

The Need for a Human Resources Development Officer for the Tourism Industry on the West Coast: A Discussion

Sandra Rhodda

Centre of Excellence in Ecotourism

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Tai Poutini Polytechnic
 **West Coast**
NEW ZEALAND

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Summary

This report addresses the problems of unemployment, and staff recruitment, retention, education, and training in the tourism industry on the West Coast. Recommendations that a Human Resources Development Officer (HRO) be employed are supported. Such an HRO could design a strategy and operate a programme to find workers regionally, nationally, and globally and place them in local tourism businesses where they are desperately needed. Such a Tourism Human Resources Strategy (THRS) should aim for eventual self-sufficiency partly supported as a user pay system. The aim would be to develop and promote a systematic and coordinated approach to human resources planning, research, education and training in the tourism industry. The THRS could address key labour market issues by building on the consultation that has already occurred between West Coast tourism businesses, private and public stakeholders, labour interests, associations, educators and local and national governments in order to co-ordinate human resource development activities and contribute to a sustainable, globally competitive tourism sector.

Research into the present and future staffing needs, habits, and practices in the industry would build on existing knowledge. Cooperative relationships with Tai Poutini Polytechnic (TPP) as main provider locally of tourism and hospitality training could be strengthened in order to build labour skills and transform largely unskilled seasonal jobs into permanent employment prospects. Research into the use of offshore workers, and into work/education exchange programmes with northern hemisphere educational institutes and TPP should be researched and developed cooperatively with TPP. The resulting more cohesive, integrated, goal oriented, and better-educated and better-staffed industry would convert the West Coast to a major destination for skilled tourism workers, and those wishing to upskill.

Introduction

The tourism industry is defined by its customers, rather by the goods it produces. Consequently, a watertight definition of the industry is not possible, as many businesses not normally considered to fall under the headline of “tourism businesses” nevertheless cater to tourists. Those businesses that are tourist-focused (but may also have non-tourist customers) include accommodation, food and beverage, travel trade, adventure tourism and outdoor recreation, attractions, events and conferences, transportation and tourism services. The many other and diverse businesses that benefit from tourism in a minor way, or at a secondary or tertiary level include petrol stations, dentists, and builders.

Tourism is the world’s largest and fastest-growing industry. World tourism has been growing for a number of years, and in New Zealand, international and domestic tourism has grown by over 30% in the last ten years so that it is one of our fastest growing industries (NZTE) and is our major export industry. There are more than 16,000 businesses operating in the sector (MoT TSA) with about 102,700 direct FTEs (full-time equivalent staff), and about 70,000 indirect jobs, which together equate to about one in ten jobs in New Zealand (MED). FTEs are staff who work more than 30 hours in a week, or a combination of people working fewer hours that total more than 30 hours per week. The Tourism Research Council (TRC, A) predicts that the sector will continue to grow so that 3 million international visitors will arrive in 2010, and The United Nations World Tourism Organization (UNWTO) suggests that 25% of world tourist arrivals could occur in the East Asia/Pacific region by 2020. Latest predictions from the World Travel and Tourism Council are that global tourism and travel are expected to grow by 4.6% this calendar year and continue at the rate of 4.2% per annum thereafter (WTTC). The New Zealand Tourism Workforce and Skills Projections Report (MoT 2004) forecasts that by 2010, 34,000 new employees will be needed to meet growth, and a further 90,000 to meet turnover. These current and future jobs occur in a wide variety of occupations and skill levels (TRC, A), from highly skilled (such as executive chefs), to basically skilled (such as cleaners).

The rise in tourism on the West Coast has been spectacular. In the year ended June 2000, there were about 700,000 visits to the West Coast by international and domestic tourists ((BERL BECA). By 2004, the number had risen to 2.26 million, and by 2011, the number is expected to rise again to 2.73 million, an increase of almost 21% (TRC, B). This expected rise is predicted in spite of the levelling off of visitor numbers to New Zealand and the West Coast in 2004-2005. In addition, an analysis of the percent share of visitors in New Zealand who spend time on the West Coast shows that it has slightly but steadily increased over the last several years so that the West Coast is receiving a larger share of the tourists in New Zealand (Rhodda, 2006B).

Anecdotally, there seems no doubt that the growth in the West Coast tourism industry has been a haphazard and recent response to this growing tourist demand rather than a well-planned and orchestrated development. While the increases in tourism numbers on the West Coast are obviously beneficial to the tourism industry – and hence the broader community, they have led to staffing problems that have adversely affected tourism businesses. Operators already report an ongoing lack of sufficient staff numbers, high attrition, and a consequent high turnover rate. When asked to make any comments they liked about the tourism industry, 66% of operators raised issues around staffing (Rhodda, 2006A). In addition, operators were concerned about the strong seasonality of tourism on the West Coast, which they felt exacerbated their difficulty in retaining good staff. They also voiced concerns over the quality of staff they were able to get. The predicted growth in tourism numbers means that tourism businesses must themselves grow to meet the demands of these potential customers. Part of this growth will need to be in the area of staff recruitment and retention.

Much research on the need for human resources development in the tourism industry on the West Coast has been carried out, and an analysis of that research shows the need to be pressing. In 2001, about 9.3% of the West Coast work force were employed in tourism in comparison to an average of 4.7% in the rest of New Zealand (Narayan, 2002). Even that figure was probably an underestimate, as workers in tourism retail, cultural and recreational services, and transport were not included in the count. In addition, there were (and still are) differences regionally. For example, Simmons and Fairweather (2001) reported that 29% of all jobs in Westland were in tourism. Undoubtedly, the sector is now the largest in the region in terms of both the number of people employed and contribution to household income. For example, over the March 2006 year the employment growth rate for tourism was 27% or more, including direct and indirect multiplier effects (Hughes, 2006). All these factors clearly illuminate the pressing need for the development of a human resources strategy in tourism in our region.

Moves to implement strategies to confront human resource issues in tourism on the national stage have grown in recent years. In 2001, New Zealand-wide industry and government together developed a planning/framework document. *The New Zealand Tourism Strategy 2010* (MoT 2001) was published and subsequently reported on/updated periodically. The strategy acknowledged that while people are the key to the success of New Zealand tourism, and while there were problems in staff recruitment and retention, there was no process for identifying contemporary and future workforce needs and aligning tourism training to meet those needs (MoT, 2001). The strategy did predict, however, that at least another 100,000 new jobs would be created in the economy as a consequence of probable increased tourist visitation by 2010. In spite of this acknowledgement, the need to attract more people, and more skill to the tourism industry was only briefly touched on.

By 2003, the Tourism Industry Association of New Zealand (TIANZ) was developing a tourism workforce-planning document to assess the skills the industry would need in the following ten years, and it was recognized that a concerted effort was required to ensure the industry had access to a labour force that would meet its requirements (MoT, 2003). The *Tourism Workforce Skills Projections Report* was published in 2004. It found that projected skills shortages in the tourism and hospitality sector posed a severe potential risk to the future of the industry (MoT 2004). A task force was created to plan for industry-wide future human resource needs that would improve overall business performance, and throughout 2005, workforce and skills issues were discussed at a number of industry workshops. The local government sector responded to the strategy initiative with *Postcards from home – the local government tourism strategy* (LGNZ 2003). In this document, the importance of tourism was recognized, as was the need for a strong role for local authorities in ensuring that their communities benefited from tourism. This included acknowledging their role as community facilitator, planners and providers of services, but made no specific mention of the development of human resources.

After research and consultation, the TIANZ taskforce presented the *Tourism and Hospitality Workforce Strategy* in July of this year (2006), which is considered to be “the opening address in.... an on-going conversation between industry players passionate about the future of tourism in New Zealand” (TIANZ, 2006). The goals outlined in the strategy are clearly focused on staff recruitment, retention, and upskilling, and on improving these facets on an ongoing basis.

In contrast to this, there existed a much earlier understanding of the need for a human resource strategy on the West Coast. An appreciation of the problems around labour in the tourism industry has informed research, planning, policy, and development strategy discussions for a number of years. A 2002 report prepared for the West Coast Economic Development Planning Committee (BERL BECA) outlined five high level goals. Two of

these are particularly relevant to this discussion: 1, *to support and promote sustainable regional economic and employment growth*, and 2, *to ensure that the West Coast becomes a learning region*. The report also noted the importance of tourism as a key driver of the West Coast economy and stated “a sound tourism industry development strategy would very significantly increase value added per employee and thus incomes”. A tourism industry strategic plan was suggested, and it was proposed that 1, initiatives be developed to attract skilled workers; 2, future job opportunities and related skills needs (for example, in ecotourism) be researched; and 3, initiatives be developed to attract skilled workers.

In a report prepared for The West Coast Development Trust (*Targeting Tourism 2010*), a key element of a regional tourism strategy was identified as creating links between employment, training, and education (TT2010). In its own five year strategic plan of 2006, the Trust has as targets for the measurement of wider economic progress the promotion of sustainable employment opportunities, successful competition nationally and internationally for labour, job growth above the New Zealand average, training and education to enhance output, regional unemployment below the national average and continuing to track down, and a positive flow of skilled migrants each year (WCDT 2006A). Recognizing the key importance of the tourism industry both currently and in the future, the WCDT predicts at least 600 new jobs and up to \$100 million of additional economic impact over the next three years, and a projected growth of 27% by 2010 (WCDT 2006B). The Trust’s Priority Action Areas for promoting sustainable employment on the Coast include researching and reporting on future job opportunities and related skill needs, researching employment funding, reducing unemployment, developing a system to match training initiatives to skill needs, increasing cooperative education-workforce training-type initiatives, coordinating a one-stop-shop-and-recruitment agency for job seekers, developing initiatives that address the low rate of participation by disadvantaged groups in employment and higher education, and endorsing early intervention with the unemployed to avoid benefit dependency (WCDT 2006A).

Tourism operators themselves predict growing labour needs. There are about 570 tourism businesses on the West Coast, and in a poll that reached over 90% of these businesses, 50% of responders predicted a need for more staff in the peak and shoulder seasons by 2010, and over 40% predicted a similar increased need in the off-season (Rhodda, 2006A). In addition, the GROW (2006) report produced by Aims Ltd. in collaboration with the Ministry of Social Development and the Grey District Council reported over two thirds of 220 businesses in various sectors on the West Coast described staff and skill shortages. It also reported high optimism with over one half of respondents expecting to expand over the following five years (GROW 2006). The tourism industry is therefore in competition with other industries on the West Coast for staff. Consequently, the labour pool must not only expand and stabilize to accommodate present need, it must do so dramatically to accommodate future demand in the tourism and other industries as well. In addition, the upskilling of tourism operators and their staff is of crucial importance (Rhodda, 2006B).

Clearly, because of the research, consultation, and other work done to date on strategizing an employment initiative in tourism, the West Coast has been very timely and pro-active in substantiating a proposed human resource development project. In addition, this initiative fits with the recently announced tourism Major Regional Initiative (NZTE). A human resource strategy initiative will not only benefit the tourism industry on the West Coast but the community in general, overcome diseconomies of scale, promote the region as a “brand”, catalyse development, create education sector spin-offs, and reduce unemployment.

Facing the Human Resource Challenge.

Workforce challenges are industry-wide, and solutions must be found to the following three HR challenges:

1. The challenge of recruiting workers
 - a. While tourism has a high rate of job creation, especially in entry-level positions, other sectors of the economy are looking for workers, especially those with the quintessential tourism-worker qualification, “excellent customer service skills”.
 - b. Many see the tourism industry as a stopgap place to work before they get a “real” job. Changes must ensure more people see tourism as a career, and a worthy place to stay, not just start.
2. The challenge of retaining workers
 - a. There is unacceptably high turnover in the industry, and this is an enormous cost to operators and the economy.
 - b. Human capital is one of the pillars on which the development of tourism rests. Because of its labour intensive nature, the lack of a trained and skilled workforce will hamper growth and development. For this reason, Operators need to invest more in their human capital. This includes accessing education for staff and improving work conditions
3. The challenge of training and development
 - a. Training and development need to be better aligned with industry needs
 - b. HR skills of managers/supervisors need to be strengthened

Workforce Strategy Goals

The Tourism Industry Association of New Zealand (TIANZ) has set goals in the area of workforce strategy. These goals include

1. Labour supply is not a constraint to growth in the tourism sector. There are enough people to do the work required, to the standard required, to consistently deliver a world-class visitor experience.
2. The people who work in the tourism and hospitality industry have appropriate skills and the personal attributes to deliver a quality experience. There are educational and training systems in place to recognize and deliver the skills and knowledge required to resource the tourism and hospitality industry.
3. People with experience and expertise are retained within the tourism and hospitality sector because they have opportunities to grow and build satisfying careers.
4. Businesses in the tourism and hospitality sector have the right information, management systems, and processes in place to maximise the contribution of their people.
5. A supportive legislative and regulatory environment promotes the tourism and hospitality sector’s growth.
6. The tourism and hospitality industry has the structures and mechanisms in place to address its future workforce and skill needs on an ongoing basis.

Mindful of these goals, a successful strategy on the West Coast might incorporate the following achievements:

- A West Coast Regional Tourism Human Resources Officer (HRO) is appointed. There are many precedents for the appointment of a person who will provide a framework for regional skills and workforce development in tourism and in other seasonal industries, and such a dedicated position is clearly needed.
- A West Coast Tourism Human Resource Initiative (THRI) is established and a strategy is designed and operational
- Sustainable employment in the tourism industry is researched, developed, and enhanced
- Social disruption due to seasonal work, low wages, and lack of career paths in the tourism industry is reduced
- The negative effects on tourism businesses caused by poor staff recruitment and retention are reduced
- Employment opportunities for working age people who find it hard to get jobs are identified and employer/employee matches are made
- Partnering and dialogue between industry, the Regional Tourism Organisation (Tourism West Coast), education providers (TPP, Mawhera Services Academy, High Schools etc), West Coast Development Trust, West Coast Disabilities Information Service, and local and national governments is furthered, enhanced, and common goals are achieved
- Employment and training pathways are defined and compatible
- Research and development continues to inform local development

A THRI will address multiple issues and this focus will lead to whole communities benefits. In particular,

- Better understanding of the present and future needs in the region will derive from evidenced-based research and allow better planning in workforce development and decrease in wasted effort
- Tourism operators will be assisted in their perennial efforts to recruit and maintain sufficient staff
- Small and medium sized enterprises (SME's), which are in the majority in tourism on the West Coast (Rhodda, 2006), will in particular be assisted by the collaborative nature of the project.
- Operators will become part of the process of work enhancement and have input into strategies encouraging sustainable employment
- The tourism industry regionally will be more cohesive and goal oriented and better able to align with other regional initiatives such as the development of the region as the ecotourism Mecca of New Zealand
- Key players in the development of the tourism industry, tourism businesses and tourism operators, education providers, the various government and non-governmental agencies, and local and national job seekers will contribute to and benefit from a planned, understandable, and inclusive strategy
- Those who find it hard to get jobs will be assisted over the long term in locating employment at no cost to themselves

- Those who can work only part time due to family commitments, disability, or ill health, or those who can work only short term for similar reasons will particularly benefit because of the current prevalence of part time and/or seasonal jobs in the tourism industry
- Work placements will lead to work experience and skills acquisitions, thus building the capacity in individuals and in the industry, which is constantly looking for staff and predicting an increase in number of staff needed (Rhodda, 2006A).
- Experience and skills gained will in turn lead to long term employment prospects and enhanced self confidence
- Communities and councils will have access to better information regarding the changing labour market and changing labour needs on which to base infrastructural, social, and community plans.
- The community in general will benefit from a focused attention on the barriers to labour stability such as accommodation problems, itinerancy, staff retention problems, transport, training, and low wage and career prospects in the industry.
- Adults seeking education and continuous learning opportunities will experience improving educational achievement and enhanced self-confidence.
- Both employees and employers will benefit from opportunities to build labour skills and transform largely unskilled seasonal jobs into permanent employment opportunities.

Suggested Milestone-Timeline of a West Coast THRI

<i>Milestone/Key Measure of Success</i>	<i>Timeline</i>
West Coast Tourism Human Resources Development Officer (HRO) is sought, recruited, and commences position	End of
<p>HRO</p> <ul style="list-style-type: none"> • Promotes the role of a Cooperative West Coast Tourism Human Resources Initiative (THRI) to operators and seeks their initial input, • Constructs an operator registration database, • Constructs an HR survey for operators and other clients, to ascertain labour force need, composition, and movement • Begins an examination of best practices models for tourism staff education and recruitment, and creates a first draft of a cooperative THRI strategy which includes regional, national, and global recruitment, and a proactive development of opportunities for people who are finding it hard to get jobs, including Maori and Pacifica, women, disabled or older workers, • Develops active relationships with the above-mentioned groups • Refines the strategy timeline • Constructs a tourism industry representatives steering committee (TRISC) to oversee the project • Consults with Tai Poutini Polytechnic (TPP) regarding student workplace placement and other training issues (ongoing) • Investigates/sources support or potential funding for education, training, and work placement programmes, for example, <i>Work Bridge, Stepping Stones</i> • Presents the first draft THRI strategy and consults with TRISC and all possible clients for further input concerning setting up a region wide staff recruitment strategy. General consultation with all clients is continuous. 	Third month
<ul style="list-style-type: none"> • HR survey is delivered to and collected from operators and other clients, and analysis begins. • Survey of tourism employees is constructed to ascertain barriers to recruitment and retention; operators willing to allow staff time to participate are identified. • General consultation with all clients is continuous. 	Sixth month
<ul style="list-style-type: none"> • Survey of employees is conducted and analysis begins. • Survey of operators is analysed, written up, and the information used to refine the THRI. • Consultation with all clients is continuous. 	Ninth month

<ul style="list-style-type: none"> • Survey of employees is analysed, written up, and the information used to refined the THRI. • A working version of the THRI is finalised after consultation with all clients. THRI provides tools/guidelines to <ul style="list-style-type: none"> • Estimate seasonal labour requirements • Construct a region wide tourism recruitment strategy • Develop a flexible marketing /recruitment plan focused on New Zealand workers and their families, with particular emphasis on people who are finding it hard to get jobs, especially Maori and Pacific people, women, refugees and migrants • Find links for people dependent on seasonal work to enable them to move from tourism on the West Coast to other seasonal industries in the off-season • Broaden the search for workers beyond New Zealand, especially in sharing workers from northern (opposite climate) regions, and with others interested in sharing northern-southern hemisphere work-education strategies • New Zealand marketing and recruitment plan is initiated and modified according to conditions • Report on first years progress is presented 	Year one
<ul style="list-style-type: none"> • New Zealand wide marketing and recruitment plan is operating, assessed, and modified according to conditions. • Consultation beginning within New Zealand and overseas concerning sharing of offshore workers between the northern and southern hemispheres. Problems associated with this (regulatory, immigration, legal, training) are investigated. • Consultation beginning within New Zealand and overseas concerning the construction of a shared hemispheres work/education (work placement-cooperative education) strategy • Role of Work and Income and NZ Immigration Service is defined in relation to work permits, worker benefits, and other issues 	Fifteenth month

<ul style="list-style-type: none"> • Workshops conducted with operators to brainstorm/highlight how to improve recruitment/retention by: <ul style="list-style-type: none"> • Enrolling/participating actively in the THRI • Setting up a Tourism Worker Retention Group to look into issues such as an accommodation strategy, a childcare strategy etc • Upskilling and training of staff, • Increasing career focus in tourism jobs, • Increasing wages • Converting seasonal jobs into full time positions <p>The introduction of a voluntary industry standard employment contract is investigated and reported on</p> <ul style="list-style-type: none"> • Working document produced concerning a shared hemispheres staffing strategy. • Working document produced in consultation with TPP concerning a shared hemispheres work-education strategy. • Workplace guarantors are recruited. • Staff recruitment is in progress • HRO works with TPP to ensure smooth operation of student work placement 	Eighteenth month
<ul style="list-style-type: none"> • Recruitment is ongoing • Shared hemispheres work-education strategy is initiated, overseas students are recruited, and workplace guarantors confirmed. • HRO works with TPP to ensure smooth operation of student work placement 	Twenty first month
<ul style="list-style-type: none"> • Success of the New Zealand marketing and recruitment plan after one year in operation is determined and a mid-project written report is produced. • User-pay recruitment service is researched. • Shared hemispheres work-education strategy is ongoing and overseas students are in training at TPP • HRO works with TPP to ensure smooth transition in student work/polytechnic transition 	Year two
<ul style="list-style-type: none"> • User-pay recruitment service is established • Shared hemispheres work-education student progress is assessed and a preliminary written report produced. Work placement guarantors are prepared. • Shared hemispheres staffing strategy is refined and recruitment of overseas workers begins • HRO works with TPP to ensure smooth operation of student work placement 	Twenty seventh month
<ul style="list-style-type: none"> • Shared hemisphere work-education students are in training at TPP. • Shared hemisphere staff placed in businesses • HRO works with TPP to ensure smooth operation of student work placement 	Thirtieth month

<ul style="list-style-type: none"> • Shared hemisphere staff and staffing are assessed and a mid-term written report is produced. • HRO works with TPP to ensure smooth operation of student work placement 	<p>Thirty third month</p>
<ul style="list-style-type: none"> • Success of the New Zealand marketing and recruitment plan after two years in operation is determined. • Shared hemispheres work-education student progress is assessed. • Shared hemisphere staff and staffing are assessed. • Final report is written concerning the development of the THRI and recommendations are made. 	<p>Year three</p>

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