment within the industry. As explained earlier, the tourism and hospitality industry does not consist of only accommodation and catering. Since the tourism industry has developed from elite to mass participation the employment also has developed. Good examples for the employment development lie in the fields of activity-based holiday (special interest, entertainment, traditional craft production, tourist police, airlines crew staff, agri-tourism, eco-tourism and wide range of businesses such as banks, clubs, garages, pubs, shops, taxis) that primarily focused to serve local people and have changed because of the development of tourism industry.

1.5.2 New work patterns in Tourism and Hospitality Industry

The growth of tourism and hospitality industry points to the development of new work patterns in response to the structure of the industry, which evolved, focuses on seasonal, part-time and short-term work. The growth of these employment structures can be linked directly to the changing demands of the industry as it evolved to mass participation status as well as to other factors in the economic, political and social environment.

Seasonality is the primary work pattern since the development of the tourism industry. Seasonality is not only tourism industry characteristic, and was not new too much land-based activity. The insecure and transitory nature of the seasonal work of sheep-sharers and harvest-time employees for example, dates the industrialisation of

agriculture but was given particular inputs by new divisions of labour on the land from the ninetieth century onwards.

However, mass tourism in those parts of Europe where it is over whelmingly concentrated into relatively short period of the year created demand for labour on a scale and in skill areas previously unknown. Seasonal tourism, which can be of little more than three months duration in some peripheral regions with their existing main source of work, and this pattern is common in many Greek Islands as well as on the western areas of Northern Europe and Turkey's Mediterranean and Aegean coast line. Alternatively tourism drew on the local, non-working population such as woman in the home, the long-term unemployed as well as school and college students during their vacations. Tourism related employment has offered the first experience of paid work to a large section of the population in areas that are a high dependency on visitors. Finally, the development of tourism created new patterns of employment, migration, with people moving temporarily to work opportunity in holiday resort in the south of France, Spain, Greece, Turkey and some others.

The impact of seasonality, with the inevitable work force instability that it creates, can be very significant in terms of operational standards within the industry, the pressure to provide adequate and rapid training, staff motivation and loyalty, and also in the insecurity that is induced among employees.

The nature of demand in the tourism industry is such that part-time options have long been recognised as an important strategy to meet labour requirements at peak times. Thus in the hotel industry there is a well-established tradition of utilising a regular role of casual or part-time staff within banqueting, stewarding and housekeeping departments, and this practice may have derived from traditions inherited from entertaining in the great houses of the eighteenth or nineteenth centuries. Other tourism and hospitality industry sectors have daily demand patterns; which only warrant part-time work. Bed and breakfast establishments and youth hostels, for example, may only offer work for limited periods of the morning while

frequently flight and shipping schedules to islands in Scotland and Greece do not require full time staffing in support at the local stations.

These forms of part-time work have evolved as a natural response to requirements of the business cycle within tourism. Part-timers operated along side substantial core of full-time, long-service employees in hotels and other businesses with relatively harmony although facing the personal pressures of insecurity and poor remuneration, which is characterised of this form of work.

The nature of much tourism work is that it is readily accessible to those with relatively little training. At the same time conditions and rewards are such that employees frequently are drawn to alternative, allied sectors such as contract or institutional catering where these attributes have traditionally been more attractive. This labour turn over in some sectors such as contract as institutional catering where these attributes have traditionally been more attractive. Thus labour turnover in some sectors of the tourism industry is high. Also, levels of worker mobility are high, both at the unskilled and managerial level. High labour turnover is a factor of seasonality but also derives from what Riley (1991) describes as the characteristically weak internal labour markets of much of the tourism industry.

However, as in the case with part-time work, there is some evidence that the introduction and maintenance of an ethos of temporary employment can be attractive to some service industry sectors. The fast-food industry has arguably pioneered this approach, building its staffing on the short-term expectations of primarily students and young people not wishing to enter into long-term or career focused commitments. The approach allows for the introduction of highly repetitive and deskilled work routines, which employees can follow without the danger of long-term motivation problems. Other benefits to the company are flexibility, and low wage costs (Ritzer 1993). The temporary revolving work force, however, represents a model which can be attractive to tourism businesses, with a large number of low

skilled positions, and which can systemise and standardise a substantial number of working routines as well as having relatively transitory customer base.

The growth of seasonal, part-time and temporary working opportunities in most sectors of the industry, means that for many young people and women returning to work, positions in tourism related companies represent an early exposure or reintroduction to the world of employment. At the same time, these some employees are frequently, relatively seasoned tourists in their own right and have participated in both domestic and international travel to a considerable extent. Thus for the first time, we have tourism employees who are versed and experienced in the needs that their customers have, and the gap between the two groups no longer has the importance that it did even in the immediate post-war years.

1.6 LABOR MARKETS OF THE TOURISM AND HOSPITALITY INDUSTRY

It is possible to identify the tourism and hospitality labour market at all geographical levels, which are:

- local
- regional
- national and,
- transnational

This identification of labour markets gives us the opportunity to talk about the labour market at different levels. The labour market of a small town, such as the location of the 1994 Winter Olympics, Lillehammer in Norway; of a metropolitan city, for example the 1992 Summer Olympics venue, Barcelona in Spain; of a distinct region or a country, such as Calabria in Italy; of an entire nation state; or, finally, of whole European Union or, indeed, the total continent of Europe.

Economists and others who view labour markets from a macro or theoretical perspective tend to describe the environment as one akin to well-oiled machine, driven by supply and demand within a free market. However, as Riley (1991) points out: behind the assumption of perfect market is a perfect flow of information between buyers and sellers of labour. In a perfect world the buyers would know how many have the skills they desire, how many would like to learn them and where these people are. Conversely, people would like to know how many vacancies there are, in what organisations and what rate of pay (Riley 1991).

Perfect labour markets, however, do not exist in the real free market world and, despite major investments in labour planning; the total management of the labour market was not a conspicuous success in the planned economies of Eastern Europe either.

At any time, people will be seeking employment or trying to change their jobs. Simultaneously, employers will be seeking new employees. Wage rate will be set, recruitment policies implemented, people will need training, and people will have to move. This is the daily life of labour markets. Thousands of independent decisions made by employers and employees make up the trends in mobility, surpluses of or shortage of supply, the excesses or lack of demand. In other words, whatever the state of supply and demand in labour market, it is brought about by the independent and unconnected decisions of thousands of people (Riley, 1991).

1.7 THE FEATURES OF TOURISM AND HOSPITALITY LABOUR INDUSTRY

We identified earlier certain major features of the tourism industry in Europe. One of these was that commonality is not always easy to identify at a transnational level and that the industry is characterised by inevitable diversity for geographical, historical, cultural, political, social as well as business and market reasons. However,

there are a number of broad features, which can be identified as representative of tourism and hospitality in Europe. These features include:

- an industry dominated by small businesses with a high level of family or self-employment in a number of its sub-sectors (hotels, restaurants, retail activities) on the other hand;
- an industry which experiences high levels of fluctuation in demand for its services in terms of annual seasonality as well as variation, within the timeframe of the typical week and day. This has major consequences for the supply of labour especially, in the context of the small business operation;
- A labour-intensive industry in most of its sectors which, despite the impact of technology, is unlikely to alter substantially in the foreseeable future;
- an industry constrained by its service-sector characteristics but which include the inseparability of production and consumption; the intangibility of the product, its perishability, meaning that it cannot be stored or warehoused; and the local nature of its demand, which means that it cannot be offered centrally to the market;
- an industry where, in some European countries, traditions in terms of the style and ceremony of service remain very important while in north America, a feature which has important consequences for the nature of work and its flexibility
- An industry, which, because of its skills profiles, is readily accessible to workers with a minimum of formal training and where focuses on widely transferable skills, especially in the customer contact zone. This openness works to the advantage of the industry as demand increases and the shed employees at times of reduced demand
- However, the negative corollary means that trained tourism and hospitality employees are readily poached by the other industry sectors because of their generic and readily transferable skills.
- An industry, within which some sectors are dominated by traditions of low pay and perceived poor conditions.

- An industry, which as a consequence of its labour intensity, is dominated in many sub sectors by unskilled and semi-skilled jobs. Riley (1991) develops a model from earlier work of the Hotel and Catering Industry Training Board (1984) in The UK, which looked at the manpower structure as Figure 1.2 illustrates clearly the dominant position of what he calls operative staff within these sectors.

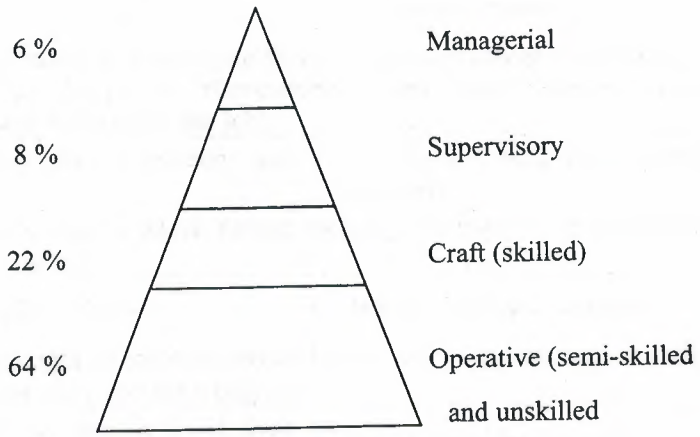

Figure 1.2. A skills model for the hotel and restaurant sectors. (Source: Riley, 1991, after HCITB, 1984.

Riley (1991) analyses this labour market environment in terms of the hotel and catering sectors, with specific reference to the concept of internal labour markets. Riley differentiates between the structural features of strong and weak internal labour markets and this differential goes some way in explaining the characteristics of employment within many subsectors of the tourism and hospitality industry. Table 1.4. identifies the features of the two internal labour markets types.

Table 1.4. Features of strong and weak internal labor markets

Strong	**Weak**
▪ Specified hiring standards	▪ Unspecified hiring standards

(representing the extent to which specific jobs demand a particular qualifications and experience profile for entry)

▪ Single port of entry	▪ Multiple ports of entry
(representing the extent to which recruitment for particular posts are restricted to one source in terms of qualifications and experience or whether a diversity of backgrounds can qualify as applicants for the post)	
▪ High skill specificity	▪ Low skill specificity
(representing the extent to which the job demands specific technical or knowledge-based skills)	
▪ Continuous on-job training	▪ No on-job training
(representing the extent to which specific and ongoing training is necessary in order to progress within the job or, alternatively, where initial training provides the totality of expected training for the job)	
▪ Fixed criteria for promotion and transfer	▪ No fixed criteria for promotion and transfer
(representing the extent to which further training and experience are specified for promotion and transfer)	
▪ Strong workplace customs	▪ Weak workplace customs
(reflecting the strength of trade unions and professional associations in influencing the organisation of work and the workplace)	
▪ Pay differentials remain fixed over time	▪ Pay differentials vary over time
(reflecting the strength of trade union and professional control over pay and conditions, especially in terms of protecting the status and reward differentials between higher skills posts and those at a lower level)	
▪ Fixed roles / responsibilities	▪ Flexible roles / responsibilities
(reflecting the extent to which rigid job demarcations exist in the workplace or to which flexibility in work roles/multi-skilling applies)	

Source: Riley (1991).

It is Riley's contention that the labour market within the hotel and catering industry meets most of the criteria for weak status. This analysis is based, primarily, upon observation of the industry in the United Kingdom and the fit is quite good in this respect. Certainly when comparisons are made against the criteria between for example, access in medicine, the contrast between the strong and weak internal labour markets can be seen relatively clear relief. Riley's argument does not partially an absolute description of the situation because Switzerland and France and a

number of other European countries, hotel employment has a stronger tradition of perceived professionalism than in the case in Britain.

Riley's model was not designed to transfer fully into the wider tourism and hospitality sector. The diversity of the industry, encompassing as it does subsectors as wide ranging as sports coaching, museums and other attractions, heritage sites and transportation as well as hotels and restaurants, included many working environments or internal labour markets; which exhibit predominantly strong characteristics. Such employment opportunities include museum curators, airline pilots and tourism consultants, where the open employment environment characteristic of lower skill areas is not typical. However, even these relatively, protected areas are weakening to some extent.

We must also remember that Riley's model is designed too cater for labour markets within the private, free-market domain of the economy. These remain in Europe, substantial parts of the tourism and hospitality industry, which are public-sector owned and operated. These include government departments and agencies involved in marketing and information services (national, regional and local tourist offices) as well as transportation (railways, airlines and bus services) hotels and other services. The public sector frequently operates to different labour market rules than those, which apply within a free market, and as a result, there are tendencies, which push the internal labour markets.

The tourism and hospitality industry as a whole in Europe is an amalgam of sub-sectors, which represents both weak and strong labour markets. Overall labour market management by governments in most countries; in Western and, increasingly Eastern Europe is undergoing a general process of weakening, so as to facilitate greater flexibility within the workforce at lower costs to both the state (through training and benefits) and the employer through wage costs and additional benefits.

1.8 THE ISSUES OF FLEXIBILITIES

The issue of flexibility in the workforce is one that is central to the weak-strong labour market debate and has been added to Riley's model within Table 1.4.

Flexibility has two important dimensions when we consider the tourism and hospitality labour market.

1. Employers seek flexibility in term of numbers that are employed within a business in order to cope with cyclical variation in demand, whether based on annual seasonality, peaks and troughs within the weak or day, or in order to cater for the high demand created by special events, whether a wedding in a hotel or transport to the Olympics or other 'one-off' sporting events. The traditional response to the need for this form of flexibility has been a reliance on part-time, casual, short-concrete and seasonal staff. All sub-sectors of the tourism industry have employed this approach to flexibility which manifest in the work undertaken by, for example representatives employed by tour operators and located in resorts for the duration of the season, seasonal hotel and airline staff, breakfast kitchen and services staff in hotels, banqueting staff in hotels and convention centres, and self-employed tour guides. Such staffing arrangements are attractive to employers in that labour is only costing them when it is required.

2. The second aspect of flexibility relates to the tasks that are undertaken by employees within the workplace. Traditionally workplace demarcation was relatively fixed in many sectors of the tourism and hospitality industry. The classical party system in hotel kitchens; for example identified the specific tasks which lay within the responsibility of each member of the kitchen brigade and little interchange of functions hot place. The motion that kitchen staff could work outside of the specific domain, for example through participation in service functions, would have been beyond comprehension to many who have worked within that system, vestiges of the classical party system still exists in countries such as France, although working practices combined with the advent of technology, deskilling of some tasks through

the use of alternative, convenience products has eroded its significance. Similar, clear role definitions have been features of work within airlines, railways systems and other sectors of the tourism and hospitality industry.

Such flexible working practices have made it difficult for businesses to respond variable demand and, especially within small businesses, to compete effectively while at the same time maintaining cost competitiveness in the market place. The manufacturing market pioneered a response to the need for flexibility in this sense by developing a core permanent full-time employees who are trained a variety of skills in order that they may more from function to function as required, the weakening of the internal labour market within the tourism and hospitality can be seen in the extent to which similar approaches have been adopted within the sector. Small hotels are long practised flexibility through the employment of personnel who can work in a number of departments and who typically, may face a working day which involves service at breakfast, housekeeping functions during the morning and bar or restaurant service at lunchtime to complete the day. Specialist training courses have been designed in order to meet industry's demands for the range of skills required to undertake such more (Baum, 1987). Similar flexibility is evident in new working practices, especially of smaller airlines where cabin staff may be involved in a variety of other functions, including check-in, baggage handling and related tasks. This has the effect of reducing the requirement for ground station staff at small airports where the airline offers limited services. Examples include British airways Express, Scottish Island services as well as those operated by Rynair between Ireland and The United Kingdom. However there are also countertrends within the tourism and hospitality industry; which militate against such functional flexibility. Guerrier and Lockwood (1989a) discuss the effects of strengthening the departmental structure in hotels by giving greater local authority and autonomy to department heads and their staff. One effect of this process is to make cross- departmental flexibility more difficult to achieve because department become rather more unit focused and also develop strong local cultures of their own.

Guerrier and Lockwood (1989b) also offers an interesting model of flexibility within the hotel industry, which if implemented, will further reinforce our inter probation of the internal labour market within this sector as predominantly weak. The model builds upon two dimensions of flexibility, which have already been considered above. Guerrier and Lockwood draw on work by Atkinson (1985) for the Institute of Manpower Studies in the United Kingdom.

They [the Institute of Manpower Studies] define four different types of flexibility;

1. Functional flexibility concerned with the versatility of employees and their ability to handle different tasks and more between jobs.
2. Numerical flexibility concerned with financial ability to adjust the number of workers or the number of hours worked in response to changes in demand.
3. Pay flexibility concerned with financial reward system that encourages functional flexibility and reward scarce skills or individual performance. And;
4. Distancing strategies which involve contracting out operations to shift between of risk and uncertainty elsewhere. (Guerrier and Lockwood, 1989)

Atkinson then continues by describing an ideal model of the fully flexible firm. This consists of numerically fixed core group of employees carrying out the key activities of the firm demanding specific skills who are difficult to replace and hold full-time permanent career positions within the company, with job security implicit in their position. In return for such flexibility, the core group is expected to operate in a fully manner in functional terms. Within this ideal model, the core of the company is surrounded by three peripheral groups, which insulate the core from the effects of changes in demand and take the brand of the need for, in particular, numerical flexibility. The first of these groups are employees on permanent contracts but with little prospects of enhancement and limited job security. They undertake tasks that are generic in their skill demand. Functional flexibility is not demanded for this group but labour turnover is high and thus numerical flexibility can readily be achieved and be encouraged through the deliberate recruitment of personnel who are unlikely to stay for long. The second peripheral group consists of short-contracted

part-time and job-share staff, offering both functional and numerical flexibility to the company. The final component within the model consists of external or distanced groups who are not employed but the company, including sub-contractors, agency staff, self-employed workers and those providing out-source products.

Guerrier and Lockwood applied this ideal model to the hotel industry in the United Kingdom through a study, which included both extensive interviews and in-depth investigation of practice in two hotel units. The outcome of their study is summarised in Figure 1.3.

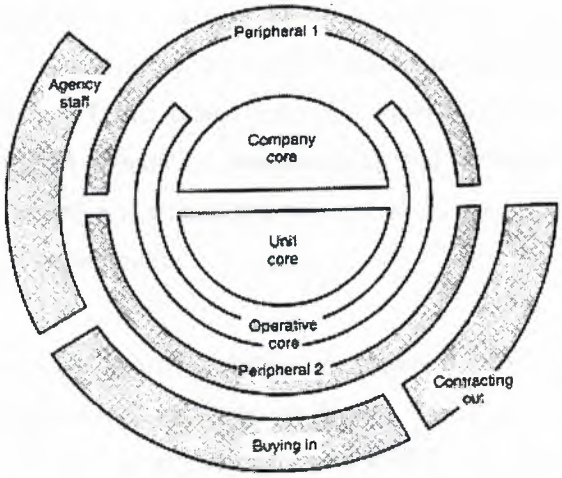

Figure 1.3. Core and peripheral staff in hotel operations.{Source: Guerrier and Lockwood)

Guerrier and Lockwood conclusion suggest that within the corporate hotel structure, the Atkinson model does work, but with some modification to take account of the head office and unit based structure of such companies. Within a single company it is more likely that the ideal model would apply. Guerrier and Lockwood divide the core staff of a multi-unit hotel company into three components.

Firstly there are company core staffs consisting of the cadre of senior and middle management within the hotel such as the general manager, deputy or resident

manager, assistant managers and graduate trainees but usually excluding department heads. They are so defined because they operate within the company's career structure and potentially have access to career opportunities elsewhere within the group. Normal progression includes periods with responsibility for u number of functional areas in the hotel. Thus this group of the staff are expected to exhibit maximum functional flexibility and are highly skilled, versatile and committed group, which the company cannot afford to lose in any great number.

The second group of core staff are unit based, with recess to career opportunities within a single unit but less so within the whole corporate structure. The unit core consists of heads of departments, supervisors and some operative staff. By contrast with the Atkinson model, this group lacks functional flexibility and work in their specialist areas of food preparation, housekeeping and service etc. Mobility within the company is limited and enhancements tend to be achieved by movement to alternative but local opportunities.

The third core group is that of skilled operatives, notably in the kitchen, front office, housekeeping and food and beverage service. These personnel are performing key functions in the hotel in a relatively functionally flexible way but are in high demand within the labour market and have opportunity for considerable mobility if they wish. Thus building a stable core within the hotel at this level can be difficult. The Swiss hotel industry makes interesting use of this core group in that the positions in many hotels remain stable with defined operative functions attached to each. However, links to hotel schools provide a guaranteed source of positions on a six-monthly cycle providing core stability but with different personnel filling the actual posts.

In terms of periphery, Guerrier and Lockwood's work conforms rather more closely to that Atkinson's ideal model. Their first group consists of full-time permanent employees with limited security and career opportunities. They have many characteristics in common with the operative core and undertake similar

functions in the hotel. The main difference relates to labour turnover as this group is frequently drawn from groups in the labour market with little long-term commitment to the company, indeed, to the industry. The group may consist of skilled cosmopolitan's seeking to exercise their skills as means of supporting an urge to travel. The Australian and New Zealand influence on hotels in London exemplifies this students, transient foreign workers and others with no interest in the security available to core staff. They may have greater skills than those normally available within the local labour force, but because this group is essentially transient, problems may arise with regard to attaining and maintaining service to the expected quality.

The second peripheral group consists of part-time and casual staff, living locally to the hotel. The part-timers may have a long-term commitment to the hotel but such loyalty is less frequent among casuals, who will, typically, be on the 'pool' of a number of hotels at the same time.

The final component that Guerrier and Lockwood identify on the periphery is that distancing strategies. Such approaches may involve contracting out various functions within hotels frequently laundry requirements, maintenance and cleaning contracts as well as provision of pastries to the kitchen. The range may extend considerably beyond these areas and include the employment of agency or subcontracted staff for lobby shops, the leisure centre, car park operations, restaurant franchising and security.

Guerrier and Lockwood study was of the hotel industry only in the European country. Wood (1992) implies the reed for caution in that the level and extent of workplace flexibility is varied between different companies and also between businesses of different size and ownership.

The process of increasing all form of flexibility within the tourism and hospitality workforce is one that can only reinforce and increase the weak nature of the labour market. Flexible working practices go entirely contrary to the major features of a

strong labour market. The same can be said for the process of deskilling which is a feature of work in most industrial sectors and has certainly had some impact in tourism and hospitality.

The basic idea, historically, is to gradually and progressively gain control over the people through development and deployment of wide variety of increasing effective technologies. Once people are controlled, it is possible to begin reducing their actions to a series of machine like actions. And once people are behaving like human machines, then it is possible to replace them with mechanical machines, most recently, notably mechanical robots. With the replacement of humans by machines, we have reached the ultimate stage in control over people; people can cause us no more uncertainty and unpredictability, because they are no longer involved, at least directly in the process. (Ritzer, 1993)

Ritzer applies this analysis to a number of case sources in the service sector, notably but not exclusively within fast food. Much of the food prepared at Mc Donald's arrives at the restaurant performed, pre-cuts, and pre-sliced often by non-human technologies. This serves drastically limit what employees need to, there is usually no need for them to form the burgers, cut the potatoes, slice the rolls, or prepare the apple pie. All they need to do is, where necessary cook, or often merely heat the food and pass it on to the customer, the more that's done by non-human technology before the food arrives at the fast-food restaurant, the less the workers need to do and the less room they have to exercise their own judgements and skills.

Wood (1992) discusses theoretical constraints within the deskilling debate but also presents considerable evidence which is fully consistent with Ritzer and supports the contention that despite low skills starting point, further reduction in the skills starting points, further reduction in the skills requirements in some sub-sectors of the tourism and hospitality industry is a widespread and ongoing process. Other examples can be found in the airline business where the everyday application of skills has been considerably reduced in piloting of commercial aircraft. Automatic

system can effectively take over virtually all-pilot functions. Robotic control of other means of transport such as trains and monorails is also becoming commonplace and has thus substituted as well as reduced the skill requirements in certain areas. In many respects, substitution, deskilling and flexibility go hard in hand because the simplification of one task or a range of tasks may well place within the skills each employees who also have other responsibilities and who previously would not have been able to undertake the tasks in question-pilots assuming engineering and navigation. All roles in aircraft are an example of the combination of deskilling and flexibility.

There is an inherent contradiction in this discussion of deskilling within the tourism and hospitality labour force. This will become manifestly evident in the following chapter where there is the use of empowerment strategies to upgrade the responsibilities and demands of jobs at the front-line staff within the tourism and hospitality sector and thus to improve a company's competitive position in terms of service delivery. Empowerment is certainly incompatible with the control dimensions of Mc Donaldization, and what we are seeing is an increasing divide, within the tourism and hospitality industry and creation of distinct service cultures and strategies to cater for every different market philosophies. Kanter (1983) highlights the contradictory directories, which appear to be evolving with respect to control on the one hand and empowerment on the other. She highlights the old type of organisation where activities are segmented into discrete compartments and isolated from their context but interestingly on the basis of a non0systems approach, a definite contrast to Mc Donaldization. Segmentation according to Kanter inhabits innovation at every step of the solution search process as follows;

The motivation to solve the problems declines in segmented systems. Segmentalism discourages people from seeing problems, or if they do see them, from revealing this discovery to anyone else. If people's activities are confined to the letter of their job, if they are required to stay within the fences organisations erect between

tasks, then it is much likely that people will ever think beyond what they are given to do or dream about things they might do if only the right problem come along.

Finally we can say that both Segmentalism and Mc Donaldization are incompatible with empowerment.

1.9 TOURISM AND HOSPITALITY INDUSTRY: THE SERVICE IMPERATIVE

In this section, we shall consider the importance of service quality as a business strategy, within the tourism and hospitality industry in Europe and demonstrate the central role that human resource management plays in attaining this quality. Recognition of this link between implicit in much of the discussion to this point, commencing with the analysis of the human resource dimension within sustainability. As Watson (1988) notes, the concept of quality, in the tourism and hospitality industry has changes dramatically over the past quarter of the century.

Not long ago, quality was nearly synonymous with luxury and personalised service, but this is no longer the case. We know that quality can exist at all levels of price and service.

Service quality, it is now recognised, is not some absolute standard immutable and fixed for all time and part of the defining differentiation between what customers can expect from, on the one hand, the Savoy in London and, on the other hand, the resort hotel in Spain. Rather, it is a concept, which rides piggyback upon the expectations that the customer brings to the particular business, whether it is five star or unclassified. Thus, the customer has clear expectations of service and its quality hallmarks, whether she or he is travelling first class or economy, eating in the Café Royal or a fish and chip shop, or attending a gala performance at Covent Garden or the pier head bingo evening. While this motion of relative quality in service has been

increasingly recognised by no means universally applied.

Service quality is frequently presented as primarily a marketing oriented concept, designed to assist companies to win and keep customers. Lewis and Chambers (1989) adopt this approach in their discussion of the concept of relationship marketing by which they mean the ability of companies to build up genuine loyalty in their customer base which protects the level of repeat business that is so important to tourism and hospitality operations. The quality of service and especially the personalised, flexible and individualised response, which frequently makes all the difference to the customer and determines whether she or he will return, are essential marketing tools within this model. Lewis and Chambers (1989) discuss the relationship marketing in the following terms.

Relationship marketing is defined as marketing to protect the customer base. It sees the customer as an asset. Its function is to attract, maintain, and enhance customer relationships.

Lewis and Chambers go on to quote Theodore Levitt (1981) of the Harvard Business School, who describes the essentials nature of relationship to be found in the service encounter somewhat more prosaic in terms.

The relationship between the seller and a buyer seldom ands when the sale is made. The sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the marriage is managed by the seller. That determines whether there will be a continued or expanded business or troubles and divorce and whether costs or profits increase.

It is not just that once you get a customer you want to keep him. It is more a matter of what the buyer wants. He wants a vendor who will keep his promises, who will keep supplying and stand behind what he promised. The age of the blind date or the nightstand is gone. Marriage is both more convenient and more necessary. In

these conditions success in marketing, like success in a marriage is transformed into inescapability of a relationship. (Levitt, in Lewis and Chambers, 1989)

Christopher, Payne and Ballantyne (1991) see relationship marketing as a process, which extends beyond caring for the customer base.

Relationship marketing implies a consideration of not just better relationship, with customer markets but also the development and enhancement of relationship with supplier, employee, referral, 'influencer' and internal markets. (Christopher, Payne and Ballantyne, 1991)

1.10 CHARACTERISTICS OF SERVICE

Cooper et al. (1993), in considering the place of service within tourism locate it squarely within marketing-service enters their discussions through a consideration of the characteristics of tourism as a service which set the industry and its products apart from other industries and products. They identify the characteristics, which separate tourism as a service from manufactures goods and present these distinctions in what is called a goods and services continuum (Cooper at al.) as shown in Figure 1.4.

SERVICE	PRODUCT
Intangibility	More tangible
Perishability	Often storable
Inseparability	Standardisable

Figure 1.4. Goods and services continuum. (Source: Cooper et al., 1993)

This continuum applied within the tourism context in turn owes much of the work of Albrecht and Zemke (1985). Mahesh (1988) takes Albrecht and Zemke's

classification of the differences and develops them further. He highlights the differences between services and products as follows. The first seven points are derived from Albrecht and Zemke; the final two are Mahesh's own additions.

1. Sale, production and consumption of a service take place almost simultaneously, while there is usually a long lead-time between production and sale of a product, in other words the concept of inseparability as used in the continuum. Also known as heterogeneity, inseparability means that it is difficult to distinguish between the production of the tourism service and its consumption, especially when the customer is personally part of the production process.

2. A service cannot be centrally provided, inspected, stockpiled or warehoused, it is usually delivered where the customer is by people who are beyond the immediate influence of the management this feature includes the motion of perishability, by which a hotel room, an empty car on theme park ride or an aircraft seat unsold at time of departure represents a loss which cannot be recouped. Systems are required to ensure optimum use of the facilities and these usually focus on pricing and marketing strategies. However there is also a strong human dimension to process. For example in some hotels front office staff may take responsibility for agreeing tariffs with late check-in guests and so must have the skills and authority to do so.

3. A service cannot be demonstrated, nor can also sample be sent for customer approval in advance of purchase. This motion of intangibility also a strong marketing implications and attempts are made to overcome the problems that it causes at a marketing level through literature, video and computer technology as well as some element of sampling: for example; a free weekend in a time-share complex. However, such substitution does not overcome the inherent problems caused by individual nature of the tourism and hotel experience and its dependence on the human element for its delivery.

4. A customer receiving the tourism or hospitality service generally owns nothing tangible once the service has been delivered. Its value is frequently internal to the customer.

5. The tourism and hospitality experience is frequently one that cannot be shared, passed around or given away to someone else once it has been delivered. The experience, in some respects, unique, even among a group whoa re ostensibly sharing the same itinerary or facilities. This is a result of their differing expectations, previous experience, and motivation in taking part in the experience and a variety of their concerns, which may be affecting them at that time. This phenomenological argument need not be taken to extremes and from a marketing point of view it would be difficult to do so, but from the human resource management perspective, recognising and responding to this individuality among customers is very important skill.

6. Delivery of a tourism and hospitality service usually requires some degree of human contact; the receiver and the deliverer frequently come together in a relatively personal way. Although technological substitution for some aspects of service delivery has become important in some sectors of the industry (for example; automatic check-in and check-out in hotels and ticket-vending machines in airports) there is a definite limit to how far this process can go and consumer demand, if any thing, is for increased service rather than its reduction.

- Quality control over a tourism and hospitality service requires the monitoring of process and the attitudes of all staff, this inevitably, presents certain problems in the industry, largely because of the heterogeneous nature of the delivery of these services.
- Unlike a bad product, bad service cannot be replaced at best, it is possible to be sensitive to customer dissatisfaction and recover the situation with such good service that the customer may both forgive and forget the bad service received earlier.
- It is both difficult and undesirable to attempt to standardise service, more

spontaneous and custom built service the greater value in the customer eyes. This is probably the most contentious dimension within the classification in that there are many examples from the tourism and hospitality industry where companies have attempted to standardise service delivery, for example in fast food, the budget hotels and theme parks.

1.11 HUMAN RESOURCE APPLICATIONS OF SERVICE QUALITY FOCUS

Mahesh derives five major implications from these differences that impact upon the management of businesses in the tourism and hospitality industries, all which are directly, related to human resource concerns. In this chapter we will use Mahesh's five implications in order to provide a structure to the discussion of the role of human resources in achieving quality service within the tourism and hospitality industries. The five summarised by Mahesh as follows;

First; the customers perception of service quality is more directly linked to the morale, motivation, knowledge, skills and authority of front-line staff who are in direct contact with customers, than in the case of product selling organisation. Secondly, rather than being responsible for their staff, management should become responsive to staff. This is easier said than done for most managers tend to view their jobs as control centred rather than freedom centred. The supervisors and managers of front line staff should have the managerial skills to motivate their staff to be effective. Thirdly, traditional tools of qualification of output and work measurement have to be replaced by subjective tools of customer satisfaction. Fourthly, as a service cannot be stockpiled and customers are in direct touch with the staff, the power of the union to pressurise management increases manifold. Fifthly, bureaucratic organisation structures and mega-organisations that suffer from what Toffler (1985) call 'gigantiasis' a disease whose major symptoms are the hardening of decisional arteries and their ultimate breakdown, are ill-suited to excellence in

service. The structure has to be adaptive, decentralised and downsized to respond speedily customer needs (Mahesh, 1988).

1.11.1 Front Line Staff

Mahesh first of all focuses on the critical role of front-line staff in the service encounter and their packaging in terms of such diverse attributes as morale, motivation, knowledge, skills and authority. This analysis is fairly widely accepted within many service organisations but perhaps owes its most effective conceptualisation to Jan Carlzon, past president of Scandinavian Airline Systems (SAS). Carlzon introduced the concept of the 'moment of truth' into the service vocabulary (Carlzon, 1987) He described a 'moment of truth' as every point of contact between the customer and front-line staff of the company, thus applying it to every contact, however seemingly trivial, that a customer has with a stuff member of the company in question. . In question in SAS terms, Carlzon estimated that perhaps 50 000 'moments of truth' occurred each operating day and equivalent Figures can be calculated for all tourism and hospitality organisations. 'Moments of truth' although small in scale (hotel check-in, drink service in an aircraft) are make-or-break occasions, when the company has the opportunity to disappoint the customer by failing to meet his or her expectation, to get it right by matching those expectations. From an organisational and management perspective, while it is heartening to exceed expectations, the key objective must be to consistently meet customer expectations and to minimise occasions when customers are disappointed.

The tourism and hospitality industry presents particular challenge in managing 'moment of truth' because of the fragmentation of the experience for many customers. Within a hotel, for example; guests come into contact with a wide range of staff attached to different organisational units within the establishment (front office, housekeeping, restaurants, business centre, etc) even during a relatively brief stay. Even more complex is the range of 'moment of truth' encountered by the

customer of a typical package holiday company.

From the purchase perspective, he or she is buying from one company and yet the reality is that ranges of intermediaries are likely to contribute to the total experience. These may include businesses over which the tour operator has some level of control and can monitor service standards but will also include exposure to organisations or individuals where such control exists, although the ' moments of truth' will be judged by the customer with the umbrella company in mind. These intermediaries may include;

- The retail travel agent
- insurance companies
- ground transport to the airport
- airport handling agents
- airport service (shops, food and beverage outlets)
- the airline
- immigration and custom services
- local ground transportation
- the hotel or apartment
- tour services at the destination
- companies and individuals selling a diversity of goods and services (retail, food and beverage, entertainment, sportive activities, financial establishments)
- service providers on return (e.g. photo processing)

Many of these companies and organisations are, of course, beyond the control of the tour operator and most customers would not directly attribute problems with them to the company through which they booked. However good and bad experiences or 'moment of truth' with the local police, beach vendors and taxi companies will colour the visitor's perceptions of the total experience in a way that does not really apply with respect to the purchase of other goods and services. Tour

operators, of course, are legally responsible under consumer protection legislation in many European countries for the satisfactory delivery of many of the components within the package tour experience, but such liability cannot include the full range of bodies listed above. One response from the tourism and hospitality industry is to reduce the risk of inconsistent or unmanaged 'moments of truth' within the holiday experience by maintaining as close regulation and control over as many of the intermediaries as possible. This may be achieved by vertical integration of as many of the providers within the tourism system as possible. Such vertical integration includes components within the travel generating region, the transit region and the tourist destination region.

Such integration may result in tour operators acquiring their own retail travel agents and airline as well as hotels and ground tour operators at the destination. There are other benefits besides grater control and consistency in the delivery of service but the potential to manage and control as many 'moment of truth' within the guest experience as possible in one of the main attractions of vertical integration. This process may involve outright ownership of the various components or alternatively, the establishment of a network of partners, all which operate to agreed standards and systems and many even the sponsoring company's branding.

Similar strategies, which have a similar effect, include isolating the guest from many of the uncontrolled variables, or moments of truth at the holiday destination. The Club Mediterranée, Centerparcs, Butlins-type holiday camp and other all-inclusive resort concepts all fit into this model. The guest will typically only come into contact with employees selected and trained by the sponsoring company in relation to all activities that the guest may wish to undertake, and so the guest will be insulated from the uncertainty of contact with the diverse range of local providers which typically, contributes to the make-up of the vacation experience.

This level of control and standardisation of service is not feasible, with respect to many tourism destinations, nor indeed is it desirable for many visitors themselves.

The local encounter is a central attraction within the vacation experience, whether it is an Irish bar in Connemara, a nightclub in Paris or as a part of a farm holiday in Hungary. In a very real sense, then the range of 'moment of truth', which the tourist will encounter, can involve the total population of the tourist destination locality and not just those specially employed to meet guests needs. In many communities, there is certain ambivalence to visitors, who can create congestion on roads and in facilities, behave in ways that are not compatible with local practice or exhibit levels of conspicuous affluence unattainable within the host location. Its major challenge for the tourism industry in both the public and private sector is to support the education of the local community about tourism and tourists, so as to ensure a welcome or at least to avoid outright hostility. At the same time, tour operators have the responsibility to ensure that their visitors are sensitive to local customs and culture and behave accordingly. These strategies will all contribute to ensuring that the uncontrolled variables within the 'moments of truth' cycle are positive in their outcomes and do not negatively affect the overall perception that the visitor derives from his or her visit.

Creating a true service culture at company, or national level implies that the term front-line must be used in its widest possible sense. For a community or nation to continue to attract the visitors, especially those returning after the initial visit, ensuring positive 'moment of truth' at each commercial service and less formal encounter becomes imperative. The whole population is part of the relationship marketing effort. In societies where traditions in work as well as in wider social context have made people suspicious of the stranger and indifferent or hostile in their attitude to service, creating his environment is a major challenge.

1.11.2 Responsive Management

We have considered the importance of every 'moment of truth' to the total guest experience and as a central feature within the achievement of quality of service. The

management of the moments of truth cycle is a critical process and according to Albrecht and Zemke (1985) requires a fundamental mind shift from traditional control based supervision and management; when the 'moments of truth' go unmanaged the quality service degree to medicate.

The traditional approach to managing relationships within a company can be seen to operate on a hierarchical basis as in Figure 1.5. What is important in this model is that the decision-making in this model is that the decision-making process flows from the base of the pyramid to its apex, the senior management levels. The customer contact zone is figuratively and frequently literally adrift at the bottom. Caricature of this model at work, which has more that a touch or reality in it, is the situation where the staff in a busy hotel restaurant swarm to serve general manager when he arrives for lunch and in doing so, neglect the needs of paying guests. Staff at each level in this model is primarily concerned to satisfy their immediate superiors within the hierarchy even if this means neglecting the real customers of the business. Figure 1.6., by contrast shows what Ken Blanchard calls the invented service triangle, a philosophical intervention of traditional management hierarchies (Mahesh, 1994).

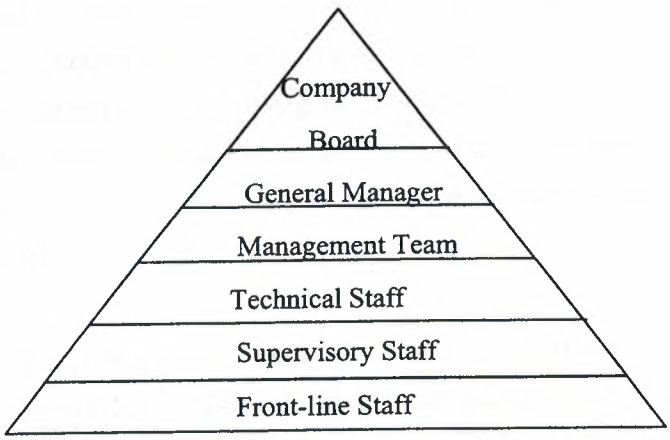

Figure 1.5. Traditional management hierarchy. Source Baum, (1994).

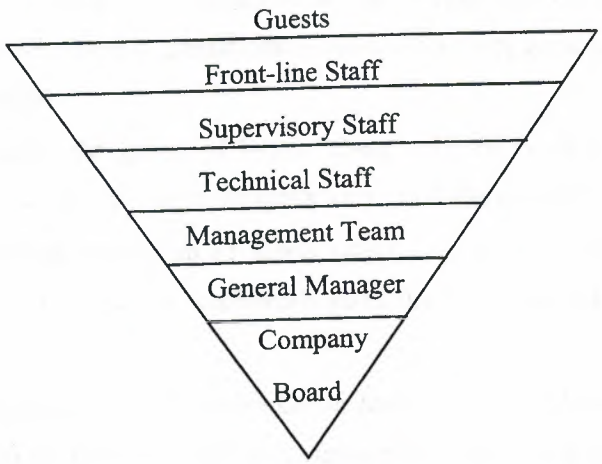

Figure 1.6. The inverted service triangle. Source Baum (1994).

This simple reversal of the triangle has major ramifications for the operation of service within the tourism and hospitality businesses. The energy flow remains upwards but is the complete reverse of that which operates within the traditional model. In this approach, the customer contact zone becomes the most important component within the management of the organisation.

The inverted triangle demands an approach to management that is not control based but is designed to facilitate the work of the operational staff. Management are there to assist their front line colleagues provide a better service to guests. By providing this superior service, of course, a tourism or hospitality company is enhancing its competitive position and increasing the likelihood that repeat business will be generated.

Cook Johnson (1991) clearly demonstrated the link between perceived superior service within the hotel sector in North America and management style. In her study, guests and employees on the basis of their service rated establishments and three groups were formed on the basis of their service and three groups were formed on the basis of this rating analysis.

- Service leaders- the group of hotels where, on average, 92 % of employees and customers rated these organisations as consistently very good in their service, the top quartile.
- Service average, the group of hotels where only 79 % of employees and customer rated services as consistently very good, the middle two quartile.
- Service problems, the group of hotels where only 62 % of employees and customer rated services as consistently good, the bottom quartile.

Cook Johnson then used this clarification to look at the ways in which superior service is delivered by front-line staff and management. She notes that the service leader group of the companies has attributes, which clearly point to the importance of the relationship between those delivering the service and those providing support to enable them to do so.

Service leader companies:

- are highly focused and consistent in everything they do and say in relation to employees
- have managers who communicate with employees
- facilitate rather than regulate their employees responses to customers
- solicit employee feedback about how they can do things better
- stress the importance of teamwork at each level of the organisation
- plan carefully the organisation's recruitment and training needs

The link between service quality and the management environment within companies is one that is also considered by Mansfield (1990). She identifies four key principles in the development of customers' care within tourism companies:

1. Customer care starts at the top, meaning that commitment to the principle of customers' care must emanate from senior management levels within an organisation.
2. Customer care involves everyone within the organisation. It is not just about

front-line staff.

3. Care for your staff and they will care for your customers. Too often organisations look first to the customers, whereas the emphasis should be placed on the staff encourages a better service and a better experience for customers.
4. It is a continuing process, meaning that customer care is not quick fix project but a long-term plan.

Mansfield's analysis places considerable emphasis on what Lewis and Chambers (1989) call the internal marketing process. Internal marketing can be defined as;

Applying the philosophies and practices of marketing to people who serve the external customers so that the best people can be employed and retained and will do best possible work (Berry, 1980, in Lewis and Chambers, 1989,)

The concept of internal marketing and the application of a supportive management culture which enables the delivery of quality service leads to the motion of empowerment of front-line staff, which is a concept that has gained considerable currency within service focused companies in recent years.

Empowerment means enabling and encouraging front-line staff to make decisions that will help to solve customers' problems or meet their needs without reference to an interminable management hierarchy. The ability to deal professionally and competently with immediate queries, problems and complaints is an attribute that is rated very highly among customers of tourism and hospitality organisations and makes a major contribution to effective relationship marketing. Customers purchase with great confidence but front-line staff are also in a position where they can contribute to overcoming customer problems and complaint's by immediate refund or replacement. This is not total empowerment but rather recognition, by management, that the customers care zone requires clear operating guidelines to which staff can work.

It is not possible to replace an unsatisfactory hotel experience, although the establishment can attempt to recover its position through a full or partial refund or the offer of a future complimentary stay. Thus front-line staff needs to be able to assess and evaluate each particular situation with confidence and authority and have to be empowered to provide a solution in so far as one is available. Guidelines are clearly important so as to enable front-line staff to respond in a consistent manner, and in some cases relatively standard provision may be acceptable, for example complimentary meal for delayed airline passengers and compensation, within specified scales, for those off-loaded due to over-booking. However, generally speaking, effective empowerment is ring-fenced in so far as financial decisions are concerned so that staff has the authority to act up to a specified level without reference to supervisory or management authority. The American Ritz Carlton Company permits all employees to change anything, on behalf of guests up to value of $ 2,500.

Subsidiary is another way of saying that employees should be encouraged to take responsibility for decisions. Whatever decision employees make, at least they have made them. If they can not make a decision on a problem then they pass it to the next person above them and they try to make it. It is like carrying ball instead of passing it all the time.

Empowerment, as the Cook Johnson's study clearly suggests, also implies trust and confidence management in the front-line work force. For example, many traditional service organisations, where the empowerment is not a concept that is fully adopted, restrict access annual capital budgets and operating plans to management ranks only and on a need to know basis. By contrast the Disney Corporation provides operational personnel with full access to these tools, entrusting them to translate strategic plan from the boardroom to the point of action within theme parks (Johnson, 1991).

Empowerment of the front-line staff is solely a matter customer handling. If we accept Christopher, Payne and Ballantyne's (1991) definition of relationship marketing to include, in addition to customer markets, those relating to suppliers, employees, referrals, influencer and the internal environment, it is logical to think the empowerment extending to the management of and interaction with these groups as well. Thus front-line staff require training and support in order to take responsibility and make decisions with respect to a wide range of external groups, all of whom, ultimately, contribute to the success or otherwise of the business.

Real empowerment of staff, however, is not something that takes place as a result of head office circular attached guidelines. Empowerment is a direct factor of, on the one hand, effective human resume development policies, which give, staff the skills and confidence to act autonomously and, on the other, a supervisory and management culture that is based on trust and partnership and not control and censure.

Empowerment therefore is the result of a combination of corporate and senior management commitment with appropriate training and support at all levels. Sparrowe (1994), in an empirical study of the factors, which contribute to the fostering of empowerment, identified two such factors.

First, the relationship employees have with their immediate superiors appears to be a significant element in the development of empowerment. To the extent that supervisors are unable to develop positive exchange relationships with employees because of job demands, frequent shift rotation, or burnout, these employees are less likely to enjoy meaning, choice, impact and competence in their work activities. Policies and procedures that enable supervisors and employees to establish effective relationships, over time would function to support empowerment efforts.

Second the importance of culture in efforts to faster empowerment. Constructive norms shared behavioural expectations appear to facilitate employee's experience of

meaningfulness impact choice and competence at work. (Sparrowe, 1994)

The case for empowerment is by no means conclusive. We are already considered the work of George Ritzer (1993) and the concept of segmentalism, which Kanter (1993) proposed. These processes seek to reduce the human input the service delivery to an absolute and well-controlled minimum as well as denying the employees a perspective, on the total production or service delivery system. Control of the workforce is a central tenet within successful business and others in the tourism and hospitality sector. Control is incompatible with empowerment in its true sense because empowerment means relinquishing control while at the same time ensuring that front line staff has the skills and confidence to represents the company to customers and helps to meet in the best way possible.

1.11.3 Measuring success by customers satisfaction levels

Jan Carlzon's argument, in refocusing the business approaches of SAS during the 1980's, was that the traditional asset of airlines and other capital-intensive tourism and hospitality businesses were fundamentally flared. Airlines worth was traditionally based on the value it is fixed assets, primarily aircraft's. Carlzon, however, argued that a true estimate of the company's worth comes from an enumeration the business's survival and profitability.

Mahesh (1998) takes this argument a step further by considering the role of traditional productivity measures within the service sector, an analysis that has particular applicability within the tourism and hospitality sectors. Any measures to enhance employee output and increase efficiency must be weighed against consequences for the level of customer satisfaction, thus moving the discussion away from the objective productivity criteria into a rather more subjective arena. Certainly productivity criteria can be utilised in order to set time and airlines can set a seats-to-cabin-staff ratio for their aircraft. However such targets have to weigh against variable and sometimes unpredictable yield and therefore may create considerable

pressure when the hotel or aircraft is operating to full capacity. In such situations, customer satisfaction may suffer as a result, with guests having to wait for a room at check-in or experiencing delays with cabin service. The balance between productivity improvements on the one hand and ensuring customer satisfaction on the other hand is therefore a delicate one and any attempts to alter it must be supported through the introduction of enhanced technology and for additional training. However there is a point of some continuousness here in that Albrecht and Zemke (1985) argue that the fewer people whoa re involved with the delivery of a service, the better it is likely to be far for the customer.

There is no doubt, however that major changes in employee output as measured by numbers employed have taken place within the European tourism and hospitality industry. Major airlines, for example, have downsized considerably in staffing terms while at the same time retaining their route and flight density. Perhaps the leading example of this process was British Airways, which, as a part of its transition from public to private ownership in 1982 onwards, reduced its world-wide workforce from 59 000 to 37 000. At the same time, according to Goodstein and Burke (1991), it is interesting to note that within a year after this staff reduction, virtually all BA performance indices had improved more on time departures and arrivals, fewer out-of-service aircraft, less time on hold for telephone reservations, fewer lost bags and so on. The consensus view at all levels within BA was that downsizing had reduced hierarchical levels, thus giving more autonomy to pending people and allowing work to get done more easily

At the end of the day, this debate comes down to recognising the importance of customer satisfaction as the overriding imperative within a successful tourism and hospitality company. Without such satisfaction, business success and profitability cannot be achieved. This demands a fundamental re orientation on the part of many companies in the sector. Quinn (1990), in talking about his retail business, identified the culture that he seeks to achieve.

A company, where all the key decisions are based on an overriding wish to serve the customer better. A company, where everyone in it sees serving the customer as their only business.

1.11.4 The business structures of the industry

The reality of the tourism and hospitality industry in Europe is that the need for the sector to be adaptive, decentralised and downsized (Mahesh, 1988,) is already largely met because of the small business structure of the industry in most countries. Hotels, other accommodation areas, restaurants, retail outlets and attractions are all dominated by small to medium sized enterprises, frequently family or privately owned and managed, and thus fully integrated into their local communities and sensitive to needs of visitors in these areas. However the reality of trends within European tourism and hospitality is such that large multinational companies are growing in importance in all countries, although the level of market penetration by these businesses has not reached that in North America. Deregulation, the impact of reservations technology and privatisation in the airline industry mean that Europe is moving to a situation where dominant control is exercised by small number of mega-carriers with global presence, linked to small, regional carriers through part-ownership, franchising and other marketing alliances. British Airways 'strategic links' to TAT in France, Deutsche BA in Germany as well as Maersk, City Flyers Express and Logan air in the UK are an illustration of this process at work. Likewise Eastern European airlines are rapidly forging links with Western European partners as a survival strategy. The hotel sector is some way behind the airlines experiencing the impact of domination by larger companies but the trend is pointing strongly in similar direction, especially within the rapidly expanding budget sector of the market. Companies such as Accor, Campanile and Forte are threatening the competitiveness of the traditional small hotel sector in many European countries but notably in France and The United Kingdom. Budget hotels have all the characteristics of branded products and meet none of the locally focused criteria, which Mahesh has advocated. This is true of branding within the middle segment of

the hotel market as well, and the growing importance of this trend is strongly supported by central reservations systems, which are frequently inaccessible to the small operator. A similar picture can be pointed with respect to travel agents and tour operators in may European countries.

Ownership of the tourism and hospitality sector by major international companies is not necessarily incompatible with the service-focused approach to business, which Mahesh advocates. Ownership by a major company does not necessarily rule out locally sensitive management, marketing and the empowerment of staff to respond individually to local needs. However the principle of branding which features increasingly within the developments by the multiples most certainly does eliminate the ability of managers and staff to province such locally tuned service as the ethos of the product id shifted increasingly towards that of manufacturing production. In many ways, what we have here is a critical human resource dilemma. Locally focused management and staff responsive and tuned to customer needs are fully within our motion of sustainable human resource management within the tourism and hospitality, but this places considerable emphasis on the requirements of staff selections. Branded tourism and hospitality products, in many but not all respects fir much more with the traditional human resource management paradigm which, by its nature reduces the need for training and related support activity by placing an emphasis on the development, implementation and management of systems which are centrally determined and universally applied. The characteristics of what George Ritzer (1993) calls the Mc Donaldization of society are efficiency, calculability and predictability and control. These features borrowed and developed from manufacturing operation principles are making an increasing impact on all sectors concerned with service delivery but tourism and hospitality in many respects have led the way in their implementation through companies such as Mc Donald's, and Holiday Inn. The role of people working within this model is very different from those outlined in terms of empowerment and managerial support. There is an inherent tension and incompatibility between the more towards standardisation and branding at the one hand, and demands for more locally delivered and quality

services on the other hand, and it is not clear at this point what shape the outcome will take.

In this chapter we have considered the characteristics of the service sector in general and how they impact on the tourism and hospitality industry in particular. We have engaged in a detailed analysis of the implications of these characteristics, especially in terms of what they mean for the management of human resources. It is evident from this discussion that achieving quality service in the tourism and hospitality industries of Europe is a business imperative and is one which will increasingly be the yardstick by which consumers differentiate between airlines, hotels and other facilities which in most other respects will no differ greatly in terms of physical product quality characteristics. Capitalising on the benefits of the service imperative requires a major human resource focus and that adopts the features of the sustainable human resource management paradigm.

1.11.5 Vulnerability to union pressures

Mahesh (1988) argues that the characteristics of service industries, especially the inability to stockpile mean that the sector is particularly vulnerable to union pressure. The logic of this argument is clear. During the major industrial action in the coal or automobile industry, for example, companies are able to draw on reserve stock and thus in the short-term, lessen the impact of the action. Likewise industrial action within the tourism distribution system such as airlines and ferries has major immediate consequences for providers at the destination, notably hotels, retailers, and ground transport companies.

This argument has a compelling force of logic to it but is undermined by the very patchy level of union representation within the industry in Europe. Some sectors are highly unionised notably airlines and hotel workers in some urban areas. A strike by Dublin bar workers in 1994 was able to close 70% of public houses in the city to coincide with soccer World Cup. However, in rural areas such action would have

been totally ineffective. Furthermore, if we accept Riley's (1991) analysis of labour markets within major sub-sectors of the tourism and hospitality industry, it is unlikely that unionisation of the industry in Western Europe will have the force and impact that Mahesh suggests. Riley's model of the weak internal labour market, as we have already seen, includes the attributes of weak workplace customs, unspecified hiring standards, multiple ports of entry and low skills specificity, and these all act to counter the potential impact of unionisation. The small business structure of much of the industry also counters the potential for union impact. So does specific employer exploitation of these attributes through which use of seasonal part-time youth and female labour in some sub-sectors of the industry has acted to counter any potential for strengthening within the internal labour market. There are exceptions to this situation. In part because of the strength of some stronger internal labour market characteristics are in evidence and the role of trade unions as active partners in the education and training process has much greater weight.

Thus we have a situation in the tourism and hospitality industries of Western Europe where the potential for union power is considerable but where the reality is somewhat removed from meeting this potential. This situation in Eastern Europe is where the old command economies, theoretical union membership levels mere high but the exercise of industrial power is minimal. The period of transition, with generally high levels of unemployment in all sectors, will probably see a weakening position of organised labour so that similarities with the rest of Europe will increase.

CHAPTER II

2. INTERNATIONAL LABOUR ORGANISATION

The International Labour Organisation (ILO) celebrated its 75th anniversary in 1994. It is a United Nations agency that was created alongside the League of Nations in 1919 as part of the First World War peace settlement. Underlying its creation was an acceptance by the relevant parties that international peace was linked to the creation and maintenance of social justice both within individual member states and internationally, and that social unrest caused by unfair and exploitative treatment of workers and other vulnerable and disadvantaged groups might well pose a threat to peace, possibly through violent and bloody revolution.

There were further economic motivations, since it was also realised that social reform and the pursuit of social justice would impact on production costs and international competitiveness. Consequently it was important that these objectives were pursued as universally as possible, otherwise those not doing so might gain competitive advantage. The preamble of the ILO constitution expresses this. The failure of any nation to adopt humane conditions of labour is an obstacle in the way of others, which desire to improve the conditions in their own countries.

These motives are of current interest and are reflected in the debate within the European Union and more widely at the Group of Seven major industrialised nations (G7) conference in 1994 about the impact of labour market and social regulation on international competitiveness, in the context particularly of seeking solutions to the widespread unemployment in Western Europe and, to a lesser extent, the United States of America.

In 1944 the basic mission of the ILO was restated in the Declaration of Philadelphia and it is this document which, annexed to the constitution of the ILO, constitutes the charter of the organisation's aims and objectives. It embodies a number of fundamental principles:

- Labour is not a commodity;
- Freedom of expression and association are fundamental to sustained progress;
- Poverty anywhere poses a threat to prosperity everywhere;
- All human beings, irrespective of race, creed or sex have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity;
- Member states commit themselves to these principles.

The organisation has sought to pursue its objectives of social justice, peace and the promotion of productive employment via a number of different mechanisms, probably the most well known of these being the gradual development of what now constitutes an international labour code. This code consists of instruments, which specify minimum standards to be achieved by member states on a wide range of work-related issues and areas of subject matter.

Two different types of instrument may be adopted. One is called a 'convention' and these are legally binding on member states, and the other is called a 'recommendation' with which compliance is voluntary. So far 174 conventions have been adopted. Collectively, these instruments are referred to as 'international labour standards'.

The ILO also seeks to pursue its objectives via the provision of technical advice and assistance; it undertakes development projects, runs and provides training courses and collects and disseminates a wealth of statistics and other information.

Currently 169 countries are members of the ILO. Confronted by the accelerating development of a global economy and new technology (and consequent structural change and adjustment), and by the collapse of communism in Eastern Europe, the organisation has identified a number of specific current and interrelated problems and priorities. The problems are:

- growing economic polarisation both between and within countries;
- increasing poverty, unemployment and economic migration;
- continuing widespread use of child labour;
- in many countries growing social tension and political instability.

The priorities encompass the support and encouragement of democratic development, the fight against poverty, and continuing fight to protect the more vulnerable groups of working people: children, women and migrants.

ORGANISATION

A dominant feature of ILO is that it is tripartite; it seeks to bring together representatives of employers, employees and governments and each group has a voice in the formulation of policies and indeed in other areas of decision making and administration.

The International Labour Conference is the senior body within the ILO. The conference is held annually and debates and adopts conventions and recommendations and oversees compliance by member states. The conference also elects the governing body and adopts the organisation's budget. Delegations from each member state may attend the conference and each delegation contains two government representatives, one employer and one employee representative. Both delegates participate independently and equally.

The governing body is the executive of the organisation and has the normal responsibilities of ensuring that policies are pursued and that appropriate programmes of work are undertaken. It comprises 28 government members and 14 each representing employers and employees. Ten of the major industrial nations have permanent representation among the government members, and the other members, government, employer and worker representatives are elected every three years by the annual conference. The governing body inevitably becomes involved in the

pursuit and investigation of complaints of non-compliance with conventions by or in individual member states. It may establish an ad hoc commission of inquiry to pursue a particular complaint and indeed has established a standing committee to examine complaints against two of the rights central to the objectives and mission of the ILO- the right to organise and the right of freedom of association.

The International Labour Office provides the secretariat of the organisation and it is also acts as the centre of the advisory, research and information gathering and dissemination services, as well as coordinating the technical assistance activities.

2.1 INTERNATIONAL LABOR STANDARDS

It has already been noted that the ILO creates international standards in one of two forms — conventions and recommendations — and so far standards have been created in the following areas:

- the abolition of forced labour;
- freedom of association;
- equality of treatment and opportunity;
- the promotion of productive employment and vocational training;
- social security;
- conditions of work including hours;
- minimum age of entry into the labour market;
- maternity protection;
- prevention of work-related accidents;
- protection of various minority groups including migrant workers, seafarers and fishermen.

Conventions have the same legal status as International treaties and must be ratified at national level. In other words, the convention only becomes legally

binding on the member state once it has been ratified by that state's legislature or by some other appropriate mechanism.

Member states are required periodically to report to the ILO on the measures taken to enforce the conventions, which they have ratified. A committee of experts examines these reports and they in turn report to the conference. If member states do not comply with conventions that they have ratified, then employers and workers organizations or indeed another member state that has ratified the same convention. Can lodge a complaint with the ILO and this is then investigated. If the governing body establishes a committee of enquiry, which effectively finds that compliance is not effective, it is likely to formulate recommendations to the member state's government as to how compliance can or should be achieved. The member state government then has a period of three months in which to accept the measures proposed. If it does not, the disagreement may be referred to the International Court of Justice.

Recommendations do not have the same legal status and are not subject to ratification by individual member states. Often recommendations are issued as guidance accompanying the adoption of a new or revised convention.

As noted earlier, there were 174 adopted conventions at the beginning of 1994. However, ratification by member states varies considerably as indeed does compliance, and member state governments cannot at the, end of the day be forced to ratify particular conventions nor indeed can they be compelled to comply with those that they have ratified.

It is not practical to give details here of all these adopted conventions, but it is perhaps illuminating to elaborate briefly on some of the more central ones.

- Convention No. 83 on Freedom of Association and Protection of the Right to Organise establishes the right of all workers and employers to form and join

organizations of their own choosing without prior authorisation. It also specifies a series of guarantees for the free functioning of organizations free, that is, from interference from public authorities.

- Convention No. 98 on the Right to Organise and Collective Bargaining. This provides protection from anti-union discrimination, protects both workers' and employers' organizations from interference by each other, and provides also for certain measures to promote collective bargaining.
- Convention No. 111 on Discrimination calls for national policies eliminating discrimination in access to employment, training and working conditions on grounds of race, colour, sex, religion, political opinion, national extraction or social origin. It also calls for policies to promote equality of opportunity and treatment for all.
- Convention No. 100 calls for equal pay for men and women for work of equal value.
- Convention No. 138 on Minimum Age for Entry into Employment aims to achieve abolition of child labour and stipulates the minimum age should not be less than the age of completion of compulsory schooling.

2.2 TECHNICAL ASSISTANCE CO-OPERATION

By its own estimates, at least 60 per cent of the ILO's member states may be classified as less developed countries and a number of the others are in the process of making the transition from centrally planned to democratic market economies. The ILO plays a considerable role in assisting development through its programme of providing technical advice and assistance, and in the early part of 1994 approximately 500 technical co-operation programmes were active in more than 100 countries.

This help covers a broad range of activities and initiatives encompassing:

- vocational training and rehabilitation;
- employment promotion and development;
- occupational health and safety;
- working conditions;
- industrial relations;
- small enterprise and co-operative development.

The ILO has instituted what it refers to as its active partnership policy. As part of this policy, officials seek to agree with developing country governments and social partners a set of objectives, which the ILO then helps to pursue through one of the 14 multidisciplinary teams of experts that have been established on a regional/geographical basis. The hope is that these teams will facilitate a quicker and more meaningful response to the needs of countries in a particular region. Which are also often at similar stages of development and confronted by similar problems and issues.

An example of such a multi-disciplinary team is the Central and Eastern European Team (CEET), which has been established in Bucharest. One of the most urgent priorities for the team is the problem of unemployment associated with the demise of central planning and exposure to market forces. In most of these formerly communist countries with command economies, adjustment strategies are required to cope with the inevitable and massive industrial restructuring. Therefore, the team is engaged in devising means to promote productive employment, improve the social security systems and in particular unemployment benefits, develop effective trade union and employer organisations and mechanisms for the efficient resolution of grievances and conflict, and in some instances the development of national institutions to facilitate dialogue and co-operation between the government and the social partners. Much of the team's work is inevitably educational and developmental.

2.3 EMPLOYMENT CREATION AND DEVELOPMENT

The promotion of productive employment is central to the activities of the ILO, part of which is the promotion of entrepreneurship and competent management, considered essential to economic and social development. Many member states obtain assistance to enhance productivity and improve the competence of management. This assistance can take many forms and often encompasses the design, development and delivery of training policies and programmes, frequently geared particularly to the needs of the entrepreneur and small employer, the development of more effective production and quality improvement, promotion of self-help organisations of small producers and help for managers to cope with changing business and social environments. In Eastern and Central Europe, much of the activity is undertaken now in the context of privatisation and the development of democratic market economies.

The organisation has always recognised the importance of co-operatives and has supported their development, particularly as participatory institutions contributing to alleviating poverty as well as the promotion of productive employment. Much of the support given is again by way of the design and implementation of specific co-operative training and development programmes.

Whenever the ILO assists member states and social partners to improve employment opportunities, it does so bearing firmly in mind its concerns with the achievement of social justice and labour protection. Achieving an appropriate and equitable balance between labour protection and employment promotion is often hazardous.

The ILO is often active in encouraging and facilitating the creation of free, comprehensive and effective employment services, encompassing guidance and counselling as well as putting job seekers in touch with potential employers. Again, economies in transition have been particularly in need of such a service since

traditional employment sources have closed as industry and the economy are restructured in the face of exposure to market forces and international competition.

As is evident from the above, the ILO expends a great deal of its effort and energy on designing and encouraging training and development activities orientated to the promotion and development of productive and effective employment. In 1975, Convention No. 142 was adopted and member states ratifying the convention are required to "adopt and develop comprehensive and co-ordinated policies and programmes of vocational training in co-operation with workers and employers organisations".

Much of this assistance is provided directly at the organisation's International Training Centre in Turin. Courses and subjects taught in the centre include management training and development, workers' education, industrial relations, health and safety, and programmes aimed at promoting women and their employment.

2.4 INDUSTRIAL AND LABOR RELATIONS

As noted earlier, the ILO is firmly tripartite in its constitution and structure. It is inevitable therefore that much of its activity over the years has been concerned to promote and preserve the institutions and organisations of employers and workers necessary to the effective operation of such tripartism. The organisation has granted consultative status to four main international federations of trade unions (the International Confederation of Labour, the World Federation of Trades Unions and the Organisation of African Trades Union Unity) and, on the employers' side, the International Organisation of Employers acts as the umbrella organisation for the 107 national employers' organisation that have members active within the organisation.

In addition to the formal representative and consultative roles performed at the conference and within the governing body, representatives of both social partners participate actively in a multitude of standing and ad hoc committees and in various project teams.

The activities of the trade union and employers' organisation representatives and their interests are coordinated centrally and respectively by the Bureaux of Workers Activities and Employers Activities.

As indicated above, much of the work undertaken by the ILO in promoting effective organisation within member states is educational. The enactment of labour laws, their effective enforcement, collective bargaining and other co-operative mechanisms are all encouraged by the ILO as a means of promoting both social justice and economic efficiency. The organisation is similarly concerned to promote equitable individual employment relationships and fair and efficient payment policies and procedures. The standards set by the ILO conventions and recommendations often form the basis for legal enactment within member states, and in recent years considerable assistance has been provided to the transitional economies of Central and Eastern Europe concerned to develop mechanisms and standards consistent with emerging democracy.

The ILO has also encouraged relationships between workers 'and employers' representatives at industry level. There are established sectoral committees, which facilitate joint discussion of issues and problems within particular industrial sectors and across national and regional boundaries.

2.5 HEALTH AND SAFETY

The organisations have been consistently concerned with health and safety at

work issues and in excess of 20 conventions have been adopted on such issues. One of the earliest was concerned with regulating night work. In recent years there has been a particular concern with alcohol and drug abuse and the ILO is emphasising preventative training and informational campaigns.

The long-term belief that limits on working hours were essential for workers' health and safety, as well as for productivity and efficiency, has come under increasing pressure in recent years as employers have sought greater flexibility of working hours and labour usage as part of their response to new technologies and increasing competitive pressure within the developing global economy. The ILO has not been shifted from its position with respect to the need for employees to be protected, but it is also aware that existing conventions are perhaps not as relevant as they once were. Consequently new initiatives are in process: a draft convention on part-time work was put to the 1994 conference and other measures include the production of an educational manual highlighting and emphasising the productive possibilities of work organisation and ergonomics.

2.6 EQUALITY ISSUES

Equality is another area of longstanding ILO interest and activity, particularly with respect to seeking to improve conditions for people with family responsibilities, and achieving gender equality both in terms of opportunity and treatment and pay for work of equal value.

There is a convention (156) and a recommendation (165), which address the particular problems and potential solutions of those workers with family responsibilities. Convention 156 requires member states to formulate a national policy to enable such people to be employed without discrimination and without conflict between their responsibilities and their employment. A number of mechanisms and practices are suggested which may facilitate the achievement of

these latter objectives, ranging from the provision of adequate childcare facilities to greater flexibility in the organisation and allocation of work and work schedules.

Sexual harassment is another area with which the organisation has been particularly concerned in recent years, and after much research, analysis and discussion a Code of Practice is planned for 1994-1995.

The organisation also concerned with devising structural adjustment packages that achieve the twin objectives of productive employment and social equity, mitigating the effects of unemployment, insecurity, greater income and wealth polarisation, and inequity. The organisation again emphasises the importance of seeking tripartite consensus in the search for practical solutions to these common current problems.

2.7 SUMMARY

The ILO remains a significant international organisation creating labour standards and seeking to protect the vulnerable, promoting productive employment but not losing sight of social equity, and doing so within the context of promoting democracy in both national, political and industrial senses. The organisation has consistently pursued consensus and co-operation between the main actors, government and the social partners, the trade unions and employers' organisations. The integration and mediation of these various interest groups in the decision-making processes within the organisation has provided an example to member states, and some of the corporatist developments in Europe after the Second World War were no doubt influenced by this example.

However, the ILO and its objectives and mechanisms have often posed problems for states in which a more liberal and laisser-faire philosophy dominates, such as the

US, and any significant move in the direction of liberalism and individualism in Europe represents a threat to the continuing influence of the ILO within these developed economies. The organisation is obviously well aware of the danger, hence its current concern to find solution s to the problems of industrial restructuring which are consistent with the achievement and maintenance of social equity, and the prevention of social unrest and the threat such unrest poses to international peace.

CHAPTER III

3. *THE EUROPEAN UNION AND HUMAN RESOURCES*

Most of the countries that we are focusing on in this text are full members of the European Union (EU). The size of the expanded single market created via the 1995 enlargement of the European Economic Area agreement (EEA) now numbers some 380 million people, more than equal to the combined markets of Japan and the US. While these latter countries cannot be members of the EU, their companies can gain many of the benefits of membership by locating one or more of their facilities in a member state. Consequently we have seen many Japanese and American companies investing in the European Union, bringing with them many of their own cultural traditions, attitudes towards work, working practices and ways of managing human resources, but at the same time having to adapt in order to operate successfully within the cultural traditions, legislative and human resource systems of the member state in which they locate. These systems have been increasingly influenced by those countries' membership of the EU.

The European Union and its predecessors have always envisaged that labour (as well as capital, goods and services) should be free to move between the member states with little or no inhibition and that the member states should constitute an effective single market. However, deliberations surrounding the decision to achieve this single market revealed that eliminating barriers to mobility might, through the process known as social dumping (which we elaborate on later), result in social and employment dislocation within and between the member states. There had always been a social dimension to the Communities/Union, but this realisation gave impetus to its enunciation and achievement.

Pappandreou, representing the European Commission, pointed out the need for a social dimension, arguing that to be more productive and competitive European labour forces have to be flexible, multi-skilled and capable of utilising the new technologies to produce quality products. She further expressed the Commission's

opinion that good working conditions are essential to improving productivity, quality and therefore competitiveness, and that the Commission would therefore seek to establish throughout the Union a general framework of minimum basic requirements with respect to the working environment, employee rights, and terms and conditions of employment.

There were therefore two main incentives to the achievement of this 'social dimension': on the one hand the agreement to create a single European market required a levelling of the social and wage cost 'playing field' if serious dislocation was to be prevented; and, on the other hand, to be competitive internationally companies had to emphasise quality, and to achieve a quality product it is necessary to have a quality labour force and quality working conditions.

There has been considerable disagreement within the Union on these issues, with the UK government seemingly leading the argument against Union-level regulation and interference, reasoning in essence that regulation and harmonisation are likely to lead to less flexibility and increased social and labour costs, which diminishes competitiveness and will in the long run cost the Union and its member states both economic growth and jobs. As we discuss elsewhere, government in the UK since 1979 has been of a liberal individualist and neo-classical persuasion, while within the Union the other influential governments have tended towards collectivism, intervention and the achievement of tripartite consensus. This ideological divide has both contributed to and been compounded by divisions over the role and legitimate use of the institutions and decision-making processes of the Union.

We briefly explain below the way the Union works. Before returning to look in more detail at the social dimension and the measures that have been taken so far and the dilemmas and challenges that confront the Union now and in the foreseeable future.

3.1 HISTORY AND MEMBERSHIP

In the 1950s six European countries — Belgium, France, Italy, Luxembourg, the Netherlands and West Germany joined together in formulating the Treaty of Rome 1957 which created the European Economic Community (EEC), the forerunner of the current European Union. The broad aims of the original members were to create a Europe that was economically more interdependent, thereby rendering war between European countries less likely, and to create a large economic block capable of trading more effectively and successfully on the world stage. A common market was to be created between the members by eliminating barriers to the free movement of goods, labour, capital and services.

In 1967 the EEC merged with the Coal and Steel and Atomic Energy Communities, also formed in the 1950s to create the European Community (EC). Subsequently the number of nations in membership of the European Community increased to 12, with Ireland, Denmark and the UK joining in 1973, Greece in 1981 and Spain and Portugal in 1986. The Treaty on European Union agreed at Maastricht in December 1991 paved the way for the Community to become the European Union with effect from November 1993 and Austria, Sweden and Finland became full members in January 1995. Many others, including Turkey and a number of the countries formerly contained within the Communist Eastern European bloc, have applied or indicated their desire to join. At a Council of Ministers meeting in Copenhagen in 1993 it was agreed that certain countries in Eastern and Central Europe could join when they satisfied economic and political conditions. The countries concerned are sometimes known as the 'Visegrad Four' and are the Czech Republic, Poland, Hungary and Slovakia. It is unlikely that they will become full members before the twenty-first century. Nevertheless, the 1994 Corfu Summit meeting welcomed the formal applications in the Spring of 1994 from Poland and Hungary and indicated that the association agreements with them, the Czech and Slovak Republics and Slovenia should be used to propel them towards entry. Cyprus and Malta were also given recognition as probable future members. The December 1994 meeting of heads of

government in Essen also gave positive consideration to these further enlargements.

Despite the initial enthusiasm among the members for the creation of a single market, relatively little success had been achieved before the mid-1980s.

Consequently in 1985 the member states agreed, this agreement being embodied in the Single European Act of 1987, that additional measures were necessary if the single market was to become a reality, and they set a deadline for the achievement of this of the end of December 1992. As indicated in the introduction to this chapter, many of the measures proposed as necessary before the achievement of a single market concern social and employment issues and practices, and we examine these later.

3.2 THE INSTITUTIONS AND THE LEGISLATIVE PROCESS

Proposals for EU legislation must be based on one or more articles of the original Treaty of Rome as amended. At the heart of the Union are four main institutions with a role in the initiation, enactment. Interpretation and application of Union law:

- The European Commission of the European Communities
- The European Parliament:
- The Europe-an Council:
- The European Court of Justice.

3.2.1 The Commission

Probably the two most important roles of the Commission are to initiate proposals for policy and legislation, and to ensure that member states comply with

Union legislation once enacted. The Commission does not, however, legislate. It is divided into divisions on the basis of subject area — e.g. agriculture, transport or social policy — and there are 23 such divisions, each of which is called a Directorate-General (DG). Each DG has a Commissioner in charge of it. Commissioners are appointed by individual member states, with Germany, France, Spain, Italy and the UK having the right to appoint two commissioners each, and the others one each. Some of the Commissioners look after more than one DG.

There is a President of the Commission and he or she is appointed by agreement among the member heads of state; and the President and Commission are now appointed subject to the approval of the European Parliament. Commissioners are required to act in the interests of the Union as a whole. Proposals for legislation initiated by the Commission will usually have

3.2.2 European Parliament

The Parliament has the power to veto enlargement of the Union and to determine the Commission's budget. However, before the implementation of the Treaty on European Union (Maastricht) it only had a consultative and advisory role with respect to the determination and adoption of Union policy and legislation. In recent years this limited role has become a matter of some debate, with many interest groups arguing that the Parliament should be allowed a stronger role in the legislative process. The Single European Act had given the Parliament enhanced opportunities to influence legislation adaptable via qualified majority voting (see below). The Act introduced what is termed the Co-operation Procedure, which gave Parliament two opportunities to comment on and amend legislative proposals, and between July 1987 and September 1991 the Parliament made 2734 amendments of which the Council accepted 1410 and which therefore became law.

Nevertheless, it was the Treaty on European Union, which arguably has given real impetus to the role and influence of the Parliament. Now the Parliament has co-decision powers with the Council of Ministers on most matters that are subject to qualified majority voting, including consumer protection, health and safety at work, vocational training, and research and development projects and expenditure. The right of co-decision has been somewhat unclear, but it does seem that it constitutes the ability to vote or reject a Council of Ministers' position. The Parliament took this step for the first time in mid-July 1994 when it rejected a Council decision liberalising aspect of the telecommunications market.

The Edinburgh Summit meeting in December 1992 of the 12 heads of state agreed that for the 1994 and subsequent elections, the Parliament was to be expanded from a total of 518 directly elected members to a total of 567. The motivation far this expansion primarily came from the consequences of German reunification and Germany gained extra 18 seats. Eight other countries also gained representation, Italy, UK, France raised from 81 to 87, Spain from 60 to 64, Netherlands from 25 to31 Belgium, Greece and Portugal from 24 to 25 and Denmark, Ireland and Luxembourg seats remained respectively same with 15,16 an 6 seats. Those countries that joined in January 1995 are initially to be represented by nominated members and the numbers for each of the three new states are 21 for Austria, 22 for Sweden and 16 for Finland, bringing the total Parliament size to 626.

3.2.3 The Council and Council of Ministers

The European Council and Council of Ministers are the legislating bodies within the European Union, although as noted above, in some areas of subject matter it now shares this responsibility with Parliament. Twice a year, heads of government meet as the European Council to decide main issues of policy, amend existing treaties and/or adopt specific legislative proposals. In between these heads of government meetings, the Council of Ministers meets on a subject matter basis, so that if there are

social or employment proposals to be adopted or rejected, the appropriate subject area ministers from the government of each member state meet under the aegis of the Council of Ministers.

The Council receives legislative proposals from the Commission and is required also to receive consultative opinions from Parliament and a number of other interested and relevant groups and committees. For example, in the area of Economic and Social Policy, there is a Union committee called EcoSoc, which the Council has to consult before adopting legislative proposals. However, as with the Parliament, there is no obligation on the Council to take note of or incorporate the opinions expressed.

Within the Council structures, other important committees and working groups, staffed usually by civil servants from the various member states, do much of the detailed work on Commission proposals and much of the negotiating of accepTable compromise. For example, the Social Question Working Group (SQWG) would do much of the detailed work on social and employment proposals and aim to present the Ministers with a position sufficiently accepTable for it robe adopted as Union policy or law; and there is a Committee of Permanent Representations (CoREPER) which is made up of 'permanent representatives' from each member state.

3.2.4 The European Court of Justice

The Court's roles are to interpret and apply Union law, including the founding treaties. The Court is made up of 13 judges, at least one from each member state, and 6 advocates-general all of which, despite coming from member states, are required to act independently of national interests. Decisions of the Court on the interpretation or application of Union law are binding on all within the Union and have primacy over national law.

Often cases or issues are referred to the Court of Justice by a national court seeking an interpretation. However, individuals can succeed in progressing to the Court a complaint in which national law is inconsistent with Union law7, or one in which Union law is not being implemented within a particular member state. The Commission is responsible, as noted earlier, for ensuring compliance with Union law, and it is therefore to the Commission that complaints must initially be made. The Commission may seek to resolve the issue itself by effectively making an order that a member state must rectify the particular apparent infringement or lack of compliance. Only if this instruction itself is not complied with will the Court become involved. The Maastricht Treaty introduces provisions for the Court to fine member states for non-compliance.

An example of a case pursued by an individual is Marshall v Southampton and South West Area Health Authority 1986. In this case, the Court of Justice ruled that retirement ages should be equalised between men and women in accordance with the Union's Equal Treatment Directive of 1975. The UK's Sex Discrimination Act 1975 did not require retirement ages to be equalised between the sexes, but the judgement was to the effect that the Union Directive did and it was this that should prevail. Subsequently many employers have sought to equalise at the higher of the previously unequal ages, and it is arguable whether this is consistent with the spirit of the original Directive or indeed with the Court of Justice ruling. The UK government has also now proposed to equalize entitlement to state retirement pensions at age 65 for both men and women, the current position being 65 and 60 respectively.

3.2.5 Trade union and employers' associations

In addition to these main Union institutions, there are institutions at Union level representing trade unions and employers and their associations. The European Trade Union Confederation (ETUC), the Union of Industrial and Employers Confederations of Europe (UNICE), and the European Centre of Public Enterprise (CEEP) are the main umbrella organisations concerned and it is these bodies which

are often referred to as the 'social partners' at Union level and through who employer and employee representatives are appointed to various consultative groups and working parties. It is also through these groups that the Social Dialogue occurs, and we return to this later.

3.3 VOTING AND THE LEGISLATIVE PROCESS

As has already been explained, Union policy and legislation are proposed by the Commission, considered by Parliament and a number of other consultative fora and working groups, and decided by the Council or Council of Ministers.

Depending on the nature of the subject matter of any proposal, the Council either has to agree unanimously or can create policy or legislation given a sufficient majority in favour. Associated with these different voting requirements are different consultation processes and, in particular, different consultation processes and, in particular, different requirements concerning the number of opportunities Parliament has to consider the proposals and given an opinion and/or propose amendments. If a proposal, because of the nature of subject matter, can only be adopted or enacted by the Council given unanimity, then the Consultation procedure will be used giving the Parliament only one reading or opportunity to comment on and seek to amend the proposal. If, however, the proposal concern subjects which could be adopted by the necessary majority, but not unanimity, of Council, then the Co-operation Procedure is used and the Parliament has a second reading or opportunity to comment.

Prior to the enlargement in January 1195, the majority required in this second instance above is 54 of 76 votes. When the Co-operation Procedure is appropriate, each of France, UK, Italy, and Germany have 10 votes, Spain 8 and the others variously fewer. (Greece, Netherlands, Belgium and Portugal have 5 votes. Denmark and Ireland follow this group with 3 votes and finally Luxembourg, which has 2 votes). This meant that at least three countries were needed to block a proposal. This

method is known as the Qualified Majority Voting (QMV) or blocking minority procedure. In 1994 the UK and other member states were in dispute over changes to the blocking minority required on enlargement of the Union. The outcome of this dispute was that, at least until the 1996 review, the blocking minority required should remain the same percentage of the total votes available. The three new member states have been allotted votes taking total from 76 to 87. Austria and Sweden have four votes each and Finland has three.

Over recent years, the Commission in particular has been keen to extend the range of subject matter to which the QMV system can be applied. The Single European Act made various amendments to the original EEC Treaty, one of which was to add to the Social Chapter of the Treaty Article 118(a) which provides a specific legal basis for the adoption of Directives on health and safety matters to be by QMV. Legislation on other areas of subject such as employee rights and freedom of movement of labour require unanimity and are covered by Article 100.

The UK government, in particular, has been critical of the way in which the Commission has used the extensions of QMV contained within the Single European Act and other member states to seek to introduce legislatively backed rights for employees, under the guise of being matters concerned with the health and safety of workers. If treated as employee rights, unanimity within the Council would be required. This dissatisfaction with the activities of the Commission no doubt fuelled the UK government's unwillingness to accept the proposals for the further extension of QMV on social and employment matters that were contained within the proposed European Union Treaty eventually agreed at Maastricht in December 1991.8 The UK government's refusal to accept these proposals encouraged the other 11 member states to conclude an agreement among themselves. It is important to note that the UK government's reluctance to accept an extension of QMV in the social field should also be seen in the context of its fundamental disagreements with other member states and the Commission on both the nature and extent of Union intervention in and regulation of social and employment matters. These are matters to

which we return below.

3.3.1 Types of legislation

There are three forms in which Union legislation may be passed.

1. Regulation

A Regulation is binding in its entirety on all member states and effectively becomes absorbed, more or less immediately, into the national law within each member state. Regulations, however, are relatively few and far between.

2. Directive

A Directive is the more common form that legislation takes. Usually Directives specify an objective, outcome or result to be achieved and the time period within which it should be achieved, but they do not normally specify the method to be used. Directives apply to all member states but do not necessarily require each member state to legislate if the outcome specified within the Directive can be achieved in other ways, e.g. through the negotiation and implementation of collective agreements. Directives only have legal force if not implemented and are only directly enforceable in domestic courts in relation to the public sector.

3. Decisions

A decision is binding on the parties to whom it is addressed and these may include the government of a member state as well as organizations, companies and individuals. Decisions are often made by the Commission where other legislative requirements have not been complied with, e.g. non-achievement of the requirements

of a Directive, or where Union law has been infringed. As was stated earlier, the Commission has the general duty of trying to ensure member states' compliance with and implementation of Union law and Decisions, and accompanying fines may be the way in which the Commission seeks to achieve such compliance.

3.4 SUBSIDIARITY

The principle of subsidiary has long been central to the issue of determining whether EU legislative intervention is necessary, but for many years it was undefined. As indicated earlier, some governments (particularly that of the UK) have become concerned that too many legislative initiatives were being taken at Union level when it might have been possible and more appropriate to have achieved the same objectives through action at the level of member states, particularly in the context of very different regulatory frameworks and traditions from one state to another. Briefly, 'subsidiarity' means that the EU should only act when common objectives can be better achieved by action at that level than by member states acting individually. Article 3 of the Maastricht Treaty on European Union sought to reaffirm commitment to the principle and to define it:

> The Community shall take action. . . only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community.

Problems also tend to occur as a result of different judgements on the applicability of the words 'sufficiently' and 'better' in particular instances, and linked to this issue are debates concerning flexibility and centralisation. Concerns about overgeneralization prompted a heads of state meeting in Edinburgh in December 1992 to reaffirm their commitment to the principle of subsidiary and to ensure that it is respected in future initiatives.

3.5 THE SOCIAL DIMENSION

One could be forgiven for concluding that the European Union only discovered or became concerned about the social dimension relatively recently. The agreements embodied within the Single European Act certainly gave fresh impetus to consideration of the social and employment implications of creating a single market, but many of these concerns can be traced back to the Treaty of Rome in 1957. Rights to free movement within the Union (Articles 48—51) and to equal pay between the sexes (Article 119), and co-operation between member states in areas such as employment. Working conditions, health and safety at work, vocational training, social security benefits and entitlements, rights to free association, collective bargaining and the social dialogue (Articles 118, 118(a) and 118(b)), were all referred to in articles of the 1957 Treaty. However before 1974 little was achieved; certainly no Union-wide legislative measures were taken in these areas and this early period has been characterised as one of 'benign neglect'. In 1974 the Council adopted the first Social Action Programme, which did lead to legislative intervention on a Union-wide basis on a number of dimensions of the employment relationship. Employees were given protective rights in situations of collective redundancies, transfers of undertaking and employer insolvency. Directives were adopted on equal pay and equally of access to work, working conditions, training and promotion, and a few particular health and safety concerns were dealt with, such as noise and lead and asbestos levels. Proposals concerning parental leave, employee participation and equal state retirement ages were, however, not adopted. We would not be the first to suggest that despite much thought and consideration, not a great deal was actually achieved in terms of Union-wide employment, social protection or integration before the Single European Act of 1987 and subsequent developments.

The setting of a deadline of the end of 1992 for the creation of a single market served to concentrate the minds of many within the Union on the need for action in the areas of employment and social policy, in order to prevent the single market resulting in exploitation of the weak and social dumping. This latter concern is, in essence, a

concern that unless the social and employment costs of production are roughly harmonised, market forces would encourage the diversion of investment within the Union to those areas or countries in which social and labour costs were lowest and the potential for profit arguably the greatest. Alternatively, there might be mass relocation of labour from low-wage economies or regions to high. Notwithstanding that other factors, for example proximity to markets, infrastructure, availability of other resources, skill levels of the labour force, and wider economic circumstances, such as rates of inflation and interest rates, are all relevant to investment decisions, any diversion of investment would inevitably pose considerable problems for employment levels and standards of living in those areas of the Union that 'lost' as a result of the investment decision.

The counter-argument is that; while there might be some short-term reallocation in the medium to longer term, the market mechanism would tend towards an equalisation of wage costs in a single market. In an interesting report of enquiries conducted by McWilliams10 the latter view is rejected, and the judgement is made that barriers created by various institutional, cultural and social factors would tend to limit any natural tendencies towards such convergence. He further asserts in the report that the UK should continue to attract inward investment owing to its relatively low labour costs, in particular its low non-wage labour costs; thereby in a sense confirming the fears of those who argue the need for intervention to create a level playing field. These fears have been further confirmed by the Hoover relocation from France to Scotland in January 1993, when it was acknowledged by Hoover spokespeople that the lower non-wage labour costs in Scotland had been a factor in the decision.

These concerns, among others, eventually resulted in 1989 in the production by the Commission of a statement of intent with respect to the creation of a common 'baseline' of minimum employment and social rights and protections across the Union. In December of 1989, 11 of the 12 member states agreed with this 'Social Charter', otherwise known as the Community Charter of the Fundamental Social

Rights of Workers. The UK government did not accept its contents and vetoed its adoption by the Council.

3.5.1 The Social Charter

The Charter sets out three overall aims: increased growth and competitiveness for EU industry, job creation, and improvement and greater harmonisation of living and working conditions. It then states that in order to achieve these objectives, it is important that:

- measures to facilitate free movement of labour should be expanded;
- training, health and safety and equality of opportunity should be improved;
- workers throughout the Union are guaranteed fair wages and decent living standards, and that other terms and conditions of employment are improved;
- employers and workers be guaranteed the right to join or not join a trade union of their choice, to negotiate and conclude collective agreements and to resort to collective action, including the right to strike, under the conditions laid down by national legislation and practice;
- employees be given additional encouragement and opportunity to participate in certain areas of decision making;
- and finally that particularly vulnerable groups, such as the young, atypical part-time or temporary workers and the disabled, are given additional protections.

Subsequent to the failure to achieve Union-wide agreement to the Charter, it was adopted as a solemn declaration by the 11 and required the Commission to set out an action programme to achieve at least some of its objectives. To this end the Commission produced a second Social Action Programme containing 47 separate proposals, about 20 of which were envisaged as proposals requiring legislation by the Council.

3.5.2 Social Action Programme

The Social Action Programme reflected a pragmatic rather than a coherent approach by the Commission. Many of the legislative proposals have been adopted, but some seem unlikely to succeed. Particularly, the programme contained proposals concerned with:

- written statements of main contractual terms;
- protection of pregnant women's rights and benefits at work and enhanced rights to both maternity leave and pay;
- mutual recognition of qualifications to assist freedom of movement;
- rights, benefits and protections in the case of some atypical employment contracts, particularly part-time and temporary contracts;
- maximum and minima concerning hours of work and rest periods respectively;
- the creation of organisation-wide works councils in large pan-European companies; with certain issues of collective European companies, particularly the representatives' rights to information.

The UK government has been the most public opponent of many of the proposals referred to above. However, at the time of writing, agreement has been reached on Directives concerned with written proof of contract, equivalence and recognition of professional and vocational qualifications and experience, and Directives have been adopted on rights to maternity leave and pay and on maximum working hours and minimum rest periods, the latter two having been subject to QMV as health and safety measures. Some of these Directives are very much watered-down versions of the original proposals, and others, particularly those concerning atypical contracts and pan-European works councils, have not been adopted by the Union as a whole.

The UK government's opposition to many of the proposals referred to above is grounded in both ideological and practical considerations. From an ideological

viewpoint, increased regulation is perceived as the introduction of further sources of imperfection into labour markets, with the consequent distortions to the efficient operation of the market mechanism leading to artificially high wage rates and labour costs and resulting in unemployment.

From a practical viewpoint, the UK government has said that it supports a social dimension of the single market focused on creating and sustaining employment, but any and all proposals for action at Union level should and must be measured against criteria concerned with job creation, intervention at the lowest possible level and in accordance with national traditions. If these criteria are not satisfied, then the proposals should not be adopted. In effect, it seems that the UK government has opposed, and will continue to oppose, proposals for intervention in the employment field which it can be argued are likely to raise employers' costs, make them less competitive and/or have a damaging effect on jobs.

Against the background of this approach, it was predicTable that the UK government would oppose the original Social Action Programme proposals concerning pregnant women, part-time and temporary contracts, works councils in pan-European companies and limits on working time and rest periods. Nevertheless, the UK is one of the more readily compliant member states, as can be seen in the passage in 1993 of the TURER in which legislative effect is given to a number of Directives and Decisions regarding pregnant workers and the implications of the Dekker case, a form of proof of contract, and enhanced employee representatives' rights to information and consultation in the event of redundancies.

3.6 MAASTRICHT-THE EUROPEAN UNION TREATY

The heads of the state met in December 1991 to agree the Treaty on Political Union. Like the 1957 Treaty, this contained a chapter concerned with the social dimension of the Union and creation of the single market, consisted largely of

proposed amendments to Articles 117-122 of the 1957 Treaty. The purpose of the chapter was again to state the Union's intent to give effect to the Social Charter of 1989, and more specifically to incorporate into the Treaty provisions giving the member states considerably greater capacity to proceed with the legislative harmonisation of employment rights, obligations and law. It proposed that the Union should be able to act in this regard on a unanimous basis in a further five main areas:

- social security and protection of employees;
- protection of employees whose contracts are terminated;
- representation and protection of collective interests of both employers and employees, including codetermination;
- financial contributions for the promotion of employment;
- conditions of employment for third-country nationals resident in a member state.

Further extension of the capacity to act via QMV was also proposed, to include:

- health and safety – specifically improving the working environment to protect workers' health and safety;
- working conditions;
- information to and consultation of workers;
- equality between the sexes both in terms of access to and treatment in employment;
- some training issues.

These proposals are consistent also with the desire to speed up progress.

However, the chapter also specifically excluded Union-wide legislative action in the areas of pay, rights of association and the right to strike or lockout. The majority of these changes were proposed as amendments and additions to Article 118 of the 1957 Treaty.

The UK government was not prepared to agree to the Treaty containing the

revised Social Chapter and eventually won agreement that it should stay out of an agreement among the other 11 to adopt the proposed amendments. It did not opt out of the original Social Chapter and to all intents and purposes the situation remains in a pre-Maastricht state as far as the UK is concerned. As noted, the 11 came to a separate agreement between themselves to adopt the changes proposed to the original Social Chapter, and this is annexed to but does not form part of the "new Treaty. The agreement by the 12 that the UK could stay out of the agreement to adopt the Social Chapter, that the 11 could adopt it on their own, is contained within the social protocol which does form part of the Treaty. This protocol became effective when the Treaty was ratified, which in practice was November 1993.

The issue of quite how the new arrangements will work has not been fully resolved at the time of writing, although it is clear that the Commission and other member states will use the pre-Maastricht rules and procedures wherever possible, the protocol agreement being used only in those circumstances where the UK's position renders progress unlikely or at a pace unacceptably slow. The protocol also authorised the 11 to use the mechanisms and institutions of the Union for the purpose of taking decisions among themselves and applying them as far as they are concerned. Quite how any new laws agreed by the 11 through the protocol processes will be interpreted by the European Court of Justice and whether they will become part of the Union's body of laws, regulations and practices, are also unclear. One thing that does seem clear, however, is that when the 11 are considering issues on their own, QMV will require 44 out of 66 to be in favour of proposals, the 10 votes of the UK being discounted on both sides.

Certainly the possibility now exists for the members, excluding the UK, to press ahead with a range of legislative proposals giving effect to more of the aims of the Social Chapter. The extent to which such an approach is consistent with progress towards full monetary union is debatable, as indeed is the achievement of that objective. At the time of writing, the 11 have recently reached a common position on legislative proposals concerning information and consultation to and of employees in

community-scale undertakings and we deal with this below. The three new 1995 members will join the eleven others in utilising protocol arrangements.

There is evidence that some other member states are themselves concerned at the implications of giving effect to all the aims of the Social Chapter, particularly as it effects employment costs and, in the context of continuing concern about social dumping, it seems quite likely that they may decide individually or collectively that progress should be slowed if not halted completely. Additionally there is concern that the UK will gain competitive advantages in terms of production costs and as a potential home for non-European company investment within the Union. Non-European Union members seeking access to the single market often invest within the Union, and if labour and social costs and the degree of regulation are lower in one member state, this may just be sufficient to tip the balance in favour of investing in that member state rather than another. The UK government is well aware of this potential advantage and is willing to exploit it.

A policy paper for the rest of the decade agreed by the Commission in July 1994 is indicative of a slowing down in pursuit of the aims of the Social Chapter. It was proposed in the paper that currently stalled Social Action Programme directives concerned with extending rights to part-time workers (on a pro rata basis with full-time workers) and widening rights to parental leave should be pursued via the protocol procedures if necessary (this will be necessary since the UK has on many occasions indicated that it will not agree to these proposals). The commission was also concerned that the necessary action be taken to ensure that non-EU nationals cannot be used by contractors to undercut EU minimum standards. However, the emphasis of the rest of the paper is on consolidation and enforcement of existing Directives rather than on an active pursuit of further Social Chapter aims.

3.7 SOCIAL DIALOGUE

In addition to the above, the Union Treaty Social Chapter proposals included a considerably enhanced role for the social partner, described in the document only as "management and labour at community level", in initiating and implementing Union legislation through the process of social dialogue. These proposals were adopted by the 11 and form part of the agreement between them that is annexed to the Treaty.

The promotion of dialogue between management and labour is incorporated as an objective in Article 117 and the detail of the new provisions is contained in the proposed revisions to Articles 118 (a) and 118 (b). These two revised articles now give the partners to the social dialogue:

- the right to be consulted before the Commission puts proposals to the Council;
- the right, on agreement between them, to request the Commission to formulate proposals in accordance with that agreement;
- the right to be consulted on Commission proposals;
- the right to formulate agreements of a contractual nature at EU level which could be given the force of law by a Council decision or which could be implemented at national level by the parties to the agreement subject to the approval of the member state.

Again, it is too early yet to assess the impact of these provisions. Clearly they might encourage collective bargaining at a Union level. They also afford a potential status and role to the social partners which is not currently available to them in all member states, and reflect a liberal collectivist approach consistent with the achievement of consensus and macro-corporatism, but not consistent with liberal individualism. The last item above indicates at least two types of agreement that could be the output of the social dialogue, one which is given legislative effect at Union level by a Council decision (a practice common in many member states where national governments/parliaments give legal effect to collective bargaining

outcomes), and another which envisages agreement at Union level being voluntarily implemented by the partners at a national level.

The lack of specificity about who the participants to the social dialogue may be certainly enables the possibility that the social policy agreement annexed to the Treaty encompasses bargaining at both inter-sectoral and sectoral level. Certainly it raises the likelihood that the central representative groups / organisations – ETUC, UNICE and CEEP – may engage in bargaining and produce either kind of outcome referred to above. However, it is also possible that the representative organisations in a particular industry could do the same: either produce an agreement given legal effect by a Council decision, or one which is voluntarily implemented by the partners / participants and their affiliates in each member state.

It is debatable whether collective bargaining at a Union level will be encouraged by these arrangements. Where the central organisations are invited to reach agreement on a particular issue, for example on the Social Action Programme Directives that have been stalled by the UK veto, then collective bargaining is being encouraged. However, if UK employers' representatives within UNICE use the opportunity to prevent or sabotage any such agreement (as arguably was the case early in 1994 on the first occasion that this mechanism was used) then the potential for any meaningful enhancement of collective bargaining at this central, inter-sectoral level does seem limited. These first discussions and attempts to use the newly agreed arrangements were concerned with the proposed Directive on the information and consultation rights of employees in community scale undertakings.

As was the case above, where such bargaining does occur it seems that it is likely to be most appropriate where it is framework, umbrella or procedural agreements that are the desired outcome. In the near future, the scope for inter-sectoral substantive agreements seems very much more limited given the arguable representiveness of the central associations, their lack of mandate and the considerable variations within the Union of substantive terms and conditions of employment. At a sectoral level such

agreements may be more feasible, but there is a shortage of effective and representative employers' associations at this level in many sectors; indeed, over the last two years there has been a noticeable trend for employers to leave employers' associations in several member states.

The apparent decision of the Commission and some member states that over the next few years further prescriptive legislative interventions should be avoided where possible may also imply an increased emphasis on the voluntary route rather than on bargaining resulting in a Council decision giving the agreement legislative effect, although the partners at an inter-sectoral level may be given further opportunities to produce agreement on the relatively few stalled Social Action Programme proposals.

3.8 FREEDOM OF MOVEMENT

As noted earlier, freedom of movement has always been an objective of the Union but little was achieved before the agreement on creating a single market that is embodied within the Single European Act. Subsequent to this, a number of initiatives have been taken and a number of Directives adopted. It was soon realised that practical restrictions on mobility concerned with rights to work and reside could relatively simply be eased, but that there were other barriers that would prove far more intractable. Examples of these include:

- access to vacancy and opportunity information;
- differential social security and superannuating provisions;
- cultural differences and attachments;
- language;
- housing availability and affordability;
- racial prejudice;
- sexual stereotyping;

- absence of mutual recognition of qualifications and experience.

So far, the majority of Union effort has been concentrated on mutual recognition and the provision of funding for relevant activities and training programmes, e.g. language training and the establishment of Union-wide information and vacancy networks.

Initially the problems of mutual recognition were approached on an individual profession basis, but this proved far too time consuming and eventually the approach was changed to a general one. There are a number of individual Directives concerning medical professions and architecture, but in 1989 a General Directive was adopted (89/48/EEC) that required all member states to recognise as equivalent regulated professional qualifications obtained in any member states. In some instances periods of supervised practice or aptitude tests may be required, but by and large equivalent qualifications in terms of duration of training and level are now mutually recognised and in that sense transferable. A similar approach was subsequently adopted to other vocational qualifications and experience.

3.9 UNEMPLOYMENT

Since 1992 there has been a much greater awareness and concern within the Union that unemployment, particularly that of a structural nature, was increasing. The Social Affairs Council of Ministers at its meeting in December 1992 considered the problems of the Union's 17 million unemployed and concluded a resolution that had four key elements, including reference to vocational training and removing barriers to mobility, but also floating the idea of an 'individual portfolio for every adult in the Union. This could contain a summary of their academic and vocational qualifications and experience which they could carry with them and for which they could be given credit anywhere in the EU.

In April 1994 European Union unemployment reached a record of 11 per cent — 18 million people, though by August 1994 this had decreased to 10.7 per cent. Both heads of government summits in 1993 were preoccupied with debates about cause and remedy. There was a measure of agreement within the Union that the unemployment was both cyclical and structural and that it might well increase throughout the rest of the decade unless appropriate action was taken. However, there was no such common position on either the distribution between cyclical and structural causes or on the remedies to be adopted, or indeed on whether action could or should be taken at Union level. Similarly, it is important to record that unemployment experience varies considerably within the Union and between countries (see Fig. 19.5) and dimensions, e.g. youth unemployment in Germany in 1993 was 4.9 per cent compared with 24.6 per cent in France; female unemployment was 8.1 per cent in the UK but 28.9 per cent in Spain. These differences were further acknowledged in a Franco-German report issued by the respective governments at the end of May 1994, and preceding the yearlong co-ordinate German and then French Presidency of the Union. The report identifies German weaknesses as high wage costs, short working hours and over complex products; the French weaknesses are too high a social security burden on companies that invest too little in research. Both countries were reported to suffer from far-reaching labour regulation, insufficient training and retraining, and lack of wage differentiation. Among other suggestions, the report recommends relaxing rules governing dismissals, more flexibility in working hours and basing wage policy on performance and productivity.

The Commission declared its position on the various issues in its white paper on competitiveness, growth and unemployment presented to the December 1993 heads of government summit. In this it argues for lifelong training and retraining, reducing non-wage labour costs on unskilled labour, investment in infrastructure networks, improvement of employment services for job seekers, job sharing and more part-time work, but crucially not at the expense of living standards. The alternative and more deregulatory viewpoint was expressed in UNICEF's report Making Europe More

Competitive in which the remedies necessary are seen to be reducing the high non-wage labour costs that have contributed to Europe's increasing lack of competitiveness in comparison with the US, Japan and Pacific-rim states, keeping real wage increases below the rate of increase in productivity, and an encouragement of incentive through a widening of wage differentials at least partly facilitated by cutting minimum wage rates. The employers also required relaxation of rules on working hours, easier laws with respect to employment and termination, lower unemployment benefits and a more limited access to social security benefits.

These viewpoints can be seen to represent the difference between those who see the role of government and the Union as minimalist, intervening where necessary to facilitate the operation of the market, and those who see the role of government and the Union as interventionist, facilitating business competitiveness and economic growth but not at the expense of social justice and equity.

The December 1993 summit endorsed the Commission white paper, which can be summarised as calling for greater flexibility in labour costs and a better balance between protection for the employed and access to work for the unemployed. The white paper and its endorsement have also been seen as evidence of the beginnings of a move away from a detailed EU-wide legislative agenda protecting those in work.

Subsequent work by the Commission in advance of the June 1994 Corfu summit meeting, the outcome of that meeting and the July 1994 Commission social policy paper, all tend to confirm movements in the direction of less detailed and prescriptive legislation, greater sympathy for the principle of subsidiary, achieving greater flexibility in the use of labour, and putting more effort into reducing non-wage labour costs, but not at the expense of the social dimension of the Union. The Corfu summit reaffirmed the social dimension as an indispensable corollary to the single market, and the progress report on the December 1993 white paper that was prepared for the Corfu meeting stressed that labour market efficiency should not be sought through the dilution of the traditional European model of social protection. The

burden should not be borne by the weakest in society. What was needed was action to adapt, rationalise and simplify regulations in order to establish a better balance between social protection, competitiveness and employment creation.

Critics might well argue that these 'official positions' seek the best of both worlds and run the risk of achieving neither; that unless the EU allows the costs of employing low-skilled labour to fall and at the same time creates a greater incentive for that labour to accept employment, very little positive impact is likely to be made on overall and long-term levels of unemployment; indeed that the European social welfare model is incompatible with job creation and employment levels as high as those in the US and Japan.

The December 1994 summit meeting of heads of government endorsed a set of non-legislative proposals aimed at shifting the emphasis away from protecting or expanding the rights of those with jobs towards giving the unemployed greater opportunities for employment. Specifically the proposals concern better training, greater working time flexibility, lower non-wage labour costs, and changes to social security arrangements encouraging re-employment and greater help for unqualified youth.

3.10 EMPLOYEE PARTICIPATION/DEMOCRACY

The issue of employee participation has been on the agenda of the EU for many years now and there have been a number of initiatives and proposals, none of which has amounted to much in terms of outcome. Rights to information and consultation have been agreed in certain limited areas of subject matter, e.g. health and safety matters, transfers of undertakings and collective redundancies, but by and large each member state has different traditions, laws and practice. The initiatives that have been taken include:

- European Company Statute: in return for incorporation as a European company, which would yield certain legal and potentially financial benefits, certain information and consultation rights would be granted to employees. A number of participatory models have been proposed including worker directors, works councils and other equivalents achieving the criteria established.
- The Vth Directive: applies to companies employing in excess of 1000 employees, very similar to the first initiative above.
- The Vredeling Directive: again applying to companies with more than 1000 employees, but interestingly this proposal incorporated a requirement that agreement be the aim of consultations with employee representatives on matters affecting employee interests.

None of the above has proceeded beyond relatively early stages.

The most recent proposal, based on Article 100 of the Treaty of Rome and requiring unanimity, was the draft Directive requiring community scale undertakings to establish a company level or European works council. These undertakings are sometimes also referred to as pan-European or trans-European companies. The original proposal envisaged that the works council would have to be informed and consulted on issues affecting employees in more than one member state, and visualised the Commission specifying a model constitution and appropriate subject matter, but it was also intended that any Directive would seek to facilitate flexibility and individual models that suited the requirements of both the management and labour in a particular organisation. Pappanderou considered that the standard model decided on would in fact only be used in circumstances where management and labour are unable to agree on alternatives.

The opposition of the UK government eventually resulted in these proposals being the first dealt with by the 11 under the social protocol provisions. The social partners sought to negotiate an agreement, but opposition from UK employers seems to have been influential in ensuring that agreement was not achieved.

Proposals were presented in a number of different forms and drafts, and eventually the 11 adopted a Directive in September 1994. The requirements apply to community scale undertakings employing more than 1000 people, with at least 150 employed in each of two member states excluding the UK. However, UK companies that satisfy these criteria excluding their UK operations will be subject to the legislation. Estimates vary as to how many companies are likely to be covered by the Directive: - a German studyi estimated that 450 German, 250 US and 220 French corporations would be eligible, and that nearly 300 UK companies would have been had UK-based operations been calculable. Even without their UK operations, between 50 and 100 UK companies seem likely to qualify in respect of their mainland European operations.

The scheme adopted was more flexible than some of the earlier drafts and provides that, if the requisite number of employees or other representatives request it, companies must enter into negotiations with a view to agreeing and establishing information and consultation procedures at corporate or European level. If employers refuse to negotiate or if agreement is not achieved within three years, then a specific form of works council arrangement contained in an annex to the Directive can be imposed within the organisation.

This annexe specifies a range of subject matter that must be covered by the information and consultation process to include: the economic and financial situation; business developments and trends; investment plans; substantial organisational change; the introduction of new working methods or production processes; transfers of production; mergers, cutbacks, closures and collective redundancies.

It is important to note that these proposals will have no impact on companies where the workforce dies not ask for negotiations or relevant procedures.

Employers' organisations have criticised the proposals on the grounds of cost and

time delay to decision making. It must be remembered that these are proposals for informing and consulting employee representatives and, by some criteria, this does not constitute participation in decision making.

3.11 THE IMPACT OF THE EU ON HRM

As will have been evident from the foregoing analysis, governmental commitment to the principle of European integration has been varied and this seems to have impinged upon the extent to which indigenous companies have prepared for European integration.

It is within the European context that the creeds of "social partnership" and deregulation are most poignantly juxtaposed. At HR policy level a preference for a deregulated, free market approach, most evident in the UK, translates into HR policies, which are to enhance competitiveness through action such as lowering wage costs and increasing working hours.

This has led Hendry to argue:

> "although the Social Chapter was conceived with polarisation between northern and southern Europe more particularly in mind, by consistently opposing it the Conservative government in Britain seems to have wanted to retain "social dumping" as a policy option".

Indeed a survey carried out in the UK of industry responses to the Single European Market in the late 1980s, which concentrated particularly on the insurance and furniture industry found little action had been taken in anticipation of the Social Charter or perceived language problems, and that HRM issues were taking second place to marketing and business decisions. Also there had been little or no anticipation of any significant increase in cross-national mobility and training of

management within Europe. However, some concern was expressed about "poaching" by European firms.

Yet, as Thurley argued:

> "It can be argued that the free market "laissez-faire" approach is unlikely to be acceptable to most Europeans in its extreme form, as the development of a revitalised "common market" economy must depend on the existence of a democratic, liberal and peaceful political order – it is also true that what appears to be idealistic to pragmatic Anglo Saxons, such as the emphasis on dialogue, actually takes place with a considerable degree of success in, for example, Dutch, Danish and German Works Councils".

Moreover, it may be argued that those countries which adhere most to the "social partnership" model are likely to view deregulation with a degree of scepticism, or even resentment and the existence of relatively "favourable" economic conditions elsewhere, particularly in the form of low labour costs, may act as an incentive for businesses to locate in these areas where codes of employment are more rigorous.

Nevertheless European integration does throw up an important set of challenges to HR practitioners across Europe, albeit on a differential basis, according to factors such as sector, or degree of current involvement of concerns within Europe.

GENERAL IMPACT OF THE EU ON HR MANAGEMENT

PERSONNEL POLICY

The general effects of the increased competition and opportunities offered by the

liberalisation of movement of goods, services, capital and labour are impacting on all aspects of personnel management, as more UK and Irish companies expand their activities into other Member States, and more companies in other Member States start operating over here.

The extension of the Single Market to five of the EFTA countries from January 1994 has widened this impact still further.

Issues for particular companies regarding the implications of the Single European Market depend on the size and nature of their business and their current or potential involvement in the European Market — i.e. whether they are expanding into new markets and/or facing new competition in their home market.

However, most organisations will be affected in some way, even if indirectly, and particularly in the areas of organisation, recruitment, training, and retention. Organisations expanding beyond national frontiers will face additional challenges. The major effects are outlined below.

Organisation

New competition and opportunities for expansion may result in a complete overhaul of structure for some companies, bringing change management and personnel planning and resourcing issues to the fore.

Reorganisation and rationalisation: Many companies have relocated their manufacturing or distribution sites to low-cost countries, or have established a central site or headquarters in Europe to serve the whole of the European market in place of several national sites. Choice of location varies enormously and depends on many factors. Quality, flexibility and cost of labour tend to be important factors on the personnel side particularly where production is concerned. However, inward investors, such as Japanese companies, and US are keen to locate in what they see as

the heart of Europe, so communications and politics are also important.

There has been substantial rationalisation in many industries — particularly the steel, car, banking, tool and transport industries as organisations adapt to greater competition, compounded by the current global recession. The European Commission has predicted a growth rate for the EU of only 1.3% for 1994, and the average EU unemployment rate is expected to reach nearly 20 million, or about 12% by the end of the year.

Mergers and takeovers: The development of the Single European Market has led to a surge in mergers and take-overs as companies seek alliances or reinforcement to face competition or take new opportunities for expansion.

This has resulted in some radical culture changes for many companies having to adapt to a new antiwar as well as a new corporate management culture.

Recruitment

Free movement of labour is enshrined in the EEC Treaty; employers may recruit throughout the EU and employees may work in any Member State without a work permit — a right that was extended to five EFTA countries in January 1994.

Opportunities and competition: Many employers and employees now see Europe as a single labour market. More employers are looking now beyond their national borders to find the best candidates for their vacancies and are keen to develop a 'European' workforce. This means increased competition in home labour markets as employers in other Member States reduce the pool of national labour available.

Mobility and skills shortages: Mass movements of labour are not expected as a result of the gradual consolidation of the Single European Market. In fact only 2 million EU citizens work permanently in another EU country, fewer than the number

ten years ago. In the UK the number of EU nationals working or seeking work is 1.5% of the workforce. Of these, 61% are from Ireland.

All Member States are affected to a varying degree by the demographic trends leading to a shortage of younger workers and a gradually ageing workforce across the EU, and it is expected that certain categories of staff, especially senior managers, graduates and technical/specialist staff will become more mobile as the supply of such personnel as a whole decreases and competition for them intensifies. The 'Euro-executive' is likely to become a rare and highly sought-after commodity.

Recruiting from other Member States: Employers wishing to recruit from other Member States need to acquire new skills and knowledge, for example:

- locating supplies of labour in other Member States;
- where and how to advertise;
- how to assess qualifications and experience gained in other Member States;
- how to deal with induction and training to overcome language and cultural differences between the new recruits and existing staff.

Pay and conditions

Remuneration: The more mobile employees and those in generally short supply — particularly senior managers, graduates and specialists/technicians — are increasingly aware of more advanced practices in Europe and compare remuneration packages on a European rather than a national basis, so employers will need to ensure that they are offering competitive packages to attract and retain these key personnel at European level. Remuneration is likely to become more uniform for such people, although national differences will remain in the remuneration of most employees for a long time to come, and disparities in cost of living, tax, social security and pension systems still cause big differences.

Collective bargaining: Cross-border comparison of pay levels, working hours,

training, investment and productivity are likely to increase as unions develop cross-border links —particularly once the Directive on European Committees is implemented. There is also the likelihood of the development of pan-European collective bargaining in the larger pan-European companies.

Industrial relations: Trade unions in the UK are actively developing a more European approach to industrial relations, based on consensus or 'Social Partnership' rather than conflict.

Training

Skills: Greater and higher quality training is essential if organisations are to compete successfully with other European firms in an increasingly competitive home market or if they are to expand their operations successfully into other Member States.

Languages/culture: Companies working on a European rather than a national basis need to ensure that certain employees are adequately trained in other languages and in cultural awareness — particularly senior managers, and sales and support staff, such as receptionists and secretaries. The UK Languages Lead Body has developed a set of language standards for the use of foreign languages at work and NVQ qualifications based on these standards are now available. Skills such as selling skills also need adaptation to different markets.

New rules/knowledge: changes made to free up the movement of goods, services, capital and labour mean new knowledge requirements for many employees working in those areas. They must learn and adapt to new technical standards, and be up to date in their knowledge of new rules, e.g. on exporting.

Impact of Single Market: For some organisations it will be essential to ensure that someone in the company is provided with the training and resources to assess the

effects of the Single European Market on the business. According to the Industrial Society's report, Training Trends (November 1993), 50% of UK companies have not carried out any single market training, and those that have concentrated mostly on languages.

Additional issues for European companies

Companies expanding into other Member States will have additional considerations. These will already be familiar to international companies, and include:

- deciding whether to employ local or send out national staff;
- learning about local laws, customs, employment conditions, tax and social security differences;
- training national staff dealing with other countries in the linguistic/cultural differences;
- creating competitive but compatible pay and benefit systems for staff working in different Member States;
- structuring the organisation's reporting and communication systems;
- managing multi-cultural teams;
- succession planning.

European-wide policies need to be flexible, compatible between the different Member States and well coordinated from the centre.

3.12 SUMMARY

The Union comprises 15 countries and is facing future enlargement. Initially, its processes and institutions were relatively conservative and emphasised unanimity. The long-awaited agreement to make the single market a reality prompted concerns

about its processes and institutions, specifically the need to speed up decision making, the practical application of the principle of subsidiarity and the role of the Parliament. Interwoven with these concerns are the issues of national sovereignty and the 'need' for Union-wide/level action. In many instances, the UK has stood apart from the others in its opposition to the extension of qualified majority voting and its determination to retain its power of veto whenever possible. It is arguably responsible for much of the attention recently given to the issues of subsidiarity and sovereignty and the critical evaluation of the need for and nature of Union-wide intervention and regulation. Other interests have pointed up the so-called 'democratic deficit' whereby the parliament of directly selected representatives was constrained to an advisory and consultative role. The agreement to create the single market also significantly increased concerns about social dumping and whether the market mechanism should be allowed to operate freely in respect of investment and employment decisions. The collective decision that regulation and mediation of the process was necessary, allied to the majority belief that employees will be exploited by the market and that they therefore need the protection afforded by collectives and legislative regulation, served to raise both the profile of social issues and the temperature of the debates.

Events in recent years — the initiatives taken to create a level playing field on the social front and to improve working environments and terms and conditions within those environments — have highlighted the ideological divide that was brought into the open at Maastricht. Proposals to extend the scope of qualified majority voting and the influence and role of the social partners in formulating and implementing social policy proved too much for the UK government to accept.

However, since Maastricht, the liberal collectivist and corporatist direction of the Union (or at least the 11 excluding the UK) has been thrown into doubt by the election of right-wing governments in a number of member states and by the recession. By late 1994 it seemed very much more likely that the pace of social regulation over the next few years was about to slow down as its costs and impact on

international competitiveness were reassessed. The Union is confronted with declining competitiveness and increasing unemployment and these issues are likely to be afforded considerably greater attention in the future. In the meantime, it does seem that investment and production decisions are being taken within the Union which will benefit those economies with lower social and other production costs. Continuation of the process of social dumping in the context o relatively high levels of unemployment may well lead to a considerably greater degree of tension within the Union, both between advantaged and disadvantaged social and ethnic groupings, and at the level of the member state between those seen to be gaining and those perceived to be losing.

The Treaty agreed at Maastricht has enhanced the influence of the Parliament. This experience, the 1995 enlargement and proposals for further enlargement to the East in a few years time will put considerable pressures on the 1996 review of the treaty on political union to appraise critically the adequacy and appropriateness of existing institutions and procedures.

CHAPTER IV

4. THE TOURISM INDUSTRY IN TRNC AND ITS SIMILARITIES TO THE IRISH MODEL: CERT

This model operates at two levels; in that, the ad hoc and informal level exists, between colleges and industry at local, national and international level, especially in relation to the provision of work placement opportunities.

CERT is a unique coordinating agency, an Irish semi-state body, responsible to the Minister of Tourism (formerly the Minister of Labour). CERT was founded in 1963 and operates under the authority of a board, which is representative of employers, trade unions, educational institutions, as well as government agencies and departments. It's brief is to coordinate all aspects of the planning of manpower need within tourism at a macro level through research and the determination of training development priorities well as through the design and implementation of courses through the agency of its own training centres and the college system. CERT through the national Tourism Certification Board (NTCB), which again brings together the voices of the industry and educational sectors, coordinates the certification of tourism employees trained in a variety of situations and also offers opportunities for APL (Accreditation of Prior Learning). CERT is also responsible for the provision of in company and short-courses training on behalf of tourism industry businesses on a commercial basis. The Irish model is unique; in that it provides by far the most comprehensive approach to coordinating the inputs of education and the tourism industry in to a unified system and through CERT, operates through total coordination and the identification of training and development needs at both macro an micro levels.

Irish tourism is a vast industry, which may be broken down into ten main sectors. Industry sectors served by CERT are;

- Hotels
- Restaurants

- Licensed trade
- Catering
- Approved accommodation
- Travel and transport
- Heritage and cultural centres
- Tourist information services
- Visitor attractions
- Leisure and recreation

The main reason to choose the Republic of Ireland is because of the similarities of the industry with North-Cyprus.

4.1 THE REPUBLIC OF IRELAND: A CASE STUDY

As a tourist destination, Ireland is perceived to offer attractive and unspoiled scenery, an interesting cultural heritage, a friendly people and a good quality and standard of amenities.

Current investment in tourism is relatively high by comparison with previous decades, spurred in part by positive and aggressive government support and incentives.

Membership of the European Union and impact of the single market economy have the potential to adversely affect major areas of the Irish economy tourism, however, could be the net beneficiary from this environment.

4.2 STRUCTURE OF THE INDUSTRY AND ITS BUSINESS ENVIRONMENT

Before addressing to human resource issues in the Irish tourism and hospitality industry, some reference to the structure of the industry and its business environment in necessary.

Tourism and hospitality in Ireland; is characterised by diversity and dispersion; it is an industry of every parish with particular impact on rural areas of the country where the effects of economic and social deprivation are most acute. An 1987 survey (CERT, p.1987) estimated that 19,000 businesses were involved to a greater or lesser extent in tourism, enterprises that in turn may be classified into 45 discrete subsectors. They include the one-person cottage industry or service as well as the "giants" of Irish tourism. Outside the main cities, the tourism and hospitality industry is a highly seasonal activity in Ireland.

Employment within the Irish tourism and hospitality industry reflects its business structure. The average operation has five employees, probably including part-time assistance and almost certainly with a major seasonal element, and is very likely to be built around a family structure. The use of temporary, seasonal and casual staff is extensive. Registered hotels, 80% have 40 bedrooms or less (bearing in mind the legal definition of a hotel in Ireland; which excludes any establishment of less than 10 bedrooms); the impact of major hotel groups, while investing, is relatively limited so that the majority of businesses are proprietor owned and managed.

Actual numbers in direct employment in 1987 totalled in excess of 152,000, these being the "raw" Figures, which have not been adjusted to reflect part-time, seasonal or non-tourism related factors.

The reality of a tourism and hospitality environment; such as that described above (and which in many of its aspects has major similarities to the industry in many other European countries). That; it is that its fragmentation and the scale of its

operations act as severe constraints on the application of tourism/hospitality business-employment impact models. Particular factors; which blur the validity and practical use of such models include the following:

1. The extent to which staff utilisation and productivity are maximised within key tourism and hospitality industry sectors.

2. Most tourism and hospitality sectors in Ireland involve considerable specialisation and job demarcation, while multi-skilling is certainly increasing in Ireland.

3. Competition, especially for skilled labour within very tight employment markets, may result in skills hoarding by some employers in anticipation of business growth - this has the effect of limiting the impact of increases, when they do occur, and also of denying other company's access to these skilled personnel.

4. Within predominantly seasonal industries such as in Ireland, the impact of growth often results in season extension rather than increasing the number of tourists in resorts already working to capacity.

5. Economic or manpower planning models do not anticipate the possibility that available employment even in times of high unemployment, may not be taken up.

6. Finally, key labour shortages and the areas of main demand within a growing tourism economy are frequently at a skilled level and thus offer opportunities not accessible to the untrained worker.

Ireland provides an excellent example of tourism and hospitality environment where a simple application of employment impact modelling will not necessarily provide an accurate picture of the real changes that occur in the labour market when

the level of tourist arrivals increases. In this sense, tourism may not provide as simple and employment panacea as is frequently anticipated and considerable support investment through education and training, for example, maybe required. How such support can operate forms the next stage in this discussion.

4.3 THE REPUBLIC OF IRELAND: FINE TUNNING THE EMPLOYMENT IMPLICATIONS OF TOURISM GROWTH

We may be able to predict that the tourism workforce will grow by X thousand. But that does not give much indication as to whether these jobs will be full-time, part-time or seasonal, their level in terms of skills, whether they are new jobs or extensions of existing ones; whether they represent more existing designations or entirely new breed of workers, of the geographical distribution of the new jobs by locality or region. In Ireland, the implementation of short and medium-term strategies in order to cope with these factors falls within the ambit of CERT. CERT's approach is design to assist the industry to provide for changes within the manpower environment in tourism, weather these changes reflect retrenchment or boom.

CERT's program of research studies is at the centre of the information -gathering stage of national human resource planning for tourism and hospitality in Ireland. It is a major support platform for the development of both policy and practical interventions within Irish tourism. The national manpower studies (CERT, 1992) go considerably beyond the basic estimation of actual employment. The manpower studies have direct impact on the provision of education and training places by public sector authorities as well as on priority training categories and the attendant curricula required for their preparation. The specifically focused studies concentrate on the needs of the specific sectors, as a means of providing rapid response training for newly identified or emerging skills needs.

Commitment to this programme of research ensured that CERT was able to

respond fairly rapidly to the specific demands of government with respect to their tourism employment targets. The crucial need for skilled labour as opposed to untrained, semi - or unskilled personnel formed the main thrust of this response, which allowed the agency to map out and target human resource development priorities by category without further research.

Cost-effective and rapid response training is a major platform within CERT' s approach to meeting short - to medium term skill requirements and has become a very significant component within the overall tourism training strategy in Ireland.

This model is one; which has wide applicability in other countries. An extension of this approach is the establishment of an increasing number of permanent training centres, operated under the auspices of CERT but established in short - lease premises frequently within industrial estates and designed to provide "stop-gap" training places prior to investment in more permanent facilities within the Irish third level college system. The seasonal nature of the Irish industry means that the period of training in temporary training coincides with the down period in employment terms and the consequences is that there is a significant pool of seasonally under employed personnel available for teaching posts. An added benefit of this process is that the temporary instructors return to industry with considerably enhanced training skills.

The design and implementation of curricula and programs originate under the same route as the research programs; which invariably precede them. This common responsibility within CERT means that there is a very close association between the interpretation of research findings and their translation into new educational and training initiatives within tourism. A range of non-standard courses targeted closely to the identified needs within Irish tourism.

CERT's remit in undertaking this central coordinating role in all areas of human resource development within the Irish tourism and hospitality industry is to act in

liaison with, and on behalf of, appropriate government departments to ensure the optimal use of state and European Union funds within the education and training of new entrance and experienced personnel and, at the same time, to work closely with the public and private sectors of the industry in order to ensure that training and skills development are in place to meet the specific needs of all businesses within all sectors of the industry.

CERT provides a reasonably successful model by which to undertake such planning, but on the base of highly interventionist and largely centralised public policy, which may not be politically acceptable within all European Countries.

Within the European Union, the closest that any initiatives comes is through the 1991 Action Plan to Assist Tourism (CEO, 1991), which proposes some limited measures in the human resource area, all to do with education and training. These are:

1. Identification of professional profiles of the sector
2. Encouragement of the participation of tourism businesses in existing community action programs for training;
3. Support for cooperation between universities and tourism schools and tourism professionals: and
4. Pilot actions for a specific training in the sector rural, social, cultural, environmental.

4.4 TOURISM INDUSTRY IN TRNC

Tourism industry perceived as lifeblood of the TRNC by the governing bodies of the country. The governing bodies perceptions and applications are and will be important for the future developments of the tourism industry. On the other hand as a

tourist destination, North Cyprus perceived and also offers unspoiled, unpolluted, natural beauties, full of unique historical and cultural heritage. North Cyprus also provides a most hospitable welcome, with its friendly people.

The applied policies of last decade such as incentives, subsidies and tax exemptions to increase the bed capacity have achieved the objectives and, in 25 years the bed capacity increased from around 3.000 to 10.000 beds. On the other hand to increase the tourism the tourism income as the numbers of bed capacity seems like a dream for the industry and its governing bodies. As an optimistic approach we can say that in order to increase the tourism income there must be new applications and plans, to develop by the related sides like government, investors, educational institutions and employee unions.

- There is a considerable increase at the last decade (1988 - 1998) at the bed capacity, number of arrivals and incomes. Bed capacity increased from 4,000 to 9,000, incomes increased from 118 million dollars to 200 million dollars and number of arrivals increased from 229 thousand to 330 thousand. But we're still observing the effect of seasonality.

- TRNC's tourism industry is affected by the seasonal factor. In fact, TRNC's tourism industry concentrated to July, August, September (summer), these months are considered high season with average of 60 % occupancy rate.

The 80% of the bed capacity is concentrated at the very small size establishments where the capacity is between 20 to 200 beds.

The TRNC tourism industry has certain similarities with the Irish tourism industry about the aspects written above.

4.5 SCANNING THE TRNC's TOURISM INDUSTRY

The tourism and hospitality industry in TRNC same as in Europe consist of three major sub-sectors as we mentioned earlier, which are;

- Travel and transport,
- Accommodation and catering,
- Leisure, recreation and business facilities.

4.5.1 Travel and Transport

This is the sector, which has the most of the fluctuations in numbers, and especially the travel agents and air transport don't have the stability. The main reason for that is, not to be recognised as TRNC. Specially the air transportation, tour-operating companies are highly and negatively effected from the status quo and embargo. The travel and transport sub-sectors have around 1000 employees with C.T.A and. the organisations of these categories have significant first impression on the tourists. Jan Carlzon's "moments of truth" starts to be applicable for a destination from the moment of purchasing the travel and transport ticket.

The foreign tourists do not frequently use water transportation and it is only 7 to 10 % of the total foreign arrivals. The most common transportation mode among the foreign tourists arrivals by 90 % is air transportation. The Turkish tourists use both transport facilities with equal percentages, fifty percent each. The TRNC citizens by 80 % use air and the rest use 20 % water transportation.

When we study the total number of arrivals from 1992 onwards we can see that there is a constant increase at the total of the number of arrivals. Except the decrease at the numbers of arrivals in 1991 is because of the gulf war and, the decrease in 1996 is because of political unrest (simply is the result of the death of a Greek Cypriot who is killed by a Turkish soldier at a conflict, at the green line, Nicosia).

The most significant Figures are those of the foreign arrivals because we know that their reasons are purely touristic. The foreign arrivals increase evenly and constantly year by year. The sudden increase at numbers of arrivals in 94 and 95 are because of the political unrest in turkey and some of those tourists who booked a holiday in turkey are directed to Cyprus. Tables from statistical yearbook of TRNC 1990-2000.

The increase at the arrivals from mainland Turkey is because of the. TRNC's universities where, lots of mainland Turks study. Another reason is that closure of the casinos in turkey and very same time the new legislative applications and, more and more casino openings in North Cyprus. These two reasons increased the number of arrivals from mainland Turkey.

Actually there are only two airline companies (THY, KTHY) which carry the locals and the tourist to an off the north part of the island.

The travel aspect of the industry as travel agents from 1994 to 1996 increased dramatically and since 1996 there is a steady decline at the number of the travel agents (Source; statistical yearbook of 2000 M.S.D.P.M of TRNC). The reason for the increase at the numbers of the travel agents is because of TRNC's weak internal labour market in the tourism and hospitality industry. The latest steady decline is because of the membership barriers to the travel agent sector and, the lack of customers. Lack of skill and knowledge of the travel agent association leaderships should be added to the reasons. We will discuss within the planning and education process and union implication, how such applications could be.

4.5.2 Accomodation and Catering

Tourism products are an amalgam of all the sub-sectors of the tourism industry; one without another one cannot be a complete product. After the travel and transport, it is obvious that we should discuss the accomodation and catering aspect of the

industry and, we'll do so. North Cyprus' accomodation and catering sub-sector is developing continuously. Number of catering outlets and hotels are increasing by years. Especially the bed capacity doubled last decade from 5.500 beds to 10.500 beds. The reason for that is the government policy, which includes, tax exemptions, subsidies and incentives. The bed capacity of the small to medium size category increased from 2.800 in 1990 to 6.000 in 2001.These hotels consist most of the bed capacity of the industry and they represent the most difficult category for human resource management applications. It is obvious that for the small to medium size organisation to have their own training programs are very costly. That is why the Irish model CERT of HRM can be considered as a model to adapt and utilise within the TRNC's HRM. The large-scale hotels have 40 % of the total bed capacity and even these hotels have financial difficulties (because of low occupancy rates) and, are not capable to apply their own in-house training programs. Seasonality is another important aspect, which has got negative effects on managing human resources. Applying the new sustainable HR development approach in TRNC's tourism industry is almost impossible because of the reasons mentioned above.

The demand for TRNC's tourism products is concentrated to summer months, July - August and September. These months represents the high season with an average of 60 % occupancy rate in TRNC. The yearly occupancy rate is around 30-32 % and this is far below of the 50 % of world's average.

The total of 109 accommodation establishments and more than 10.000 bed capacity and with 2.700 employees accommodation sub-sector of the tourism industry necessitate a better HR development programs an approaches (A country where the young populations immigration is a problem).

The catering as a sub-sector actually consist around 500 outlets with 1.600 employees and after the accommodation represents second largest employer of the tourism industry. Catering industry's most important characteristic is that establishments are family owned. The establishments are also small size. The

seasonality with the low number of population and low purchasing power make the industry very vulnerable and not viable. The MNE's or chain catering establishments don't exist in North Cyprus because of economic embargo, but also low population. Whatever the reasons are, the catering sub-sector seeks the HR development because of the lack of skilled labour.

4.5.3 Leisure, recreation and business facilities

Within this category we can consider the car hiring companies, exchange offices, casinos, activity holiday suppliers, souvenir shops, taxis and coach services, museums and historical sites, etc., because we can increase the list but it is very difficult to quantify them and also they are not only tourism based. There are 21 casinos and they employ 1.307 people. Car hiring companies are 40 and they employ 100 people and so on. This category of employment is really difficult to quantify but we consider them important within the tourism and hospitality industry. It is also very difficult to have some interventions about their HR development applications but this does not mean that a formed organisation similar to CERT cannot take an advisory and facilitating role. The interventions can be done by the legislation and communication in order to ameliorate the working conditions of the employees and protection of the customers.

The main objective of the industry is the economic impact and its contribution to foreign exchange earnings. There should be another important objective such as creating job opportunities to citizens of TRNC. Anyway, we return back to explain the economic income. The net tourism income has steady decrease by years since 1990. While at 1990 the net tourism income was 225 million us dollars at 1999 decreased to 195 millions. The ratio of the net tourism income to the trade balance was 71 % in 1990 and 55 % in 1999.As a micro state by no means we can not deny the impact and importance of tourism and hospitality industry on TRNC's economy. We are not questioning and comparing the increase of bed capacity and decrease of income. Very same time how industry survives with the low occupancy rate can be

an idea for the other researchers to study. Once we have perceived the tourism and hospitality industry as a locomotive or lifeblood of the TRNCs economy, it is very important to apply the sustainable development principles.

4.5.4 Education

After scanning the TRNC's tourism industry, we have a clearer knowledge about size, structure, ownership, economic impact and number of people employed within the industry. At the information collection stage, what we need is manpower structure of the tourism and hospitality industry. According to the tourism statistical year, a book which is prepared by the Ministry of State and Deputy Prime Ministry (which is responsible of tourism industry) this rate is 4%. This means that 4% of the workforce among the employees has the tourism education and training. We are far behind the Riley's model (1991), which indicates that at least 36% of the workforce must have certain level of training and education related to the industry. One may ask how can we achieve the objectives of lifeblood considered tourism industry for the TRNCs economy. The answer lies within the sustainable human resource development.

The following step is to take into consideration is the educational institutions from the perspective of tourism industry. In four different universities, 280 students attending to 2 years program and 836 of them to 4 years program, in total 1116 students. Within the secondary schools, there are only three, which have the tourism and hotel studies program, and all together they have 110 students. The Tourism and Hotel Training Centre graduates some 30 to 50 students per year and it is the training body of Ministry of State and Deputy Prime Ministry (responsible of the tourism industry).

These students are employed by the industry as stagier throughout their training period and after graduating, they fill the gaps of skilled staff needs of the hotel and catering industry.

The secondary school graduated students fill the craft (skilled) position needs of the industry, 2 years university graduated supervisory and 4 years education is based on to educate the future managers of the industry. The ministry related with the tourism industry organises certain periods of the year tourist guide courses and short term training programs for hotel and catering sectors. The training and education and curriculum for most of the tourism and hospitality industry employers are insufficient and it does not answer to their demand. Especially the hotel and catering industry need urgently the skilled and supervisory staff but in return they don't have any agreement or any step taken to have stagier from the educational institutions under certain conditions that we will address at the suggestions of this study.

The 28% of the workforce employed by the tourism accommodation establishments have the training and education related to the task or to the job they are doing. The TRNC government's legislation shows that the accommodation establishments are more or less meeting the requirements of legislation (which is that 30% of the work force must have tourism training and education). According to the world's standards, this Figure is 34% (trained and educated staff). Regarding to the Figures we're meeting the requirements of the legislation and we're more or less very close to meet the world's standards.

4.5.5 Trade Unions

Another scanning and investigating dimension in order to understand and apply right policies of human resource management within the tourism and hospitality industry is trade unionism. The unions hardly exist within the tourism and hospitality industry because amount of 7.000 workers, only 4 hotels have got members to a trade

union. The tourism workers union in total has 253 members and is fighting to exist. The characteristics of the sector have to be questioned before saying that union is a Figurehead of the tourism industry. The most important point to be considered is the government's function and responsibilities. The correct function of a government is reflected by how it carries out its legislative and judicial power. There are no problems with legislation and judicial aspects of the governments but how the governments carry out such power is questionable. Most of the workforce of the tourism industry is from mainland Turkey and these people are working without work permits, social securities, pension funds and within the suitable working conditions and governments are not and did not carry out positively their judicial and legislative powers. In return, we are discussing about 4% educated staff within the whole industry and immigration of Turkish Cypriots to different countries and laziness of the Turkish Cypriots. Once the industry work and pay conditions will be ameliorated and the industry will be perceived as high status industry, there will be more and more Turkish Cypriots working within this industry and less and less people will emigrate to different foreign countries.

4.6 MEASURES TO BE TAKEN IN ORDER TO AMMELIORATE THE HR MANAGEMENT IN TRNC's TOURISM AND HOSPITALITY INDUSTRY

Before addressing the TRNC's HRD and organisational development needs, it will be useful to have a frame work for manpower planning (Source: Bramham, 1982).

Basically the TRNC's tourism industry at any level is relying on unprofessional approaches and this is because of the lack of skill, knowledge and education of the governing bodies.

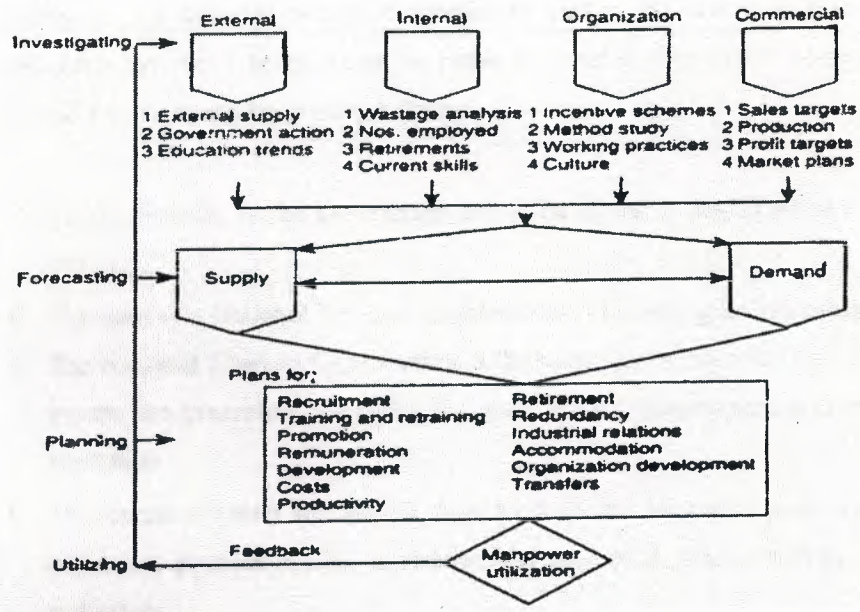

Figure 4.1. A framework for manpower planning. (Source: Bramham, 1982)

In addition to Bramham's framework, we would like to add evaluation of the applied programme in order to have a more contemporary approach. Also, time scale of forecasts and plans of Bramham has to be considered within such study as planning to meet the HRD needs.

Table 4.1. Timescale of forecasts and plans (Source: Bramham, 1983, p.150)

	Basis of requirement	Basis of availability	Possible actions
0 – 6 months	Current budget	Current manpower	Contractors Overtime Recruitment Redundancy
6 – 18 months	Forward budget	Current manpower less projected leavers	Promotion Transfer Recruitment
18 – 5 years	Forward budgets and plans	Projected current manpower plus those completing training	Recruitment Planned rundown Training programmes
More than 5 years	Predicted market and technological changes	Expected labour market and education system supplies	Organization development and job restructuring Management development programmes

Following all of what we have mentioned above, we can now identify some measures that need to be taken in order to ameliorate the HR Management in TRNC's tourism and hospitality industry.

- Firstly, the role of the government has to be acting as legislator of the tourism industry.
- The need of a National Tourism Organisation is becoming an inescapable reality. The National Tourism Organisation is the tourist authority where all the interest groups are presented as employers, trade unions, government and educational institution.
- The tourist authority will do the short medium and long-term plans regarding to education, product profile, environmental protection, transportation, incentives and others.
- The consensus among the all members of the National Tourism Organisation will also minimise the risk of strike and vulnerability of the industry against the trade unions.
- The National Tourism Organisation will act as a coordinating agency among all the interest groups in order to develop Human resources.

Before addressing to the education, training and development of Human Resources in TRNC it is important to emphasise that seasonality effects negatively human resources development, and necessary actions must be taken in order to minimise such effect by extending the season.

The second stage of manpower planning is forecasting the supply and demand of the human resource needs. In other words, the objective of effective human resource planning is to match demand and supply. The mobility of the labour makes this stage very difficult but many tourism and hospitality businesses benefits from such mobility on an ad hoc basis. By its nature, this supply of labour is unstable and a business will benefit from introducing some means to balance and stabilise the overall workforce, such as utilising a local core group. The hotel industry in

Switzerland operates with a very high level of temporary labour, primarily foreign students who are on six-month stage placements in the establishments and are replaced by other students when they complete their time.

The last step is the utilisation of the workforce and by the evaluation of the outcomes and feedback to re-organise the development programs.

The TRNC's tourism industry needs a coordinating agency in order to train, to educate and to develop human resources. This agency can be responsible of National Tourism Organisation and also will operate under the authority of National Tourism Organisation. National Tourism Organisation must be independent from the governmental organisations, agencies and departments. On the other hand, every sub-department of the organisation must have one representative from the government regarding to the tasks of sub-departments. The ministry responsible from tourism must be represented at the NTO itself. Marketing and publicity department may have representative of government from Ministry of Transportation, Education sub-department can have representative from Ministry of Education and etc.. However, it is a necessity to form National Tourism Board where the policies will be realised and decision will be taken by all the related parts like government, employer, educational institutions and trade unions. Otherwise, every step taken by different governments won't last long and without the understanding of sustainability, none of the policies will be realistic and effective whenever the governments will change the policies also will change. The TRNC tourism industry cannot any more resist such short term applications and none sustainable policies.

Fundamental changes must take place within the tourism and hospitality industry of TRNC, in order to have competitive strength and apply the principles of sustainable human resource management.

(The trainer might be needed from different markets and this need has to be considered within the HRM plans).

From this point onwards, there are certain questions to be answered;

- Are those trained and educated work force has had the adequate training and education within the world's standards?
- Are the skills and knowledge of the workforce up-dated?
- Are these tourism organisations considering vocational training and lifelong learning as an important tool for the individual and organisational development?
- Are there any government interventions and incentives for the vocational training approach?
- Are the trainers attending to conferences or newly designed training courses?
- Do we have a learning culture as a nation?
- What has to be done to meet the needs of individuals, organisations and the nation for a development or to seize the day?

The answer of the questions are as written below;

- The trained and educated workforce mainly don't have the training and education at the world's standards;
- They do not have up-dated skills and knowledge;
- The organisations do not know the meaning of individual and organisational development;
- The government's interventions hardly exist and incentives don't exist;
- There isn't any social-partnership model for the training and education of the employees;
- Very few of the trainers are attending to conferences and newly designed courses;
- The learning can not be considered as our culture;

Basically the TRNC's tourism industry at any level is relying on unprofessional approaches and this is because of the lack of skill, knowledge and education of the

governing bodies.

The right approach; or correct action to take for the development of individuals and organisations must have similarities with the Irish Model (CERT). The right steps to be taken are as follow:

- Coordination between the related organisations; which are trade unions, government offices related to education and tourism, educational institutions and representative of employers;
- Creation of a board which will be responsible of every aspect of the trainin9, education and development;
- Financial and human resources has to be considered;
- How HRD can be funded must be carefully studied;
- Existing physical structure and future needs has to be outlined;
- Necessary legislative steps have to be taken by the government with consensus of related bodies;
- The training, education and development have to be planned;
- Implementation stage and the responsibilities at this stage have to be defined;
- The outcomes of this approach have to be evaluated.

The success of the tourism industry and continuous development is highly dependent to these aspects written above. For that reason, there must be a coordinating agency same as CERT; which has some features of centralisation and the decentralisation as well. There must be a harmony of centralisation and decentralisation. In other words, the vertical and horizontal responsibilities and authorities (empowerment) must be distributed (given) in order to obtain an effective application process.

Once the coordinating agency will be formed then, training, education and development will have an ongoing, continuous, lifelong process.

The tourism industry fundamentally necessitates the dynamism of the lifelong learning approach in order to achieve its goals and to have a competitive strength within the competitive environment. To realise the related organs must take lifelong learning, fundamental and radical decisions and necessary steps, which are; trade unions, tourism industry, government and educational institutions.

Because of the seasonal factors, the basic need of the industry is to try to extend the season as well as application of lifelong learning process.

TRNC's tourism establishments cannot apply in theirs lifelong learning process/philosophy. So, for that reason, this has to be a partnership model (private - public sector) of related organisation within the tourism industry. Otherwise, the whole tourism industry will suffer and their competitive strength will regress because of not having considered lifelong learning process as an important approach of success. In other words, the employees (workforce) are the most important assets of the industries if their skills and knowledge are updated or developed according to the needs of the future. Thus, the development of the people (as employees and employers) their lifelong learning must be considered evenly important with the physical structure's maintenance or reconstruction and organisational development.

The funding of the education and training in TRNC at secondary schools and OTEM (Tourism and Hotel Training Centre (THTC)) is the government's responsibility. As a latest decision of Ministry of State and Deputy Prime Ministry (MSDPM) (related with tourism industry), 12 students will benefit from the scholarships funded by the government for tourism education at the universities of TRNC. Also, MSDPM's training department organises short-term in-house training and education courses about food and beverage, house keeping and front office departments. Also, government (MSDPM) runs the courses for the tour guides and very soon, they will start the special interest tourism tour guiding programs.

The private sector itself is not applying and funding HR training, education and development.

TRNC's management culture is a traditional one and needs to have sustainable HR management approach; which can be outlined as;

- Staff must be seen as key resource;
- Staff must be perceived as an asset;
- Management culture must be participative, democratic;
- The government's interventions hardly exist and incentives don't exist;
- There isn't any social-partnership model for the training and education of the employees;

CONCLUSION

Under the guidance of all the information and applications that we addressed within the previous chapters, it is obvious that we have got a lot to do in TRNC. Under the light and by taking into consideration of all the positive aspects of the approaches of ILO, EU and Ireland (which is the country that has lots of similarities with North Cyprus), it is obvious that we can ameliorate the existing system and quality of the human resources development. Especially the European Union's approach about human resource development such as the unionisation, parental leaves, intensives given to employers, like tax refunds in order to support continuous education and so on. The ILO also facilitates the working environment peace between the employees, employers and unions and beyond that ILO has the coordination function between the nations. We can apply the suitable aspects of those organisations to our working environment in order to achieve better and peaceful working conditions.

The sustainable human resource development aspect as mentioned at chapter one, table 1.2 has to be considered the constitution of the human resources development in order to have a more democratic and developed society.

The sustainable human resource management has to be considered as a key aspect for a better society and healthy environment.

This study and human resource studies have continuity. We believe that each study is an opening for another one.

We also believe that once the human resources of a society will be considered as an asset it will be easier to minimise the emigration from TRNC.

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